Case No. A-13369
Document "A"

MEDIATION AGREEMENT

THIS AGREEMENT, made this 1st day of July, 2008, by and between the participating carriers listed in Exhibit A, attached hereto and made a part hereof, and represented by the National Carriers' Conference Committee, and the employees (other than Yardmasters) of such carriers shown thereon and represented by the United Transportation Union, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase (for other than Dining Car Stewards)

(a) Effective July 1, 2005, all standard basic daily rates of pay for employees represented by the United Transportation Union in effect on June 30, 2005 shall be increased by two-and-one-half (2-1/2) percent.

(b) In computing the increase for enginemen under paragraph (a) above, two-and-one-half (2-1/2) percent shall be applied to the standard basic daily rates of pay applicable in the following weight-on-drivers brackets, and the amounts so produced shall be added to each standard basic daily rate of pay:

Passenger	- 600,000 and less than 650,000 pounds
Freight	- 950,000 and less than 1,000,000 pounds (through freight rates)
Yard Engineers	- Less than 500,000 pounds

Yard Firemen - Less than 500,000 pounds
(separate computation covering five- day rates and other than five-day rates)

Section 2 - Second General Wage Increase (for other than Dining Car Stewards)

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

Section 3 - Third General Wage Increase (for other than Dining Car Stewards)

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

Section 4 – Fourth General Wage Increase (for other than Dining Car Stewards)

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

Section 5 – Fifth General Wage Increase (for other than Dining Car Stewards)

Effective July 1, 2009, all standard basic daily rates of pay in effect on June 30, 2009 for employees represented by the United Transportation Union

shall be increased by four-and-one-half (4-1/2) percent, computed and applied in the same manner prescribed in Section 1(b) above.

Section 6 - Standard Rates

The standard basic daily rates of pay produced by application of the increases provided for in this Article are set forth in Appendix 1, which is a part of this Agreement.

Section 7 - Application of Wage Increases

(a) The adjustments provided for in this Article will not apply to duplicate time payments, including arbitraries and special allowances that are expressed in time, miles or fixed amounts of money, but will apply to mileage rates of pay for miles run in excess of the number of miles comprising a basic day.

(b) In engine service and in train and yard ground service, miscellaneous rates based upon hourly or daily rates of pay, as provided in the schedules or wage agreements, shall be adjusted in the same manner as heretofore increased under previous wage agreements.

(c) In determining new hourly rates, fractions of a cent will be disposed of by applying the next higher quarter of a cent.

(d) Daily earnings minima shall be changed by the amount of the respective daily adjustments.

(e) Standard monthly rates and money monthly guarantees applicable in passenger train service shall be thirty times the new standard daily rates. Other than standard monthly rates and money monthly guarantees shall be so adjusted that money differentials existing as of June 30, 2005 shall be preserved.

(f) Existing monthly rates and money monthly guarantees applicable in train service other than passenger will be changed in the same proportion as the daily rate for the class of service involved is adjusted.

(g) Existing money differentials above existing standard daily rates shall be maintained.

(h) In local freight service, the same differential in excess of through freight rates shall be maintained.

(i) The existing differential of $6.00 per basic day in passenger, freight, and yard service, and 6¢ per mile for miles in excess of the number of miles encompassed in the basic day, currently payable to engineers working without firemen, shall be maintained and applied in the same manner as the local freight differential.

(j) In computing the first increase in rates of pay effective under Section 1 for engineers, firemen, conductors, brakemen and flagmen employed in local freight service, or on road switchers, roustabout runs, mine runs, or in other miscellaneous service, on runs of miles equal to or less than the number comprising a basic day, which are therefore paid on a daily basis without a mileage component, whose rates had been increased by "an additional $.40" effective July 1, 1968, the two-and-one-half (2-1/2) percent increase shall be applied to daily rates in effect on the day preceding the effective date of the general wage increase provided for in Section 1, exclusive of car scale additives, local freight differentials, and any other money differential above existing standard daily rates. For firemen, the rates applicable in the weight-on-drivers bracket 950,000 and less than 1,000,000 pounds shall be utilized in computing the amount of increase. The same procedure shall be followed in computing the increases effective July 1, 2006, July 1, 2007, July 1, 2008, and July 1, 2009. The rates produced by application of the standard local freight differentials and the above-referred-

to special increase of "an additional $.40" to standard basic through freight rates of pay are set forth in Appendix 1 which is a part of this Agreement.

(k) Other than standard rates:

(i) Existing basic daily rates of pay other than standard shall be changed, effective as of the dates specified in Sections 1, 2, 3, 4, and 5 hereof, by the same respective percentages as set forth therein, computed and applied in the same manner as the standard rates were determined.

(ii) The existing differential of $6.00 per basic day in passenger, freight, and yard service, and 6¢ per mile for miles in excess of the number of miles encompassed in the basic day, currently payable to engineers working without firemen, shall be maintained and applied in the same manner as the local freight differential.

(iii) Daily rates of pay, other than standard, of engineers, firemen, conductors, brakemen and flagmen employed in local freight service, or on road switchers, roustabout runs, mine runs, or in other miscellaneous service, on runs of miles equal to or less than the number encompassed in the basic day, which are therefore paid on a daily basis without a mileage component, shall be increased as of the effective dates specified in Sections 1, 2, 3, 4, and 5 hereof, by the same respective percentages as set forth therein, computed and applied in the same manner as provided in paragraph (k)(i) above.

(l) Any cost-of-living allowance amounts rolled in to basic rates of pay on or after July 1, 2005 pursuant to Article III, Part B of the August 20, 2002 National UTU Agreement (Document "A") ("2002 UTU Agreement"), as amended, (or any local counterpart agreement provision) 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.

(m) Trip Rates established pursuant to Article V of the 2002 UTU Agreement shall be adjusted by application of the general wage increases provided for in this Article I, in the manner set forth in Article V, Part B, Section 4(c)(1) of that Agreement, subject to subsection (l) above.

Section 8 - General Wage Increases for Dining Car Stewards

(a) Effective July 1, 2005, all basic monthly rates of pay in effect on June 30, 2005 for dining car stewards represented by the United Transportation Union shall be increased by two-and-one-half (2-1/2) percent.

(b) Effective July 1, 2006 all basic monthly rates of pay in effect on June 30, 2006 for dining car stewards represented by the United Transportation Union shall be increased by three (3) percent.

(c) Effective July 1, 2007, all basic monthly rates of pay in effect on June 30, 2007 for dining car stewards represented by the United Transportation Union shall be increased by three (3) percent.

(d) Effective July 1, 2008, all basic monthly rates of pay in effect on June 30, 2008 for dining car stewards represented by the United Transportation Union shall be increased by four (4) percent.

(e) Effective July 1, 2009, all basic monthly rates of pay in effect on June 30, 2009 for dining car stewards represented by the United Transportation Union shall be increased by four-and-one-half (4-1/2) percent.

ARTICLE II – OPTIONAL ALTERNATIVE COMPENSATION PROGRAM

Section 1

A carrier or organization may propose alternative compensation arrangements for consideration by the other party. Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401(k) plans. The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate representatives.

Section 2

The parties understand that neither the carrier nor the organization may be compelled to offer any alternative compensation arrangement, and, conversely, neither the carrier nor the organization may be compelled to agree to any proposal made under this Article.

ARTICLE III - COST-OF-LIVING PAYMENTS

Part A - Cost-of-Living Payments Under August 20, 2002 Agreement

Section 1

Article III, Part B, of the August 20, 2002 National UTU Agreement, as amended by the November 6, 2003 National UTU Supplemental Agreement, shall be eliminated effective on the date of this Agreement. All cost-of-living allowance payments made under that 2002 Agreement to employees for periods on and after July 1, 2005 shall be recovered from any retroactive wage increase payments made under Article I of this Agreement.

Section 2

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

Part B - Cost-of-Living Allowance and Adjustments Thereto 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 in to 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 therefrom 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 Article IV, 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 follows:

(a) For other than dining car stewards, each one cent per hour of cost-of-living allowance will be treated as an increase of 8 cents in the basic daily rates of pay produced by application of Article I of this Agreement. The cost-of-living allowance will otherwise be applied in keeping with the provisions of Section 7 of Article I.

(b) For dining car stewards, each one cent per hour of cost-of-living allowance will be treated as an increase of $1.80 in the monthly rates of pay produced by application of Sections 7 and 8 of Article I.

Section 4 - Continuation of Part B

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

ARTICLE IV - HEALTH AND WELFARE

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 month in 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 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 Carriers' 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 the employee's employer. The employer 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 Article IV, 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 III, 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 III, 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 III, 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 and under any Hospital Association plan in which he participates (except for employees who opt-out pursuant to item no. 2 of Side Letter No. 7 to the August 20, 2002 UTU National Agreement (Document "A"), 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 and under any Hospital Association plan in which they participate, 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 "A") 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 operating employee 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 III, 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.

ARTICLE V – EXPENSES AWAY FROM HOME

Effective January 1, 2010, the meal allowance provided for in Article II, Section 2 of the June 25, 1964 National Agreement, as amended, shall be increased by $2.00.

ARTICLE VI – DUES CHECK-OFF AGREEMENTS

Existing dues check-off agreements between the UTU and each carrier covered by this Agreement shall be amended on the date of this Agreement to

provide that all payments by the carrier thereunder shall be transmitted to the offices of the UTU International General Secretary-Treasurer.

ARTICLE VII – INFORMATION, DATA AND FINANCIAL INTERACTIONS

Section 1

Existing agreements between the parties are amended on the date of this Agreement to provide that the carrier may implement arrangements for the direct deposit of any payments due to its employees covered by this Agreement. The carrier shall notify the authorized UTU representative(s) of such arrangements prior to implementation.

Section 2

Existing agreements between the parties are amended on the date of this Agreement to provide that the carrier may implement modernized (e.g., electronic) processes and procedures for any informational, data, and financial reporting and interaction between the parties pursuant to agreement or established practice. This Section shall be limited to such reporting and interaction between the carrier, the UTU International, and UTU General Committees chaired by a full-time General Chairman.

ARTICLE VIII - GENERAL PROVISIONS

Section 1 - Court Approval

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

Section 2 - Effect of this Agreement

(a) The purpose of this Agreement is to settle the disputes growing out of the notices served upon the organization by the carriers listed in Exhibit A on or subsequent to November 1, 2004 (including any notices outstanding as of that date), and the notices served by the organization signatory hereto upon such carriers on or subsequent to November 1, 2004 (including any notices outstanding as of that date).

(b) This Agreement shall be construed as a separate agreement by and on behalf of each of said carriers and their employees represented by the organization signatory hereto, and shall remain in effect through December 31, 2009 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

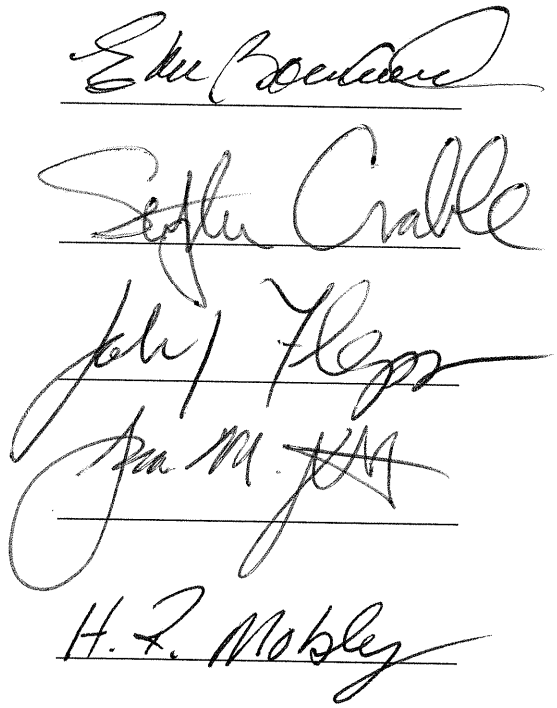
(c) No party to this Agreement shall serve or progress, prior to November 1, 2009 (not to become effective before January 1, 2010), any notice or proposal.

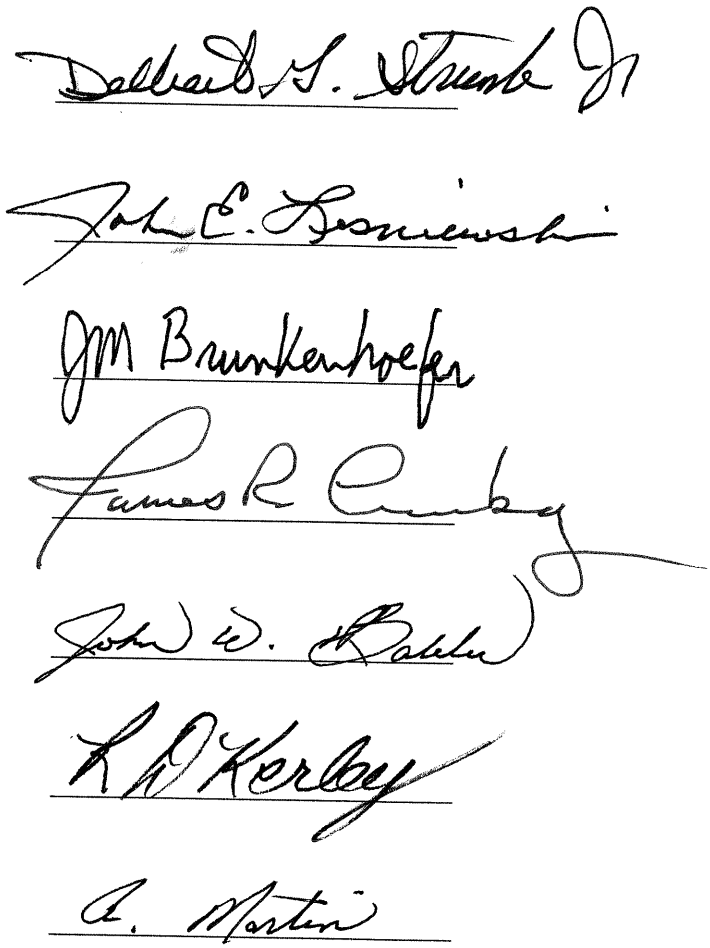
(d) This Article will not bar management and the organization on individual railroads from agreeing upon any subject of mutual interest.

SIGNED AT WASHINGTON, D.C. THIS 1ST DAY OF July, 2008.

FOR THE PARTICIPATING CARRIERS LISTED IN EXHIBIT A REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE:

FOR THE EMPLOYEES REPRESENTED BY THE UNITED TRANSPORTION UNION:





July 1, 2008
#1

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

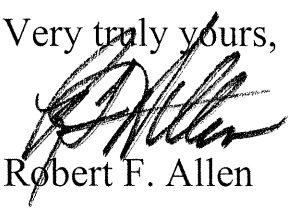
This confirms our understanding with respect to Document "A" of the Agreement of this date.

This confirms our understanding with respect to the general wage increases provided for in Article I, Sections 1, 2 and 3 of the Agreement of this date.

The carriers 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 this Agreement.

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

Very truly yours,



Robert F. Allen

July 1, 2008
#2

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This refers to the increase in wages provided for in Sections 1, 2, and 3 of Article I of Document "A" 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 a carrier 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.

Yours very truly,

Robert F. Allen

I agree:

Malcolm B. Futhey, Jr.

July 1, 2008
#3

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

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

The provisions of Article IV, Parts B and C (Employee Sharing of Cost of H&W Plans) are not applicable to employees covered by the Agreement who reside in Canada.

This will also confirm that existing contractual arrangements concerning Opt-Outs are not applicable to employees covered by the Agreement who reside in Canada.

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

Yours very truly,

Robert F. Allen

I agree:

Malcolm B. Futhey, Jr.

July 1, 2008
#4

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

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

In any month in which an active employee receives his or her FO healthcare benefits from a Hospital Association and not from the NRC/UTU Plan and makes a Plan contribution pursuant to Article IV, Parts B or C, the carrier shall pay the Hospital Association for such month an amount equal to the Reduction Factor, provided that the Hospital Association that receives such payment has agreed to decrease the employee's dues by the same amount.

For purposes of this Side Letter, the term "Reduction Factor" means with respect to any given month, the smallest of:

(i) the monthly dues amount in effect on January 1, 2003 that was established by the Hospital Association for payment by an active employee,

(ii) the "cost-sharing contribution amount" for the month referred to in Article IV, Part B, Section 1 or Part C, Section 1, or

(iii) the monthly dues amount established by the Hospital Association for payment by an active employee in that month.

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

Very truly yours,

Robert F. Allen

I agree:

Malcolm B. Futhey, Jr.

July 1, 2008
#5

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This confirms our understanding with respect to Article IV, Parts B and C of Document "A" of the Agreement of this date.

If the initial deduction from an employee's wages for his monthly cost-sharing contribution pursuant to Article IV, Part B, Section 4, or Article IV, Part C, Section 1, is scheduled to be made at the same time as the payroll deduction for the employee's union dues, the union dues deduction may be made on a subsequent date mutually agreeable to the parties.

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

Very truly yours,

Robert F. Allen

I agree:

Malcolm B. Futhey, Jr.
Malcolm B. Futhey, Jr.

July 1, 2008
#6

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

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

The parties concur that the hypothetical example set forth in Attachment A to this letter describes the appropriate methodology concerning the (i) computation of gross retroactive pay and retroactive H&W cost-sharing that shall be utilized by the railroads in determining the net 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 I of this Agreement.

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

Very truly yours,

Robert F. Allen

I agree:

Malcolm B. Futhey, Jr.

ATTACHMENT A

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

ASSUMPTIONS:

Effective date of new agreement is April 1, 2008.
Employee's standard basic daily rate as of 6/30/05 is $172.02.
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 3/31/08.

1. Gross Retroactive Pay

Employee would be due the following in retroactive pay:

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

$4.30* x 21.75 days x 12 months = $1,122.30

* $172.02 x 1.025 = $176.32 (daily increase of $4.30)

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

$9.59* x 21.75 x 12 = $2502.99

* $176.32 x 1.03 = $181.61 (cumulative daily increase of $9.59)

c. For period 7/1/07 through 3/31/08:

$15.04 x 21.75 x 9 = $2944.08

* $181.61 x 1.03 = $187.06 (cumulative daily increase of $15.04)

d. Total gross retroactive pay of $6,569.37

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 3/31/08:

$7.04* x 21.75 x 3 = $459.36

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

g. Total COLA credit of $2,985.84

3. Retroactive H &W Cost-Sharing (1/1/07 through 3/31/08)

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:

$17.27* x 6 = $103.62

* $166.25 (monthly cost-sharing amount effective 1/1/07) -

$148.98 (monthly cost-sharing amount actually paid by trainmen effective 1/1/07) = $17.27/month

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

$5.92* x 6 = $35.52

* $166.25 (monthly cost-sharing amount effective 1/1/07) - $160.33 (monthly cost-sharing amount actually paid by trainmen effective 7/1/07) = $5.92/month

c. For period 1/1/08 through 3/31/08:

($4.19)* x 3 = $(12.57)

* $166.25 (monthly cost-sharing amount effective 1/1/08) - $170.44 (monthly cost-sharing amount actually paid by trainmen effective 1/1/08) = $4.19/month credit

d. Total retroactive H&W cost-sharing of $126.57

4. Net retroactive payment:

Gross Retroactive Pay:	$6,569.37
Subtract COLA Credit	- 2,985.84
	$3,583.53
Subtract Retroactive H&W Cost-Sharing	- 126.57
Net Retroactive Pay:	$3,456.96

5. Standard Basic Daily Rate Effective 4/1/08:

$172.02* x 1.025 x 1.03 x 1.03 = $187.06 (rounded)

* (Standard Basic Daily Rate on 6/30/05)

July 1, 2008
#7

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This confirms our understanding with respect to Article IV of Document "A" of the Agreement of this date.

1. The provisions of Article IV 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 IV, such party shall give written notice to the other describing in detail such material adverse effect.

3. If a notice is given pursuant 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 IV. It is mutually understood that the procedures of Section 6 of the Railway Labor Act shall 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.

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

Very truly yours,

Robert F. Allen

I agree:

Malcolm B. Futhey, Jr.

July 1, 2008
#8

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

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

The parties agree to refer their dispute over the interpretation and application of Side Letter #2 to the August 20, 2002 National UTU Agreement, Document 'A", to final and binding arbitration as set forth below.*

1. The dispute shall be resolved by a Special Board of Adjustment that will be established within thirty (30) days after the date of this Agreement. Such SBA shall consist of three members, one partisan member selected by the UTU, one partisan member selected by the NCCC, and a neutral member jointly selected by the parties who will serve as Chairman. Each party shall bear the fees and expenses of its respective partisan member. All other costs associated with the SBA, including the fees and expenses of the neutral member, shall be borne equally by the parties.

2. The SBA agreement shall provide for written submissions and an oral hearing at which each side may present evidence and argument in support of its position.

3. The SBA shall issue its decision in writing within thirty (30) days after the close of the oral hearing. A majority vote on any issue presented to the SBA for decision shall be a final and binding disposition of that matter.

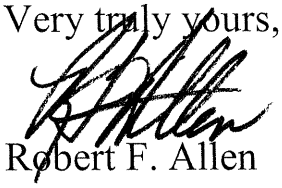
4. Either party may refer any matter or issue that it deems unresolved or inadequately addressed by the SBA's decision for further handling by the National Wage and Rules Panel established by and functioning pursuant to Article XIII of the Award of Arbitration Board No. 559, Appendix D, Document "A", as amended by Article VIII of the August 20, 2002 National UTU Agreement, Document "A".

* The pertinent language in dispute provides as follows:

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

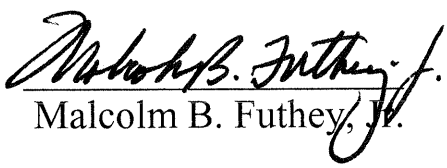
Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,



Robert F. Allen

I agree:



Malcolm B. Futhey, Jr.

July 1, 2008
#9

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, Ohio 44107

Dear Mr. Futhey:

This confirms our understanding with respect to the implementation of Article VI of Document "A" of the Agreement of this date.

Such Article shall be implemented on each covered carrier upon written notice by the organization that its data and financial systems are ready for such implementation.

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

Very truly yours,

Robert F. Allen

I agree:

Malcolm B. Futhey, Jr.

EXHIBIT A
UTU

CARRIERS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES SERVED ON OR AFTER NOVEMBER 1, 2004 BY AND ON BEHALF OF SUCH CARRIERS UPON THE UNITED TRANSPORTATION UNION, AND NOTICES SERVED ON OR AFTER NOVEMBER 1, 2004 BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE UNITED TRANSPORTATION UNION UPON SUCH CARRIERS.

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

Alameda Belt Line
Alton & Southern Railway Company
The Belt Railway Company of Chicago
BNSF Railway Company
Central California Traction Company
Consolidated Rail Corporation
CSX Transportation, Inc.
- Atlanta and West Point Railway (former)
- The Baltimore and Ohio Railroad Company (former)
- The Baltimore and Ohio Chicago Terminal Railroad Company
- The Chesapeake and Ohio Railway Company (former)
- Consolidated Rail Corporation (former)
- Gainesville Midland Railroad Company
- Louisville and Nashville Railroad Company (former)
- Nashville, Chattanooga and St. Louis Railway Company (former)

Seaboard Coast Line Railroad Company (former)
Western Railway of Alabama (former)
Indiana Harbor Belt Railroad Company
The Kansas City Southern Railway Company
Kansas City Southern Railway
Louisiana and Arkansas Railway
MidSouth Rail Corporation
Gateway Western Railway
Mid Louisiana Rail Corporation
SouthRail Corporation
TennRail Corporation
Joint Agency
Longview Switching Company
Los Angeles Junction Railway Company
Manufacturers Railway Company
New Orleans Public Belt Railroad
Norfolk & Portsmouth Belt Line Railroad Company
Norfolk Southern Railway Company
The Alabama Great Southern Railroad Company
Central of Georgia Railroad Company
The Cincinnati, New Orleans & Texas Pacific Railway Co.
Georgia Southern and Florida Railway Company
Tennessee, Alabama and Georgia Railway Company
Tennessee Railway Company
Northeast Illinois Regional Commuter Railroad Corporation 1
Oakland Terminal Railway
Port Terminal Railroad Association
Portland Terminal Railroad Company
South Carolina Public Railways
Terminal Railroad Association of St. Louis 1
Union Pacific Railroad Company
Wichita Terminal Association
Winston-Salem Southbound Railway Company

* * * * * *

Notes:

1 - Health & Welfare only

FOR THE CARRIERS:

FOR THE UNITED TRANSPORTATION UNION:

July 1, 2008
Washington, D.C.

2. Upon ratification of Document B:

A. Effective June 1, 2008, the five-cent/hour arrangement described in Paragraph 1 shall be deemed terminated on each railroad covered by a Transmittal Agreement that is also party to Document "B" (Wages and Rules), and each such railroad shall add five ($0.05) cents to the hourly rate of pay applicable to yardmasters on that railroad;

B. Effective January 1, 2010, each railroad covered by Article VII, Section 1 of Document "B" shall add two ($0.02) cents to the hourly rate of pay applicable to yardmasters on that railroad in lieu of the transmittal arrangement described in such provision; and

C. Article VII, Section 2 and Side Letter No. 10 of Document "B" will become inoperative.

Please acknowledge your concurrence with this interpretation by signing your name in the space provided below.

Very truly yours,

Robert F. Allen

I concur:

Malcolm B. Futhey, Jr.

NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET, N.W., WASHINGTON, D.C. 20036-3514/AREA CODE: 202-862-7200 FAX: 202-862-7230

ROBERT F. ALLEN
Chairman

A. Kenneth Gradia
Vice Chairman

John F. Hennecke
Director of Labor Relations

Joanna L. Moorhead
General Counsel

May 20, 2008

Mr. Malcolm B. Futhey, Jr.
President
United Transportation Union
14600 Detroit Avenue
Cleveland, OH 44107

Re: Joint Interpretation

Dear Mr. Futhey:

This confirms our understanding as to the proper interpretation of Article VII of Document "B" of the tentative national agreement between the parties, as a result of the termination of the Retired Yardmasters Health Plans ("Plans") effective May 31, 2008. It is our understanding that the ratification voting materials concerning the tentative national agreement are scheduled to be mailed on this date to voting eligible members and that voting will close at midnight on June 9, 2008.

1. Certain existing agreements between various railroads and the UTU currently require each such railroad, on a monthly basis, to forward to the insurance company that administers the Plans an amount equal to five (5) cents an hour for each hour of service worked as a yardmaster during such month by any employee covered by such agreement ("Transmittal Agreement").