COLLECTIVE AGREEMENT

between the

Delaware & Hudson Railway Company, Inc.

and the

UNITED TRANSPORTATION UNION
(Yardmasters Department)

on behalf of the

Yardmasters

employed on the
Delaware and Hudson
Seniority Rosters
on the Proprietary and Acquired Lines

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PREAMBLE

The right to make and interpret contracts, rules, rates and working agreements for Yardmasters shall be vested in the regularly constituted representatives of the United Transportation Union (Yardmasters Department).
ARTICLE 1
DEFINITIONS

The term "Yardmaster" as herein used shall include Yardmasters, Assistant Yardmasters, Relief Yardmasters and Extra Yardmasters.
ARTICLE 2
YARDMASTERS' CLASSIFICATION

When Yardmasters are needed, they will be selected and appointed by the Carrier. Eligibility for Yardmasters' positions will not be confined to employees or any specific class of employees of the Carrier. The Yardmaster who is last appointed will be placed at the bottom of the roster. Should it develop after reasonable trial that the appointee is not qualified, he may exercise any rights he may have accumulated in some other class, provided this is permissible under the Agreement with the Union holding contract rights with the Carrier covering the particular class.
ARTICLE 3
BASIC DAY and OVERTIME

3.1 Eight (8) consecutive hours shall constitute a day’s work; except where meal period is taken eight (8) hours within a spread of nine (9) hours shall constitute a day’s work.

3.2 In any yard where three consecutive shifts are employed to provide 24 hours per day supervision, no meal period will be required.

3.3 Time worked in excess of eight (8) hours shall be paid for as overtime on a minute basis at time and one-half. Time consumed making transfers shall not be considered as overtime.
ARTICLE 4
REST DAYS

4.1 Two regular rest days each week, designated by the Carrier, shall be assigned to each position. Consistent with requirements of the service, due regard shall be given to the preference of the regular Yardmasters, in seniority order, in fixing the rest days for their positions.

Such assigned rest days shall be the same days each week and shall be consecutive to the fullest extent possible. The Carrier may assign non-consecutive days off to a position whenever consecutive days off would cause or necessitate working a Yardmaster with reasonable regularity in excess of five days per week or, by agreement with the General Chairman, days off may be accumulated over a period not to exceed five consecutive weeks.

4.2 Regularly assigned Yardmasters required to perform service on either or both of the rest days assigned to their positions will be paid at rate of time and one-half except where rest days are being accumulated.

Extra Yardmasters worked as such in excess of five (5) consecutive days shall be paid one and one-half times the basic straight-time rate for work on either or both the sixth or seventh days, except where days off are being accumulated, but shall not have the right to claim work on such sixth or seventh days.

4.3 Where work is required to be performed by the Carrier on the rest day of an assignment or on a day which is not part of any assignment, it will be performed by the senior available extra or furloughed Yardmaster who would otherwise not have forty hours of work that week. In other instances it will be performed by the incumbent or in seniority order other available Yardmaster on his rest day.

4.4 Where relief assignments regularly consist of five (5) day per week relief Yardmaster positions will be established and filled in accordance with Article 8.3.

Where relief assignments regularly consist of four (4) days work per week, Relief Yardmaster positions providing for four (4) days work per week, may, by agreement with the General Chairman, be established and filled in accordance with Article 8.3. Employees assigned to such positions will have preference over extra men for available extra work covered by this agreement to the extent of one day per work week.
4.5 A regularly assigned Yardmaster transferring from one regular position to another
regular position will assume the rest days assigned to the latter position and will be
paid straight time for days he actually works on such positions between last
assigned rest day of former position and first assigned rest day of new position.

Example: A Yardmaster transfers from position having Wednesday and Thursday
as rest days to position having Saturday and Sunday as rest days. First
day worked on position to which transferred was Monday. He will be
paid on straight time basis from Friday of preceding week to and
including Friday of current week.

4.6 Nothing in this agreement shall be construed to require the filling of an assignment
on the days off of the regularly assigned Yardmaster where the work can be
absorbed by other Yardmasters then on duty.

4.7 The days off of extra or unassigned Yardmasters need not be consecutive.

4.8 Any tour of duty worked by an extra or unassigned Yardmaster in the exercise of
his rights in another craft or class will not be considered in any way in connection
with the application of the provisions of this agreement.

4.9 All existing guarantees shall be reduced to a basis of five days per week. Nothing
in this agreement shall be construed to create a guarantee of any number of hours
or days of work where none now exists.

4.10 Assignments for regular relief positions may on different days include different
starting times, duties and work locations for employees in the same seniority
district.
ARTICLE 5
STARTING TIME

5.1 When three eight-hour shifts are worked in continuous service, the time for the first shift to begin work will be between 6:00 a.m. and 8:00 a.m.; the second 2:00 p.m. and 4:00 p.m.; and the third 10:00 p.m. and 12:00 midnight.

5.2 Where two shifts are worked in continuous service, the first shift may be started during any one of the periods named in Article 5.1.

5.3 Where two shifts are worked not in continuous service, the time for the first shift to begin work will be between the hours of 6:00 a.m. and 10:00 a.m. and the second not later than 10:00 p.m.

5.4 Where an independent assignment is worked regularly, the starting time will be during one of the periods provided in Article 5.1 or 5.3.

5.5 At points where only one Yardmaster is employed, he may be started at any time.

5.6 Except for meal period, Yardmasters will not be required to suspend work during regular hours, to reduce or absorb overtime.
ARTICLE 6
RATES OF PAY

6.1 Rates of pay for additional positions which may be created will be in conformity with the established rates for positions of same grade and like responsibility.

6.2 Basic rates of pay for Yardmasters shall be as follows:

---------- DAILY RATES OF PAY EFFECTIVE ----------

<table>
<thead>
<tr>
<th>AUG 15 1991</th>
<th>JULY 1 1993</th>
<th>JULY 1 1994</th>
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<tbody>
<tr>
<td>$151.41</td>
<td>$155.95</td>
<td>$162.19</td>
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6.3 Relief and Extra Yardmasters who fill vacancies will receive the basic rate of the position they fill.

6.4 Rate Progression -- New Hires

In any class of service or job classification, rates of pay and other applicable elements of compensation for an employee whose seniority as a yardmaster is established after the effective date of this agreement will be 75% of the rate for present employees and will increase in increments of 5 percentage points for each year of active service until the new employee’s rate is equal to that of present employees. A year of active service shall consist of a period of 365 calendar days in which the employee performs a total of 80 or more shifts.

6.5 Cost-of-Living Adjustments as provided in the December 12, 1991 Memorandum of Agreement are reproduced in Appendix 5.
ARTICLE 7
DEADHEADING AND TRANSPORTATION

7.1 When a regular Yardmaster is required to fill a vacancy at other than his home terminal, or an extra Yardmaster is required to cover a position not protected by the extra board to which he is assigned, actual time deadheading to and from the assignment at pro rata rate will be allowed.

7.2 It is mutually agreed that the following shall apply in connection with providing transportation to Yardmasters holding regular relief positions, except where the positions constituting a relief assignment are confined to one city or terminal area (Capital District and Wilkes-Barre - Hudson District):

(a) The carrier shall designate one of the offices included in the relief assignment as the home terminal of such assignment for transportation purposes.

(b) The carrier shall either provide transportation without charge or reimburse the employee for transportation cost between the home terminal and the locations of the other positions included in the relief assignment on such days as the employee performs service on such positions. "Transportation" means travel by train, bus, or private automobile, and "transportation cost" means established bus fare or automobile mileage allowance established by the carrier where automobile is used.
ARTICLE 8
SENIORITY

8.1 Except as otherwise agreed to between the Carrier and the General Chairman, seniority as Yardmaster shall date from the first day service is performed on a position under this Agreement, provided the employee is not disqualified by the Carrier prior to performing ninety (90) actual days of Yardmaster service.

8.2 Assignments to vacancies and new positions shall be based on fitness, ability and seniority. The Carrier will determine such qualifications after a thirty (30) day trial.

Yardmasters who are disqualified will be allowed to displace junior Yardmasters on their seniority district.

8.3 New positions and vacancies, permanent or temporary, will be advertised within a period of five (5) days after being established or becoming vacant, for a period of ten (10) days on the seniority district. Senior Yardmasters who make application for same will be assigned providing they possess the requisite qualifications and will be given thirty (30) days to qualify. Vacancies of less than thirty (30) days will not be advertised. Known vacancies of sixty (60) days or more will be advertised as permanent.

Applications to be made in duplicate, the original to the issuing officer with a copy to the Local Chairman. Copies of all bulletins and assignments will be sent to the Local Chairman.

8.4 When a regular or unassigned Yardmaster makes application for and is given a temporary position, he may make application for any permanent position that may be advertised during the time he remains on such temporary position.

If no permanent position is taken by him during this time, he will revert back to his regular position when the regular man returns or the position is advertised as permanent and filled by the man who bids it in.

8.5 Nothing in this article shall prevent any Yardmaster who bids in a permanent position from taking same when assignment is made.

8.6 When more than one vacancy occurs, Yardmasters will have a right to bid on all such vacancies, stating preference.
8.7 Vacancies shall be filled by Extra Yardmasters for the first three (3) days working first-in, first-out, except that an Extra Yardmaster covering a vacant position shall hold same until the regular incumbent returns to the position, or until it is advertised and filled, or until a regularly assigned Yardmaster in the same location is assigned to the position after the expiration of the first three (3) days.

Regularly assigned Yardmasters in the location where the vacancy occurs desiring to fill the vacancy must make written application for same during the first three (3) days and shall hold it until the regular man returns or until the position is advertised and filled. However, when it is known in advance that a vacancy - e.g. vacations, personal injury, vacant positions - will exist for more than three (3) days such vacancy may be filled as of the first day by the senior regularly assigned Yardmaster at that location as provided for in this paragraph.

If an Extra Yardmaster stands first-out for a vacancy on a position for which he is not qualified, he shall be taken off the extra board and not marked back on until the Extra Yardmaster who filled the vacancy returns to the extra board, except in case of emergency.

8.8 Yardmasters having established seniority as such must thereafter protect all Yardmaster service available to them; either regular assignment or extra work, or forfeit such seniority. However, a Yardmaster not working as such will not be required to relocate in order to hold work if a junior employee at the other location can fill the position or vacancy.

8.9 Seniority will be system in scope with prior rights. Seniority rosters as established on the effective date of this agreement will remain in effect. All Yardmasters will be placed in seniority order on the prior rights roster with the location of their prior rights division identified.

Employees acquiring Yardmaster seniority after the effective date of this Agreement will not have prior rights but will be identified on the roster as System Yardmasters with rights on all divisions.

The prior rights territories are as follows:

Division 1:  - Pennsylvania

Division 2:  - Binghamton - Buffalo - Mohawk - Mechanicville

Division 3:  - Capital District, Saratoga/Ft. Edward, Rouses Point
8.10 A Yardmaster absent by permission or on account of sickness, on returning to duty will have the right to displace any junior Yardmaster from a position if such position has been bid in during his absence, and have all the rights he would have had, had he been on duty.

8.11 Yardmasters now holding or who may be promoted to official or supervisory positions with the Carrier or official positions within the union, will retain and accumulate any seniority, provided they report for duty within sixty (60) days from the termination of their connection with such positions. A promoted Yardmaster reverting to the bargaining unit must revert to the position from which promoted unless abolished or held by a senior employee. In such instance the employee may exercise his seniority to displace a junior employee.
ARTICLE 9
CHANGE IN POSITIONS

9.1  In the event a position is abolished or its starting time is changed by two hours or more, the incumbent of such position may exercise his seniority and displace any Yardmaster his junior in service on the seniority territory. Yardmasters displaced by such exercise of seniority may likewise displace their juniors. If a Yardmaster so displaced is unable to displace another Yardmaster, he may exercise any rights he may have accumulated in some other class provided this is permissible under the Agreement with the Union holding contract rights with the Carrier covering the particular class.

9.2  Yardmasters displacing under this clause must make their choice within ten (10) days.
ARTICLE 10
EXTRA LISTS

10.1 Yardmasters who have no regular assignment as such will be assigned to the extra list. Extra Yardmasters may or may not accept service in other classifications in which they may hold rights when they are not required for service as Yardmasters, except that if they are needed in the other class due to shortage of employees, they will respond when called.

10.2 A yardmaster standing first out on the extra list must make him or herself available for a vacancy on the calendar day such vacancy occurs, unless the need of the Carrier dictates otherwise and there is another yardmaster available to cover the known vacancy. (Example: If an extra yardmaster assigned to a clerical position or clerical extra board stands first out on the yardmaster extra list for a known vacancy, and by filling that vacancy, it would create a situation where there was no clerk available to cover a clerical position, the carrier may utilize that extra yardmaster on the clerical position provided there is another yardmaster available to cover the position at the pro rata rate.) The intent and purpose of this clause is to fill yardmaster vacancies without the Carrier paying additional money at the overtime rate and to insure that the Carrier will not be short of personnel to fill clerical or transportation positions.
ARTICLE 11
ATTENDING COURT AND HEARINGS

11.1 Yardmasters attending court or coroner's inquest as witnesses or engaged in any other work assigned to them by the Carrier will receive compensation for loss of wages together with necessary expenses while so engaged. Witness fees and other allowances will be turned over to the Carrier.

11.2 (a) Regularly assigned Yardmasters required to attend hearings, and Extra Yardmasters required to attend hearings in the capacity of Yardmasters, starting two (2) hours or less prior to the reporting time of their assignments, or less than two (2) hours after the completion of their assignments shall be paid on a continuous time basis.

(b) If required to attend a hearing at other than the times mentioned in paragraph (a) hereof, and without losing time thereby on their assignments or extra boards, they shall be compensated for the time spent attending the hearing a minimum of four (4) hours for four (4) hours or less and for over four (4) hours actual time with a minimum of eight (8) hours. Compensation under this paragraph shall be based on rate of assignment for regular employees and rate of last assignment covered for extra employees.

(c) If attendance at a hearing necessitates losing time on their assignments or extra boards, they shall be paid for the time so lost in lieu of the payment provided in paragraphs (a) or (b) of this section.

(d) Yardmasters found guilty of the offence involved shall not be paid under this section.

NOTE: In this rule the words "assignment" or "assignments" mean "Yardmaster" assignment or assignments and "extra boards" means extra "Yardmaster" boards.
ARTICLE 12
LEAVE OF ABSENCE

12.1 Leave of absence will be taken at home terminal.

12.2 A Yardmaster shall be allowed up to 30 days off duty upon receipt of permission from the designated Company Officer. Yardmasters must request written leave of absence when they are to be off duty for more than 30 consecutive days.

12.3 A written leave of absence without impairment of seniority shall be granted upon request to a Yardmaster for the following reasons:

(a) To accept an official position with the Corporation or related national railroad agencies.

(b) To perform Union committee work or to accept full-time Union position.

(c) To accept an elective or appointive public office for which a competitive examination is not required.

12.4 A Yardmaster granted a leave of absence in accordance with paragraph 12.3(a) or (b) shall be granted that leave of absence for the duration of the assignment.

12.5 Upon request, a Yardmaster shall be granted a written leave of absence to perform military service in accordance with current applicable reemployment statutes.

12.6 A request for a leave of absence shall be considered only when the requirements of the service permit. If a request for a leave of absence is denied, the General Chairman shall, upon request, be advised the reason for denial.

12.7 A request for a leave of absence or for an extension must be made in writing to the designated officer of the Company, with a copy to the General Chairman.

12.8 No leave of absence or extension thereof shall exceed one year.

12.9 A Yardmaster who fails to report for duty within 15 days after the expiration of an authorized leave of absence or an extension thereof or fails to furnish satisfactory reason for not doing so shall have his seniority terminated and record closed. A Yardmaster whose seniority has been terminated may, through his General Chairman, appeal such termination to the designated Company officer within 30 days of the notice of termination.
12.10 A Yardmaster granted a leave of absence under paragraph 12.3 (a) and (b) shall be required to return to duty in the craft within 60 days after being relieved of his assignment, or he shall be subject to conditions set forth in paragraph 12.9.

12.11 A Yardmaster who absents himself without a written authorized leave of absence as provided in this rule shall have his seniority terminated.

12.12 A leave of absence is not required when a Yardmaster is unable to perform service for the Corporation due to a bona fide sickness or injury.

12.13 A Yardmaster absent in accordance with paragraph 12.2 who engages in other employment shall forfeit all of his seniority under this Agreement.
ARTICLE 13
DISCIPLINE AND INVESTIGATION

13.1 Except as provided in Article 13.3, no Yardmaster will be disciplined, suspended or dismissed from the service until a fair and impartial formal investigation has been conducted by an authorized Carrier officer.

13.2 (a) Except when a serious act or occurrence is involved, a Yardmaster will not be held out of service in disciplinary matters before a formal investigation is conducted. A serious act or occurrence is defined as: Rule "G", Insubordination, Extreme Negligence, Dishonesty.

(b) If a Yardmaster is held out of service before a formal investigation for other than a serious act or occurrence, he will be paid what he would have earned on his assignment had he not been held out of service beginning with the day he is taken out of service and ending with the date the decision is rendered or he is returned to service, excluding the day of the formal investigation, whether or not he is disciplined. Holding a Yardmaster out of service before a formal investigation or paying him for being out of service for less than a serious act or occurrence is not prejudging him.

13.3 Formal investigations, except those involving a serious act or occurrence, may be dispensed with should the Yardmasters involved and/or the Local Chairman and an authorized officer of the Carrier, through informal handling, be able to resolve the matter to their mutual interests. Request for informal handling must be made at least 24 hours before a formal investigation is scheduled to begin. No formal transcript, statement or recording will be taken at the informal handling. When a case is handled informally and the matter of responsibility and discipline to be assessed, if any, is resolved, no formal investigation will be required. A written notice of the discipline assessed and the reason therefor will be issued to the Yardmasters responsible, with a copy to the Local Chairman, if he participated in the informal handling, at the conclusion of the informal handling. Discipline matters resolved in accordance with this paragraph are final and binding.

13.4 (a) A Yardmaster directed to attend a formal investigation to determine his responsibility, if any, in connection with an act or occurrence will be notified in writing within 10 days from the date of the act or occurrence or in cases involving dishonesty, criminal offences, or letters of complaint, within 10 days from the date the designated Carrier officer becomes aware of such act or occurrence. The notice will contain:
i) The time, date and location where the formal investigation will be held.

ii) The date, approximate time and the location of the act or occurrence.

iii) A description of the act or occurrence which is the subject of the investigation.

iv) A statement that he may be represented by his duly accredited representative of the United Transportation Union.

v) The identity of the witnesses directed by the Carrier to attend.

(b) When a letter of complaint against a Yardmaster is the basis for requiring him to attend the formal investigation, the Yardmaster will be furnished a copy of the written complaint together with the written notice for him to attend the investigation.

(c) The investigation on any matter must be scheduled to begin within 10 days from the date the notice of the investigation is mailed to the Yardmaster.

(d) A Yardmaster who may be subject to discipline will have the right to have present desired witnesses who have knowledge of the act or occurrence, to present testimony, and the Carrier will order employee witnesses to be in attendance.

(e) The time limit is subject to the availability of the principal(s) involved and witness(es) to attend the formal investigation and may, by written notice to the Yardmaster involved, be extended by the equivalent amount of time the principal(s) involved or necessary witnesses are off duty due to sickness, temporary disability, discipline, leave of absence or vacation.

(f) When a Yardmaster is being held out of service for a serious act or occurrence pending the investigation and other principal(s) or witness(es) are not available for the reasons cited, he may request commencement of the investigation. If either the Yardmaster or the Carrier officer is of the opinion that the testimony of the unavailable principal(s) or witness(es) is necessary for the final determination of the facts and discipline has been assessed against the Yardmaster as a result of the investigation, such discipline will be reviewed when the testimony of the missing principal(s) or witness(es) is available.
(g) When a formal investigation is not scheduled to begin within the time limit as set forth in this rule, no discipline will be assessed against the Yardmaster.

(h) A Yardmaster who may be subject to discipline and his representative will have the right to be present during the entire investigation. Witnesses appearing at the request of the Carrier at a formal investigation will be called upon prior to the Yardmaster subject to discipline and those witnesses testifying on his behalf. Witnesses may be examined separately but those whose testimony conflicts will be brought together.

13.5 When a Yardmaster is assessed discipline, a true copy of the investigation record will be given to the Yardmaster and to his duly accredited representative. (See Appendix 8)

13.6 If discipline is to be imposed following a formal investigation, the Yardmaster to be disciplined will be given a written notice of the decision within 21 days of the date the formal investigation is completed.

13.7 When a Yardmaster or his duly accredited representative considers the discipline imposed unjust, a grievance may be instituted in accordance with the provisions of Article 14 of the Collective Agreement. Such a grievance will be initiated in accordance with Clause 14.1, except that in appealing cases involving the discipline of dismissal, the General Chairman may expedite the provision contained in Article 14. In such circumstances, the General Chairman must, within 60 days from the date the decision was rendered, make an appeal in writing to the highest appeals officer of the Carrier.
ARTICLE 14
GRIEVANCE PROCEDURE

14.1 All claims or grievances must be presented in writing by or on behalf of the employee involved, to the officer of the Carrier authorized to receive same, within sixty (60) days from the date of the occurrence on which the claim or grievance is based. Should any such claim or grievance be disallowed, the Carrier shall, within sixty (60) days from the date same is filed, notify whoever filed the claim or grievance (the employee or his representative) in writing of the reason for such disallowance. If not so notified, the claim or grievance shall be allowed as presented, but this shall not be considered as a precedent or waiver of the contentions of the Carrier as to other similar claims or grievances.

Note: The Carrier denial must state a specific reason or reasons for denial and state the Article on which denial is based.

14.2 If a disallowed claim or grievance is to be appealed, such appeal must be in writing and must be taken within sixty (60) days from receipt of notice of disallowance, and the representative of the Carrier shall be notified in writing within that time of the rejection of his decision. Failing to comply with this provision, the matter shall be considered closed, but this shall not be considered as a precedent or waiver of the contentions of the employees as to other similar claims or grievances. It is understood, however, that the parties may, by agreement, at any stage of the handling of a claim or grievance on the property, extend the sixty (60) day period for either a decision or an appeal, up to and including the highest officer of the Carrier designated for that purpose.

14.3 The requirements outlined in paragraphs 14.1 and 14.2 pertaining to appeal by the employee and the decision by the Carrier, shall govern in appeals taken to each succeeding officer, except in cases of appeal from the decision of the highest Carrier officer to handle such disputes.

14.4 Appeals to the designated Carrier officers will he handled as follows:

- Article 14.1 Initial Grievance - Employee or Local Chairman to Designated Carrier Officer

- Article 14.2 General Chairman to Highest Designated Carrier Officer

14.5 All claims or grievances involved in a decision by the highest designated officer of the Carrier shall be barred unless within six (6) months from the date of said officer's decision proceedings are instituted by the employee or his duly authorized
representative before the appropriate division of the National Railroad Adjustment Board, Public Law Board, or a system, group or regional Special Board of Adjustment, that has been agreed to by the parties hereto as provided in Section 3 Second of the Railway Labor Act, as amended. It is understood, however, that the parties may by agreement, in any particular case extend the six (6) months' period herein referred to.

14.6 A claim may be filed at any time for an alleged continuing violation of any agreement and all rights of the claimant(s) involved thereby shall, under this Article be fully protected by the filing of one claim or grievance based thereon as long as such alleged violation, if found to be such, continues. However, no monetary claim shall be allowed retroactively for more than 60 days prior to the filing thereof. With respect to claims and grievances involving an employee held out of service in discipline cases, the original notice of request for reinstatement with pay for time lost shall be sufficient.

14.7 This rule recognizes the right of representatives of the Union to file or prosecute claims and grievances for and on behalf of the employees they represent.

14.8 This rule is not intended to deny the right of the employees to use any other lawful action for the settlement of claims or grievances provided such action is instituted within six (6) months of the date of the decision of the highest designated carrier officer.

14.9 This rule shall not apply to requests for leniency.

14.10 The Carrier will not discriminate against employees who, as Committeemen, from time to time represent other employees and will grant them time off or leave of absence when requested in performance of their duty to represent other employees and members of their Union.
ARTICLE 15
ANNUAL VACATIONS

15.1 An annual vacation of two weeks (10 working days) with pay will be granted, subject to the conditions set forth herein, to each Yardmaster who rendered compensated service as Yardmaster on not less than one hundred ten (110) days during the preceding calendar year.

15.2 An annual vacation of three weeks (15 working days) with pay will be granted, subject to the conditions set forth herein, to each Yardmaster who rendered compensated service as Yardmaster on not less than one hundred (100) days during the preceding calendar year and who at the beginning of the vacation year has eight or more years of continuous service with the employing Carrier.

15.3 An annual vacation of four weeks (20 working days) with pay will be granted, subject to the conditions set forth herein, to each Yardmaster who rendered compensated service as Yardmaster on not less than one hundred (100) days during the preceding calendar year and who at the beginning of the vacation year has seventeen or more years of continuous service with the employing Carrier.

15.4 An annual vacation of five weeks (25 working days) with pay will be granted, subject to the conditions set forth herein, to each Yardmaster who rendered compensated service as Yardmaster on not less than one hundred (100) days during the preceding calendar year and who at the beginning of the vacation year has twenty-five or more years of continuous service with the employing Carrier.

15.5 Calendar days in each current qualifying year on which a Yardmaster renders no service as such because of his own sickness or because of his own injury shall be included in computing days of compensated service for vacation qualification purposes on the basis of a maximum of 10 such days for a Yardmaster with less than three years of continuous service with the employing Carrier, a maximum of 20 such days for a Yardmaster with three, but less than fifteen years of continuous service with the employing Carrier and 30 such days for a Yardmaster with fifteen or more years of continuous service with the employing Carrier, provided that no calendar day on which a Yardmaster was credited with any compensation under sick leave rules or practices shall be included under this Article 15.5. The maximum number of such days that may be claimed by any individual in any calendar year under this and other schedule agreements shall not exceed a total of 10, 20 or 30 days, respectively.
15.6 In instances where employees who have become members of the Armed Forces of the United States return to the service of the employing Carrier in accordance with the Military Selective Service Act of 1967, as amended, the time spent by such employees in the Armed Forces subsequent to their employment by the employing Carrier will be credited as qualifying service in determining the length of vacations for which they may qualify upon their return to the service of the employing Carrier.

15.7 In instances where an employee who has become a member of the Armed Forces of the United States returns to the service of the employing Carrier in accordance with the Military Selective Service Act of 1967 as amended, and in the calendar year preceding his return to railroad service had rendered no compensated service or had rendered compensated service on fewer days than are required to qualify for a vacation in the calendar year of his return to railroad service, but could qualify for a vacation in the year of his return to railroad service if he had combined for qualifying purposes days on which he was in railroad service in such preceding calendar year with days in such year on which he was in the Armed Forces, he will be granted, in the calendar year of his return to railroad service, a vacation of such length as he could so qualify for under the provisions of this Article.

15.8 In instances where an employee who has become a member of the Armed Forces of the United States returns to the service of the employing Carrier in accordance with the Military Selective Service Act of 1967, as amended, and in the calendar year of his return to railroad service renders compensated service on fewer days than are required to qualify for a vacation in the following calendar year, but could qualify for a vacation in such following calendar year if he had combined for qualifying purposes days on which he was in railroad service in the year of his return with days in such year on which he was in the Armed Forces, he will be granted, in such following calendar year, a vacation of such length as he could so qualify for under the provisions of this Article.

Note: A shift which extends from one calendar day into another shall be counted as one day in computing the number of qualifying days referred to above.

15.9 Local officers of the Carrier and local committees of the Union will co-operate in assigning vacation dates, giving due regard to business conditions, availability of a relief employee and to the desires and preferences of the Yardmasters in seniority order.

15.10 (a) When vacations are afforded

i) A Yardmaster having a regular assignment will be paid for each working day of his vacation the daily compensation (excluding casual or unassigned overtime) of such assignment.
ii) A Yardmaster not having a regular assignment will be paid while on vacation on the basis of the average straight-time compensation earned as a Yardmaster in the last payroll period preceding the vacation during which he performed service for the number of vacation days to which entitled under this Article.

(b) When vacations are not afforded

If a vacation is not afforded, payment in lieu thereof will be made not later than the first payroll period in January of the following year, computed on the following basis:

i) A Yardmaster having a regular assignment will be paid in lieu of vacation the daily compensation (excluding casual or unassigned overtime) of such assignment for the number of vacation days to which entitled under this Article.

ii) A Yardmaster not having a regular assignment will be paid in lieu of vacation on the basis of the average straight-time compensation earned as a Yardmaster in the last payroll period during which he performed service preceding the close of the vacation year for the number of vacation days to which entitled under this Article.

15.11 A Yardmaster who performs service as Yardmaster on any day of his assigned Yardmaster vacation period will be paid for such service at time and one-half rather than straight time in addition to vacation pay provided in this Article.

15.12 Vacations, or allowance therefor, under two or more schedules held by different Unions on the same Carrier shall not be applied to create a vacation, or allowance therefor, of more than the maximum number of days provided for in either of such schedules.

15.13 The vacation provided for in this Agreement shall be considered to have been earned when the Yardmaster has qualified pursuant to this Article. If his employment status is terminated for any reason whatsoever, including but not limited to retirement, resignation, discharge, non-compliance with a union-shop agreement, or failure to return after furlough, he shall at the time of such termination be granted full vacation pay earned up to the time he leaves the service, including pay for vacation earned in the preceding year or years and not yet granted, and the vacation for the succeeding year if the Yardmaster has qualified pursuant to this Article. If a Yardmaster thus entitled to vacation or vacation pay shall die, the vacation pay earned and not received shall be paid to such beneficiary as may have been designated, or in the absence of such designation, the surviving spouse or children or his estate, in that order of preference.
15.14 Vacations shall not be accumulated or carried over from one vacation year to another.

15.15 Past service with the D&H Railway, in addition to service with the acquired lines, will be recognized as service for the purposes of vacation entitlement in accordance with this Article.

15.16 Yardmasters who fail to render sufficient compensated service in a qualifying year to qualify for vacation under this Agreement, the Carriers' Operating Employees Agreement, or under the Carriers' Agreement applicable to such other craft or class, all such compensated service shall be combined for vacation qualifying purposes, and there shall be applied to him the provisions of vacation rules, including rates of pay, applicable to the craft or class in which he rendered the preponderance of his compensated service in the qualifying year.

Should the applicable Agreement provisions under which vacation is granted provide for annual vacation payments calculated using compensation earned in a qualifying period, all compensation paid to the employee by the Carrier in the qualifying period in such other craft or class, shall be included in the vacation compensation due in accordance with the applicable agreement provisions under which the vacation is granted.
ARTICLE 16
GENERAL HOLIDAYS

16.1 Subject to the qualifying requirements and conditions contained herein, each employee shall receive eight hours’ pay at the pro rata hourly rate for each of the following enumerated holidays:

- New Year’s Day
- Labor Day
- Washington’s Birthday
- Thanksgiving Day
- Good Friday
- Day after Thanksgiving Day
- Memorial Day
- Christmas Eve
- Fourth of July
- Christmas
- New Year’s Eve

16.2 The holiday pay qualifications for Christmas Eve - Christmas as defined below shall also be applicable to the Thanksgiving Day - Day after Thanksgiving Day and the New Year’s Eve - New Year’s Day holidays.

16.3 Holiday pay shall be at the pro rata rate.

16.4 For other than regularly assigned employees, if the holiday falls on a day on which he would otherwise be assigned to work, he shall, if consistent with the requirements of the service, be given the day off and receive eight hours’ pay at the pro rata rate of the position which he otherwise would have worked. If the holiday falls on a day other than a day on which he otherwise would have worked, he shall receive eight hours’ pay at the pro rata hourly rate of the position on which compensation last accrued to him prior to the holiday.

16.5 Subject to the applicable qualifying requirements contained herein, other than regularly assigned employees shall be eligible for the paid holidays or pay in lieu thereof provided for in this Article, provided:

(a) compensation for service paid him by the carrier is credited to 11 or more of the 30 calendar days immediately preceding the holiday and,

(b) he has had a seniority date for at least 60 calendar days or has 60 calendar days of continuous active service preceding the holiday beginning with the first day of compensated service, provided employment was not terminated prior to the holiday by resignation, for cause, retirement, death, non-compliance with a union shop agreement, or disapproval of application for employment.
16.6 An employee who meets all other qualifying requirements will qualify for holiday pay for both Christmas Eve and Christmas Day if on the "workday" or the "day", as the case may be, immediately preceding the Christmas Eve holiday he fulfills the qualifying requirements applicable to the "workday" or the "day" before the holiday and on the "workday" or the "day", as the case may be, immediately following the Christmas Day holiday he fulfills the qualifying requirements applicable to the "workday" or the "day" after the holiday.

16.7 An employee who does not qualify for holiday pay for both Christmas Eve and Christmas Day may qualify for holiday pay for either Christmas Eve or Christmas Day under the provisions applicable to holidays generally.

16.8 Except as provided in the following paragraph, all others for whom holiday pay is provided in this Article shall qualify for such holiday pay if on the day preceding and the day following the holiday they satisfy one or the other of the following conditions:

(a) Compensation for service paid by the carrier is credited; or

(b) Such employee is available for service.

Note: "Available" as used in subsection (b) above is interpreted by the parties to mean that an employee is available unless he lays off of his own accord or does not respond to a call, pursuant to the rules of the applicable agreement, for service.

16.9 For the purposes of this Article, other than regularly assigned employees who are relieving regularly assigned employees on the same assignment on both the work day preceding and the work day following the holiday will have the workweek of the incumbent of the assigned position and will be subject to the same qualifying requirements respecting service and availability on the work days preceding and following the holiday as apply to the employee whom he is relieving.

16.10 Compensation paid under sick-leave rules or practices will not be considered as compensation for purposes of this rule.

16.11 (a) Existing rules and practices thereunder governing whether an employee works on a holiday and the payment for work performed on a holiday are extended to apply to Good Friday and to Christmas Eve, in the same manner as to other holidays listed or referred to therein.

(b) Except as specifically provided herein, existing rules and practices thereunder governing whether an employee works on a holiday and the payment for work performed on a holiday are extended to apply to the day
after Thanksgiving Day and New Year’s Eve (the day before New Year’s Day is observed) in the same manner as to other holidays listed or referred to therein.

(c) All rules, regulations or practices which provide that when a regularly assigned employee has an assigned relief day other than Sunday and one of the holidays specified therein falls on such relief day, the following assigned day will be considered his holiday, are hereby eliminated.

(d) Under no circumstances will an employee be allowed, in addition to his holiday pay, more than one time and one-half payment for service performed by him on a holiday which is also a work day, a rest day, and/or a vacation day.

Note: This provision does not supersede provisions of the individual collective agreements that require payment of double time for holidays under specified conditions.

(e) Except as provided herein, existing rules and practices thereunder governing whether an employee works on a holiday and the payment for work performed on a holiday are not changed hereby.

16.12 When any of the eleven recognized holidays enumerated above, or any day which by agreement, or by law or proclamation of the State or Nation, has been substituted or is observed in place of any of such holiday:

(a) falls during a regular assigned Yardmaster’s or regular assigned relief Yardmaster’s vacation period, he shall in addition to his vacation compensation, receive one day’s pay at the pro rata rate of the position he filled on the last work day immediately preceding his vacation period, providing he fills his regular position on the last work day immediately preceding and on the first work day immediately following his vacation period;

(b) falls during a regular assigned Yardmaster’s or regular assigned relief Yardmaster’s rest day, he shall in addition to his regular pay one day’s pay at the pro rata rate of the position he filled on the last work day immediately preceding the holiday falling on a rest day, provided he fills his regular position on the last work day immediately preceding and on the first workday immediately following the holiday falling on a rest day;

(c) falls on an assigned work day of a regular Yardmaster assignment or regular relief Yardmaster assignment, the Carrier shall have the right to blank such position on that day and the Yardmaster then holding such assignment shall be paid for that day on the basis of his regular pro rata rate of pay, provided he does not render other compensated service for the Carrier during the hours of such Yardmaster assignment.
ARTICLE 17
BEREAVEMENT LEAVE

Bereavement leave, not in excess of three (3) calendar days, following the date of death, will be allowed in case of death of an employee's brother, sister, parent, child, spouse or spouse's parent. In such cases a minimum basic day's pay at the rate of the last service rendered will be allowed for the number of working days lost during bereavement leave. Employees involved will make provision for taking leave with their supervising officials in the usual manner. Any restrictions against blanking jobs or realigning forces will not be applicable when an employee is absent under this provision.

(See Appendix 4)
ARTICLE 18
JURY DUTY

18.1 When a regularly assigned Yardmaster is summoned for jury duty and is required to lose time from his assignment as a result thereof, he shall be paid for actual time lost with a maximum of a basic day’s pay at the straight time rate of his position for each day lost less the amount allowed him for jury service for each such day, excepting allowances paid by the court for meals, lodging or transportation, subject to the following qualification requirements and limitations:

(a) A Yardmaster must furnish the Carrier with a statement from the court of jury allowances paid and the days on which jury duty was performed.

(b) The number of days for which jury duty pay shall be paid is limited to a maximum of 60 days in any calendar year.

(c) No jury duty pay will be allowed for any day as to which the employee is entitled to vacation or holiday pay.

(d) When a Yardmaster is excused from railroad service account of jury duty the Carrier shall have the option of determining whether or not the Yardmaster’s regular position shall be blanked, notwithstanding the provisions of any other rules.
ARTICLE 19
HEALTH AND WELFARE

19.1 The Carrier and UTU are among the parties which collectively participate in the National Health and Welfare Agreement covered by Group Policy Contract GA-23000 underwritten by The Travelers Insurance Carrier. Descriptive employee booklets outlining the Hospital, Surgical and Medical Benefits and Group Life Insurance issued by Travelers are furnished to each qualifying employee.

19.2 The Carrier and UTU are among the parties which collectively participate in the National Dental Plan covered by Group Policy Contract GP-12000 underwritten by Aetna Life Insurance Carrier established effective March 1, 1976. Employee booklets describing the dental benefits are issued by Aetna and furnished to each qualifying employee.

19.3 The Carrier and UTU are among the parties which collectively participate in the Early Retirement Major Medical Benefit Plan covered by Group Policy Contract GA-46000 underwritten by The Travelers Insurance Carrier. Descriptive booklets outlining the specified major medical expense benefits for eligible retired or disabled employees and their dependents are issued by Travelers and provided to those employees who retire at or after 61 years of age under the 60/30 provisions of the 1974 Railroad Retirement Act. The Supplemental Retiree Medical Insurance Contribution provision contained in the June 16, 1982 National Agreement, as may be amended, applies to employees covered by this Agreement.

19.4 The Supplemental Sickness Benefit Plan Agreement dated October 31, 1978 and the Supplemental Life Insurance Agreement dated November 29, 1979, as they may be amended, apply to employees covered by this Agreement.

19.5 The revisions to the Health and Welfare Plan GA-23000 and Early Retirement Major Medical Plan GA-46000, as provided in the December 12, 1991 Memorandum of Agreement, are reproduced in Appendix 6.

19.6 The revisions to the Supplemental Sickness Benefit Plan Agreement, as provided in the December 12, 1991 Memorandum of Agreement are reproduced in Appendix 7.
ARTICLE 20
PERSONAL LEAVE

20.1 A maximum of two days of personal leave will be provided on the following basis:

(a) Employees who meet the qualifying requirements under vacation rules in effect on the effective date of this Agreement for three (3) weeks of vacation shall be entitled to one day of personal leave in 1990 and subsequent calendar years:

(b) Employees who have met the qualifying requirements under vacation rules in effect on the effective date of this Agreement for four (4) weeks or more of vacation shall be entitled to two days of personal leave in 1990 and subsequent calendar years.

20.2 (a) Personal leave days provided in Article 20.1 may be taken upon 48 hours’ advance notice from the employee to the proper Carrier officer provided, however, such days may be taken only when consistent with the requirements of the Carrier’s service. It is not intended that this condition prevent an eligible employee from receiving personal leave days except where the request for leave is so late in a calendar year that service requirements prevent the employee’s utilization of any personal leave days before the end of that year.

(b) Personal leave days will be paid for at the regular rate of the employee’s position or the protected rate, whichever is higher.

(c) The personal leave days provided in Article 20.1 shall be forfeited if not taken during each calendar year. Any restrictions against blanking jobs or realigning forces will not be applicable when an employee is absent under these provisions.
ARTICLE 21
PHYSICAL FITNESS, DETERMINATION OF

21.1 When an employee has been removed from his position due to his physical condition and the employee or his representative desires the question of his physical fitness to be finally decided before he is permanently removed from his position, the case shall be handled in the following manner:

(a) The General Chairman shall bring the case to the attention of the Highest Designated Carrier Officer. The Carrier and the General Chairman shall each select a doctor to represent them, each notifying the other of the name and address of the doctor selected. These two (2) doctors will confer and appoint a third doctor. Such Board of Doctors shall then fix a time and place for the employee to meet them.

(b) After completion of the examination, they shall make a full report in triplicate, one copy each to be sent to the Highest Designated Carrier Officer, the Carrier's Senior Corporate Advisor, Occupational & Environmental Health, and the General Chairman.

(c) The decision of the Board of Doctors, setting forth the employee's physical fitness and their conclusions as to whether he meets the requirements of the Carrier's physical examination policy, shall be final and binding on the parties, but this does not mean that a change in physical condition shall preclude a re-examination at a later time.

(d) The doctors selected for such Board shall be experts in the disease or injury from which the employee is alleged to be suffering, and they shall be located at a convenient point so that it will only be necessary for the employee to travel a minimum distance and, if possible, not to be away from home for a longer period than one (1) day.

(e) The fees and expenses of the third or neutral physician shall be borne equally by the Carrier and the employee. All other expenses shall be paid by the Carrier and the employee incurring them, including the fees of the physician selected by them. At the time the Board's report is made, a bill for the fee, and travelling expenses, if any, of the third or neutral physician should be made in duplicate, one (1) copy to be sent to the Carrier's Medical Director and one (1) copy to the employee.
22.1 In the event of a permanent abolishment of a Yardmaster’s position the Carrier shall notify the General/Regional Chairman not less than ten (10) calendar days prior to the effective date of such abolishment. If requested by the General/Regional Chairman the appropriate officer of the Carrier, and the General/Regional Chairman or his representative, shall meet for the purpose of discussing such abolishment.

22.2 Such notice period may be reduced in the event of emergency conditions such as flood, snowstorm, hurricane, tornado, earthquake, fire or labour dispute provided that such conditions result in suspension of the Carrier’s operations in whole or in part.

22.3 It is understood and agreed that such force reductions will be confined solely to those work locations directly affected by any suspension of operations. It is further understood and agreed that, notwithstanding the foregoing, any employee who is affected by an emergency force reduction and reports for work for his position without having been previously notified not to report, shall receive four hours’ pay at the applicable rate for his position. If an employee works any portion of the day he will be paid in accordance with existing rules.
ARTICLE 23
EXAMINATIONS - INSTRUCTION CLASSES

23.1 A Yardmaster required to take a periodic examination in the Operating Rules
during his off-duty hours shall be allowed payment on the following basis:

(a) A Yardmaster required to take a periodic rules examination shall be
allowed four (4) hours’ pay at the basic rate of his position.

(b) Payment will not be made to an employee directed to take a rules
examination which he fails to pass to the satisfaction of the Rules
Examiner.

23.2 Yardmasters required by the Carrier to attend classes covering Air Brake Rules
Instruction and Handling Dangerous Commodities during their off-duty hours will
be paid for actual time in attendance at such classes at their basic hourly rate, with
a minimum of four hours.
ARTICLE 24
WHOLE AGREEMENT PROVISION

This Collective Bargaining Agreement supersedes in their entirety all prior collective bargaining agreements, memoranda of agreement, letters of understanding, Carrier letters or local agreements or understandings and constitutes the whole agreement between the parties.
ARTICLE 25
DURATION OF AGREEMENT

25.1 This Agreement will remain in effect through December 31, 1994 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act as amended.

25.2 No party to this Agreement shall serve prior to November 1, 1994 (not to become effective before January 1, 1995) any notice or proposal for the purpose of changing the subject matter of the provisions of this Agreement and all proposals in pending notices served by the organization on the signatory carrier or any of its predecessors, or all proposals in pending notices served by the signatory Carrier or any of its predecessors on the organization that have not been addressed by this Agreement are hereby withdrawn.

25.3 No party to this Agreement shall serve or progress, prior to November 1, 1994 (not to become effective before January 1, 1995) any notice or proposal which might properly have been served prior to entering into this Agreement.

25.4 This Article will not bar the Carrier and representatives of the United Transportation Union (Yardmasters Department) from agreeing upon any subject of mutual interest.

FOR THE DELAWARE & HUDSON RAILWAY COMPANY, INC.

[Signature]
Manager, Labour Relations,
CP Rail
Montreal, Quebec

FOR THE UNITED TRANSPORTATION UNION:
(Yardmasters Department)

[Signature]
General Chairman
Clifton Park, N.Y.

[Signature]
General Manager,
Delaware & Hudson Railway
Company, Inc.
Montreal, Quebec
APPENDIX 1

COST-FREE UNION DUES DEDUCTION

Within 60 days following request by the Union, each railroad party to this Agreement and the Union signatory to this Agreement will reach an understanding or agreement to modify their union dues deduction agreement (or, if there is no dues deduction agreement, the parties on the individual railroads will negotiate a union dues deduction agreement), effective with the first calendar month following 60 days after the date of such agreement (unless otherwise agreed to), which will conform to the following guidelines:

1. Deductions will be limited to periodic union dues, initiation fees, and assessments (not including fines and penalties) which are uniformly required as a condition of acquiring or retaining membership.

2. No costs will be charged against the Union or the affected employees in connection with the dues deduction agreement.

3. Appropriate written assignment form executed by the individual involved must be in the hands of the designated railroad officer at least 30 days in advance of the first payroll deduction scheduled for that individual; provided, however, that dues deduction assignments currently in effect need not be re-executed and may be continued in effect subject to their terms and conditions.

4. The dues deduction amounts may not be changed more often than once every three months.

5. The parties to the dues deduction agreement will mutually agree on the payroll period on which the deductions uniformly will be made.

6. The dues deduction agreement will include appropriate priorities of deductions in cases where the individual’s pay check is insufficient to permit deduction of the full amounts specified on the deduction lists. The following payroll deductions, as a minimum, will have priority over the deductions called for by the dues deduction agreement:

   Federal, State and Municipal taxes; premiums on any life insurance, hospital-surgical insurance, group accident or health insurance, or group annuities; other deductions required by law such as garnishments and attachments; and amounts due the Carrier by the individual.

7. In the event there is insufficient earnings to permit the full amount of the union dues deduction no deduction will be made.

8. The Carrier will furnish uniform alphabetical deduction lists (in triplicate) for each local lodge each month. Such lists will include the employee’s name, Social Security number or payroll identification number, and the amount of union dues deducted from the pay of each employee.

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APPENDIX 2

UNION SHOP

The Agreement made this 29th day of August, 1952, by and between the participating carriers represented by the Eastern Carriers’ Conference Committee, and the employees shown thereon and represented by the Railway Labor Organizations signatory hereto, through the Employees’ National Conference Committee Seventeen Cooperating Railway Labor Organizations is applicable to employees covered by this collective agreement.

IT IS AGREED:

Section 1.

In accordance with and subject to the terms and conditions hereinafter set forth, all employees of the carriers now or hereafter subject to the rules and working conditions agreements between the parties hereto, except as hereinafter provided, shall, as a condition of their continued employment subject to such agreements, become members of the organization party to this agreement representing their craft or class within sixty calendar days of the date they first perform compensated service as such employees after the effective date of this agreement, and thereafter shall maintain membership in such organization; except that such membership shall not be required of any individual until he has performed compensated service on thirty days within a period of twelve consecutive calendar months. Nothing in this agreement shall alter, enlarge or otherwise change the coverage of the present or future rules and working conditions agreements.

Section 2.

This agreement shall not apply to employees while occupying positions which are excepted from the bulletining and displacement rules of the individual agreements, but this provision shall not include employees who are subordinate to and report to other employees who are covered by this agreement. However, such excepted employees are free to be members of the organization at their option.

Section 3

(a) Employees who retain seniority under the Rules and Working Conditions Agreements governing their class or craft and who are regularly assigned or transferred to full time employment not covered by such agreements, or who, for a period of thirty days or more, are (1) furloughed on account of force reduction, or (2) on leave of absence, or (3) absent on account of sickness or disability, will not be required to maintain membership as provided in Section 1 of this agreement so long as they remain in such other employment, or furloughed or absent as herein provided, but they may do so at
their option. Should such employees return to any service covered by the said Rules and Working Conditions Agreements and continue therein thirty calendar days or more, irrespective of the number of days actually worked during that period, they shall, as a condition of their continued employment subject to such agreements, be required to become and remain members of the organization representing their class or craft within thirty-five calendar days from date of their return to such service.

(b) The seniority status and rights of employees furloughed to serve in the Armed Forces or granted leaves of absence to engage in studies under an educational aid program sponsored by the federal government or a state government for the benefit of ex-service men shall not be terminated by reason of any of the provisions of this agreement but such employees shall, upon resumption of employment, be considered as new employees for the purposes of applying this agreement.

(c) Employees who retain seniority under the rules and working conditions agreements governing their class or craft and who, for reasons other than those specified in subsections (a) and (b) of this section, are not in service covered by such agreements, or leave such service, will not be required to maintain membership as provided in Section 1 of this agreement so long as they are not in service covered by such agreements, but they may do so at their option. Should such employees return to any service covered by the said rules and working conditions agreements they shall, as a condition of their continued employment, be required, from the date of return to such service, to become and remain members in the organization representing their class or craft.

(d) Employees who retain seniority under the rules and working conditions agreements of their class or craft, who are members of an organization signatory hereto representing that class or craft and who in accordance with the rules and working conditions agreement of that class or craft temporarily perform work in another class of service shall not be required to be members of another organization party hereto whose agreement covers the other class of service until the date the employees hold regularly assigned positions within the scope of the agreement covering such other class of service.

Section 4

Nothing in this agreement shall require an employee to become or to remain a member of the organization if such membership is not available to such employee upon the same terms and conditions as are generally applicable to any other member, or if the membership of such employee is denied or terminated for any reason other than the failure of the employee to tender the periodic dues, initiation fees, and assessments (not including fines and penalties) uniformly required as a condition of acquiring or retaining membership. For purposes of this agreement, dues, fees, and assessments, shall be deemed to be "uniformly required" if they are required of all employees in the same status at the same time in the same organizational unit.
Section 5

(a) Each employee covered by the provisions of this agreement shall be considered by a carrier to have met the requirements of the agreement unless and until such carrier is advised to the contrary in writing by the organization. The organization will notify the carrier in writing by Registered Mail, Return Receipt Requested, or by personal delivery evidenced by receipt, of any employee who it is alleged has failed to comply with the terms of this agreement and who the organization therefore claims is not entitled to continue in employment subject to the Rules and Working Conditions Agreement. The form of notice to be used shall be agreed upon by the individual railroad and the organizations involved and the form shall make provision for specifying the reasons for the allegation of non-compliance. Upon receipt of such notice, the carrier will, within ten calendar days of such receipt, so notify the employee concerned in writing by Registered Mail, Return Receipt Requested, or by personal delivery evidenced by receipt. Copy of such notice to the employee shall be given the organization. An employee so notified who disputes the fact that he has failed to comply with the terms of this agreement, shall within a period ten calendar days from the date of receipt of such notice, request the carrier in writing by Registered Mail, Return Receipt Requested, or by personal delivery evidenced by receipt, to accord him a hearing. Upon receipt of such request the carrier shall set a date for hearing which shall be held within ten calendar days of the date of receipt of request therefor. Notice of the date set for hearing shall be promptly given the employee in writing with copy to the organization, by Registered Mail, Return Receipt Requested, or by personal delivery evidenced by receipt. A representative of the organization shall attend and participate in the hearing. The receipt by the carrier of a request for a hearing shall operate to stay action on the termination of employment until the hearing is held and the decision of the carrier is rendered.

In the event the employee concerned does not request a hearing as provided herein, the carrier shall proceed to terminate his seniority and employment under the Rules and Working Conditions Agreement not later than thirty calendar days from receipt of the above described notice from the organization, unless the carrier and the organization agree otherwise in writing.

(b) The carrier shall determine on the basis of the evidence produced at the hearing whether or not the employee has complied with the terms of this agreement and shall render a decision within twenty calendar days from the date that the hearing is closed, and the employee and the organization shall be promptly advised thereof in writing by Registered Mail, Return Receipt Requested.

If the decision is that the employee has not complied with the terms of this agreement, his seniority and employment under the Rules and Working Conditions Agreement shall be terminated within twenty calendar days of the date of said decision except as hereinafter provided or unless the carrier and the organization agree otherwise in writing.
If the decision is not satisfactory to the employee or to the organization it may be appealed in writing, by Registered Mail, Return Receipt Requested, directly to the highest officer of the carrier designated to handle appeals under this agreement. Such appeals must be received by such officer within ten calendar days of the date of the decision appealed from and shall operate to stay action on the termination of seniority and employment, until the decision on appeal is rendered. The carrier shall promptly notify the other party in writing of any such appeal, by Registered Mail, Return Receipt Requested. The decision on such appeal shall be rendered within twenty calendar days of the date the notice of appeal is received, and the employee and the organization shall be promptly advised thereof in writing by Registered Mail, Return Receipt Requested.

If the decision on such appeal is that the employee has not complied with the terms of this agreement, his seniority and employment under the Rules and Working Conditions Agreement shall be terminated within twenty calendar days of the date of said decision unless selection of a neutral is requested as provided below, or unless the carrier and the organization agree otherwise in writing. The decision on appeal shall be final and binding unless within ten calendar days from the date of the decision the organization or the employee involved requests the selection of a neutral person to decide the dispute as provided in Section 5(c) below. Any request for selection of a neutral person as provided in Section 5(c) below shall operate to stay action on the termination of seniority and employment until not more than ten calendar days from the date decision is rendered by the neutral person.

(c) If within ten calendar days after the date of a decision on appeal by the highest officer of the carrier designated to handle appeals under this agreement the organization or the employee involved requests such highest officer in writing by Registered Mail, Return Receipt Requested, that a neutral be appointed to decide the dispute, a neutral person to act as sole arbitrator to decide the dispute shall be selected by the highest officer of the carrier designated to handle appeals under this agreement or his designated representative, the Chief Executive of the organization or his designated representative, and the employee involved or his representative. If they are unable to agree upon the selection of a neutral person any one of them may request the Chairman of the National Mediation Board in writing to appoint such neutral. The carrier, the organization and the employee involved shall have the right to appear and present evidence at a hearing before such neutral arbitrator. Any decision by such neutral arbitrator shall be made within thirty calendar days from the date of receipt of the request for his appointment and shall be final and binding upon the parties. The carrier, the employee, and the organization shall be promptly advised thereof in writing by Registered Mail, Return Receipt Requested. If the position of the employee is sustained, the fees, salary and expenses of the neutral arbitrator shall be borne, in equal shares by the carrier and the organization; if the employee's position is not sustained, such fees, salary and expenses shall be borne in equal shares by the carrier, the organization and the employee.
(d) The time periods specified in this section may be extended in individual cases by written agreement between the carrier and the organization.

(e) Provisions of investigation and discipline rules contained in the Rules and Working Conditions Agreement between a carrier and the organization will not apply to cases arising under this agreement.

(f) The General Chairman of the organization shall notify the carrier in writing of the title(s) and address(es) of its representatives who are authorized to serve and receive the notices described in this agreement. The carrier shall notify the General Chairman of the organization in writing of the title(s) and address(es) of its representatives who are authorized in writing of the title(s) and address(es) of its representatives who are authorized to receive and serve the notices described in this agreement.

(g) In computing the time periods specified in this agreement, the date on which a notice is received or decision rendered shall not be counted.

Section 6

Other provisions of this agreement to the contrary notwithstanding, the carrier shall not be required to determine the employment of an employee until such time as a qualified replacement is available. The carrier may not, however, retain such employee in service under the provisions of this section for a period in excess of sixty calendar days from the date of the last decision rendered under the provisions of Section 5, or ninety calendar days from date of receipt of notice from the organization in cases where the employee does not request a hearing. The employee whose employment is extended under the provisions of this section shall not, during such extension, retain or acquire any seniority rights. The position will be advertised as vacant under the bulletining rules of the respective agreements but the employee may remain on the position he held at the time of the last decision, or at the date of receipt of notice where no hearing is requested pending the assignment of the successful applicant, unless displaced or unless the position is abolished. The above periods may be extended by agreement between the carrier and the organization involved.

Section 7

An employee whose seniority and employment under the Rules and Working Conditions Agreement is terminated pursuant to the provisions of this agreement or whose employment is extended under Section 6 shall have no time or money claims by reason thereof.

If the final determination under Section 5 of this agreement is that an employee’s seniority and employment in a craft or class shall be terminated, no liability against the carrier in favor of the organization or other employees based upon an alleged violation, misapplication or non-compliance with any part of this agreement shall arise or accrue during the period up to the
expiration of the 60 or 90 day periods specified in Section 6, or while such determination may be stayed by a court, or while a discharged employee may be restored to service pursuant to judicial determination. During such periods, no provision of any other agreement between the parties hereto shall be used as the basis for a grievance or time or money claim by or on behalf of any employee against the carriers predicated upon any action taken by the carrier in applying or complying with this agreement or upon an alleged violation, misapplication or non-compliance with any provision of this agreement. If the final determination under Section 5 of this agreement is that an employee's employment and seniority shall not be terminated, his continuance in service shall give rise to no liability against the carrier in favor of the organization or other employees based upon an alleged violation, misapplication or non-compliance with any part of this agreement.

Section 8

In the event that seniority and employment under the Rules and Working Conditions Agreement is terminated by the carrier under the provisions of this agreement, and such termination of seniority and employment is subsequently determined to be improper, unlawful, or unenforceable, the organization shall indemnify and save harmless the carrier against any and all liability arising as the result of such improper, unlawful, or unenforceable termination of seniority and employment; provided, however, that this section shall not apply to any case in which the carrier involved is the plaintiff or the moving party in the action in which the aforesaid determination is made or in which case such carrier acts in collusion with any employee; provided further, that the aforementioned liability shall not extend to the expense to the carrier in defending suits by employees whose seniority and employment are terminated by the carrier under the provisions of this agreement.

Section 9

An employee whose employment is terminated as a result of non-compliance with the provisions of this agreement shall be regarded as having terminated his employee relationship for vacation purposes.

Section 10

(a) The carriers party to this agreement shall periodically deduct from the wages of employees subject to this agreement periodic dues, initiation fees, and assessments (not including fines and penalties) uniformly required as a condition of acquiring or retaining membership in such organization, and shall pay the amount so deducted to such officer of the organization as the organization shall designate; provided, however, that the requirements of this subsection (a) shall not be effective with respect to any individual employee until he shall have furnished the carrier with a written assignment to the organization of such membership dues, initiation fees and assessments, which assignment shall be revocable in writing after the expiration of one year or upon the termination of this agreement whichever occurs sooner.
(b) The provisions of subsection (a) of this section shall not become effective unless and until the carrier and the organization shall, as a result of further negotiations pursuant to the recommendations of Emergency Board No. 98, agree upon the terms and conditions under which such provisions shall be applied; such agreement to include, but not be restricted to, the means of making said deductions, the amounts to be deducted, the form, procurement and making said deductions, the amounts to be deducted, the form, procurement and filing of authorization certificates, the frequency of deductions, the priority of said deductions with other deductions now or hereafter authorized, the payment and distributions of amounts withheld and any other matters pertinent thereto.

Section 11

This agreement shall become effective on September 15, 1952 and is in full and final settlement of notices served upon the carriers by the organizations signatory hereto, on or about February 5, 1951. It shall be construed as a separate agreement by and on behalf of each carrier party hereto and those employees represented by each organization on each of said carriers as heretofore stated. This agreement shall remain in effect until modified or changed in accordance with the provisions of the Railway Labor Act, as amended.

SIGNED AT WASHINGTON, D.C. THIS TWENTY-NINTH DAY OF AUGUST, 1952.
APPENDIX 3
PAYMENTS TO EMPLOYEES INJURED UNDER CERTAIN CIRCUMSTANCES

Where employees sustain personal injuries or death under the conditions set forth in paragraph (a) below, the carrier will provide and pay such employees, or their personal representative, the applicable amounts set forth in paragraph (b) below, subject to the provisions of other paragraphs in this Article.

(a) Covered Conditions --

This Article is intended to cover accidents involving employees covered by this agreement while such employees are riding in, boarding, or alighting from off-track vehicles authorized by the carrier and are

(1) deadheading under orders or

(2) being transported at carrier expense.

(b) Payments to be Made --

In the event that any one of the losses enumerated in subparagraphs (1), (2) and (3) below results from an injury sustained directly from an accident covered in paragraph (a) and independently of all other causes and such loss occurs or commences within the time limits set forth in subparagraphs (1), (2) and (3) below, the carrier will provide, subject to the terms and conditions herein contained, and less any amounts payable under Group Policy Contract GA-23000 of the Travelers Insurance Company or any other medical or insurance policy or plan paid for in its entirety by the carrier, the following benefits:

(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):

<table>
<thead>
<tr>
<th>Loss</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss of Life</td>
<td>$150,000</td>
</tr>
<tr>
<td>Loss of Both Hands</td>
<td>150,000</td>
</tr>
<tr>
<td>Loss of Both Feet</td>
<td>150,000</td>
</tr>
<tr>
<td>Loss of Sight of Both Eyes</td>
<td>150,000</td>
</tr>
<tr>
<td>Loss of One Hand and One Foot</td>
<td>150,000</td>
</tr>
<tr>
<td>Loss of One Hand and Sight of One Eye</td>
<td>150,000</td>
</tr>
<tr>
<td>Loss of One Foot and Sight of One Eye</td>
<td>150,000</td>
</tr>
<tr>
<td>Loss of One Hand or One Foot or Sight of one Eye</td>
<td>75,000</td>
</tr>
</tbody>
</table>
"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.

Not more than $150,000 will be paid under this paragraph to any one employee or his personal representative as a result of any one accident.

(2) Medical and Hospital Care

The carrier will provide payment for the actual expense of medical and hospital care commencing within 120 days after an accident covered under paragraph (a) of injuries incurred as a result of such accident, subject to limitation of $3,000 for any employee for any one accident, less any amounts payable under Group Policy Contract GA-23000 of the Travelers Insurance Company or under any other medical or insurance policy or plan paid for in its entirety by the carrier.

(3) Time Loss

The Carrier will provide an employee who is injured as a result of an accident covered under paragraph (a) hereof and who is unable to work as a result thereof 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 $150.00 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.

(4) Aggregate Limit

The aggregate amount of payments to be made hereunder is limited to $1,000,000 for any one accident and the carrier shall not be liable for any amount in excess of $1,000,000 for any one accident irrespective of the number of injuries or deaths which occur in or as a result of such accident. If the aggregate amount of payments otherwise payable hereunder exceeds the aggregate limit herein provided, the carrier shall not be required to pay as respects each separate employee a greater proportion of such payments than the aggregate limit set forth herein bears to the aggregate amount of all such payments.

(c) Payment in Case of Accidental Death:

Payment of the applicable amount for accidental death shall be made to the employee’s personal representative for the benefit of the persons designated in, and according to the apportionment required by the Federal Employers Liability Act (45 U.S.C. 51 et seq., as amended), or if no such person survives the employee, for the benefit of his estate.
(d) Exclusions:

Benefits provided under paragraph (b) shall not be payable for or under any of the following conditions:

(1) Intentionally self-inflicted injuries, suicide or any attempt thereat, while sane or insane;

(2) Declared or undeclared war or any act thereof;

(3) Illness, disease, or any bacterial infection other than bacterial infection occurring in consequence of an accidental cut or wound;

(4) Accident occurring while the employee driver is under the influence of alcohol or drugs, or if an employee passenger who is under the influence of alcohol or drugs in any way contributes to the cause of the accident;

(5) While an employee is a driver or an occupant of any conveyance engaged in any race or speed test;

(6) While an employee is commuting to and/or from his residence or place of business.

(e) Offset:

It is intended that this Article is to provide a guaranteed recovery by an employee or his personal representative under the circumstances described, and that receipt of payment thereunder shall not bar the employee or his personal representative from pursuing any remedy under the Federal Employers Liability Act or any other law; provided, however, that any amount received by such employee or his personal representative under this Appendix may be applied as an offset by the railroad against any recovery so obtained.

(f) Subrogation:

The carrier shall be subrogated to any right of recovery an employee or his personal representative may have against any party for loss to the extent that the carrier has made payments pursuant to this Appendix.

The payments provided for above will be made, as above provided, for covered accidents on or after the effective date of this agreement.
It is understood that no benefits or payments will be due or payable to any employee or his personal representative unless such employee, or his personal representative, as the case may be, stipulates as follows:

"In consideration of the payment of any of the benefits provided in Appendix 3, (employee or personal representative) agrees to be governed by all of the conditions and provisions said and set forth by this Appendix 3."
APPENDIX 4

Q&A’S RE BEREAVEMENT LEAVE

Q.1 How are the three calendar days to be determined?

A.1 An employee will have the following options in deciding when to take bereavement leave:

a) three consecutive calendar days, commencing with the day of death, when the death occurs prior to the time an employee is scheduled to report for duty;

b) three consecutive calendar days, ending the day following the funeral service; or

c) three consecutive calendar days, ending the day following the funeral service.

Q.2 Does the three (3) calendar days allowance pertain to each separate instance, or do the three (3) calendar days refer to a total of all instances?

A.2 Three days for each separate death; however, there is no pyramiding where a second death occurs within the three-day period covered by the first death.

Example: Employee has a work week of Monday to Friday - off-days of Saturday and Sunday. His mother dies on Monday and his father dies on Tuesday. At a maximum, the employee would be eligible for bereavement leave on Tuesday, Wednesday, Thursday and Friday.

Q.3 An employee working from an extra board is granted bereavement leave on Wednesday, Thursday and Friday. Had he not taken bereavement leave he would have been available on the extra board, but would not have performed service on one of the days on which leave was taken. Is he eligible for two days or three days of bereavement pay?

A.3 A maximum of two days.

Q.4 Will a day on which a basic day’s pay is allowed account bereavement leave serve as a qualifying day for holiday pay purposes?

A.4 No; however, the parties are in accord that bereavement leave non-availability should be considered the same as vacation non-availability and that the first work day preceding or following the employee’s bereavement leave, as the case may be, should be considered as the qualifying day for holiday purposes.

Q.5 Would an employee be entitled to bereavement leave in connection with the death of a half-brother or half-sister, stepbrother or stepsister, stepparents or stepchildren?

A.5 Yes; as to the half-brother or half-sister, no as to stepbrother or stepsister, stepparents or stepchildren. However, the rule is applicable to a family relationship covered by the rule through the legal adoption process.
APPENDIX 5
COST-OF-LIVING ADJUSTMENTS


Section 1 - First Lump Sum Cost-of-Living Payment

Subject to Sections 6 and 7, employees with 2,000 or more straight time hours paid for (not including any such hours reported to the Interstate Commerce Commission as constructive allowances except vacations, holidays and guarantees in protective agreements or arrangements) during the period April 1, 1991 through March 31, 1992, will receive a lump sum payment on July 1, 1992 of $1,338.00.

Section 2 - Second Lump Sum Cost-of-Living Payment

Subject to Sections 6 and 7, employees with 1,000 or more straight time hours paid for (not including any such hours reported to the ICC as constructive allowances except vacations, holidays and guarantees in protective agreements or arrangements) during the period April 1, 1992 through September 30, 1992, will receive a lump sum payment on January 1, 1993 equal to the difference between (i) $1,338.00, and (ii) the lesser of $669.00 and one quarter of the amount, if any, by which the Carriers’ 1993 payment rate for foreign-to-occupation health benefits under the Railroad Employees National Health and Welfare Plan (the “Plan”) exceeds the sum of (a) the amount of such payment rate for 1992 and (b) the amount per covered employee that will be taken during 1993 from that certain special account maintained at The Travelers Insurance Company known as the "Special Account Held in Connection with the Amount for the Close-Out Period" (the "Special Account") to pay or provide for Plan foreign-to-occupation health benefits.

Section 3 - Third Lump Sum Cost-of-Living Payment

Subject to Sections 6 and 7, employees with 2,000 or more straight time hours paid for (not including any such hours reported to the ICC as constructive allowances except vacations, holidays and guarantees in protective agreements or arrangements) during the period October 1, 1992 through September 30, 1993, will receive a lump sum payment on January 1, 1994 equal to the difference between (i) $1,378.00, and (ii) the lesser of $689.00 and one quarter of the amount, if any, by which the Carriers’ 1994 payment rate for foreign-to-occupation health benefits under the Plan exceeds the sum of (a) the amount of such payment rate for 1993 and (b) the amount per covered employee that will be taken during 1994 from the Special Account to pay or provide for Plan foreign-to-occupation health benefits.
Section 4 - Fourth Lump Sum Cost-of-Living Payment

Subject to Sections 6 and 7, employees with 2,000 or more straight time hours paid for (not including any such hours reported to the ICC as constructive allowances except vacations, holidays and guarantees in protective agreements or arrangements) during the period October 1, 1993 through September 30, 1994, will receive a lump sum payment on January 1, 1995 equal to the difference between (i) $955.00, and (ii) the lesser of $478.00 and one quarter of the amount, if any, by which the Carriers' 1995 payment rate for foreign-to-occupation health benefits under the Plan exceeds the amount of such payment rate for 1994.

Section 5 - Definition of Payment Rate for Foreign-to-Occupation Health Benefits

The Carrier’s payment rate for any year for foreign-to-occupation health benefits under the Plan shall mean twelve times the payment made by the Carrier to the Plan per month (in such year) per employee who is fully covered for employee health benefits under the Plan. Carrier payments to the Plan for these purposes shall not include the amounts per such employee per month (in such year) taken from the Special Account, or from any other special account, fund or trust maintained in connection with the Plan, to pay or provide for current Plan benefits, or any amounts paid by remaining carriers to make up the unpaid contributions of terminating carriers pursuant to Article III, Part A, Section 1 hereof.

Section 6 - Employees Working Less Than Full-Time

For employees who have fewer straight time hours (as defined) paid for in any of the respective periods described in Sections 1 through 4 than the minimum number set forth therein, the amounts specified in clause (i) thereof shall be adjusted by multiplying such amounts by the number of straight time hours (including vacations, holidays, paid sick leave and guarantees in protective agreements or arrangements) for which the employee was paid during such period divided by the defined minimum hours. For any such employee, the dollar amounts described in clause (ii) of such Sections shall not exceed one-half of the dollar amounts specified in clause (i) thereof, as adjusted pursuant to this Section.

Section 7 - Lump Sum Proration

In the case of any employee subject to wage progression or entry rates, the amounts specified in clause (i) of Sections 1 through 4 shall be adjusted by multiplying such amounts by the weighted average entry rate percentage applicable to wages earned during the specified determination period. For any such employee, the dollar amounts described in clause (ii) of such Sections shall not exceed one-half of the dollar amounts specified in clause (i) thereof, as adjusted pursuant to this Section.
Section 8 - Eligibility for Receipt of Lump Sum Payments

The lump sum cost-of-living payments provided for in this Article will be payable to each employee subject to this Agreement who has an employment relationship as of the dates such payments are made or has retired or died subsequent to the beginning of the applicable base period used to determine the amount of such payments. There shall be no duplication of lump sum payments by virtue of employment under an agreement with another organization.

PART B Cost-of-Living Allowance and Adjustments Thereto After January 1, 1995

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

(a) A cost of living allowance will 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 BLS CPI. The first such cost-of-living allowance shall be payable effective July 1, 1995 based, subject to paragraph (d), on the BLS CPI for September 1994 as compared with the BLS CPI for March 1995. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS 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).

<table>
<thead>
<tr>
<th>Measurement Periods</th>
<th>Effective date of Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Month</td>
<td>Measurement Month</td>
</tr>
<tr>
<td>September 1994</td>
<td>March 1995</td>
</tr>
<tr>
<td>March 1995</td>
<td>September 1995</td>
</tr>
<tr>
<td></td>
<td>July 1, 1995</td>
</tr>
<tr>
<td></td>
<td>January 1, 1996</td>
</tr>
</tbody>
</table>

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

(b) While a cost-of-living allowance is in effect, such cost-of-living allowance will 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 will 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 BLS CPI that will be taken into account will be as follows:

<table>
<thead>
<tr>
<th>Effective Date of Adjustment</th>
<th>Maximum CPI Increase That May Be Taken Into Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1995</td>
<td>3% of September 1994 CPI</td>
</tr>
<tr>
<td>January 1, 1996</td>
<td>6% of September 1994 CPI, less the increase from September 1994 to March 1995</td>
</tr>
</tbody>
</table>

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will 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 BLS CPI in any measurement period shall be considered.

(iii) If the increase in the BLS CPI from the base month of September 1994 to the measurement month of March 1995 exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from such base month of September; the increase in the index that will be taken into account will 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 will be 6% of such September base index less the 3% mentioned in the preceding clause, to which will be added any residual tenths of points which had been dropped under paragraph (e) below in calculation of the cost-of-living adjustment which will have become effective July 1, 1995 during such measurement period.

(iv) Any increase in the BLS CPI from the base month of September 1994 to the measurement month of September 1995 in excess of 6% of the September 1994 base index will not be taken into account in the determination of subsequent cost-of-living adjustments.

(v) The procedure specified in subparagraphs (iii) and (iv) will be applicable to all subsequent years in which this Article is in effect.
(e) **Formula.** The number of points change in the BLS CPI during a measurement period, as limited by paragraph (d), will 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 will not be counted.)

The cost-of-living allowance in effect on December 31, 1995 will be adjusted (increased or decreased) effective January 1, 1996 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 BLS CPI during the applicable measurement period. Any residual tenths of a point resulting from such division will be dropped. The result of such division will be added to the amount of the cost-of-living allowance in effect on December 31, 1995 if the BLS CPI will have been higher at the end than at the beginning of the measurement period, and subtracted therefrom only if the index will 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 will 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 Index 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 Index during such measurement period.

Section 2 - Payment of Cost-of-Living Allowances

(a) The cost-of-living allowance payable to each employee effective July 1, 1995 shall be equal to the difference between (i) the cost-of-living allowance in effect on that date pursuant to Section 1 of this Part, and (ii) the cents per hour produced by dividing one-quarter of the increase, if any, in the carriers’ 1995 payment rate for foreign-to-occupation health benefits under the Plan over such payment rate for 1994, by the average composite straight-time equivalent hours that are subject to wage increases for the latest year for which statistics are available, but not more than one-half of the amount specified in clause (i) above. For the purpose of the foregoing calculation, the amount of any increase described in clause (ii) that has been taken into account in determining the amount received by the employee as a lump sum payment on January 1, 1995 shall not be considered.

(b) The cost-of-living allowance payable to each employee effective January 1, 1996, shall be equal to the difference between (i) the cost-of-living allowance in effect on that date
pursuant to Section 1 of this Part, and (ii) the cents per hour produced by dividing one-quarter of the increase, if any, in the carriers’ 1996 payment rate for foreign-to-occupation health benefits under the Plan over the amount of such payment rate for 1995, by the average composite straight-time equivalent hours that are subject to wage increases for the latest year for which statistics are available, but not more than one-half of the amount specified in clause (i) above.

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

(d) The definition of the carriers’ payment rate for foreign-to-occupation health benefits under the Plan set forth in Section 5 of Part A shall apply with respect to any year covered by this Section.

(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 Section 1 Cost-of-Living Allowances

The cost-of-living allowances provided for in this Part will not become part of the basic rates of pay. Each one cent per hour of Cost-of-living allowance will be applied to basic daily rates of pay produced by application of the general wage increase provisions of Article I 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 Part B of this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act.

Letters of Understanding #5 and #6 from the December 12, 1991 Memorandum of Agreement.

Letter #5

“This refers to the Lump Sum Payments provided in Articles I and II of this Implementing Document.

All of the lump sum payments provided for in Article II are based in part on the number
of straight time hours paid for that are credited to an employee for a particular period. However, the number of straight time hours so credited does not include any such hours reported to the ICC as constructive allowances except vacations, holidays, paid sick leave and guarantees in protective agreements or arrangements.

The inclusion of the term "guarantees in protective agreements or arrangements" in Article II means that an employee receiving such a guarantee will have included in the straight time hours used in calculating his lump sum payments under this Article all such hours paid for under any protective agreement or allowance provided, however, that in order to receive credit for such hours an employee must not be voluntarily absent from work, meaning that hours are not counted if an employee does not accept calls to report for work."

It is understood that any lump sum payment provided in Articles I and II will not be used to offset, construct or increase guarantees in protective agreements or arrangements."

Letter #6

"This refers to the lump sum payments provided for in Article II of this Implementing Document.

Sections 1 to 4, inclusive, of Part A of Article II - Cost-of-Living Payments are structured so as to provide lump sum payments that are essentially based on the number of straight time hours credited to an employee during a specified 12-month base period. Section 8 provides that all of these lump sum payments are payable to an employee who has an employment relationship as of the dates such payments are made or has retired or died subsequent to the beginning of the applicable base period used to determine the amount of such payment. Thus, for example, under Section 1 of Part A of Article II, except for an employee who has retired or died, the agreement requires that an employee have an employment relationship as of July 1, 1992 in order to receive a lump sum payment which will be based essentially on the number of straight time hours credited to such employee during a period running from April 1, 1991 through March 31, 1992.

The intervals between the close of the measurement periods and the actual payments established in the 1985-86 National Agreements were in large part a convenience to the carriers in order that there be adequate time to make the necessary calculations.

In recognition of this, we again confirm the understanding that an individual having an employment relationship with a carrier on the last day of a particular measurement period will not be disqualified from receiving the lump sum (or portion thereof) provided for in the event his employment relationship is terminated following the last day of the measurement period but prior to the payment due date."
APPENDIX 6

HEALTH AND WELFARE PLAN AND EARLY RETIREMENT
MAJOR MEDICAL BENEFIT PLAN

Part A - Health and Welfare Plan

Section 1 - Continuation of Plan

The Railroad Employees National Health and Welfare Plan (the "Plan"), modified as provided in this Part, will be continued subject to the provisions of the Railway Labor Act, as amended. Contributions to the Plan will be offset by the expeditious use of such amounts as may at any time be in Special Account A or in one or more special accounts or funds maintained by any insurer, third party administrator or other entity in connection with the Plan and by the use of funds held in trust that are not otherwise needed to pay claims, premiums, or administrative expenses that are payable from funds held in trust; provided, however, that such amounts as may at any time be in that certain special account maintained at The Travelers Insurance Company, known as the "Special Account Held in Connection with the Amount for the Close-Out Period," relating to the obligations of the Plan to pay, among other things, benefits incurred but not paid at the time of termination of the Plan in the event such termination should occur, shall be used to pay or provide for Plan benefits as follows: one-third of the balance in such special account as of January 1, 1992, shall be used to pay or provide for benefits that become due and payable during 1992. One-half of the balance in such special account as of January 1, 1993, shall be used to pay or provide for benefits that become due and payable during 1993. All of the balance in such special account in excess of $25 million as of January 1, 1994, shall be used to pay or provide for benefits that become due and payable during 1994. The $25 million referred to in the preceding sentence shall be maintained by the Plan as a cash reserve to protect against adverse claims experience from year to year.

In the event that a carrier participating in the Plan defaults for any reason, including but not limited to bankruptcy, on its obligation to contribute to the Plan, and the carrier's participation in the Plan terminates, the carriers remaining in the Plan shall be liable for any Plan contribution that was required of the terminating carrier prior to the effective date of its termination, but not paid by it. The remaining carriers shall be obligated to make up in a timely fashion such unpaid contribution of the terminating carrier in pro rated amounts based upon their shares of Plan contributions for the month immediately prior to such default.
Section 2 - Change to Self-Insurance

Except for life insurance, accidental death and dismemberment insurance, and all benefits for residents of Canada, the Plan will be wholly self-insured and administered, under an administrative services only arrangement, by an insurance company or third party administrator.

Section 3 - Joint Plan Committee

The Joint Policyholder Committee shall be renamed the Joint Plan Committee. This change in name shall not in any way change the functions and responsibilities of the Committee.

A neutral shall be retained by and at the expense of the Plan for the duration of this Agreement to consider and vote on any matter brought before the Joint Plan Committee (formerly the Joint Policyholder Committee), arising out of the interpretation, application or administration (including investment policy) of the Plan, but only if the Committee is deadlocked with respect to the matter. A deadlock shall occur whenever the carrier members of the Committee, who shall have a total of one vote regardless of their number, and the organization members of the Committee, who shall also have a total of one vote regardless of their number, do not resolve a matter by a vote of two to nil and either side declares a deadlock.

If the members of the Joint Plan Committee cannot agree upon a neutral within 30 days of the date this Agreement becomes effective, either side may request the National Mediation Board to provide a list of seven persons from which the neutral shall be selected by the procedure of alternate striking. Joint Plan Committee members and the neutral shall, to the extent required by ERISA, be bonded at the expense of the Plan. The Joint Plan Committee shall have the power to create such subcommittees as it deems appropriate and to choose a neutral chairman for such subcommittees, if desired.

Section 4 - Managed Care

Managed care networks that meet standards developed by the Joint Plan Committee, or a subcommittee thereof, concerning quality of care, access to health care providers, and cost-effectiveness, shall be established wherever feasible as soon as practicable. Until a managed care network is established in a given geographical area, individuals in that area who are covered by the Plan will have the comprehensive health care benefit coverage described in Section 5 of this Part A. Each employee in a given geographical area who is a Plan participant at the time a managed care network is established in that area will be enrolled in the network (along with his or her covered dependents) unless the employee provides timely written notice to his or her employer of an election to have (along with his or her covered dependents) the comprehensive health care benefit coverage rather than to be enrolled in the network. Any such employee who
provides such timely written notice shall have an annual opportunity to revoke his or her election by providing a written notice of revocation to his or her employer at least sixty days prior to January 1 of the calendar year for which such revocation shall first become effective. Similarly, each employee in a given geographical area who is a Plan participant at the time a managed care network is established in that area and is thereafter enrolled in the network (along with his or her covered dependents) shall have an annual opportunity to elect to have (along with his or her covered dependents) the comprehensive health care benefit coverage rather than continue to be enrolled in the network. This election may be made by such an employee by providing written notice thereof to his or her employer at least sixty days prior to January 1 of the calendar year for which the election shall first become effective. Each employee hired after a managed care network is established in his or her geographic area (and his or her covered dependents) will be enrolled in the network and may not thereafter elect to be covered by the comprehensive benefits until the January 1 which falls on or after the first anniversary of his or her initial date of eligibility for Plan coverage. Employees who return to eligibility for Plan coverage within 24 months of loss of eligibility for Plan coverage and whose employment relationship has not terminated at any time prior to such return will be enrolled in the program of Plan benefits in which they were enrolled when their eligibility for Plan coverage was lost, and shall thereafter have the same rights of election as other employees whose eligibility for Plan coverage was not lost.

Covered individuals enrolled in a managed care network will have a point of service option allowing them to choose an out-of-network provider to perform any covered health care service that they need. The benefits provided by the Plan when a service is performed by an in-network provider and the benefits provided by the Plan when the service is performed by an out-of-network provider will be as described in the table below:
<table>
<thead>
<tr>
<th>PLAN FEATURE</th>
<th>IN-NETWORK</th>
<th>OUT-OF-NETWORK @</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Care Physician Required</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Annual Deductible</td>
<td>None</td>
<td>$100</td>
</tr>
<tr>
<td>Individual</td>
<td>None</td>
<td>$300</td>
</tr>
<tr>
<td>Family</td>
<td>None</td>
<td>Deductible applies to all covered expenses</td>
</tr>
<tr>
<td>Plan/Employee Coinsurance</td>
<td>100%/0%</td>
<td>75%/25%</td>
</tr>
<tr>
<td>Annual Out-of-Pocket Maximum (exclusive of deductible)</td>
<td>None</td>
<td>$1,500</td>
</tr>
<tr>
<td>Individual</td>
<td>None</td>
<td>$3,000</td>
</tr>
<tr>
<td>Family</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>Maximum Lifetime Benefit</td>
<td>None</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Special Maximum Lifetime Benefit for Mental Health</td>
<td>None</td>
<td>($5,000 annual restoration)</td>
</tr>
<tr>
<td>Hospital Charges (inpatient and outpatient)</td>
<td>100%</td>
<td>75%*</td>
</tr>
<tr>
<td>Ambulatory Surgery</td>
<td>100%</td>
<td>75%*</td>
</tr>
<tr>
<td>Emergency Room</td>
<td>100% after $15 employee copayment</td>
<td>75%</td>
</tr>
<tr>
<td>Inpatient Mental Health &amp; Substance Abuse</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospital</td>
<td>100%</td>
<td>75%#</td>
</tr>
<tr>
<td>Alternative Care</td>
<td>100%</td>
<td>75%#</td>
</tr>
<tr>
<td>Residential Treatment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Center Inpatient or Partial Hospitalization/Day Treatment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PLAN FEATURE</td>
<td>IN-NETWORK</td>
<td>OUT-OF-NETWORK@</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>---------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Outpatient Mental Health &amp; Substance Abuse</td>
<td>100% after $15 employee copayment per visit</td>
<td>75%#</td>
</tr>
<tr>
<td>Physician Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surgery/Anesthesia</td>
<td>100%</td>
<td>75%*</td>
</tr>
<tr>
<td>Hospital visits</td>
<td>100%</td>
<td>75%*</td>
</tr>
<tr>
<td>Office Visits</td>
<td>100% after $15 employee copayment</td>
<td>75%**</td>
</tr>
<tr>
<td>Diagnostic Tests</td>
<td>100%</td>
<td>75%*</td>
</tr>
<tr>
<td>Routine Physical</td>
<td>100% after $15 employee copayment</td>
<td>Not Covered</td>
</tr>
<tr>
<td>Well Baby Care</td>
<td>100% after $15 employee copayment</td>
<td>Not Covered</td>
</tr>
<tr>
<td>Skilled Nursing Facility Care</td>
<td>100%</td>
<td>75%*</td>
</tr>
<tr>
<td>Hospice Care</td>
<td>100%</td>
<td>75%*</td>
</tr>
<tr>
<td>Home Health Care</td>
<td>100%</td>
<td>75%*</td>
</tr>
<tr>
<td>Temporomandibular Joint Syndrome</td>
<td>100%</td>
<td>75%*</td>
</tr>
<tr>
<td>Birth Center</td>
<td>100%</td>
<td>75%*</td>
</tr>
<tr>
<td>Prescription Drugs (other than by mail order)</td>
<td>100% after $5 employee copayment for brand name ($3 for generic)</td>
<td>75%**</td>
</tr>
<tr>
<td>Mail Order Prescription Drugs (60-90 day supply of maintenance drugs only)</td>
<td>100% after $5 employee copayment</td>
<td>100% (not subject to regular deductible) after $5 employee copayment (not counted toward regular deductible)**</td>
</tr>
<tr>
<td>PLAN FEATURE</td>
<td>IN-NETWORK</td>
<td>OUT-OF-NETWORK@</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Claim System</td>
<td>Paperless</td>
<td>Forms Required</td>
</tr>
<tr>
<td>Approval by Utilization</td>
<td>Physician-initiated; included in network management</td>
<td>Required. If approval not given, benefits reduced by 20% (except for mental health and substance abuse care where benefits reduced by 50%) both before and after annual out-of-pocket maximum is reached, and amount of reduction is not counted toward that maximum.</td>
</tr>
<tr>
<td>Review/Large Case Management</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

@ The medically necessary health care services for which out-of-network benefits will be paid are those listed in subparagraphs 1 through 7 of Part A, Section 5, of this Agreement.

* Benefits reduced by 20% if care is not approved by utilization review program.

# Benefits reduced by 50% if care is not approved by utilization review program.

** Benefits not generally subject to utilization review program but may be reviewable in specific circumstances with advance notice to the employee; in such cases, benefits reduced by 20% if care not approved by utilization review program.

At any time after the expiration of two years from the effective date of implementation of the first managed care network, either the carriers or the organizations may bring before the Joint Plan Committee for consideration a proposal to change the Plan's in-network or out-of-network benefits for the purpose of promoting an increase in the use of in-network providers by Plan participants.
Section 5 - Comprehensive Health Care Benefits

The comprehensive health care benefits provided under the Plan in geographical areas where managed care networks are not available to Plan participants and their dependents, and in cases where a Plan participant has elected to be covered, along with his or her dependents, by such comprehensive benefits rather than to be enrolled in a managed care network, shall be as described below. Terms used in such description shall have the same meaning as they have in the Plan.

After satisfaction of an annual deductible of $100 per covered individual or $300 per family unit of three or more, the Plan will pay 85%, and the covered individual 15%, of certain health care expenses, up to an annual out-of-pocket maximum (which shall not include the deductible) of $1,500 per covered individual or $3,000 per family. The expenses counted toward the $3,000 annual family out-of-pocket maximum will include those, which are otherwise eligible, incurred on behalf of a covered employee and each of his or her covered dependents regardless of whether the employee or dependent has reached the $1,500 individual annual out-of-pocket maximum. Once the applicable annual out-of-pocket maximum has been reached, the Plan will pay 100% of such reasonable charges up to an overall lifetime maximum of $1 million per covered individual, restorable at a rate of $5,000 per year; provided, however, that there shall be a separate lifetime maximum of $100,000 per covered individual, restorable at a rate of $500 per year, for Plan benefits for the treatment of mental and/or nervous conditions and substance abuse. (Benefits counted for purposes of determining whether or not a lifetime maximum has been reached are all benefits paid under the Plan as amended by this Agreement and all Major Medical Expense Benefits paid under the Plan prior to such amendments.) The Plan will pay 85% of the reasonable charges for medically necessary health care services as follows:

1. All expenses that are "Covered Expenses" (as defined in the Plan) at any time under the current major medical expense benefits provisions of the Plan, and not within any exclusion from or limitation upon them, except that the exclusion for treatment of polio will be removed.

2. Expenses for mammograms described in American Cancer Society guidelines, childhood disease immunization, pap smears and colorectal cancer screening.

3. Donor expense benefits as now defined.

4. Jaw joint disorder benefits as now defined, and subject to the current exclusions from and limitation on them, except that the $50 separate lifetime cash deductible will be removed.

5. Home health care expense benefits as now defined, subject to the current exclusions from and limitation on them, except that the exclusion that governs if polio benefits are payable will be removed.
6. Treatment center expense benefits, subject to the current exclusions from and limitation on them, except that

a. the separate $100 cash deductible per confinement will be removed in connection with benefits for transportation to a treatment center, and

b. the separate $100 cash deductible per benefit period and the $40 maximum limitation on benefits per episode of treatment -- all with regard to outpatient benefits -- will be removed.

7. Expenses for the services of psychologists if benefits would be paid for such services had they been rendered by a physician.

The Plan will provide the same benefits to all employees eligible for Plan coverage, including those in their first year of such eligibility and those eligible for extended Plan coverage because of disability.

The Plan's comprehensive health care benefits will include, where permissible under applicable law, a mail order prescription drug benefit that will reimburse a covered individual, after he or she pays $5.00 per prescription, 100% of the cost of prescriptions covering a 60-to-90 day supply of maintenance drugs for such individual. This benefit will not be subject to, and the covered individual's $5.00 copayment will not be counted against, the Plan's regular $100/$300 deductible and will be included only upon execution of appropriate contracts with vendors.

Section 6 - Strengthened Utilization Review and Case Management

The Plan's current utilization review/case management contractor, and any successor, shall henceforth require that its prior approval be secured for the following services to the extent that benefits with respect to them are payable under the Plan: (a) all non-emergency confinements, and all lengths of stay, in any facility, (b) all home health care, and (c) all in-patient and out-patient procedures and treatment, except for any care where, pursuant to standards developed by the Joint Plan Committee, prior approval is not feasible or would not be cost-efficient. Approval may be withheld if the utilization review/case management contractor determines that a less intensive or more appropriate diagnostic or treatment alternative could be used.

If an individual covered by the Plan incurs expenses without the requisite approval of the Plan's utilization review/case management contractor, such benefits as the Plan would otherwise pay will be reduced by one-fifth; provided, however, that if such unapproved expenses are incurred for the treatment of mental or nervous conditions or substance abuse, such benefits as the Plan would otherwise pay will be reduced by one-half. These reductions will continue to apply after the out-of-pocket maximum is reached, i.e., the 100% benefit will become 80% (or 50%, as the case may be) if approval by the utilization review/case management contractor is not obtained.
When there is disagreement between an attending physician and the utilization review/case management contractor, the patient and/or attending physician after all opportunities for appeal have been exhausted within the utilization review/case management contractor's organization, shall be afforded an opportunity to obtain a review (including if necessary, an examination) by an independent specialist physician. This independent physician, who shall be conveniently located and board certified in the appropriate specialty, shall be designated by a physician appointed for this purpose by the Joint Plan Committee. Neither physician may be an employee of or under contract to the utilization review/case management contractor. In the event of an appeal to a specialist described above, the utilization review/case management contractor shall bear the burden of convincing the specialist that the utilization review/case management contractor's determination was correct.

Section 7 - Coordination of Benefits

The Plan's coordination of benefit rules shall be changed so that the Plan will pay no benefit to any covered individual that would cause the sum of the benefits paid by the Plan and by any other plan with which the Plan coordinates benefits to exceed (a) the maximum benefit available under the more generous of the Plan and such other plan, or (b) with respect only to spouses who are both covered as employees under the Plan (and the Dependents of such spouses), and to spouses one of whom is covered as an employee under the Plan and the other as a retired railroad employee under the Railroad Employees National Early Retirement Major Medical Benefit Plan (and the Dependents of such spouses), 100% of the reasonable charges for services the expense of which is covered by the Plan.

Section 8 - Medicare Part B Premiums

Active employees currently covered by Medicare Part B and those who elect to enroll in Medicare Part B when they become eligible shall not be reimbursed for premiums they pay for such Part B Medicare participation unless Medicare is their primary payor of medical benefits.

Section 9 - Solicitation of Bids

As promptly as practicable, the Joint Plan Committee will solicit bids from qualified entities for the performance of (a) all managed care functions under the Plan, including without limitation the establishing and/or arranging for the use by individuals covered by the Plan of managed networks of health care providers in those geographical areas where it is feasible to do so, and (b) all utilization review/case management functions under the Plan, including specialized utilization review/case management functions for mental health and substance abuse to assure
expert determination of medical necessity and appropriateness of treatment and provider. The Committee will select one or more contractors, from among those that the Committee determines are likely to provide high-quality, cost-effective services, to perform such functions on behalf of the Plan. In the meantime, the Plan's current utilization review/case management contractor will continue to perform those functions. Hospital associations shall be incorporated into the managed care networks wherever appropriate.

Upon the expiration of three years from the effective date of this Agreement, the Joint Plan Committee will solicit bids for all of the services involved in the administration of the Plan, including the utilization review/case management and/or managed care functions, unless the Committee unanimously determines not to seek bids for any one or more of the services involved in the administration of the Plan.

Part B - Early Retirement Major Medical Benefit Plan

Section 1 - Continuation of Plan

The Railroad Employees Early Retirement Major Medical Benefit Plan ("ERMA"), modified as provided in this Part, will be continued subject to the provisions of the Railway Labor Act, as amended. Contributions to ERMA will be offset by the expeditious use of such amounts as may at any time be in one or more special accounts or funds maintained by any insurer, third party administrator or other entity in connection with ERMA and by the use of funds held in trust that are not otherwise needed to pay claims, premiums, or administrative expenses that are payable from funds held in trust; provided, however, that such amounts as may at any time be in the special account maintained at The Travelers Insurance Company in connection with the obligations of ERMA to pay benefits incurred but not paid at the time of termination of ERMA, in the event such termination should occur, shall be used to pay or provide for Plan benefits as follows: one-third of the balance in such special account as of January 1, 1992, shall be used to pay or provide for benefits that become due and payable during 1992. One-half of the balance in such special account as of January 1, 1993, shall be used to pay or provide for benefits that become due and payable during 1993. All of the balance in such special account in excess of $1 million as of January 1, 1994, shall be used to pay or provide for benefits that become due and payable during 1994. The $1 million referred to in the preceding sentence shall be maintained by the Plan as a cash reserve to protect against adverse claims experience from year to year.

Section 2 - Change to Self-Insurance

ERMA will be wholly self-insured. It will be administered, under an administrative services only arrangement, by an insurance company or third party administrator.
Section 3 - Coordination of Benefits

ERMA's coordination of benefit rules shall be changed so that ERMA will pay no benefit to any covered individual that would cause the sum of the benefits paid by ERMA and by any other plan with which ERMA coordinates benefits to exceed (a) the maximum benefit available under the more generous of ERMA and such other plan, or (b) with respect only to spouses who are both covered as retired railroad employees under ERMA (and the Dependents of such spouses), and to spouses one of whom is covered as a retired railroad employee under ERMA and the other as an employee under the Railroad Employees National Health and Welfare Plan (and the Dependents of such spouses), 100% of the reasonable charges for services the expense of which is covered by ERMA.

Section 4 - Strengthened Utilization Review and Case Management

ERMA's current utilization review/case management contractor, and any successor, shall henceforth require that its prior approval be secured for the following services to the extent that benefits with respect to them are payable under ERMA: (a) all non-emergency confinements, and all lengths of stay, in any facility, (b) all home health care, and (c) all in-patient and out-patient procedures and treatment, except for any care where prior approval is not feasible or would not be cost-efficient. Approval may be withheld if the utilization review/case management contractor determines that a less intensive or more appropriate diagnostic or treatment alternative could be used.

If an individual covered by ERMA incurs expenses without the requisite approval of ERMA's utilization review/case management contractor, such benefits as ERMA would otherwise pay will be reduced by one-fifth; provided, however, that if such unapproved expenses are incurred for the treatment of mental or nervous conditions or substance abuse, such benefits as ERMA would otherwise pay will be reduced by one-half.

When there is disagreement between an attending physician and the utilization review/case management contractor, the patient and/or attending physician, after all opportunities for appeal have been exhausted within the utilization review/case management contractor's organization, shall be afforded an opportunity to obtain a review (including if necessary, an examination) by an independent specialist physician. This independent physician, who shall be conveniently located and board certified in the appropriate specialty, shall be designated by a physician appointed for this purpose by mutual agreement between the Chairman of the Health and Welfare Committee, Cooperating Railway Labor Organization and of the National Carriers' Conference Committee. Neither physician may be an employee of or under contract to the utilization review/case management contractor. In the event of an appeal to a specialist described above, the utilization review/case management contractor shall bear the burden of convincing the specialist that the utilization review/case management contractor's determination was correct.
The standards developed by the Joint Plan Committee for determining whether or not prior approval is feasible and cost-efficient under the Health and Welfare Plan shall be applied by the National Carriers' Conference Committee under ERMA, and the utilization review/case management contractor(s) selected by the Joint Plan Committee under the Health and Welfare Plan shall be selected by the National Carriers' Conference Committee under ERMA.

Section 5 - Mail Order Prescription Drug Benefit

The Plan's benefits will include, where permissible under applicable law, a mail order prescription drug benefit that will reimburse a covered individual, after he or she pays $5 per prescription, 100% of the cost of each prescription covering a 60-90 day supply of maintenance drugs for such individual. This benefit will not be subject to, and the covered individual's $5.00 copayment will not be counted against, the Plan's regular $100 deductible, and will be included only upon execution of appropriate contracts with vendors.

Section 6 - Solicitation of Bids

As promptly as practicable, the National Carriers' Conference Committee will solicit bids from qualified entities for the performance of all utilization review/case management functions under the Plan, including specialized utilization review/case management functions for mental health and substance abuse to assure expert determination of medical necessity and appropriateness of treatment and provider. The Committee will select one or more contractors, from among those that the Committee determines are likely to provide high-quality, cost-effective services, to perform such functions on behalf of the Plan. In the meantime, the Plan's current utilization review/case management contractor will continue to perform those functions.

Upon the expiration of three years from the date of this Agreement, the National Carriers' Conference Committee will solicit bids for all of the services involved in the administration of the Plan, including the utilization review/case management function, unless the Committee determines not to seek bids for anyone or more of the services involved in the administration of the Plan.
APPENDIX 7

SUPPLEMENTAL SICKNESS

The October 31, 1978 Supplemental Sickness Benefit Agreement, as amended effective July 1, 1982 (Sickness Agreement), shall be further amended as follows, for periods of disability commencing on or after the date of this Agreement.

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 July 1, 1982 under the terms of that Implementing Document.

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


(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 $1,305, and the monthly benefit under this Plan for employees who have exhausted their sickness benefit under the RUIA will be $1,979. 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 days 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 $1,305 monthly benefit should exceed $2,076, the amount of the monthly benefit shall be reduced to the extent that the sum of the 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 $2,076. "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 June 30, 1991 wage level was $2,965.
Section 2 - Plan Benefits During Initial Registration Period

An employee who is eligible to receive Plan benefits during his initial RUJA registration period shall receive from the Plan, for the fifth through the fourteenth days of disability in that period, the Basic Benefit specified in the Plan plus an amount equal to the total RUJA benefit that would have been payable to him for days of sickness in that period but for application of the initial waiting period mandated by existing law.

Section 3 - Adjustment of Plan Benefits During Agreement Term

Effective December 31, 1994, 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 4 - Administrative and Procedural Improvements

Any recommendations adopted and implemented by the parties pursuant to Article IV Section 4 of the Implementing Document identified as 'Document "C" ', dated November 1, 1991, which reflects the joint efforts of the Yardmasters Department United Transportation Union and the National Carriers' Conference Committee to reduce to contract terms the report and recommendations of Presidential Emergency Board No. 219 as clarified and modified by the Special Board pursuant to Public Law 102-29, shall have application to the plan improvements covered by this Memorandum of Agreement.
APPENDIX 8

LETTERS OF UNDERSTANDING

Letter No. 1

CANADIAN PACIFIC - U.S.

UNITED TRANSPORTATION UNION
(Yardmasters Department)

LATHAM, New York
July 12, 1990

Mr. P.G. Tramontano
General Chairman
United Transportation Union
Yardmaster Department
3 Navy Drive
Smithtown, N.Y. 11787

Dear Sir:

With respect to the application of Article 13.5 of the Collective Agreement between the parties it is understood that the phrase "a true copy of the investigation record" will mean a stenographic report of the hearing, either by means of a carrier provided tape recording or a transcript of the proceeding.

(Sgd) D. V. Brazier
Assistant Vice-President
Industrial Relations
CP Rail

I CONCUR

(Sgd for) P. G. Tramontano (J.M.M.)
General Chairman
United Transportation Union
(Yardmasters Department)