

APPENDIX C-1

The scope and purpose of this Appendix are to provide, pursuant to Section 405 of the Act, for fair and equitable arrangements to protect the interests of employees of Railroad affected by discontinuances of Intercity Rail Passenger Service subject to Section 405 of the Act; therefore, fluctuations and changes in volume or character of employment brought about by other causes are not within the purview of this Appendix.

ARTICLE I

1. DEFINITIONS - The definitions in Article 1 of the Agreement and in the Act apply in this Appendix and in the event of conflict in definitions, those in the Act shall be controlling. In addition, whenever used in this Appendix, unless its context requires otherwise:

(a) "Transaction" means a discontinuance of Intercity Rail Passenger Service pursuant to the provisions of the Act.

(b) "Displaced employee" means an employee of Railroad who, as a result of a transaction is placed in a worse position with respect to his compensation and rules governing his working conditions.

(c) "Dismissed employee" means an employee of Railroad who, as a result of a transaction is deprived of employment with Railroad because of the abolition of his position or the loss thereof as the result of the exercise of seniority rights by an employee whose position is abolished as a result of a transaction.

(d) "Protective period" means that period of time during which a displaced or dismissed employee is to be provided protection hereunder and extends from the date on which an employee is displaced or dismissed to the expiration of 6 years therefrom, provided, however, that the protective period for any particular employee shall not continue for a longer period following the date he was displaced or dismissed than the period during which such employee was in the employ of Railroad prior to the date of his displacement or his dismissal. For purposes of this Appendix an employee's length of service shall be determined in accordance with the provisions of Section 7(b) of the Washington Job Protection Agreement of May, 1936.

2. The rates of pay, rules, working conditions and all collective bargaining and other rights, privileges and benefits (including continuation of pension rights and benefits) of Railroad's employees under applicable laws and/or existing collective bargaining agreements or otherwise shall be preserved unless changed by future collective bargaining agreements or applicable statutes.

3. Nothing in this Appendix shall be construed as depriving any employee of any rights or benefits or eliminating any obligations which such employee may have under any existing job security or other protective conditions or arrangements; provided, that there shall be no duplication or pyramiding of benefits to any employees, and, provided further, that the benefits under this Appendix, or any other arrangement, shall be construed to include the conditions, responsibilities and obligations accompanying such benefits.

4. When Railroad contemplates a transaction after May 1, 1971, it shall give at least twenty (20) days written notice of such intended transaction by posting a notice on bulletin boards convenient to the interested employees of Railroad (including terminal companies and other enterprises covered by Article III of this Appendix) and by sending registered mail notice to the representatives of such interested employees; if Railroad contemplates a transaction on May 1, 1971, it shall give the notice as soon as possible after the signing of this Agreement prior to May 1, 1971. Such notice shall contain a full and adequate statement of the proposed changes to be effected by such transaction, including an estimate of the number of employees of each class affected by the intended changes.

At the request of either Railroad or representatives of such interested employees, negotiations for the purpose of reaching agreement with respect to application of the terms and conditions of this Appendix shall commence immediately and continue for not more than twenty (20) days from the date of notice. Each transaction which will result in a dismissal or displacement of employees or rearrangement of forces, shall provide for the selection of forces from all employees involved on basis accepted as appropriate for application in the particular case and any assignment of employees made necessary by the transaction shall be made on the basis of an agreement or decision under this Section 4. If at the end of the twenty (20) day period there is a failure to agree, the negotiations shall terminate and either party to the dispute may submit it for adjustment in accordance with the following procedures:

(a) Within five (5) days from the termination of negotiations, the parties shall select a neutral referee and in the event they are unable to agree within said five (5) days upon the selection of said referee, then the National Mediation Board shall immediately appoint a referee.

(b) No later than twenty (20) days after a referee has been designated a hearing on the dispute shall commence.

(c) The decision of the referee shall be final, binding, and conclusive and shall be rendered within thirty (30) days from the commencement of the hearing of the dispute.

(d) The salary and expenses of the referee shall be borne equally by the parties to the proceeding; all other expenses shall be paid by the party incurring them.

Notwithstanding any of the foregoing provisions of this section, at the completion of the twenty (20) day notice period or on May 1, 1971, as the case may be, Railroad may proceed with the transaction, provided that all employees affected (displaced, dismissed, rearranged, etc.) shall be provided with all of the rights and benefits of this Appendix from the time they are affected through to expiration of the seventy-fifth (75th) day following the date of notice of the intended transaction. This protection shall be in addition to the protection period defined in Article I, Paragraph (d). If the above proceeding results in displacement, dismissal, rearrangement, etc. other than as provided by Railroad at the time of the transaction pending the outcome of such proceedings, all employees affected by the transaction during the pendency of such proceedings shall be made whole.

5. DISPLACEMENT ALLOWANCES - (a) So long after a displaced employee's displacement as he is unable, in the normal exercise of his seniority rights under existing agreements, rules and practices, to obtain a position producing compensation equal to or exceeding the compensation he received in the position from which he was displaced, he shall, during his protective period, be paid a monthly displacement allowance equal to the difference between the monthly compensation received by him in the position in which he is retained and the average monthly compensation received by him in the position from which he was displaced.

Each displaced employee's displacement allowance shall be determined by dividing separately by 12 the total compensation received by the employee and the total time for which he was paid during the last 12 months in which he performed services immediately preceding the date of his displacement as a result of the transaction (thereby producing average monthly compensation and average monthly time paid for in the test period). Both the above "total compensation" and the "total time for which he was paid" shall be adjusted to reflect the reduction on an annual basis, if any, which would have occurred during the specified twelve month period had Public Law 91-169, amending the Hours of Service Act of 1907, been in effect throughout such period (i.e., 14 hours limit for any allowance paid during the period between December 26, 1970 and December 25, 1972 and 12 hours limits for an allowances paid thereafter); provided further, that such allowance shall also be adjusted to reflect subsequent general wage increases.

If a displaced employee's compensation in his retained position in any month is less in any month in which he performs work than the aforesaid average compensation (adjusted to reflect subsequent general wage increases) to which he would have been entitled, he shall be paid the difference,

less compensation for time lost on account of his voluntary absences to the extent that he is not available for service equivalent to his average monthly time during the test period but if in his retained position he works in any month in excess of the aforesaid average monthly time paid for during the test period he shall be additionally compensated for such excess time at the rate of pay of the retained position.

(b) If a displaced employee fails to exercise his seniority rights to secure another position available to him which does not require a change in his place of residence, to which he is entitled under the working agreement and which carries a rate of pay and compensation exceeding those of the position which he elects to retain, he shall thereafter be treated for the purposes of this section as occupying the position he elects to decline.

(c) The displacement allowance shall cease prior to the expiration of the protective period in the event of the displaced employee's resignation, death, retirement or dismissal for justifiable cause.

6. DISMISSAL ALLOWANCES - (a) A dismissed employee shall be paid a monthly dismissal allowance, from the date he is deprived of employment and continuing during his protective period, equivalent to one-twelfth of the compensation received by him in the last 12 months of his employment in which he earned compensation prior to the date he is first deprived of employment as a result of the transaction. Such allowance would be adjusted to reflect on an annual basis the reduction, if any, which would have occurred during the specified twelve month period had Public Law 91-169, amending Hours of Service Act of 1907, been in effect throughout such period (i.e., 14 hours limit for any allowance paid during the period for any allowances during the period between December 26, 1970 and December 25, 1972 and 12 hours limit for any allowance paid thereafter); provided further that such allowance shall be able to be adjusted to reflect subsequent general wage increases.

(b) The dismissal allowance of any dismissed employee who returns to service with Railroad shall cease while he is so reemployed. During the time of such reemployment, he shall be entitled to protection in accordance with the provisions of Section 5.

(c) The dismissal allowance of any dismissed employee who is otherwise employed shall be reduced to the extent that his combined monthly earnings in such other employment, any benefits received under any unemployment insurance law, and his dismissal allowance exceed the amount upon which his dismissal allowance is based. Such employee, or his representative, and Railroad shall agree upon a procedure by which Railroad shall be currently informed of the earnings of such employee in employment other than with Railroad, and the benefits received.

(d) The dismissal allowance shall cease prior to the expiration of the protective period in the event of the employee's resignation, death, retirement, dismissal for justifiable cause under existing agreements, failure to return to service after being notified in accordance with the working agreement, or failure without good cause to accept a comparable position which does not require a change in his place of residence for which he is qualified and eligible with the Railroad from which he was dismissed after being notified, or with the National Railroad Passenger Corporation after appropriate notification, if his return does not infringe upon employment rights of other employees under a working agreement.

7. SEPARATION ALLOWANCE - A dismissed employee entitled to protection under this Appendix, may, at his option within 7 days of his dismissal, resign and (in lieu of all other benefits and protections provided in this Appendix) accept a lump sum payment computed in accordance with Section 9 of the Washington Job Protection Agreement of May, 1936.

8. FRINGE BENEFITS - No employee of Railroad who is affected by a transaction shall be deprived during his protective period of benefits attached to his previous employment, such as free transportation, hospitalization, pensions, relief, et certera, under the same conditions and so long as such benefits continue to be accorded to other employees of Railroad, in active service or on furlough as the case may be, to the extent that such benefits can be so maintained under present authority of law or corporate action or through future authorization which may be obtained.

9. MOVING EXPENSES - Any employee retained in the service of Railroad or who is later restored to service after being entitled to receive a dismissal allowance, and who is required to change the point of his employment as a result of the transaction, and who within his protective period is required to move his place of residence, shall be reimbursed for all expenses of moving his household and other personal effects, for the traveling expenses of himself and members of his family, including living expenses for himself and his family and for his own actual wage loss, not to exceed three working days, the exact extent of the responsibility of Railroad during the time necessary for such transfer and for a reasonable time thereafter and the ways and means of transportation to be agreed upon in advance by Railroad and the affected employee or his representatives; provided, however, that changes in place of residence which are not a result of the transaction,

which are made subsequent to the initial change or which grow out of the normal exercise of seniority rights, shall not be considered to be within the purview of this Section; provided further, that the Railroad shall, to the same extent provided above, assume the expenses, etc. for any employee furloughed within three (3) years after changing his point of employment as a result of a transaction, who elects to move his place of residence back to his original point of employment. No claim for reimbursement shall be paid under the provisions of this Section unless such claim is presented to Railroad within 90 days after the date on which the expenses were incurred.

10. Should Railroad rearrange or adjust its forces in anticipation of a transaction with the purpose or effect of depriving an employee of benefits to which he otherwise would have become entitled under this Appendix, this Appendix will apply to such employee.

11. ARBITRATION OF DISPUTES - (a) In the event Railroad and its employees or their authorized representatives cannot settle any dispute or controversy with respect to the interpretation, application or enforcement of any provision of this Appendix, except Sections 4 and 12 of this Article I, within 20 days after the dispute arises, it may be referred by either party to an arbitration committee. Upon notice in writing served by one party on the other of intent by that party to refer a dispute or controversy to an arbitration committee, each party shall, within 10 days, select one member of the committee and the members thus chosen shall select a neutral member who shall serve as chairman. If any party fails to select its member of the arbitration committee within the prescribed time limit, the general chairman of the involved Labor Organization or the highest officer

designated by Railroad, as the case may be, shall be deemed the selected member, and the committee shall then function and its decision shall have the same force and effect as though all parties had selected their members. Should the members be unable to agree upon the appointment of the neutral member within 10 days, the parties shall then within an additional 10 days endeavor to agree to a method by which a neutral member shall be appointed, and, failing such agreement either party may request the National Mediation Board to designate within 10 days the neutral member whose designation will be binding upon the parties.

(b) In the event a dispute involves more than one Labor Organization, each will be entitled to a representative on the arbitration committee, in which event Railroad will be entitled to appoint additional representatives so as to equal the number of Labor Organization representatives.

(c) The decision, by majority vote, of the arbitration committee shall be final, binding, and conclusive and shall be rendered within 45 days after the hearing of the dispute or controversy has been concluded and the record closed.

(d) The salaries and expenses of the neutral member shall be borne equally by the parties to the proceeding and all other expenses shall be paid by the party incurring them.

(e) In the event of any dispute as to whether or not a particular employee was affected by a transaction, it shall be his obligation to identify the transaction and specify the pertinent facts of that transaction relief upon. It shall then be the Railroad's burden to prove that factors other than a transaction affected the employee.

12. LOSSES FROM HOME REMOVAL - (a) The following conditions shall apply to the extent they are applicable in each instance to any employee who is retained in the service of Railroad (or who is later restored to service after being entitled to receive a dismissal allowance) who is required to change the point of his employment within his protective period as a result of the transaction and is therefore required to move his place of residence.

(i) If the employee owns his own home in the locality from which he is required to move, he shall at his option be reimbursed by Railroad for any loss suffered in the sale of his home for less than its fair value. In each case the fair value of the home in question shall be determined as of a date sufficiently prior to the date of the transaction so as to be unaffected thereby. Railroad shall in each instance be afforded an opportunity to purchase the home at such fair value before it is sold by the employee to any other person.

(ii) If the employee is under a contract to purchase his home, Railroad shall protect him against loss to the extent of the fair value of any equity he may have in the home and in addition shall relieve him from any further obligation under his contract.

(iii) If the employee holds an unexpired lease of a dwelling occupied by him as his home, Railroad shall protect him from all loss and cost in securing the cancellation of said lease.

(b) Changes in place of residence which are made subsequent to the initial changes caused by the transaction and which grow out of the normal exercise of seniority rights, shall not be considered to be within the purview of this Section.

(c) No claim for loss shall be paid under the provisions of this Section unless such claim is presented to Railroad within 1 year after the date the employee is required to move.

(d) Should a controversy arise in respect to the value of the home, the loss sustained in its sale, the loss under the contract for purchase, loss and cost in securing termination of a lease, or any other question in connection with these matters, it shall be decided through joint conference between the employees, or their representatives, and Railroad. In the event they are unable to agree, the dispute or controversy may be referred by either party to a board of competent real estate appraisers, selected in the following manner: One to be selected by the representatives of the employees and one by Railroad, and those two, if unable to agree within 30 days upon a valuation, shall endeavor by agreement within 10 days thereafter to select a third appraiser, or to agree to a method by which a third appraiser shall be selected, and, failing such agreement, either party may request the National Mediation Board to designate within 10 days a third appraiser whose designation will be binding upon the parties. A decision of a majority of the appraisers shall be required and said decision shall be final and conclusive. The salary and expenses of the third or neutral appraiser, including the expenses of the appraisal board, shall be borne equally by the parties to the proceedings. All other expenses shall be paid by the party incurring them, including the compensation of the appraiser selected by such party.

ARTICLE II

1. Any employee who is terminated or furloughed as a result of a transaction shall, if he so requests, be granted priority of employment or reemployment to fill a position comparable to that which he held when terminated or furloughed, even though in a different craft or class, on Railroad which he is, or by training or retraining physically and mentally can become, qualified, not however, in contravention of collective bargaining agreements relating thereto.

2. In the event such training or retraining is requested by such employee, Railroad shall provide for such training or retraining at no cost to the employee.

3. If such a terminated or furloughed employee who has made a request under Sections 1 or 2 of this Article II fails without good cause within 10 calendar days to accept an offer of a position comparable to that which he held when terminated or furloughed for which he is qualified, or for which he has satisfactorily completed such training, he shall, effective at the expiration of such 10-day period, forfeit all rights and benefits under this Appendix.

ARTICLE III

Subject to this Appendix, as if employees of Railroad, shall be employees, if affected by a transaction, of separately incorporated terminal companies which are owned (in whole or in part) or used by Railroad and employees of any other enterprise within the definition of common carrier by railroad in Section 1 (3) of Part I of the Interstate Commerce Act, as amended, in which Railroad has an interest, to which Railroad provides facilities, or with which Railroad contracts for use of facilities, or the facilities

of which Railroad otherwise uses; except that the provisions of this Appendix shall be suspended with respect to each such employee until and unless he applies for employment with each owning carrier and each using carrier and to the National Railroad Passenger Corporation; provided that said carriers and the National Railroad Passenger Corporation shall establish one convenient central location for each terminal or other enterprise for receipt of one such application which will be effective as to all said carriers and the Corporation and Railroad shall notify such employees of this requirement and of the location for receipt of the application. Such employees shall not be entitled to any of the benefits of this Appendix in the case of failure, without good cause, to accept comparable employment, which does not require a change in place of residence, under the same conditions as apply to other employees under this Appendix, with the National Railroad Passenger Corporation or any carrier for which application for employment has been made in accordance with this section.

ARTICLE IV

Employees of Railroad who are not represented by a Labor Organization shall be afforded substantially the same levels of protection as are afforded to members of Labor Organizations under these terms and conditions.

In the event any dispute or controversy arises between Railroad and an employee not represented by a Labor Organization with respect to the interpretation, application or enforcement of any provision hereof which cannot be settled by the parties within 30 days after the dispute arises, either party may refer the dispute to the Secretary of Labor for determination. The determination of the Secretary of Labor, or his designated representative, shall be final and binding on the parties.

ARTICLE V

1. It is the intent of this Appendix to provide employee protections which meet the requirements of Section 405 of the Act and are not less than the benefits established pursuant to Section 5(2)(f) of the Interstate Commerce Act. In so doing, changes in wording and organization from arrangements earlier developed under Section 5(2)(f) have been necessary to make such benefits applicable to contemplated discontinuances of intercity rail passenger service affecting a great number of railroads throughout the nation. In making such changes it is not the intent of this Appendix to diminish such benefits. Thus, the terms of this Appendix are to be resolved in favor of this intent to provide employee protections and benefits no less than those established pursuant to Section 5(2)(f) of the Interstate Commerce Act.

2. In the event any provision of this Appendix is held to be invalid or otherwise unenforceable under applicable law, the remaining provisions of this Appendix shall not be affected, and such provision shall be renegotiated and resubmitted to the Secretary of Labor for certification pursuant to Section 405 of the Act.