

**MEDIATION AGREEMENT**

THIS AGREEMENT, effective October 1, 2007, by and between the participating carriers listed in Exhibit A attached hereto and represented by the National Carriers' Conference Committee, and the employees shown thereon and represented by the International Brotherhood of Electrical Workers, witnesseth:

**IT IS HEREBY AGREED:**

**ARTICLE I - WAGES**

**Section 1 - First General Wage Increase**

On July 1, 2005, all hourly, daily, weekly, and monthly rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2-1/2) percent applied so as to give effect to this increase in pay irrespective of the method of payment. The increase provided for in this Section 1 shall be applied as follows:

(a) **Hourly Rates** -

Add 2-1/2 percent to the existing hourly rates of pay.

(b) **Daily Rates** -

Add 2-1/2 percent to the existing daily rates of pay.

(c) **Weekly Rates –**

Add 2-1/2 percent to the existing weekly rates of pay.

(d) **Monthly Rates -**

Add 2-1/2 percent to the existing monthly rates of pay.

(e) **Disposition of Fractions -**

Rates of pay resulting from application of paragraphs (a) to (d), inclusive, above which end in fractions of a cent shall be rounded to the nearest whole cent, fractions less than one-half cent shall be dropped, and fractions of one-half cent or more shall be increased to the nearest full cent.

(f) **Application of Wage Increase -**

The increase in wages provided for in this Section 1 shall be applied in accordance with the wage or working conditions agreement in effect between each carrier and the labor organization party hereto. Special allowances not included in fixed hourly, daily, weekly, or monthly rates of pay for all services rendered, and arbitraries representing duplicate time payments, will not be increased. Overtime hours will be computed in accordance with individual schedules for all overtime hours paid for.

(g) **COLA Payments**

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 National Arbitrated IBEW Agreement effective November 5, 2004 pursuant to the Award of Arbitration Board No. 582 (or any local counterpart agreement) shall be excluded before application of the

general wage increases provided for in this Section 1 and eliminated from basic rates of pay after application of such increases.

## **Section 2 - Second General Wage Increase**

Effective July 1, 2006, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2006 for employees covered by this Agreement shall be increased by three (3) percent applied in the same manner as provided for in Section 1 hereof and applied so as to give effect to this increase irrespective of the method of payment.

## **Section 3 - Third General Wage Increase**

Effective July 1, 2007, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2007 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment.

## **Section 4 - Fourth General Wage Increase**

Effective July 1, 2008, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2008 for employees covered by this Agreement shall be increased in the amount of four (4) percent applied so as to give effect to this increase irrespective of the method of payment.

## **Section 5 - Fifth General Wage Increase**

Effective July 1, 2009, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 2009 for employees covered by this Agreement shall be increased in the amount of four-and-one-half (4-1/2) percent applied so as to give effect to this increase irrespective of the method of payment.

## **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**

### **Cost-of-Living Payments Under National Arbitrated Agreement Effective November 5, 2004**

#### **Section 1**

Article III, Part B, of the National IBEW Arbitrated Agreement effective November 5, 2004 pursuant to the Award of Arbitration Board No. 582 shall be eliminated effective on the date of this Agreement. All cost-of-living allowance payments made under that 2004 Arbitrated 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.

## **ARTICLE IV - HEALTH AND WELFARE**

### **Part A - Plan Changes**

#### **Section 1 - Continuation of Plans**

The Railroad Employees National Health and Welfare Plan (“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**

(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) This Section shall become effective with respect to employees covered by this Agreement as soon as practicable.

### **Section 3 - Design Changes To Contain Costs**

(a) The Plan’s 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) The design changes contained in this Section shall become effective on October 1, 2007.

## **Part B - Employee Sharing of Cost of H&W Plans**

### **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 2007 has been determined to be \$1,108.34 and the Employee Monthly Cost-Sharing Contribution Amount for 2007 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.

**ARTICLE V - SUPPLEMENTAL SICKNESS**

The March 29, 1979 Supplemental Sickness Benefit Agreement, as amended by Article V of the November 5, 2004 Arbitrated IBEW Agreement pursuant to the Award of Arbitration Board No. 582 (Sickness Agreement), shall be further amended as provided in this Article.

**Section 1 - Adjustment of Plan Benefits**

(a) The benefits provided under the Plan established pursuant to the Sickness Agreement ("SSB Plan") shall be adjusted as provided in paragraph (b) so as to restore the same ratio of benefits to rates of pay as existed on December 31, 2004 under the terms of that Agreement.

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

	<u>Per Hour</u>	<u>Per Month</u>
Class I Employees Earning (as of 12/31/04)	\$20.99 or more	\$3,652 or more
Class II Employees Earning (as of 12/31/04)	\$17.33 or more but less than \$20.99	\$3,015 or more but less than \$3,652
Class III Employees Earning (as of 12/31/04)	Less than \$17.33	Less than \$3,015

**Basic and Maximum Benefit Amount Per Month**

<u>Classification</u>	<u>Basic</u>	<u>RUIA</u>	<u>Maximum</u>
Class I	\$1,189.00	\$1,218.00	\$2,407

Class II	\$ 932.00	\$1,218.00	\$2,150
Class III	\$ 712.00	\$1,218.00	\$1,930

Combined Benefit Limit

<u>Classification</u>	<u>Maximum Monthly Amount</u>
Class I	\$2,582
Class II	\$2,304
Class III	\$2,068

**Section 2 - Further Adjustment of Plan Benefits**

Effective December 31, 2009, the benefits provided under the Plan shall be adjusted so as to restore the same ratio of benefits to rates of pay as existed on the effective date of this Article.

**Part B – Notice of Disability**

Existing agreements and practices regarding the time within which notices of disability must be filed under the SSB Plan, and the consequences of failure to file within that time period, shall be modified as set forth below.

**Section 1 – Notification**

A SSB Plan participant shall give the vendor administering claims under the Plan notice of disability, solely with respect to disabilities beginning on or after the date of this Agreement, within sixty (60) days after the start of the disability, unless failure to do so is due to a serious physical or mental injury or

illness suffered by the participant, in which case the notice of disability must be given to the vendor as soon as amelioration of such serious physical or mental illness or injury reasonably permits. All claims with regard to which a notice of disability is not given in compliance with this time limitation shall be denied whether or not the SSB Plan has been prejudiced by such noncompliance or the claim is otherwise valid and payable.

## **Section 2 – Appeals**

All final (second-level) appeals from claim denials under the SSB Plan that are pending on the date of this Agreement or are thereafter filed, where disposition of the claim required medical judgment that involved the participant's eligibility for SSB Plan benefits, his or her physical condition, the cause of his or her disability, or the date his or her disability started, will be considered and determined by a Disputes Committee consisting of one or more individuals selected by MCMC, LLC, an independent review entity, or such successor as may be mutually selected by the parties. In the event of a disagreement between the parties regarding selection of a successor, such dispute shall be resolved in the same manner as provided for in the existing arrangements governing disposition of deadlocks on matters brought before the Joint Plan Committee of the National H&W Plan.

## **ARTICLE VI - 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.

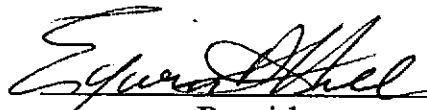
(d) This Article will not bar management and the organization on individual railroads from agreeing upon any subject of mutual interest.

**SIGNED AT WASHINGTON, D.C., THIS 1st DAY OF OCTOBER, 2007.**

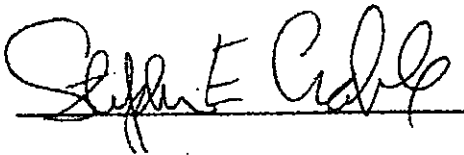
**FOR THE PARTICIPATING  
CARRIERS LISTED IN  
EXHIBIT A REPRESENTED  
BY THE NATIONAL CARRIERS'  
CONFERENCE COMMITTEE:**

  
\_\_\_\_\_  
Chairman

**FOR THE EMPLOYEES  
REPRESENTED BY THE  
INTERNATIONAL BROTHER-  
HOOD OF ELECTRICAL  
WORKERS:**

  
\_\_\_\_\_  
President

  
\_\_\_\_\_

  
\_\_\_\_\_

John / Fleck

MRW

John



October 1, 2007

#1

Mr. Edwin D. Hill  
President  
International Brotherhood of  
Electrical Workers  
900 Seventh Street, N.W.  
Washington, D.C. 20001

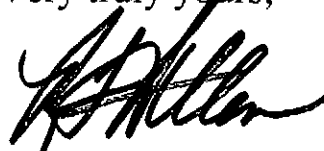
Dear Mr. Hill:

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,

A handwritten signature in black ink, appearing to read "R. Allen", written in a cursive style.

Robert F. Allen

October 1, 2007

#2

Mr. Edwin D. Hill  
President  
International Brotherhood of  
Electrical Workers  
900 Seventh Street, N.W.  
Washington, D.C. 20001


Dear Mr. Hill:

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

Very truly yours,



Robert F. Allen

I agree:



Edwin D. Hill

October 1, 2007

#3

Mr. Edwin D. Hill  
President  
International Brotherhood of  
Electrical Workers  
900 Seventh Street, N.W.  
Washington, D.C. 20001

Dear Mr. Hill:

This will confirm our understanding with respect to the Agreement of this date.

The provisions of Article IV, Part B (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.

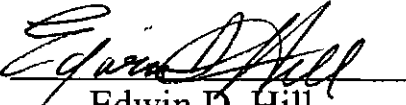
Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,



Robert F. Allen

I agree:



Edwin D. Hill

October 1, 2007

#4

Mr. Edwin D. Hill  
President  
International Brotherhood of  
Electrical Workers  
900 Seventh Street, N.W.  
Washington, D.C. 20001

Dear Mr. Hill:

This confirms our understanding regarding 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 National Health & Welfare Plan and makes a Plan contribution pursuant to Article IV, Part B, the carrier shall pay the Hospital Association each 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
- (iii) the monthly dues amount established by the Hospital Association for payment by an active employee in that month.

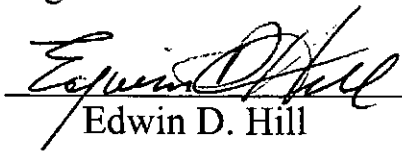
Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,

A handwritten signature in cursive script, appearing to read "R. F. Allen".

Robert F. Allen

I agree:

A handwritten signature in cursive script, appearing to read "Edwin D. Hill".  
Edwin D. Hill

October 1, 2007

#5

Mr. Edwin D. Hill  
President  
International Brotherhood of  
Electrical Workers  
900 Seventh Street, N.W.  
Washington, D.C. 20001

Dear Mr. Hill:

This confirms our understanding regarding Article IV, Part B 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 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.

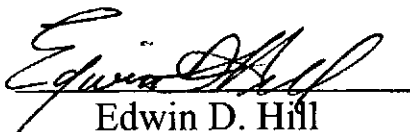
Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,



Robert F. Allen

I agree:



Edwin D. Hill

October 1, 2007

#5A

Mr. Edwin D. Hill  
President  
International Brotherhood of  
Electrical Workers  
900 Seventh Street, N.W.  
Washington, D.C. 20001

Dear Mr. Hill:

This confirms our understanding regarding Article IV, Part B of the Agreement of this date.

The joint Health and Welfare Subcommittee shall meet promptly to consider and evaluate all issues related to the feasibility of arrangements whereby an employee's monthly cost-sharing contribution would be paid through two equal payroll deductions from the employee's wages. If the Subcommittee jointly determines that such arrangements are feasible, it shall mutually develop all terms and conditions reasonably necessary for implementation. The Subcommittee shall complete its tasks under this Letter by no later than December 31, 2007.

The Subcommittee's joint recommendations shall be implemented by each carrier party to this Agreement within a reasonable period and subject to such modifications as may be mutually agreed by the affected parties to facilitate implementation.

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

Very truly yours,



Robert F. Allen

I agree:

  
Edwin D. Hill



October 1, 2007

#6

Mr. Edwin D. Hill  
President  
International Brotherhood of  
Electrical Workers  
900 Seventh Street, N.W.  
Washington, D.C. 20001

Dear Mr. Hill:

This confirms our understanding regarding Article V, Part B of the Agreement of this date.

All claims for SSB Plan benefits (a) for disabilities beginning before the date of this Agreement, (b) that were denied for failure to provide timely notice of disability, and (c) appeal from the denial of which is now pending, shall be promptly reevaluated.

1. If the vendor administering claims under the Plan determines through that reevaluation that, apart from when the notice of disability was given, the claim is otherwise valid and payable, the claim shall be allowed and processed.

2. If the vendor determines that the claim should be denied for reasons other than a failure to give timely notice of disability, the claim shall be denied, which denial shall be treated as an initial denial of the claim that may be appealed in accordance with Plan procedures.

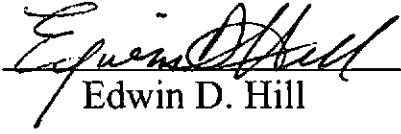
Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,



Robert F. Allen

I agree:



Edwin D. Hill

October 1, 2007

#7

Mr. Edwin D. Hill  
President  
International Brotherhood of  
Electrical Workers  
900 Seventh Street, N.W.  
Washington, D.C. 20001

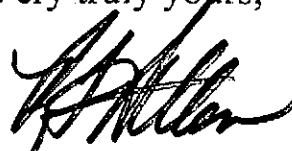
Dear Mr. Hill:

This confirms our understanding regarding the Agreement of this date.

The parties concur that the hypothetical example set forth in Attachment A to this letter describes the 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 hourly rate of pay produced by application of the general wage increases provided for in Article I of this Agreement.

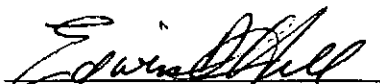
Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,



Robert F. Allen

I agree:

  
Edwin D. Hill

ATTACHMENT A

IBEW Retroactive Pay, H&W Cost-Sharing, Hourly Rate

ASSUMPTIONS:

Effective date of new agreement is October 1, 2007.

Employee's hourly rate as of 6/30/05 is \$21.00.

Employee works 198 hours per month (2376/year), all at straight time

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 9/30/07.

1. Gross Retroactive Pay

Employee would be due the following in retroactive pay:

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

$$\$0.53^* \times 2376 \text{ hours} = \$1,259.28$$

$$* \quad \$21.00/\text{hr} \times 1.025 = \$21.53$$

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

$$\$1.18^* \times 2376 \text{ hours} = \$2,803.68$$

$$* \quad \$21.53 \times 1.03 = \$22.18$$

c. For period 7/1/07 through 9/30/07:

$$\$1.85^* \times 594 \text{ hours} = \$1,098.90$$

$$* \quad \$22.18 \times 1.03 = \$22.85$$

d. Total gross retroactive pay of \$5,161.86

2. COLA Credit (1/1/05 through 9/30/07)

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

$$\$0.15 \times 198 \times 6 = \$178.20$$

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

$$\$0.46 \times 198 \times 6 = \$546.48$$

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

$$\$0.47 \times 198 \times 6 = \$558.36$$

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

$$\$0.62 \times 198 \times 6 = \$736.56$$

e. For period 7/1/07 through 9/30/07:

$$\$0.72 \times 198 \times 3 = \$427.68$$

f. Total COLA credit = \$2,447.28

3. Retroactive H & W Cost-Sharing (1/1/07 through 9/30/07)

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

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

$$\$19.28^* \times 6 = \$115.68$$

$$\begin{aligned} * \quad & \$166.25 \text{ (cost-sharing amount effective 1/1/07)} - \$146.97 \\ & \text{(cost-sharing amount actually paid effective 1/1/07)} = \\ & \$19.28 \end{aligned}$$

b. For period 7/1/07 through 9/30/07:

$$\$9.28^* \times 3 = \$27.84$$

$$\begin{aligned} * \quad & \$166.25 - \$156.97 \text{ (cost-sharing amount effective 7/1/07)} \\ & = \$9.28 \end{aligned}$$

c. Total Retroactive H&W Cost Sharing: \$143.52

4. Net retroactive payment

Gross Retroactive Pay:	\$5,161.86
Subtract COLA Credit:	<u>2,447.28</u>
	\$2,714.58

Subtract Retroactive H&W Cost-Sharing	\$ <u>143.52</u>
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Net Retroactive Pay:	\$2,571.06
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5. Hourly Rate Effective 10/1/07

$$\$21.00^* \times 1.025 \times 1.03 \times 1.03 = \$22.85 \text{ (rounded)}$$

\* Hourly Rate on 6/30/05

October 1, 2007

#8

Mr. Edwin D. Hill  
President  
International Brotherhood of  
Electrical Workers  
900 Seventh Street, N.W.  
Washington, D.C. 20001

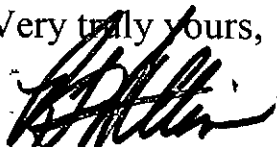
Dear Mr. Hill:

This confirms our understanding regarding Article VI – General Provisions of the Agreement of this date.

Notwithstanding any provisions to the contrary set forth in Article VI, notices served by the organization on or after November 1, 2004 on carriers party to this Agreement that concern “local” issues (matters unique and specific to the carrier involved, generally identified as Attachment C to the organization’s national notice), and which are pending on the date of this Agreement, may continue to be progressed within the peaceful procedures of the Railway Labor Act through December 31, 2007. Any such notice that is not resolved by mutual agreement by that date, unless otherwise mutually agreed by the parties, shall be deemed withdrawn.

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

Very truly yours,



Robert F. Allen

I agree:



Edwin D. Hill



**EXHIBIT A  
(IBEW)**

**RAILROADS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES SERVED ON OR SUBSEQUENT TO NOVEMBER 1, 2004 BY AND ON BEHALF OF SUCH CARRIERS UPON THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AND NOTICES SERVED ON OR SUBSEQUENT TO NOVEMBER 1, 2004 BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES, OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS 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 International Brotherhood of Electrical Workers.**

Alameda Belt Line  
The Belt Railway Company of Chicago  
BNSF Railway Company  
Consolidated Rail Corporation  
CSX Transportation, Inc.  
Elgin, Joliet and Eastern Railway Company - 1  
Indiana Harbor Belt Railroad Company  
The Kansas City Southern Railway Company  
    Kansas City Southern Railway  
    Gateway Western Railway  
    Joint Agency  
    Louisiana and Arkansas Railway  
    Mid Louisiana Rail Corporation  
    MidSouth Rail Corporation  
    SouthRail Corporation

TennRail Corporation  
The Texas and Mexican Railway Company  
Norfolk Southern Railway Company  
The Alabama Great Southern Railroad Company  
Central of Georgia Railroad Company  
The Cincinnati, New Orleans & Texas Pacific Railway Company  
Georgia Southern and Florida Railway Company  
Interstate Railroad Company  
Tennessee, Alabama and Georgia Railway Company  
Tennessee Railway Company  
Northeast Illinois Regional Commuter Railroad Corporation (METRA) - 2  
Portland Terminal Railroad Company  
Terminal Railroad Association of St. Louis  
Union Pacific Railroad Company

\* \* \* \* \*

**Notes:**

- 1 - Wages and Rules and Health and Welfare only
- 2 - Health and Welfare (except Article IV, Part B) and Supplemental Sickness only

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**FOR THE CARRIERS:**



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**FOR THE INTERNATIONAL  
BROTHERHOOD OF ELECTRICAL  
WORKERS:**



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**October 1, 2007**