MEMORANDUM OF AGREEMENT
BETWEEN THE
SOO LINE RAILROAD COMPANY
AND THE
UNITED TRANSPORTATION UNION - YARDMASTER DEPARTMENT

In accordance with Side Letter No. 23 to the March 8, 2005 Agreement between Soo Line Railroad Company (Soo) and the United Transportation Union – Yardmaster Department (UTU-Y) and in consideration of UTU-Y's cooperation in facilitating the return of Soo's UTU-Y represented employees to The Railroad Employee's National Health & Welfare Plans, at the earliest practicable date:

IT IS HEREBY AGREED:

ARTICLE I – WAGES

Section 1 – First General Wage Increase

Effective July 1, 2005, all standard basic daily rates of pay for employees covered by this Agreement in effect on June 30, 2005, shall be increased by two-and-one-half (2-½) percent.

Section 2 - General Wage Increase Effective July 1, 2006

Effective July 1, 2006, all standard basic daily rates of pay in effect on June 30, 2006, for employees covered by this Agreement shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 3 - General Wage Increase Effective July 1, 2007

Effective July 1, 2007, all standard basic daily rates of pay in effect on June 30, 2007, for employees covered by this Agreement shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 4 - General Wage Increase Effective July 1, 2008

Effective July 1, 2008, all standard basic daily rates of pay in effect on June 30, 2008, for employees covered by this Agreement shall be increased by four (4) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 5 - General Wage Increase Effective July 1, 2009

Effective July 1, 2009, all standard basic daily rates of pay in effect on June 30, 2009, for employees covered by this Agreement shall be increased by of four and one-half (4.5) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 6 - Application of Wage Increases

Special allowances not included in fixed daily or monthly rates of pay for all services rendered, and arbitraries representing duplicate time will not be increased.

Section 7 - COLA Payments

Any cost-of-living allowance amounts rolled into basic rates of pay on or after July 1, 2005 pursuant to Article II, Part B of the March 8, 2005, Soo/UTU-Y Agreement shall be excluded before application of the general wage increases provided for in this Article I and eliminated from basic rates of pay after application of such increases.

ARTICLE II – COST OF LIVING ALLOWANCE PAYMENTS

Part A - Cost-of-Living Payments under March 8, 2005, Agreement

Article II, Part B of the March 8, 2005, Soo/UTU-Y Agreement shall be eliminated effective on the date of this Agreement. All cost-of-living allowance payments made under that 2005 Agreement to employees for periods on or after July 1, 2005, shall be recovered from any retroactive wage increase payments made under Article I of this Agreement.

Part B – Cost-of- Living Allowance and Adjustments Thereto on and after January 1, 2011

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

(a) A cost-of-living allowance shall be payable in the manner set forth in and subject to the provisions of this Part, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items – unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost-of-living allowance shall be payable effective January 1, 2011 based, subject to paragraph (b), on the CPI for September 2010 as compared with the CPI for March 2010. Such allowance, and further cost-of-living adjustments thereto which shall become effective as described below, shall be based on the change in the CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (b)(iii), according to the formula set forth in paragraph (c).

Measurement Periods

Base Month	Measurement Month	Effective Date of Adjustment
March 2010	September 2010	January 1, 2011

September 2010 March 2011 July 1, 2011

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

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

Effective Date of Adjustment	Maximum CPI Increase That May Be Taken Into Account
January 1, 2011	3% of March 2010 CPI
July 1, 2011	6% of March 2010 CPI, less the increase from March 2010 to September 2010

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

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

(iii) If the increase in the CPI from the base month of March 2010 to the measurement month of September 2010 exceeds 3% of the March 2010 base index, the measurement period that shall be used for determining the cost-of-living adjustment to be effective the following July shall be the 12-month period from such base month of March; the increase in the index that shall be taken into account shall be limited to that portion of the increase that is in excess of 3% of such March base index; and the maximum increase in that portion of the index that may be taken into account shall be 6% of such March base index less the 3% mentioned in the preceding clause, to which shall be added any residual fractional points which had been dropped under paragraph (c) below in calculation of the cost-of-living adjustment which shall have become effective January 1, 2011 during such measurement period.

(iv) Any increase in the CPI from the base month of March 2010 to the measurement month of March 2011 in excess of 6% of the March 2010 base index shall not be taken into account in the determination of subsequent cost-of-living adjustments.

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

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

The cost-of-living allowance effective July 1, 2011 shall be the whole number of cents produced by dividing by 0.3 the number of points change, as limited by paragraph (b), in the CPI during the applicable measurement period. Any residual fractional points resulting from such division shall be dropped. The result of such division shall be rolled into basic rates of pay in effect on June 30, 2011 if the CPI shall have been higher at the end than at the beginning of the measurement period, and subtracted there from only if the index shall have been lower at the end than at the beginning of the measurement period, but in no event shall basic rates of pay be reduced below the levels in effect on December 31, 2010. If the result of such division requires a subtraction from basic rates of pay in effect on June 30, 2011, the employee cost-sharing contribution amount in effect on that date pursuant to Appendix 1, Part C, Section 1 (a) of this Agreement shall be adjusted effective July 1, 2011, as appropriate to reflect such subtraction. The same procedure shall be followed in applying subsequent adjustments.

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

Section 2 - Payment of Cost-of-Living Allowances

(a) The cost-of-living allowance payable to each employee effective January 1, 2011 pursuant to Section 1 of this Part shall be rolled in to basic rates of pay on that date.

(b) The cost-of-living allowance payable to each employee effective July 1, 2011 pursuant to Section 1 of this Part shall be rolled in to basic rates of pay on that date.

(c) The procedure specified in paragraphs (a) and (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.

Section 3 – Application of Cost-of-Living Allowances

The cost-of-living allowance provided for by Section 1 of this Part B will be payable as provided in Section 2 and will be applied as set forth herein:

(a) Each one cent per hour of cots-of-living allowance will be treated as an increase of 8 cents in the basis daily rates of pay produced by application of Article I of this Agreement.

(b) Each one cent per hour cost-of-living allowance will be treated as an increase of $2.00 in the basic monthly rates of pay produced by application of the general wage increase provisions of Article I of this Agreement.

Section 4 – Continuation of Part B

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

ARTICLE III – HEALTH AND WELFARE

Part A - Transition from Soo Plan to National Plan

(a) Effective July 1, 2008, or as soon thereafter as administratively practicable, Soo employees represented by UTU-Y will be covered by The Railroad Employees National Health & Welfare Plan (including Life and AD&D), the Railroad Employee's National Dental Plan, and the Railroad Employees National Vision Plan (collectively referred to herein as the National Plan), plus the Railroad Employee's National Early Retirement Benefit Plan.

(b) It is understood that the National Plan will be modified to include all subsequent plan design amendments and changes as provided in the resolution of NCCC and UTU-Y respective November 1, 2004, Section 6 notices (hereinafter Notices), as delineated in Appendix 1, attached hereto.

Part B – Employee Sharing of Cost of H&W Plans Through 2010

Section 1 – Monthly Employee Cost-Sharing Contribution

(a) From January 1, 2007, through December 31, 2008, each employee covered by this Agreement shall contribute to the cost of the Soo Plan or National Plan, whichever is applicable, in the amount of $166.25 Per Employee Per Month (PEPM).

(b) Once the Soo yardmasters are in the National Plan, all subsequent employee cost-sharing contributions will be based on the applicable terms of the NCCC/UTU National Agreement that resolved the Notices referenced in Part A, Section (b) above, as delineated in Appendix 1, attached hereto.

Section 2 – Pre-Tax Contributions

Employee cost-sharing contributions made pursuant to this Article shall be made on a pre-tax basis pursuant to Section 125 cafeteria plan to the extent applicable.

Section 3 – Retroactive Contributions

Retroactive employee cost-sharing contributions payable for the period on or after January 1, 2007, shall be offset against any retroactive wage payments provided to the affected employee under Article I of this Agreement, provided, however, there shall be no such offset for any month for which the affected employee was not obligated to make a cost-sharing contribution.

Section 4 – Prospective Contributions

For months subsequent to the retroactive period covered by Section 3, employee cost-sharing contributions will be made for the employee by Soo. Soo shall deduct the amount of such employee contributions from the employee's wages and retain the amounts so deducted as reimbursement for the employee contributions that Soo had made for the employee.

ARTICLE IV – DUES CHECK-OFF AGREEMENTS

Existing dues check-off agreements between UTU and Soo shall be amended on the date of this Agreement to provide that all payments by Soo shall be transmitted to the offices of the UTU International Secretary-Treasurer.

ARTICLE V – GENERAL PROVISIONS

Section 1 – Effect of This Agreement

(a) The purpose of this Agreement is to delineate the terms and conditions applicable to UTU-Y represented yardmasters on Soo in accordance with the commitments in Side Letter No. 23 to the Soo/UTU-Y March 8, 2005, Agreement.

(b) The parties to this Agreement shall not serve nor progress and notice or proposal prior to November 1, 2009 (not to become effective before January 1, 2010), or as otherwise agreed upon by NCCC/UTU-Y in the final resolutions of their respective Notices (as defined herein).

(c) This Article will not bar Soo and UTU-Y from agreeing upon any subject of mutual interest.

Signed at Minneapolis this 2nd Day of June, 2008

For the:

SOO LINE RAILROAD COMPANY

Cathryn S. Frankenberg
AVP Labor Relations & Human Resources – US

Bjarne Henderson
Asst. Director Employee & Labor Relations

Dated: June 2, 2008

For the:

UNITED TRANSPORTATION UNION – YARDMASTER DEPARTMENT

Richard W. Miller
General Chairman

Approved:

James R. Cumby
Int'l Vice President

Side Letter No. 1

May 5, 2008

Mr. Richard W. Miller, General Chairman
United Transportation Union – Yardmasters Dept.
PO Box 362
Prescott, WI 54021-0362

Dear Mr. Miller:

This confirms our understanding with respect to the General Wage Increases provided for in Article I, Sections 1, 2 and 3 of this Agreement.

Soo will make all reasonable efforts to pay the retroactive portion of such general wage increases as soon as possible and no later than sixty (60) days after the date of the Agreement.

If Soo finds it impossible to make such payments by this date, it shall notify you, in writing explaining why such payments have not been made and indicating when the payments will be made.

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

Sincerely,

Cathryn S. Frankenberg

Cathryn S. Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Richard W Miller

Richard W. Miller, General Chairman, UTU-Y

Dated: June 2, 2008

Side Letter No. 2

May 5, 2008

Mr. Richard W. Miller, General Chairman
United Transportation Union – Yardmasters Dept.
PO Box 362
Prescott, WI 54021-0362

Dear Mr. Miller:

This refers to the increase in wages provided for in Sections 1, 2 and 3 of Article 1 of the Agreement of this date.

It is understood that the retroactive portion of those wage increases shall be applied only to employees who have an employment relationship with Soo on the date of this Agreement or who retired or died subsequent to June 30, 2005.

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

Sincerely,

Cathryn S. Frankenberg

Cathryn S. Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Richard W Miller

Richard W. Miller, General Chairman, UTU-Y

Dated: June 2, 2008

Side Letter No. 3

May 5, 2008

Mr. Richard W. Miller, General Chairman
United Transportation Union – Yardmasters Dept.
PO Box 362
Prescott, WI 54021-0362

Dear Mr. Miller:

The parties concur that the hypothetical example set forth in Attachment A to this letter describes the appropriate methodology concerning the (i) computation of the gross retroactive pay and retroactive H&W cost-sharing that shall be utilized by Soo in determining the new retroactive amount payable to a covered employee under the terms of this Agreement, and (ii) determination of the standard basic daily rates of pay produced by application of the general wage increases provided for in Article 1 of this Agreement.

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

Sincerely,

Cathryn S. Frankenberg

Cathryn S. Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Richard W Miller

Richard W. Miller, General Chairman – UTU-Y

Dated: June 2, 2008

ATTACHMENT A

UTU Retroactive Pay, H&W Cost-Sharing, Sample Daily Rate

ASSUMPTIONS:

Effective date of new agreement is July 1, 2008.
Employee's standard basic daily rate as of 6/30/05 is $192.84.
Employee works on average 21.75 days per month (261/year), all time paid at standard basic daily rate
Following GWI's are applicable:

7/1/05	2.5%
7/1/06	3.0%
7/1/07	3.0%

Employee is obligated to make a cost-sharing contribution for each month during period 1/1/07 through 6/30/08.

1. Gross Retroactive Pay

Employee would be due the following in retroactive pay:

a. For period 7/1/05 through 6/30/06:

$4.82* x 21.75 days x 12 months = $1,258.08

* $192.84 x 1.025 = $197.66 (daily increase of $4.82)

b. For period 7/1/06 through 6/30/07:

$10.75 * x 21.75 x 12 = $2,805.75

* $197.66 x 1.03 = $203.59 (cumulative daily increase of $10.75)

c. For period 7/1/07 through 6/30/08:

$16.86* x 21.75 x 12 = $4,400.52

* $203.59 x 1.03 = $209.70 (cumulative daily increase of $16.86)

d. Total Gross Retroactive Pay is $8,464.35

2. COLA Credit (1/1/05 through 3/31/08)

Railroad entitled to following credit against gross retroactive pay for COLA allowances already paid:

a. For period 7/1/05 through 12/31/05:

$1.20* x 21.75 days x 6 months = $156.60

* $0.15/hr COLA x 8 hours = $1.20/day

b. For period 1/1/06 through 6/30/06:

$3.68* x 21.75 x 6 = $480.24

* $0.46/hr COLA x 8 hours = $3.68/day

c. For period 7/1/06 through 12/31/06:

$3.76* x 21.75 x 6 = $490.68

* $0.47/hr COLA x 8 hours = $3.76/day

d. For period 1/1/07 through 6/30/07:

$4.96* x 21.75 x 6 = $647.28

* $0.62/hr. COLA x 8 hours - $4.96/day

e. For period 7/1/07 through 12/31/07:

$5.76* x 21.75 x 6 = $751.68

* $0.72/hr. COLA x 8 hours = $5.76/day

f. For period 1/1/08 through 6/30/08:

$7.04* x 21.75 x 6 = $918.72

* $0.88/hr. COLA x 8 hours = $7.04/day

g. Total COLA Credit of $3,445.20

3. Retroactive H&W Cost-Sharing (1/1/07 through 6/30/08)

Employee would owe the following in retroactive H&W cost-sharing (to recover employee share of H&W cost-sharing for this period in excess of amounts already paid):

a. For period 1/1/07 through 6/30/07:

$25.80* x 6 = $154.80

* $166.25 (monthly cost-sharing amount effective 1/1/07) - $140.45 (monthly cost-sharing amount actually paid by yardmasters effective 1/1/07) = $25.80/month

b. For period 7/1/07 through 12/31/07:

$16.70* x 6 = $100.20

* $166.25 (monthly cost-sharing amount effective 1/1/07) - $149.55 (monthly cost-sharing amount actually paid by yardmasters effective 7/1/07) = $16.70/month

c. For period 1/1/08 through 6/30/08:

$.75* x 6 = $4.50

* $166.25 (monthly cost-sharing amount effective 1/1/08) - $165.50 (monthly cost-sharing amount actually paid by yardmasters effective 1/1/08) = $.75/month

d. Total retroactive H&W cost-sharing of $259.50

4. Net retroactive payment:

Gross Retroactive Pay:	$8,464.35
Subtract COLA Credit	- 3,445.20
	$5,019.15
Subtract Retroactive H&W Cost-Sharing	- 259.50
Net Retroactive Pay:	$4,759.65

5. Sample Daily Rate Effective 7/1/08:

$192.84* x 1.025 x 1.03 x 1.03 x 1.04 = $218.09 (rounded)

* Sample Daily Rate of 6/30/05)

Side Letter No. 4

May 5, 2008

Mr. Richard W. Miller, General Chairman
United Transportation Union – Yardmasters Dept.
PO Box 362
Prescott, WI 54021-0362

Dear Mr. Miller:

In our discussion on transitioning Soo's UTU-Y represented employees from the Soo Plan to the National Plan, the question arose as to how pre-existing medical conditions for employees and their eligible dependents would be handled.

It is our understanding that pre-existing conditions will be covered by the National Plan provided that Soo's yardmasters and their dependents were eligible for coverage under the Soo Plan on the day immediately preceding the effective date of coverage under the National Plan.

Please acknowledge by signing below that this is consistent with your understanding.

Sincerely,

Cathryn S. Frankenberg

Cathryn S. Frankenberg
AVP Labor Relations & Human Resources - US

I concur:

Richard W. Miller

Richard W. Miller, General Chairman – UTU-Y

Dated: June 2, 2008

Side Letter No. 5

May 5, 2008

Mr. Richard W. Miller, General Chairman
United Transportation Union – Yardmasters Dept.
PO Box 362
Prescott, WI 54021-0362

Dear Mr. Miller:

It is our understanding that employees who are covered under the Soo Plan who have elected to continue coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA), whose "COBRA Qualifying Event" occurred prior to the effective date of the transition to the National Plan, and who have made the required COBRA payments, will continue to be covered under the Soo Plan until such time as their COBRA continuation coverage ends.

If the participant, after the effective date of the transition to the National Plan, works the Requisite Amount of Service to become eligible for health & welfare coverage, this coverage will be provided by the National Plan provided the participant meets the eligibility requirements of the National Plan.

Please indicate your concurrence by signing in the space provided below.

Sincerely,

Cathryn S. Frankenberg

Cathryn S Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Richard W Miller

Richard W. Miller, General Chairman, UTU-Y

Dated: June 2, 2008

Side Letter No. 6

May 5, 2008

Mr. Richard W. Miller, General Chairman
United Transportation Union – Yardmasters Dept.
PO Box 362
Prescott, WI 54021-0362

Dear Mr. Miller:

It is our understanding that employees who have retired prior to the effective date of the transition from the Soo Plan to the National Plan and who are eligible for coverage under the Soo Line Early Retirement Major Medical Plan for Union Represented Employees will continue to be covered under this Plan until their coverage ends. Employees who retire after the effective date of the transition to the National Plan and who meet the eligibility requirements of the Railroad Employees National Early Retirement Major Medical Benefit Plan will have coverage under that National Plan.

Please indicate your concurrence by signing in the space provided below.

Sincerely,

Cathryn S Frankenberg

Cathryn S Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Richard W Miller

Richard W. Miller, General Chairman, UTU-Y

Dated: June 2, 2008

Side Letter No. 7

May 5, 2008

Mr. Richard W. Miller, General Chairman
United Transportation Union – Yardmasters Dept.
PO Box 362
Prescott, WI 54021-0362

Dear Mr. Miller:

This will confirm that, prior to the effective date of the transition from the Soo Plan to the National Plan, Soo's yardmasters will have an opportunity to elect a plan option under the National Plan consistent with the terms and conditions of the National Plan. It is understood that the process, the materials presented and the timeline for making the election will be determined by the sponsor of the National Plan in consultation with the Plan Administrator, United Health Care.

Please indicate your concurrence by signing in the space provided below.

Sincerely,

Cathryn S. Frankenberg

Cathryn S Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Richard W Miller

Richard W. Miller, General Chairman, UTU-Y

Dated: June 2, 2008

Side Letter No. 8

May 5, 2008

Mr. Richard W. Miller, General Chairman
United Transportation Union – Yardmasters Dept.
PO Box 362
Prescott, WI 54021-0362

Dear Mr. Miller:

A UTU-Y represented employee in an inactive status (including disabled status) who is receiving benefits under the Soo Plan on the effective date of the transition to the National Plan will continue to be covered under the Soo Plan until either of the following occurs:

- eligibility for such coverage under the Soo Plan ends; or
- the employee meets the eligibility requirements for coverage under the National Plan at which time he will be enrolled in that Plan.

A UTU-Y represented employee in an inactive status who has not elected or is not eligible for COBRA coverage and who is not receiving benefits under the Soo Plan will be enrolled in the National Plan when he meets the necessary eligibility requirements.

Please indicate your concurrence by signing below.

Sincerely,

Cathryn S. Frankenberg

Cathryn S. Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Richard W Miller

Dick Miller, General Chairman, UTU-Y

Dated: June 2, 2008

Side Letter No. 9

May 5, 2008

Mr. Richard W. Miller, General Chairman
United Transportation Union – Yardmasters Dept.
PO Box 362
Prescott, WI 54021-0362

Dear Mr. Miller:

(1) The provisions of Article III reflect compromises made by both parties, including without limitation compromises involving plan benefits, deductibles, co-payments and co-insurance, other aspects of plan design, employee contributions, cost containment, and tax consequences. The parties intend that these compromises not be materially altered by federal legislation that may be enacted or by federal regulations that may be adopted.

(2) In the event that either party believes that federal legislation is enacted, or federal regulations are adopted, that materially adversely affects its settled expectations and interests in the compromises reflected in Article III, such party shall give written notice to the other describing in detail such material adverse effect.

(3) If a notice is given to Paragraph 2, the parties shall promptly commence discussions for the purpose of reaching a voluntary agreement that, notwithstanding required compliance with such federal legislation (or regulation), will preserve, to the fullest extent practicable, the same relative economics that resulted from the compromises reflected in Article III. It is mutually understood that the procedures of Section 6 of the Railway Labor Act will not apply to these discussions.

(4) If the parties are unable to reach a voluntary agreement pursuant to Paragraph 3 to achieve the objective described therein, the controversy shall be resolved through interest arbitration either pursuant to the procedures set forth in Section 7 of the RLA or through such other procedures as may be agreed upon by the parties.

(5) If such a controversy should arise subsequent to the transition of Soo's yardmasters to the National Plan, the term "parties" used in this Side Letter means the National Carrier's Conference Committee (NCCC) and the United Transportation Union.

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

Sincerely,

Cathryn S. Frankenberg

Cathryn S. Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Richard W Miller

Richard W. Miller, General Chairman, UTU-Y

Dated: June 2, 2008

Side Letter No. 10

May 5, 2008

Mr. Richard W. Miller, General Chairman
United Transportation Union – Yardmasters Dept.
PO Box 362
Prescott, WI 54021-0362

Dear Mr. Miller:

This will confirm the parties intention to handle any issues related to the UTU Retired Yardmaster Health Plan on the same basis as the UTU-Y and National Carrier's Conference Committee.

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

Sincerely,

Cathryn S. Frankenberg

Cathryn S. Frankenberg
AVP labor Relations & Human Resources – US

I concur:

Richard W Miller

Richard W. Miller, General Chairman, UTU-Y

Date: June 2, 2008

APPENDIX 1

This Appendix 1 is an addendum to Article III of this Agreement and will apply at such time as employees are enrolled in the National Plan as stipulated in Article III of this Agreement.

Part A - Plan Changes

Section 1 - Continuation of Plans

The National Railway Carriers and United Transportation Union Health and Welfare Plan and the Railroad Employees National Health and Welfare Plan (individually and collectively referred to in this Agreement, depending on the context, as "the Plan"), the Railroad Employees National Dental Plan ("the Dental Plan") , and the Railroad Employees National Vision Plan ("the Vision Plan"), modified as provided in this Article with respect to employees represented by the organization and their eligible dependents, will be continued subject to the provisions of the Railway Labor Act.

Section 2 - Plan Benefit Changes – MMCP

(a) The Plan's Managed Medical Care Program ("MMCP") will be offered to all employees in any geographic area where the MMCP is not currently offered and United Healthcare, Aetna, or Highmark BlueCross Blue Shield has a medical care network ("white space"). For purposes of this subsection, such "network" shall mean a "point-of-service" network in the case of United Healthcare and Aetna, and a preferred provider network in the case of Highmark BlueCross BlueShield. Employees who live in a white space may choose between coverage under MMCP or the Comprehensive Health Care Benefit, subject to subsection (b) below.

(b) The parties may, by mutual agreement and subject to such evaluation and conditions as they may deem appropriate, designate specific geographic areas within the white space as mandatory MMCP locations. Employees who live in mandatory MMCP locations shall not have a choice between CHCB and MMCP coverage, but shall be enrolled in the MMCP.

(c) United Healthcare and Aetna, respectively, shall apply "nationwide market reciprocity" to employees and their dependents who are enrolled in MMCP. The term "nationwide market reciprocity" is intended to mean, by way of example, that a person enrolled in MMCP with UHC in market A is permitted to get in-network MMCP benefits from a UHC point-of-service network provider in market B.

(d) The Basic Health Care Benefit shall be eliminated as an option for employees covered by this Agreement and their dependents.

(e) In addition to the Plan's existing coverage for cochlear implants, such implants for diagnosis or treatment of hearing loss will be a Covered Health Service under the CHCB and MMCP.

(f) Plan coverage for an "Eligible Employee" and his/her "Eligible Dependents" will commence on the first day of the full calendar month that immediately follows the date on which such employee first renders the "Requisite Amount of Compensated Service." For purposes of this subsection, the terms set forth in the quotations shall be defined as provided in the current Plan booklet. This subsection shall become effective on January 1, 2010.

(g) This Section shall become effective with respect to employees covered by this Agreement as soon as practicable, except as otherwise provided.

Section 3 - Design Changes To Contain Costs

(a) The Plan's Managed Medical Care Program ("MMCP") shall be revised as follows:

(1) The Office Visit Co-Payment for In-Network Services shall be increased to $20.00 for each office visit to a provider in general practice or who specializes in pediatrics, obstetrics-gynecology, family practice or internal medicine, and $35.00 for each office visit to any other provider;

(2) The Urgent Care Center Co-Payment for In-Network Services shall be increased to $25.00 for each visit;

(3) The Emergency Room Co-Payment for In-Network Services shall be increased to at least $50.00 for each visit, but if the care received meets the applicable Plan definition of an Emergency, the Plan will reimburse the employee for the full amount paid for such care, except for $25.00 if the visit does not result in hospital admission. For purposes of this Paragraph, the phrase "at least" shall be interpreted and applied consistent with practice under the Plan preceding the date of this Agreement;

(4) The Annual Deductible for Out-of-Network Services shall be increased to $300.00 per individual and $900.00 per family;

(5) The Annual Out-of-Pocket Maximum for Out-of-Network Services shall be increased to $2,000 per individual and $4,000 per family.

(b) The Plan's Comprehensive Health Care Benefit shall be revised as follows:

(1) The Annual Deductible shall be increased to $200.00 per individual and $400.00 per family;

(2) The Annual Out-of-Pocket Maximum shall be increased to $2,000 per individual and $4,000 per family.

(c) The Plan's Prescription Drug Card Program co-payments to In-Network Pharmacies per prescription are revised as follows:

(1) Generic Drug - increase to $10.00;

(2) Brand Name (Non-Generic) Drug On Program Administrator's Formulary - increase to $20.00;

(3) Brand Name (Non-Generic) Drug Not On Program Administrator's Formulary - increase to $30.00;

(4) Brand Name (Non-Generic) Drug on Program Administrator's Formulary that is not ordered by the patient's physician by writing "Dispense as Written" on the prescription and there is an equivalent Generic Drug-- increase to $20.00 plus the difference between the Generic Drug and the Brand Name (Non-Generic) Drug;

(5) Brand Name (Non-Generic) Drug Not On Program Administrator's Formulary that is not ordered by the patient's physician by writing "dispense as Written" on the prescription and there is an equivalent Generic Drug-increase to $30.00 plus the difference between the Generic Drug and the Brand Name (Non-Generic) Drug.

(d) The Plan's Mail Order Prescription Drug Program co-payments per prescription are revised as follows:

(1) Generic Drug - increase to $20.00;

(2) Brand Name (Non-Generic) Drug On Program Administrator's Formulary - increase to $30.00;

(3) Brand Name (Non-Generic) Drug Not on Program Administrator's Formulary - increase to $60.00.

(e) For purposes of the Plan, the term "children" as used in connection with determining "Eligible Dependents" under the Plan, shall be defined as follows:

"Children include:

o natural children,

- o stepchildren,

- o adopted children (including children placed with you for adoption), and

- o your grandchildren, provided they have their legal residence with you and are dependent for care and support mainly upon you and wholly, in the aggregate, upon themselves, you, your spouse, scholarships and the like, and governmental disability benefits and the like."

(f) The definition of the term "children", as used in connection with determinations of "Eligible Dependents" under the terms of the Dental Plan and the Vision Plan, respectively, shall be revised as provided in subsection (e) above.

(g) Blue Cross Blue Shield programs that are currently available under the Plan will be made available for selection by employees covered by this Agreement who choose coverage under the MMCP in all areas where the MMCP is made available under the Plan and throughout the United States for selection by such employees who choose coverage under the CHCB.

(h) Plan Participants and their beneficiaries who live in an area where, as of the date of this Agreement, they may choose between MMCP and CHCB coverage shall no longer have a choice, but shall be enrolled in the MMCP. This subsection is not intended to have any application to employees covered by this Agreement who reside in any geographic area where MMCP is not offered as of the date of such Agreement. Mandatory enrollment in MMCP for such employees shall be governed exclusively by Part A, Section 2(b) of this Article.

(i) The design changes contained in this Section with the exception of subsection (h) above, shall become effective on the date of this Agreement or as soon thereafter as practicable. Subsection (h) shall become effective as soon thereafter as practicable.

Part B – Employee Sharing of Cost of H&W Plans Through 2010

Section 1 - Monthly Employee Cost-Sharing Contributions

(a) Effective January 1, 2007, each employee covered by this Agreement shall contribute to the Plan, for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents, a monthly cost-sharing contribution in an amount equal to 15% of the Carriers' Monthly Payment Rate for 2007.

(b) The employee monthly cost-sharing contribution amount shall be adjusted, effective January 1, 2008, so as to equal 15% of the Carriers' Monthly Payment

Rate for 2008 and, effective January 1, 2009, so as to equal 15% of the Carriers' Monthly Payment Rate for 2009.

(c) Effective January 1, 2010, the employee monthly cost-sharing contribution amount shall be adjusted to be the lesser of:

(1) 15% of the Carrier's Monthly Payment Rate for 2010, or

(2) $200.00 or the January 1, 2009 employee monthly cost-sharing contribution amount, whichever is greater.

(d) For purposes of subsections (a) through (c) above, the "Carriers' Monthly Payment Rate" for any year shall mean the sum of what the carriers' monthly payments to –

(1) the Plan for foreign-to-occupation employee and dependent health benefits, employee life insurance benefits and employee accidental death and dismemberment insurance benefits,

(2) the Dental Plan for employee and dependent dental benefits, and

(3) the Vision Plan for employee and dependent vision benefits,

would have been during that year, per non-hospital association road employee, in the absence of any employee contributions to such Plans.

(e) The Carriers' Monthly Payment Rate for the calendar years 2007 and 2008, respectively, has been determined to be $1,108.34. The Employee Monthly Cost-Sharing Contribution Amount for 2007 and for 2008, respectively, has been determined to be $166.25.

Section 2 - Pre-Tax Contributions

Employee cost-sharing contributions made pursuant to this Part shall be made on a pre-tax basis pursuant to the existing Section 125 cafeteria plan to the extent applicable.

Section 3 - Retroactive Contributions

Retroactive employee cost-sharing contributions payable for the period on and after January 1, 2007 shall be offset against any retroactive wage payments provided to the affected employee under Article I, Sections 1, 2 and 3 of this Agreement, provided, however, there shall be no such offset for any month for which the affected employee was not obligated to make a cost-sharing contribution.

Section 4 - Prospective Contributions

For months subsequent to the retroactive period covered by Section 3, employee cost-sharing contributions will be made for the employee by Soo. Soo shall deduct the amount of such employee contributions from the employee's wages and retain the amounts so deducted as reimbursement for the employee contributions that the employer had made for the employee.

Part C – Employee Cost Sharing of Plan Cost Increases Beginning January 1, 2011

Section 1 - Employee Cost-Sharing Contributions

(a) Effective January 1, 2011, the per month employee cost-sharing contribution amount in effect pursuant to this Appendix 1, Part B, Section 1(c) above shall be increased by the lesser of (x) one-half of the increase, if any, in the carriers' 2011 monthly payment rate over such payment rate for 2010, and (y) one-half of the cost-of-living allowance effective January 1, 2011 pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the average straight-time equivalent hours ("ASTE Hours") for calendar year 2009.

(b) Effective July 1, 2011, the per month employee cost-sharing contribution amount in effect on June 30, 2011 shall be increased by the lesser of (x) the amount (if any) by which the number described in part (x) of subsection (a) of this Section exceeds the product described in part (y) of such subsection (a), and (y) one-half of the cost-of-living allowance effective July 1, 2011 pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2009.

(c) Effective January 1, 2012, the per month employee cost-sharing contribution amount in effect on December 31, 2011 shall be increased by the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2012 monthly payment rate over such payment rate for 2011, plus (ii) the amount (if any) by which the number described in part (x) of subsection (b) of this Section exceeds the product described in part (y) of such subsection (b), and (y) one-half of the cost-of-living allowance effective January 1, 2012 pursuant to Article II, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2010.

(d) The pattern specified in subsections (a) through (c) above shall be followed with respect to computation of adjustments to the amount of the employee cost sharing contribution in subsequent periods during which this Part is in effect.

(e) For purposes of subsections (a) through (c) above and subsection (g) below, the carriers' payment rate for any year shall mean twelve times the sum of what the carriers' payments to the Plan would have been, in the absence of any employee contributions to the Plan, for foreign-to-occupation health benefits under the Plan per month (in such year) per employee. The carriers' monthly payment rate for

any year shall mean the carriers' payment rate for that year divided by 12. An "employee" for these purposes shall include any employee who has elected to opt-out of foreign-to-occupation health benefits under the Plan (except for employees who opt-out pursuant to item no. 2 of Side Letter No. 8 to the August 20, 2002 UTU National Agreement (Document "B"), as amended.

Carrier payments to the Plan for these purposes shall be deemed to include amounts paid to employees who elected to opt-out of foreign-to-occupation health benefits under the Plan, but shall not be deemed to 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 of the November 1, 1991 Implementing Document (Document "B") applicable to employees represented by the organization signatory hereto and the carriers represented by the National Carriers' Conference Committee.

(f) For the purpose of this Section, the ASTE Hours to be used shall be based on all such hours for individuals in yardmaster crafts and classes represented by the United Transportation Union, and who are employed by Class One carriers that are participating in national bargaining in the round of negotiations that commenced January 1, 2010.

(g) If the per month employee cost-sharing contribution amount ("cost-sharing amount") is increased for the period January 2011 through June 2011 or any subsequent periods and if a lower payment rate is established for the calendar year that immediately follows, then the cost-sharing amount shall be adjusted as appropriate to reflect such decreased benefit costs. Such adjustment shall be made effective January 1 of the calendar year for which such payment rate decrease is applicable and in no event shall take into account any portion of a payment rate below the payment rate level established for calendar year 2010. The cost-sharing amount shall also be subject to adjustment as provided in Article II, Part B, Section 1(c) of this Agreement.

Section 2 - Pre-Tax Contributions

Employee cost-sharing contributions made pursuant to this Part shall be on a pre-tax basis, and in that connection a Section 125 cafeteria plan will be established pursuant to this Agreement.

Section 3 - Employer Election

At the employer's election, employee cost-sharing contributions may be made for the employee by the employee's employer. If that election is exercised, the employer shall then deduct the amount of such employee contributions from the employee's wages and

retain the amounts so deducted as reimbursement for the employee contributions that the employer had made for the employee.

APPENDIX 2

The Questions and Answers to the UTU/NCCC Agreement, as modified, will apply to this Agreement.

Questions On 2008 Proposed UTU National Agreement

ARTICLE I - WAGES

Section 7

Q1. Will the retroactive wage increases be applied to the basic daily and overmile rates of pay, overtime, trip rates, penalty claim payments and arbitraries or special allowances expressed in time or miles that are subject to increase?

A1. Yes.

Q2. Will the retroactive wage payments made to employees include previous vacation payments, PL days and all other contractual pay entitlements?

A2. Yes.

Q3. Will General Wage Increases be applied to current entry rates?

A3. Yes. The pay rates and any other applicable elements of compensation to which entry rates are applied will be subject to the application of the General Wage Increases as provided in Article I.

Q4. Will an employee who has been dismissed/suspended between July 1, 2005 and the effective date of this Agreement, who is subsequently reinstated/suspension removed or overturned, with all rights unimpaired and pay for all time and benefits lost, have the retroactive pay increases applied to his/her payment for time lost?

A4. Yes.

Q5. Will GWI's, including retroactive back payments, be applied to training payments made to employees in locomotive engineer training programs where the UTU holds the applicable agreement on the property and such application is not specifically excluded by such agreement?

A5. Yes.

Q6. Will GWI's, including retroactive back payments, be applied to training payments made to employees in yardmaster training programs on properties where the UTU represents yardmasters?

A6. Yes, on the same basis as other retroactive payments are made.

Q7. If an employee has worked subsequent to June 30, 2005 under another national agreement (and received retroactive pay for such work) and as a yardmaster under this Agreement, is that employee entitled to retroactive pay under this Agreement for his/her yardmaster work?

A 7. Yes, if otherwise eligible and provided there is no duplication.

Q8. Will RR Tier I & RR Tier II taxes, as well as applicable federal, state and local taxes, be applied to the retroactive pay received in 2008?

A8. Yes, as required by applicable law.

Q9. Since employees have paid tax on COLA money received, how will the tax on retroactive back pay be calculated?

A9. In a manner that will ensure that the same income is not subject to duplicate taxation.

ARTICLE II - COST-OF-LIVING PAYMENTS

Part A, Section 1

Q1. Are COLAs under the 2002 National UTU Agreement being replaced by higher General Wage Increases under this Agreement?

A1. Yes.

Q2. Will Soo afford its employees individual full disclosure statements reflecting GWI increases credited as well as retroactive COLA payments and Health & Welfare cost sharing amounts offset against their retroactive back pay?

A2. In the past, Soo has not generally provided individual statements or this level of detail. However, an employee may make a written request for information, through his/her General Chairperson, regarding his/her retroactive pay computation within thirty (30) days after receipt of such pay. A Soo representative will respond to such requests.

Q3. Will protective payments be offset in the same manner as COLA and H&W payments when calculating retroactive back pay, or will retroactive back pay be calculated the same as the example, but paid as a signing bonus thereby having no offset for prior protective payments?

A3. Both protective payments and earnings are raised in connection with retroactive pay application. Those protective payments are not paid as a signing bonus.

Q4. If retroactive pay is reduced/offset by protection payments, would the offset be figured on a monthly basis or averaged over the entire retroactive pay period?

A4. On a monthly basis.

Part B, Section 1

Q1. When referencing retaining our COLA, is that referring to future COLA adjustments beginning in 2011 ?

A1. Yes.

Q2. Once COLAs resume on January 1, 2011, will they be applied every six (6) months until a new contract is implemented?

A2. Yes.

Q3. If the CPI is above 3 percent, how is the COLA calculated? Please give an example.

A3. This computation is set forth in Part B, Section l(b)(iii) and (iv) of this Agreement. Example:

If the CPI increase from the base month of March 2011 was 4%, in the determination of the COLA effective July 1,2012, (i) the measurement period would be the 12-month period from March 2011, and (ii) the amount of CPI increase taken into account would be the portion of such increase in excess of 3% of the March 2011 index (subject to a 6% cap).

Q4. Is the COLA methodology in Part B, Section 1 the same as the methodology in the 2002 UTU National Agreement?

A4. Yes.

APPENDIX 1 – HEALTH & WELFARE NATIONAL PLAN

Part A, Section 2 (a)

Q1. What is meant by "white space"?

A1. This Section defines that term as "any geographic area where the MMCP is not currently offered and United Healthcare, Aetna, or Highmark BlueCross Blue Shield has a medical care network."

Q2. Will employees residing in "white space" locations have the opportunity to receive MMCP coverage?

A2. Yes.

Q3. Do employees who do not reside in a network area nonetheless have an option to enroll in MMCP?

A3. Yes.

Part A, Section 2 (b)

Q1. If I live in a "white space", will it be mandatory that I enroll in the MMCP or will I be able to choose my health care provider as I do now?

A1. Employees who live in a white space may choose between MMCP or CHCB coverage, subject to any agreement the parties may make pursuant to Section 2(b).

Q2. Are we to understand that everyone will be enrolled in a MMCP health plan and lose the option of a CHCB unless MMCP is not available in their area?

A2. See A1 at Part A, Section 2(b) above.

Part A, Section 2(c)

Q1. If an MMCP-covered employee travels from his city of residence, will he be entitled to receive in-network benefits from his MMCP provider's point-of-service network in another location?

AI. Yes.

Part A, Section 2 (d)

Q1. Is the Basic Health Care benefit option under Article IV, Section 3 of the November 6, 2003 UTU National Health & Welfare Agreement eliminated?

A1. Yes.

Part A, Section 2 (e)

Q1. A member's spouse has been deaf since birth. Will she be covered for a cochlear implant or will she be excluded because her hearing loss happened in the womb?

A1. Preexisting conditions are not excluded.

Part A, Section 2 (f)

Q1. Does this Agreement change in any way qualifying requirements for dental and vision coverage?

A1. Yes, but only to the limited extent provided in Article IV, Section 3(f).

Part A, Section 3 (a)(I)

Q1. Will subsequent visits to the same obstetrician or gynecologist, for treatment of the same pregnancy, now require a payment for each visit?

A1. No.

Q2. What will the co-pay be for an office visit to an in-network Urologist or Cardiologist?

A2. $35.00 per office visit.

Q3. Will there be a list generated of specialized providers requiring the $35.00 copay?

A3. No. If a provider is not one of the five types listed, the higher office visit co-pay will apply. Those five are: general practice, pediatrics, obstetrics-gynecology, family practice, and internal medicine.

Part A, Section 3 (a)(2)

Q1. What is considered to be an "Urgent Care Center"?

A1. In general, a medical facility designed to offer immediate evaluation and treatment of health conditions that do not require hospital or hospital emergency room treatment.

Part A, Section 3 (c) (1), (2), (3), (4), (5)

Q1. Under the UTU/NCCC H&W Agreement will the 21 day limit on pharmacy prescriptions be extended to 30 days?

A1. No, applicable existing rules are not changed by this Agreement.

Part A, Section 3 (c) (d)

Q1. What is meant by "Administrator's Formulary?"

A1. A listing of prescription drugs maintained by the Program Administrator that have been determined to be safe and effective to address various medical conditions. The list includes preferred and non-preferred brand name drugs.

Q2. Where will the Program Administrator's Formulary be published and available for reference?

A2. Employees and their dependents may search the Program Administrator's Formulary for specific drugs by accessing the Administrator's website, which is www.medco.com. Members may also contact the Administrator's customer service representatives for information and to order a member guide to the Plan's drug benefit program. That number is: 1-800-842-0070.

Q3. How many Program Administrators will there be?

A3. The Agreement does not alter applicable existing arrangements, under which there is a single Program Administrator. Medco Health Solutions, Inc. ("Medco") administers the Plan's Managed Pharmacy Services Benefit.

Q4. Will employees have a choice of selecting a Program Administrator which lists their required medications on the formulary?

A4. No. Medco is the designated Program Administrator.

Q5. Who decides which drugs are included in the Administrator's Formulary?

A5. An Advisory Group to the Program Administrator that is independent of Medco (Pharmacy & Therapeutics Committee "P&T Committee") and is comprised of eight nationally recognized medical and pharmacy-practice experts.

Q6. Can drugs be added to the Formulary?

A6. Yes, but only pursuant to determinations made by the P&T Committee.

Q7. When drugs are added to the Formulary, how will the members be notified?

A7. No specific communications are given to members when a drug is added to the Formulary pursuant to actions by the P&T Committee. See Q&A 2 above.

Part A, Section 3 (c) (4)

Q1. If my physician orders a brand name (non-generic) Program Administrator's Formulary drug, and specifies that it should be "dispensed as written", will I be required to pay the difference between the cost of the generic equivalent of that drug and the brand name price?

A1. No. At retail, the difference in cost between generic and brand name drugs applies only when the patient requests a brand name drug. At mail order, there is a difference in co-pay for brand name drugs, but the patient is not responsible for the difference in cost.

Part B, Section 1 (a)

Q1. Will employees who opted out of Health and Welfare under the 2002 National Agreement be offset for Health & Welfare cost sharing against retroactive wages?

A1. There will be no such offset for any month for which an employee was not obligated to make a cost-sharing contribution.

Part B, Section 1 (c)

Q1. Under Appendix 1, Part B, Section 1 subparagraph C the 15% of the Carrier's monthly payment rate for 2010 is $220, and the January 1, 2009 rate was $210 (15% of the Carrier's monthly payment rate for 2009). What would the employee cost-sharing contribution amount be for 2010?

A1. $210.00

Q2. Under Appendix 1, Part B, Section 1 subparagraph C the 15% of the Carrier's monthly payment rate for 2010 is $220, and the January 1, 2009 rate was $190. What would the employee cost-sharing contribution amount be for 2010?

A2. $200.00

Q3. Under Appendix 1, Part B, Section 1 subparagraph C, the 15% of the Carrier's monthly payment rate for 2010 is $195, and the January 1, 2009 rate was $190. What would the employee cost-sharing contribution amount be for 2010?

A3. $195.00

Q4. Will the caps set forth in Appendix 1 - H&W, Part B, Section l(c) be eliminated on January 1, 2011 according to Part C of the same article?

A4. The employee cost-sharing amount in effect at that time will be subject to adjustment as provided in Part C, Section 1, pursuant to the same methodology contained in the 2002 UTU National Agreement.

Part B. Section 1 (d)

Q1. Is the "15% of the Carrier's Monthly Payment Rate" schedule set up to address each employee's individual Health Plan premium or is it based on an aggregate of the total amount paid by the employer per month and then divided by the number of employees covered under the plan?

A1. The methodology utilizes aggregate data.

Q2. If the "15% of the Carrier's Monthly Payment Rate" schedule is based on an aggregate of the total amount paid by the employer per month and then divided by the number of employees covered under the plan, wouldn't a single member with no dependents actually be paying more than 15% of his plan and a member with five (5) dependents be paying less than 15% of their plan?

A2. The employee cost-sharing contribution amount is the same for each covered employee. The employer's contribution to the Plan is also the same for each Plan-covered employee.

Part B. Section 1 (e)

Q1. Will there actually be a reduction for the Employee Monthly Cost-Sharing Contribution for 2007 and 2008?

A1. Such amount will be $166.25 per month for both 2007 and 2008, which constitutes a decrease for 2008.

Q2. What will the employee be required to pay in H&W Cost-Sharing at implementation of this agreement?

A2. $166.25 per month.

Part B. Section 3

Q1. Does the Agreement alter existing rules governing when an employee is required to make a cost-sharing contribution or when a carrier is obligated to make a Plan contribution on his/her behalf?

A1. No.

Q2. When is an employee required to make a monthly cost-sharing contribution?

A2. For each month that his/her employer is required to make a contribution to the Plan on his/her behalf for foreign-to-occupation (off-duty) health benefits coverage for the employee and/or his/her dependents.

Q3. Was the Carrier allowed to double-dip by recovering all the COLA that was paid out in previous years, including the amounts offset against previous COLA payments and applied towards Health and Welfare that employees never saw in their pay check?

A3. No.

Part C, Section 1 (a)

Q1. After the Agreement moratorium expires, and employees begin to receive COLA increases once again, will the H&W Cost-Sharing payments increase also?

A1. Yes, see Q&A 4 under Part B, Section l(c), but only if the carriers' payment rate increases.

Q2. Appendix 1, Part C, Section l(a) states that after January 1, 2011, we will once again see increases in our Employee Monthly Cost-Sharing Contribution Amount. Is there a cap on these employee cost sharing payments subsequent to January 1, 2011?

A2. Yes, the same cap that is now applicable under the current UTU National Agreement.

Part C, Section 3

Q1. Does Appendix 1, Part C, Section 3 mean the carrier will institute programs that will pay the employee's share of H&W costs?

A1. No.

ARTICLE IV (Document A) - Article V (Document B) - DUES CHECK-OFF AGREEMENTS

NONE

ARTICLE V (Document A only) - GENERAL PROVISIONS

NONE

SIDE LETTER #2

Q1. Are retroactive pay increases only applicable to employees who hired before June 30, 2005?

A1. No.

Q2. Will employees who retired subsequent to June 30, 2005 be entitled to back pay as provided for in Article I, Sections 1, 2 and 3 of both Documents A and B of this Agreement?

A2. Yes.

Q3. Will retirees be notified of the retroactive payment, or will a direct deposit take place without announcement?

A3. There will be no special notification to retirees.

SIDE LETTER #3

Q1. Will the retroactive pay due an employee be combined with a regular payroll period payment or paid by a separate payment?

A1. It will be combined with a regular payroll period payment.

Q3. In the Attachment A example, why does the COLA credit in Section 2 reference .46 cents of COLA per hour when we actually received only .31 cents per hour COLA?

A3. The example shows the cumulative amount of the COLA paid to that point for the period indicated.

Q4. How will retroactive contributions for Health & Welfare be backed out and applied against General Wage Increases?

A4. The retroactive pay received by an employee will be net of the pay increases less the retroactive H&W cost-sharing contributions and COLA payment offsets.