

AGREEMENT

THIS AGREEMENT, made this 20th day of August, 2002 by and between the participating carriers listed in Exhibit A, attached hereto and made a part hereof, and represented by the National Carriers' Conference Committee, and the employees of such carriers shown thereon and represented by the Yardmasters Department, United Transportation Union, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - Longevity Bonus

(a) Not later than three months after the date of this Agreement, each employee who qualifies under subsection (b) shall be paid a Longevity Bonus of \$1,200. Such Bonus shall be paid in a separate check and shall be subject to withholdings for applicable Federal, State and Local taxes.

(b) To qualify for the Longevity Bonus an employee must:

(1) have an employment relationship with the carrier under this Agreement on September 1, 2002;

(2) have established seniority with the carrier as a yardmaster on or before June 15, 1987; and

(3) (i) have received compensation for active service performed during the period July 1, 2002 through August 31, 2002, or

(ii) have been on authorized leave for such entire period for personal illness, on-duty injury, or pursuant to the Family and

Medical Leave Act, and return to active service not later than January 1, 2003, or

(iii) have been out of service for such entire period due to carrier disciplinary action that is subsequently rescinded or overturned with pay for all time lost.

(c) There shall be no duplication of the Longevity Bonus by virtue of employment under another agreement, nor will such payment be used to offset, construct or increase guarantees in protective agreements or arrangements.

Section 2 - First General Wage Increase

Effective July 1, 2002, all standard basic daily rates of pay for employees covered by this Agreement in effect on June 30, 2002 shall be increased by four (4) percent.

Section 3 - Second General Wage Increase

Effective July 1, 2003, all standard basic daily rates of pay in effect on June 30, 2003 for employees covered by this Agreement shall be increased by two-and-one-half (2-1/2) percent, computed and applied in the same manner prescribed in Section 2 above.

Section 4 - Third General Wage Increase

Effective July 1, 2004, all standard basic daily rates of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 2 above.

Section 5 - Application of Wage Increases

Special allowances not included in fixed daily, weekly or monthly rates

of pay for all services rendered, and arbitraries representing duplicate time payments will not be increased.

ARTICLE II - OPTIONAL ALTERNATIVE COMPENSATION PROGRAM

Section 1

A carrier, at its discretion, may offer employees alternative compensation arrangements in lieu of the general wage increases provided in Article I (in whole or part). Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401(k) plans.

Section 2

(a) The following conditions shall govern implementation of alternative compensation arrangements pursuant to this Article:

- (1) Carrier shall notify the appropriate organization representative(s) regarding its proposed alternative compensation arrangement(s). The parties shall meet promptly on such proposal and use their best efforts to reach agreement on implementation;
- (2) The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate organization representative(s);
- (3) The proposed arrangement(s) must be made available to the smallest employee grouping that can be reasonably administered.

(b) Nothing herein shall be construed to bar the parties from reaching

mutual agreement on different terms or conditions pertaining to implementation of this Article.

ARTICLE III - COST-OF-LIVING PAYMENTS

Part A - Cost-of-Living Payments Under Appendix D, Document "B" of Award of Arbitration Board No. 559 dated May 8, 1996

Section 1

Article 11, Part C, Document "B" of Appendix D of the Award of Arbitration Board No. 559 dated May 8, 1996, shall be eliminated effective on the date of this Agreement. On June 30, 2002, the forty-eight (48) cent cost-of-living allowance pursuant to such provision in effect on that date shall be rolled in to basic rates of pay.

Section 2

Any local counterpart to the above-referenced Article II, Part C that is in effect on a carrier party to this Agreement shall be amended in the same manner as provided in Section 1.

Part B - Cost-of-Living Allowance and Adjustments Thereto After January 1, 2005

Section 1 - Cost-of-Living Allowance and Effective Dates of Adjustments

(a) A cost-of-living allowance shall be payable in the manner set forth in and subject to the provisions of this Part, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost-of-living allowance

shall be payable effective July 1, 2005 based, subject to paragraph (d), on the CPI for March 2005 as compared with the CPI for September 2004. Such allowance, and further cost-of-living adjustments thereto which shall become effective as described below, shall be based on the change in the CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

<u>Measurement Periods</u>		
<u>Base Month</u>	<u>Measurement Month</u>	<u>Effective Date of Adjustment</u>
September 2004	March 2005	July 1, 2005
March 2005	September 2005	January 1, 2006

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable to periods subsequent to those specified above during which this Article is in effect.

(b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.

(c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.

(d)(i) Cap. In calculations under paragraph (e), the maximum increase in the CPI that shall be taken into account shall be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2005	3% of September 2004 CPI
January 1, 2006	6% of September 2004 CPI, less the increase from September 2004 to March 2005

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule shall be applicable to periods subsequent to those specified above during which this Article is in effect.

(ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the CPI in any measurement period shall be considered.

(iii) If the increase in the CPI from the base month of September 2004 to the measurement month of March 2005 exceeds 3% of the September 2004 base index, the measurement period that shall be used for determining the cost-of-living adjustment to be effective the following January shall be the 12-month period from such base month of September; the increase in the index that shall be taken into account shall be limited to that portion of the increase that is in excess of 3% of such September base index; and the maximum increase in that portion of the index that may be taken into account shall be 6% of such September base index less the 3% mentioned in the preceding clause, to which shall be added any residual tenths of points which had been dropped under paragraph (e) below in calculation of the cost-of-living adjustment which shall have become effective July 1, 2005 during such measurement period.

(iv) Any increase in the CPI from the base month of September 2004 to the measurement month of September 2005 in excess of 6% of the

September 2004 base index shall not be taken into account in the determination of subsequent cost-of-living adjustments.

(v) The procedure specified in subparagraphs (iii) and (iv) shall be applicable to all subsequent periods during which this Article is in effect.

(e) Formula. The number of points change in the CPI during a measurement period, as limited by paragraph (d), shall be converted into cents on the basis of one cent equals 0.3 full points. (By "0.3 full points" it is intended that any remainder of 0.1 point or 0.2 point of change after the conversion shall not be counted.)

The cost-of-living allowance in effect on December 31, 2005 shall be adjusted (increased or decreased) effective January 1, 2006 by the whole number of cents produced by dividing by 0.3 the number of points (including tenths of points) change, as limited by paragraph (d), in the CPI during the applicable measurement period. Any residual tenths of a point resulting from such division shall be dropped. The result of such division shall be added to the amount of the cost-of-living allowance in effect on December 31, 2005 if the CPI shall have been higher at the end than at the beginning of the measurement period, and subtracted therefrom only if the index shall have been lower at the end than at the beginning of the measurement period and then, only, to the extent that the allowance remains at zero or above. The same procedure shall be followed in applying subsequent adjustments,

(f) Continuance of the cost-of-living allowance and the adjustments thereto provided herein is dependent upon the availability of the official monthly BLS Consumer Price Index (CPI-W) calculated on the same basis as such Index, except that, if the Bureau of Labor Statistics, U.S. Department of Labor should, during the effective period of this Article, revise or change the methods or basic data used in calculating such Index in such a way as to affect the direct comparability of such revised or changed index with the CPI-W during a measurement period, then that Bureau shall be requested to furnish a conversion factor designed to adjust the newly revised index to the basis of the

CPI-W during such measurement period,

Section 2 - Payment of Cost-of-Living Allowances

(a) The cost-of-living allowance that becomes effective July 1, 2005 shall be payable to each employee commencing on that date.

(b) The increase in the cost-of-living allowance effective January 1, 2006 pursuant to Section 1 of this Part shall be payable to each employee commencing on that date.

(c) The increase in the cost-of-living allowance effective July 1, 2006 pursuant to Section 1 of this Part shall be payable to each employee commencing on that date.

(d) The procedure specified in paragraphs (b) and (c) shall be followed with respect to computation of the cost-of-living allowances payable in subsequent years during which this Article is in effect.

(e) In making calculations under this Section, fractions of a cent shall be rounded to the nearest whole cent; fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

Section 3 - Application of Cost-of-Living Allowances

The cost-of-living allowance provided for by Section 1 of this Part B will not become part of basic rates of pay. Each one cent per hour of cost-of-living allowance will be applied to basic monthly rates of pay produced by application of the general wage increase provisions of Article I on each railroad in the same manner as used in applying the cost-of-living adjustment provisions of the June 15, 1987 National Agreement.

Section 4 - Continuation of Part B

The arrangements set forth in this Part B shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act.

ARTICLE IV - HEALTH AND WELFARE

Section 1

The parties mutually agree that their health and welfare issues shall be resolved as provided in Section 2 of this Article and that such settlement will be incorporated into and become part of this Agreement and will be deemed full and final disposition of the parties' respective notices on these matters.

Section 2

(a) The parties, realizing the complexities of the current health and welfare problems related to cost containment and other issues, agree to establish a health and welfare negotiating committee to study and examine such issues. Such committee will consist of such partisan members the parties deem necessary and such experts as determined necessary by the parties. Each party will be responsible for the expenses and compensation of their own partisan members and will share the expenses and compensation of the experts. The committee is authorized to comprehensively examine the following subjects:

- O Plan Redesign
- O Cost Containment
- O Cost Sharing
- O Administrative Changes

O Vendor Review

(b) In the event that a negotiated health and welfare agreement is reached with the UTU, such settlement shall be promptly submitted to a membership ratification vote.

(c) Either party may refer the health and welfare issue to final and binding arbitration under subsection (d) at any time after the earlier of (i) the date a negotiated health and welfare agreement hereunder fails ratification, or (ii) no earlier than ninety (90) days after the effective date of this Agreement.

(d)(1) Either party may refer the health and welfare issue to final and binding arbitration under the Railway Labor Act pursuant to subsection (c) by written notice to the other party.

(2) The Arbitration Board shall consist of two partisan members, one appointed by UTU and one appointed by NCCC, and a neutral arbitrator who shall serve as Chairman. The Chairman shall be selected by mutual agreement or through alternative striking from an eleven-person list provided by the National Mediation Board in accordance with its current procedures for providing a list to parties to New York Dock arbitration disputes, the order of striking to be determined by coin flip or other mutually acceptable method. Each party shall bear its own costs and shall share equally the fees and expenses of the neutral and all other costs of the arbitration.

(3) Hearings before the Board shall commence within thirty (30) days after the dispute has been referred to it. The Board's decision shall be in writing and shall be issued not later than sixty (60) days after commencement of the hearings.

Section 3

Nothing herein shall be construed to bar the parties from reaching mutual agreement on any matter relating to health and welfare.

ARTICLE V - SERVICE SCALE

Section 1

Any employee who is subject, on June 30, 2004, to Article III of the June 15, 1987 National Agreement shall be compensated, on and after July 1, 2004, at the full rate of the position when working as a yardmaster.

Section 2

Local rules that adjust compensation for employees based on length of service on carriers that are not covered by the aforementioned Article III are hereby amended in the same manner as provided in Section 1.

Section 3

Each carrier covered by this Article shall establish a Service Scale that shall be applicable to all employees entering service on or after July 1, 2004 on positions covered by an agreement with the organization signatory hereto. Such Service Scale shall conform to the rules in effect on such carrier on June 30, 2004 with respect to the yardmaster craft that adjust employee compensation based on length of service (including the aforementioned Article III where and to the extent applicable). The carrier shall make arrangements with the applicable organization representative(s) for a process to review such preexisting rules prior to establishment of the Service Scale.

ARTICLE VI - SUPPLEMENTAL SICKNESS

The October 31, 1978 Supplemental Sickness Benefit Agreement, as subsequently amended (Sickness Agreement), shall be further amended as provided in this Article.

Section 1 - Adjustment of Plan Benefits

(a) The benefits provided under the Plan established pursuant to the Sickness Agreement shall be adjusted as provided in paragraph (b) so as to restore the same ratio of benefits to rates of pay as existed on December 31, 1999 under the terms of Article VII, Document "B" of Appendix D of the Award of Arbitration Board No. 559. Enactment of the agreed-upon RUIA legislation shall not cause the ratio of benefits to rates of pay to differ from that which existed on December 31, 1999.

(b) Section 4 of the Sickness Agreement shall be revised to read as follows:

"4. Benefits.

(a) Subject to the provisions of Subparagraph 4(b), the monthly benefit under this Plan for employees eligible to receive sickness benefits under the Railroad Unemployment Insurance Act (RUIA) will be \$1505.50, and the monthly benefit under this Plan for employees who have exhausted their sickness benefit under the RUIA will be \$2,506. For disabilities lasting less than a month, and for any residual days of disability lasting more than an exact number of months, benefits will be paid on a calendar day's basis at 1/30 of the monthly benefit rate.

(b) If the RUIA should be so amended as to increase daily benefit rates thereunder for days of sickness, and the sum of 21.75 times the average daily benefit for Yardmasters under the RUIA as so amended plus the amount of the \$1505.50 monthly benefit should exceed \$2,630, the amount of the monthly benefit shall be reduced to the extent that the sum of the amount of the reduced monthly benefit plus 21.75 times the average daily benefit for yardmasters under the amended RUIA will not exceed \$2,630. 'The average daily benefit for Yardmasters under the RUIA as so amended' for purposes of this Paragraph 4(b) is the benefit which would be payable to a Yardmaster

who had worked full time in his base year and whose monthly rate of pay at the December 31, 1999 wage level was \$3,757.”

Section 2 - Adjustment of Plan Benefits During Agreement Term

Effective December 31, 2004, the benefits provided under the Plan shall be adjusted so as to restore the same ratio of benefits to rates of pay as existed on the effective date of this Article.

Section 3 - Amendment of Paragraph 6 of Sickness Agreement

Paragraph 6 of the Sickness Agreement is amended by revising the last sentence thereof to read as follows:

“For purposes of this Paragraph, a recovery shall be deemed to be for loss of wages to the extent of any actual wages lost due to the disability involved, regardless of how such recovery may be allocated for any other purpose.”

ARTICLE VII - OFF-TRACK VEHICLE BENEFITS

Article IV of the September 20, 1968 Agreement (“1968 Agreement”), as amended by Article VI of the October 31, 1978 Agreement, is further amended as follows effective on the date of this Agreement:

Section 1

Paragraph (b)(1) of the 1968 Agreement is amended to read as follows:

"(1) Accidental Death or Dismemberment

The carrier will provide for loss of life or dismemberment occurring within 120 days after date of an accident covered in paragraph (a):

Loss of Life	\$300,000
Loss of Both Hands	\$300,000
Loss of Both Feet	\$300,000
Loss of Sight of Both Eyes	\$300,000
Loss of One Hand and One Foot	\$300,000
Loss of One Hand and Sight of One Eye	\$300,000
Loss of One Foot and Sight of One Eye	\$300,000
Loss of One Hand or One Foot or Sight of One Eye	\$150,000

"Loss" shall mean, with regard to hands and feet, dismemberment by severance through or above wrist or ankle joints; with regard to eyes, entire and irrecoverable loss of sight.

No more than \$300,000 will be paid under this paragraph to any one employee or his personal representative as a result of any one accident."

Section 2

Paragraph(b)(3) of the 1968 Agreement is amended to read as follows:

"(3) Time Loss

The carrier will provide an employee who is injured as a result of an accident covered under paragraph (a) commencing within 30 days after such accident 80% of the employee's basic full-time weekly compensation from the carrier for time actually lost, subject to a maximum payment of \$1,000.00 per week for time lost during a period of 156 continuous weeks following such accident provided, however, that such weekly payment shall be reduced by such amounts as the employee is entitled to receive as sickness benefits under provisions of the Railroad Unemployment Insurance Act."

Section 3

Paragraph(b)(4) of the 1968 Agreement is amended by substituting the figure “\$10,000,000” for the figure “\$1,000,000” wherever the latter figure appears.

ARTICLE VIII - VACATIONS

Existing agreements pertaining to vacations are amended to provide that an employee receiving a vacation, or pay in lieu thereof, will be paid for each week (five work days) of such vacation 1/52 of the compensation earned by such employee on the carrier on which the employee qualified for vacation during the calendar year preceding the year in which the vacation is taken. The term “compensation” as used herein shall be interpreted and applied consistent with the rules and practices on the carrier applicable to operating craft employees covered by agreements with the United Transportation Union.

ARTICLE IX - TURNOVER TIME

Existing agreements are amended to provide that an employee covered by this Agreement shall receive an allowance for all time consumed immediately prior or subsequent to the employee’s regular tour of duty that is (i) required by the carrier, and (ii) directly involves the transition of ongoing work responsibilities between shifts. Such allowance shall not exceed an amount equal to fifteen (15) minutes’ time at the straight time rate of pay.

ARTICLE X - GENERAL PROVISIONS

Section 1 - Court Approval

This Agreement is subject to approval of the courts with respect to participating carriers in the hands of receivers or trustees.

Section 2 - Effect of this Agreement

(a) The purpose of this Agreement is to fix the general level of compensation during the period of the Agreement and is in settlement of the dispute growing out of the notices dated November 1, 1999 served by and on behalf of the carriers listed in Exhibit A upon the organization signatory hereto, and the notices dated on or subsequent to November 1, 1999 served by the organization upon such carriers except as otherwise provided in Article IV of this Agreement.

(b) This Agreement shall be construed as a separate agreement by and on behalf of each of said carriers and their employees represented by the organization signatory hereto, and shall remain in effect through December 31, 2004 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

(c) The parties to this Agreement shall not serve nor progress prior to November 1, 2004 (not to become effective before January 1, 2005) any notice or proposal for changing any matter contained in this Agreement or which proposes matters covered by the proposals of the parties cited in paragraph (a) of this Section, and any proposals in pending notices relating to such subject matters are hereby withdrawn except as otherwise provided in Article IV of this Agreement.

(d) The parties to this Agreement shall not serve nor progress prior to November 1, 2004 (not to become effective before January 1, 2005) any notice or proposal which might properly have been served when the last moratorium ended on January 1, 2000.

(e) This Article will not bar management and committees on individual railroads from agreeing upon any subject of mutual interest.


SIGNED AT WASHINGTON, D.C. THIS 20th DAY OF AUGUST, 2002.

FOR THE PARTICIPATING
CARRIERS LISTED IN EXHIBIT A
REPRESENTED BY THE
NATIONAL CARRIERS' CON-
FERENCE COMMITTEE:

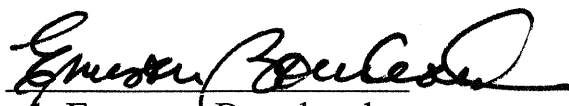


Robert F. Allen
Chairman

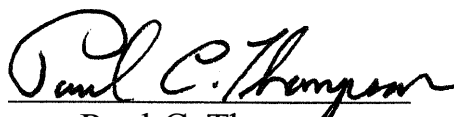
FOR THE EMPLOYEES
REPRESENTED BY THE
YARDMASTERS DEPART-
MENT, 'UNITED TRANS-
PORTATION UNION:



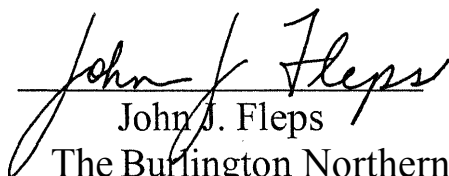
Byron A. Boyd, Jr.
President



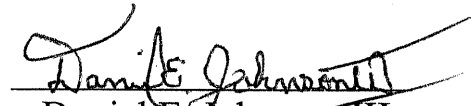
Emerson Bouchard
Kansas City Southern



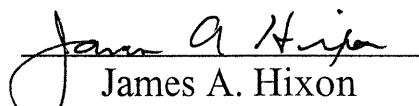
Paul C. Thompson
Assistant President



John J. Fleps
The Burlington Northern and
Santa Fe Railway Co.



Daniel E. Johnson, III
General Secretary and
Treasurer



James A. Hixon
Norfolk Southern Railway Co.




Richard L. Marceau
Vice President



John J. Marchant
Union Pacific Railroad



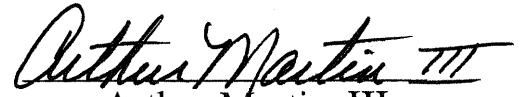
Kenneth R. Peifer
CSX Transportation, Inc.



Carl M. Vahldick
Vice President



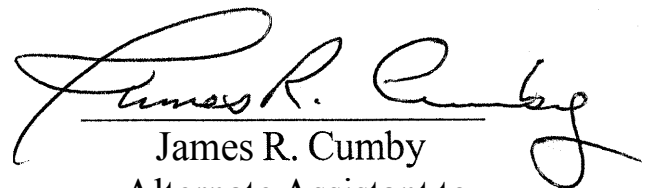
David L. Hakey
Vice President



Arthur Martin, III
Vice President



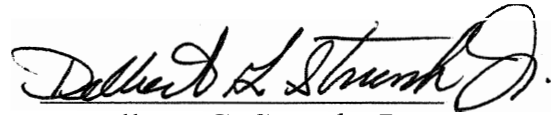
Donald R. Carver
Assistant to President-Yard-
Masters



James R. Cumby
Alternate Assistant to
President - Yardmasters



David B. Snyder
General Chairperson, BNSF



Delbert G. Strunk, Jr.
General Chairperson, NS



John T. Reed
General Chairperson, CSXT

August 20,2002
#1

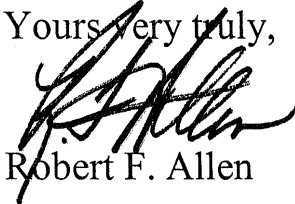
Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Boyd:

This confirms our understanding that the provisions of Document "B" of the Agreement of this date will also be applied to yardmasters who are represented by the United Transportation Union but not represented by its Yardmasters Department.

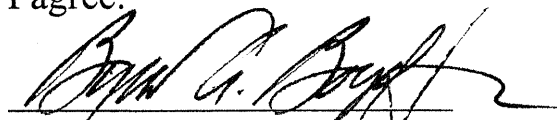
Please acknowledge your agreement by signing your name in the space provided below.

Yours very truly,



Robert F. Allen

I agree:



Byron A. Boyd, Jr.

August 20, 2002
#2

Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

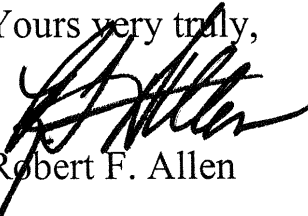
Dear Mr. Boyd:

This confirms our understanding with respect to Document "B" of the Agreement of this date.

In the event that this Agreement becomes effective subsequent to July 1, 2002, any cost-of-living amount payments made to employees pursuant to Article II, Part C, Document "B" of Appendix D of the Award of Arbitration Board No. 559 on and after that date shall be recovered from any retroactive wage increase payments made under Article I.

Please acknowledge your agreement by signing your name in the space provided below.

Yours very truly,



Robert F. Allen

I agree:



Byron A. Boyd, Jr.

August 20, 2002
#3

Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Boyd:

This confirms our understanding with respect to Article V - Service Scale of Document "B" of the Agreement of this date.

The parties agree that at the earliest opportunity in the next national bargaining round, the matter of relating the existing service scales in effect on each participating road to training and experience will be addressed.

Please acknowledge your agreement by signing your name in the space provided below.

Yours very truly,


Robert F. Allen

I agree:


Byron A. Boyd, Jr.

August 20, 2002
#4

Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Boyd:

This confirms our understanding with respect to Document "B" of the Agreement of this date.

The parties exchanged various proposals and drafts antecedent to adoption of the various Articles that appear in this Agreement. It is our mutual understanding that none of such antecedent proposals and drafts will be used by any party for any purpose and that the provisions of this Agreement will be interpreted and applied as though such proposals and drafts had not been used or exchanged in the negotiation.

Please acknowledge your agreement by signing your name in the space provided below.

Yours very truly,


Robert F. Allen

I agree:



Byron A. Boyd, Jr.

Exhibit A
(UTU - Ymstrs.)

CARRIERS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES DATED NOVEMBER 1, 1999 OF DESIRE TO REVISE AND SUPPLEMENT EXISTING AGREEMENTS IN ACCORDANCE THEREWITH, SERVED BY AND ON BEHALF OF SUCH CARRIERS UPON THE UNITED TRANSPORTATION UNION, AND NOTICES DATED ON OR SUBSEQUENT TO NOVEMBER 1, 1999 AND SERVED ON SUCH CARRIERS BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE YARDMASTERS DEPARTMENT - UNITED TRANSPORTATION UNION FOR CONCURRENT HANDLING THEREWITH.

Subject to indicated footnotes, this authorization is co-extensive with notices filed and with provisions of current schedule agreements applicable to employees represented by the Yardmasters Department - United Transportation Union.

Alton & Southern Railway
The Burlington Northern and Santa Fe Railway Co.
Consolidated Rail Corporation - 3
Duluth, Missabe & Iron Range Railway Co. - 1
Kansas City Southern
New Orleans Public Belt Railroad - 2
Norfolk & Portsmouth Belt Line Railroad Co.
Norfolk Southern Railway Company
 The Alabama Great Southern Railroad Co.
 Atlantic and East Carolina Railway Co.
 Central of Georgia Railroad Co.

The Cincinnati, New Orleans & Texas Pac. Ry. Co.
Georgia Southern and Florida Railway Co.
Tennessee, Alabama and Georgia Railway Co.
Tennessee Railway Co.
Northeast Illinois Regional Commuter R.R. Corp. (METRA) - 4
Peoria and Pekin Union Railway Co.
Port Terminal Railroad Association
Portland Terminal Railroad Company
Terminal Railroad Association of St. Louis

NOTES:

- 1 - Wages and Rules only.
- 2 - Health and Welfare only.
- 3 - Wages and Rules and Health and Welfare only.
- 4 - Health and Welfare and Supplemental Sickness only.

FOR THE CARRIERS:



FOR THE UNITED TRANSPORTATION UNION:



August 20, 2002
Washington, D.C.

QUESTIONS AND ANSWERS

Article I - Wages

Q-1 How do the eligibility provisions for the Longevity Bonus in this Agreement differ from the eligibility provisions for the Signing Bonus and Lump Sum Payments provided for in Article I, Document "A" of Appendix D of the Award of Arbitration Board No. 559 dated May 8, 1996 ("1996 Agreement")?

A-1 The dates, of course, are different, and the time period for ascertaining eligibility is different. All other eligibility issues should be governed by how eligibility was determined under the 1996 Agreement.

* * * * *

Q-2 What are some examples of the application of the Answer to Q-1?

A-2 The following are illustrative examples:

E-1. An employee is reinstated to service with seniority unimpaired but without pay for all time lost. Is such employee entitled to the payment provided for in Section 1(a)?

No.

E-2. Will receipt of vacation pay during the period July 1, 2002 and August 31, 2002 qualify an individual for the Longevity Bonus?

No.

E-3. An employee received compensation for active service performed during the period July 1, 2002 and August 31, 2002 but died prior to September 1, 2002. Is this employee eligible for the Longevity Bonus?

Yes, provided the employee is otherwise eligible as provided in the Article.

E-4. Will employees on reserve boards, guaranteed extra boards, and the like, and those employees receiving displacement/dismissal allowance under the various labor protective provisions be eligible for the Longevity Bonus provided for in the Article?

Yes, provided that such employees are otherwise eligible as provided in the Article.

E-5. Will the Longevity Bonus be included in earnings for calculation of vacation pay?

Yes.

E-6. Will employees on authorized military leave during the period specified in Article I, Section 1(b)(3)(i) be eligible for the Longevity Bonus upon return to service with the Carrier?

Yes, provided they have established seniority in train or engine service with a covered carrier on or before October 31, 1985.

E-7. If an employee is unable to work at any time between July 1, 2002 through August 31, 2002 due to his/her part-time involvement with union business, is such employee eligible for the Longevity Bonus?

NO.

* * * * *

Q-3 Will the payment of the Longevity Bonus be used to offset any guarantee an employee may be receiving, regardless of type of guarantee it may be?

A-3 The Longevity Bonus cannot be used to offset guarantees in protective agreements or arrangements.

* * * * *

Q-4 Under what circumstances will UTU members working as engineers be eligible for the Longevity Bonus?

A-4 If such employee performed service under a UTU collective bargaining agreement at any time during the period July 1, 2002 through August 31, 2002 and is otherwise eligible, such employee will be eligible for the Bonus.

* * * * *

Q-5 How will General Wage Increases (GWI) and Cost-of-Living (COLA) be applied to other than standard rates of pay and monthly guarantees applicable to road and yard service employees?

A-5 The GWI's and COLA's provided for in this Agreement will be applied in the same manner as they have been applied in the past.

* * * * *

Q-6 Will the 4% GWI be paid retroactive to July 1, 2002, following ratification and adoption of this Agreement?

A-6 Yes.

* * * * *

Q-7 Is it the parties' intent that an employee who otherwise qualified under Article I, Section 1, and who received compensation for active service performed during the specified period, would not be eligible for the

Longevity Bonus if he/she were off at any time during the qualification period for union business?

A-7 No.

Article II - Optional Alternative Compensation Program

Q-1 How will such a program be determined and implemented?

A-1 The program is totally optional, and will be offered at each Carrier's discretion, and will be implemented only by mutual agreement between the parties.

* * * * *

Q-2 What is meant by the term "smallest employee grouping that can be reasonably administered"?

A-2 The least number of employees agreed to by the parties.

* * * * *

Q-3 May employees elect to opt out of an agreed to "Optional Alternative Compensation Program" when offered?

A-3 Alternative compensation arrangements negotiated under this Article will cover only the employees mutually agreed to by the parties.

Article III - Cost-of-Living Payments

Q-1 Will the cost-of-living adjustments provided for in Part B be applicable to overmile rates of pay?

A-1 Yes.

Article IV - Health and Welfare

Q-1 Will any tentative agreement to change Health and Welfare coverage go out for ratification to the affected membership of UTU?

A-1 Yes

Article V - Pay System Simplification

Q-1 May the parties subject to the local negotiations that establish Trip Rates agree to include other components (including overtime) in Trip Rates?

A-1 Yes, provided there is mutual agreement to do so.

* * * * *

Q-2 If an employee is subject to entry rates and rate progression at the time Trip Rates are established, is such employee to receive the applicable percentage, i.e., 75%, 80%, 85%, etc., of the newly established Trip Rate?

A-2 Yes, as provided in Article V, Part B, Section 4(c)(2) and Article VI.

* * * * *

Q-3 Under Article V, Parts B and C, will Trip Rates be developed and implemented on the same basis described therein for engineers and firemen (where applicable) on those properties where UTU is the duly designated representative for such employees under the Railway Labor Act?

A-3 Yes.

* * * * *

Q-4 Once a Trip Rate has been developed, are future general wage increases and cost-of-living allowances applicable to the entire Trip Rate?

A-4 Yes, except as provided in Article V, Part B, Section 4(c)(1).

Q-5 Once a pay element has been incorporated in the calculation of the trip rate, will claims for that pay element be considered by the Carrier?

A-5 No. Claims for such pay elements incorporated in the Trip Rate will not be considered by the Carrier and will not be responded to.

* * * * *

Q-6 Will all claim settlements or arbitration decisions related to pay elements that are included in Trip Rates be incorporated in the Trip Rate calculation?

A-6 Yes, for those settlements or decisions that are based on events that took place during the applicable Test Period, but were not included during the initial Trip Rate calculation.

* * * * *

Q-7 Where a pool/run consists entirely of post-85 employees, will the earnings attributable to them be computed as if they were pre-85 employees?

A-7 Yes, but where the parties determine that recomputing earnings to determine as to what elements of pay to be incorporated in the Trip Rate would have been paid to pre-85 employees is not feasible, the parties may use data from a comparable run (comparable in length, running time, and other operating characteristics) to determine the value of such pay elements, which will be included in the Trip Rate computation.

* * * * *

Q-8 Will earnings paid to extra employees working in the pool be included in the test period?

A-8 Yes, as provided in Article V, Part B, Section 3.

Q-9 After the establishment of Trip Rates, the Carrier required additional work of a crew so as to violate a work rule not included in the Trip Rate calculation. Is such penalty payment still applicable and, if so, at what rate?

A-9 Yes, penalty payments not included in the Trip Rate will still be payable at the same amount at which paid prior to the establishment of Trip Rates. For example, if a certain penalty payment is paid as a basic day prior to the establishment of Trip Rates and that penalty payment is not included in the Trip Rate, the proper penalty payment would still be a basic day after the implementation of Trip Rates.

* * * * *

Q-10 How will an employee covered by the Trip Rates be compensated for personal leave days, holiday pay and/or vacation pay?

A-10 Compensation for personal leave days, holiday pay and/or vacation pay, will continue to be paid in accordance with rules and practices in existence prior to establishment of Trip Rates. If those rules and practices require payment of earnings of a trip, Trip Rates, if established, will apply.

* * * * *

Q-11 Can either party, i.e., UTU or Carrier, submit a dispute over the Trip Rate implementation to the National Disputes Committee?

A-11 Yes.

Q-12 At what point is it appropriate for a dispute to be referred to the National Disputes Committee?

A-12 After notice has been served pursuant to Article V, Part B, Section 9(a) and carrier has proposed a Test Period for a particular run/pool, if an impasse develops, either party may refer a dispute to the National Disputes Committee.

* * * * *

4-13 Does a Trip Rate proposed by the Carrier, based solely upon the incorporation of the National Pay Elements set forth in Section 5, become effective thirty (30) days after the Carrier's notice is served, absent agreement between the parties?

A-13 Yes, unless the UTU representative(s) make a timely written referral of the matter to the National Disputes Committee.

* * * * *

Q-14 If Trip Rates are not established by the date specified in Article V, Part B, Section 9(g), can the Carrier delay the application of the national pay elements set forth in Article V, Part B, Section 5 to post October 31, 1985 employees effective the next day after that date by simply referring the matter to the National Disputes Committee?

A-14 No. Under those circumstances, Article V, Part B, Section 9(h) provides in part that, effective on the next day after the date specified in Article V, Part B, Section 9(g), post October 31, 1985 employees on runs/pools for which Trip Rates have not been implemented by such date "will be paid on the same basis as Pre-85 Employees represented by UTU with respect to the national pay elements identified in Section 5 of this Part", and the National Disputes Committee will resolve the Trip Rate issue(s) in dispute if such is referred to the Disputes Committee by either party. However, disputes pending before the National Disputes Committee prior to such

date over any issue will be governed solely by the outcome of the dispute resolution process as provided in Article V, Part B, Section 9(h).

* * * * *

Q-15 Does the implementation of Trip Rates permit road crews to perform any additional work (moves) at the initial, intermediate or final terminals over and above that permitted by existing agreements?

A-15 Article V, Part A, Section 1(b) provides that the provisions of the new pay system will have no effect on work rules except where a pay element is incorporated in a Trip Rate.

* * * * *

Q-16 In computing overtime will the Trip Rate be used?

A-16 No. Overtime will continue to be applied as it is now.

* * * * *

Q-17 Will Trip Rates be applicable to both the working trip and the deadhead trip?

A-17 Yes. Where Trip Rates are implemented, employees will receive the Trip Rate for both the deadhead and the working trip. Multiple Trip Rates will not be paid when service and deadhead(s) are combined during a tour of duty.

* * * * *

Q-18 Road extra board employees are used to provide Hours of Service relief as well as protecting other road assignment vacancies. How will these employees be compensated when performing service once Trip Rates are established?

A-18 A road extra board employee called to provide hours of service relief, in straight away or multiple trip turnaround service, will be paid the Trip Rate of the service for which called. When called to fill vacancies, road extra board employees will be paid the appropriate Trip Rate of the assignment for which called.

* * * * *

Q-19 What constitutes a “material change”?

A-19 Article V, Part B, Section 8 provides a process for adjustment of an established Trip Rate in response to a subsequent material change, i.e., one that significantly affects the run/pool.

* * * * *

Q-20 What elements of pay will be included in a yard Trip Rate?

A-20 This determination will be made, where the parties agree to implement a yard Trip Rate, on a basis that is consistent both with yard service and with the terms, conditions, principles and guidelines set forth in Parts A and B of Article V.

* * * * *

Q-21 How will the “12-month period of normalized operations” be determined in calculating Trip Rates?

A-21 The 12-month Test Period will be proposed by the carrier in its notice, with the burden of substantiating such period as reflecting “normalized operations” for the pool/run placed on the carrier.

Q-22 Will the establishment of Trip Rates in any way affect Crew Consist provisions?

A-22 No.

* * * * *

4-23 Will pay elements not specifically included in Trip Rates continue to be applicable?

A-23 Yes.

* * * * *

4-24 How will Trip Rates be determined for new runs/pools since there is no "Test Period"?

A-24 As provided in Article V, Part B, Section 7.

* * * * *

Q-25 Will the establishment of Trip Rates have any affect on local agreements providing for mileage and/or earnings regulations.

A-25 No. Such local agreements will continue to apply.

* * * * *

Q-26 Does the 12-month period of Normalized Operations contemplated by this Article have to be consecutive?

A-26 Yes, if the 12 consecutive months actually reflect Normalized Operations.

Q-27 Are additional mileage or time payments, such as constructive mileage or terminal mileage payments, afforded certain group(s) of employees as a result of other agreement rules or provisions other than the October 31, 1985 National Agreement to be included in the earnings used to develop a Trip Rate?

A-27 No.

* * * * *

Q-28 Does the term “yard runarounds” refer to road crews who are called in order but depart the initial terminal out of that order?

A-28 Yes.

* * * * *

Q-29 Will implementation of Trip Rates change a protected employee’s test period average or test period hours?

A-29 No.

Article VI - Service Scale

Q-1 If an agreement is not reached on an individual railroad as contemplated by Section 3, how will employees establishing seniority on or after July 1,2004 be compensated?

A-1 In accordance with the rules that adjust employee compensation based on length of service in effect on such railroad on June 30,2004

* * * * *

Q-2 Are entry rates and rate progression provisions of existing agreements eliminated on July 1, 2004?

A-2 Yes, but only for employees subject to such provisions on June 30,2004 represented by UTU and only when working in a UTU represented craft as a conductor/foreman, brakeman/helper, hostler, engineer (where represented by UTU) or yardmaster on and after July 1,2004.

* * * * *

Q-3 A local rule currently provides that an employee who is subject to rate progression will be paid, when working as a conductor, at the full rate of pay. Is that local rule affected by Article VI?

A-3 No.

* * * * *

Q-4 How will the new Service Scale contemplated by Section 3 be established?

A-4 By the Carrier, subject to review by the organization representative(s).

Q-5 Will the Service Scale to be established by the Carrier be identical to that which is governed by existing rules, which are in effect on such Carrier on June 30, 2004?

A-5 Yes.

* * * * *

Q-6 Does this Article apply to firemen in training programs to become locomotive engineers?

A-6 NO.

Article VII - Enhanced Manpower Utilization

Q-1 What is meant by the phrase “authorized or approved time off”?

A-1 This phrase is intended to mean the time such as, but not limited to, when an employee is off account of personal illness, Family and Medical Leave Act, personal leave days, vacations, or any other approved time off.

* * * * *

Q-2 Is the Carrier required to provide the organization representative(s) anything more than a synopsis of their proposed rule?

A-2 Yes. A detailed proposal must be provided to the organization representative(s) prior to any submission of the matter to final and binding arbitration.

* * * * *

Q-3 Will this Article have any affect on existing work/rest agreements currently in effect?

A-3 No.

Article VIII - National Wage & Rules Panel

Q-1 Are the items to be considered by the Panel limited to those set forth in this rule?

A-1 No. The parties are free to discuss and resolve any matters of mutual concern consistent with the intent of this forum.

Article IX - Off-Track Vehicle Accident Benefits

Q-1 What effect do the improvements to the Off-Track Vehicle Accident benefits have upon employees entitled to receive them?

A-1 The Off-Track Vehicle Accident benefit improvements merely increase existing benefit levels.

* * * * *

Q-2 What changes were made to the application of “Off Track Vehicle Coverage”?

A-2 The benefits were increased and there are no changes to the application.

Article X - General Provisions

Q-1 In several Articles of this Agreement reference is made to the date October 31, 1985 when discussing “pre-85” and “post-85” employees.

The parties recognize that other specific dates may exist in agreements which define issues relative to “pre-85” and “post-85” employees, such as, but not limited to, the June 28, 1985 Conrail Agreement and the June 15, 1987 Agreement covering Yardmasters represented by the former Railroad yardmasters of America.

Accordingly, do the parties agree that the reference to “pre-85” and “post-85” employees in this Agreement is intended to include all employees such as those referenced above?

A-1 The parties agree that this must be answered on a case-by-case basis in light of the parties’ mutual intentions and an evaluation of the relevant facts and circumstances.

Yardmasters - Document B

Article I - Wages

Q-1 If a yardmaster has a seniority date after June 15, 1987, but does have seniority in another craft represented by UTU prior to October 31, 1985, per Document "A", will he qualify for the \$1,200 Longevity Bonus?

A-1 Yes, if otherwise eligible under Article I, Section 1(b).

* * * * *

Article VI - Supplemental Sickness

Q-1 Do the amendments in Article VI affect Sickness Plans on carriers that are covered by the National Agreement but not party to the October 31, 1978 Supplemental Sickness Benefit Agreement?

A-1 No.

* * * * *

Article VIII - Vacations

Q-1 In a vacation step up year, does a yardmaster receive compensation for the additional week in that year if the week is taken after his/her anniversary date?

A-1 Only if provided for under existing agreements.

Remote Control Agreement

Q-1 Will the 46 minute payment for remote control operation continue and be subject to all future general wage increases and COLA's?

A-1 Yes, because such increases are automatically built into the 46 minutes.

* * * * *

Q-2 May the carrier offer engine service employees up to 50% of any RCL buyouts and reserve board positions, etc.?

A-2 Yes.

* * * * *

Q-3 May those engineers who accept an RCL buyout or reserve board position, etc. belong to either BLE or UTU?

A-3 Yes, they may belong to either organization.

August 20,2002

Mr. Byron A. Boyd, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44 107

Dear Mr. Boyd:

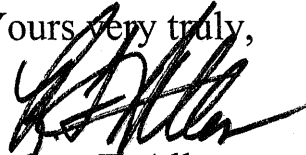
This confirms our understanding with respect to Documents “A” and “B” of the Agreement of this date.

Those Documents contain an identical Health and Welfare provision, which is set forth in each as Article IV. Section 2(c) of that Article provides in part for referral of the parties’ health and welfare issue to final and binding arbitration “no earlier than ninety (90) days after the effective date of this Agreement.” Article V - Pay System Simplification of Document “A” provides, in Section 9(g), for the implementation of Trip Rates for Through Freight runs/pools “no later than thirty (30) months after the date of this Agreement.. . .”

The parties recognize the significance and complexity of these matters and the desirability of utilizing all available time and resources to facilitate outcomes consistent with the letter and spirit of our Agreement. In light of the fact that many key participants on both sides are unavailable to commence these undertakings immediately, we have mutually agreed to treat September 1,2002 as the effective date of the Agreement for the purpose of commencement of the time periods in the provisions cited in the preceding paragraph.

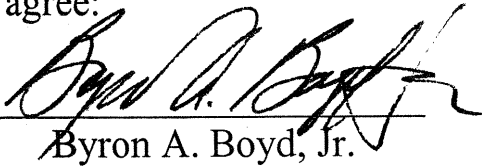
Please acknowledge your agreement by signing your name in the space provided below.

Yours very truly,



Robert F. Allen

I agree:



Byron A. Boyd, Jr.