

AGREEMENT

THIS AGREEMENT, made this day of , 2002 by and between the participating carriers listed in Exhibit A, attached hereto and made a part hereof, and represented by the National Carriers' Conference Committee, and the employees (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 - Longevity Bonus

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

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

- (1) have an employment relationship with the carrier in a craft covered by this Agreement on September 1, 2002;
- (2) have established seniority in train or engine service with a carrier signatory to this Agreement on or before October 31, 1985; and
- (3) (i) have received compensation for active service performed during the period July 1, 2002 through August 31, 2002, or

-2-

(ii) have been on authorized leave for such entire period for personal illness, on-duty injury, or pursuant to the Family and Medical Leave Act, and return to active service not later than January 1, 2003, or

(iii) have been out of service for such entire period due to carrier disciplinary action that is subsequently rescinded or overturned

with pay for all time lost.

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

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

- (a) Effective July 1, 2002, all standard basic daily rates of pay for employees represented by the United Transportation Union in effect on June 30, 2002 shall be increased by four (4) percent.
- (b) In computing the increase for enginemen under paragraph (a) above, four (4) 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

-3-

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

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

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

Section 4 - Third General Wage Increase (for other than Dining Car Stewards)

Effective July 1, 2004, all standard basic daily rates of pay in effect on June 30, 2004 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 2(b) above.'

Section 5 - 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 6 - 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.

-4-

(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, 2002 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.

-5-

(j) In computing the first increase in rates of pay effective under Section 2 for engineers, firemen, conductors, brakemen and flagman 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 four (4) 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 2, 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, 2003 and July 1, 2004. 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 2, 3, and 4 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.

-6-

(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 2, 3, and 4 hereof, by the same respective percentages as set forth therein, computed and applied in the same manner as provided in paragraph (k)(i) above. This provision does not apply to the Trip Rates established pursuant to Article V of this Agreement.

Section 7 - General Wage Increases for Dining Car Stewards

(a) Effective July 1, 2002, all basic monthly rates of pay in effect on June 30, 2002 for dining car stewards represented by the United Transportation Union shall be increased by four (4) percent.

(b) Effective July 1, 2003 all basic monthly rates of pay in effect on June 30, 2003 for dining car stewards represented by the United Transportation Union shall be increased by two-and-one-half (2-1/2) percent.

(c) Effective July 1, 2004, all basic monthly rates of pay in effect on June 30, 2004 for dining car stewards represented by the United Transportation Union shall be increased by three (3) percent.

ARTICLE II - OPTIONAL ALTERNATIVE COMPENSATION PROGRAM

Section I

A carrier, at its discretion, may offer employees alternative compensation arrangements in lieu of the general wage increases provided in

-7-

Article I (in whole or part). Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401(k) plans.

Section 2

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

(1) Carrier shall notify the appropriate organization representative(s) regarding its proposed alternative compensation arrangement(s). The parties shall meet promptly on such proposal and use their best efforts to reach agreement on implementation;

(2) The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate organization representative(s);

(3) The proposed arrangement(s) must be made available to the smallest employee grouping that can be reasonably administered.

(b) Nothing herein shall be construed to bar the parties from reaching mutual agreement on different terms or conditions pertaining to implementation of this Article.

-8-

ARTICLE III - COST-OF-LIVING PAYMENTS

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

Section 1

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

Section 2

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

manner as provided in Section 1

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

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

(a) A cost-of-living allowance shall be payable in the manner set forth in and subject to the provisions of this Part, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost-of-living allowance shall be payable effective July 1, 2005 based, subject to paragraph (d); on the CPI for March 2005 as compared with the CPI for September 2004. Such allowance, and further cost-of-living adjustments thereto which shall become effective as described below, shall be based on the change in the CPI during

-9-

the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d) (iii), according to the formula set forth in paragraph (e).

Measurement Periods

Base Month	Measurement Month	Effective Date of Adjustment
September 2004	March 2005	July 1, 2005
March 2005	September 2005	January 1, 2006

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

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

payments, including arbitraries and special allowances that are expressed in time, miles or fixed amounts of money.

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

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

-10-

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

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

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

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

during such measurement period.

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

-11-

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

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

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

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

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

conversion factor designed to adjust the newly revised index to the basis of the CPI-W during such measurement period.

Section 2 - Payment of Cost-of-Living Allowances

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

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

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

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

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

Section 3 - Application of Cost-of-Living Allowances

The cost-of-living allowance provided for by Section 1 of this Part B will not become part of basic rates of pay. Such allowance 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 6 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 6 and 7 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

Section 1

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

Section 2

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

-14-

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

O

Vendor Review

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

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

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

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

-15-

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

Section 3

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

ARTICLE V - PAY SYSTEM SIMPLIFICATION

PART A - GENERAL

Section 1- General

The parties have agreed that the current pay system should be simplified. In agreeing upon a new pay system the following principles shall apply:

(a) The new pay system will neither create nor result in additional pay-related costs for a carrier, nor gains for its employees, nor losses for pre October 31, 1985 employees, except insofar as those employees acquiring seniority in train or engine service subsequent to October 31, 1985 who, coincident with the establishment of Trip Rates pursuant to this Article, will have their Trip Rates calculated based upon elements of pay for which they were not eligible prior to the date of this Agreement. Except as otherwise provided herein, pay elements not specifically identified in Part B, Section 5 will continue to be covered by existing rules and will not be impacted by this Article.

(b) The provisions of the new pay system will have no effect on work rules except where a pay element is incorporated in a Trip Rate.

-16-

(c) Any pay element incorporated in a Trip Rate established hereunder will not be used to support a claim for that pay element relating to that trip, and carrier shall not be required to respond to any such claim.

Section 2 - Mutual Cooperation

The parties recognize that successful implementation of this Article is dependent upon the mutual cooperation of all involved. Therefore, a Joint Committee shall be established on each carrier party to this Agreement consisting of an equal number of organization and management participants. To the extent possible, the Committee shall consist of representatives from that property who participated in the negotiations leading to this Agreement. The initial responsibility of the Committee shall be to explain the intent of this Article to the affected employees and managers so that there will be a clear and consistent understanding as to the Article's purpose and intent.

PART B - THROUGH FREIGHT SERVICE

Section I - General

A new pay system shall be implemented as provided in this Part for all employees covered by this Agreement working in through freight (assigned and unassigned) service.

Section 2 - Trip Rates

(a) Each carrier shall develop Trip Rates for Starts in through freight service runs/pools. Separate Trip Rates shall be developed for conductors and brakemen. The Trip Rates shall incorporate the pay elements specified in Section 5 except as otherwise agreed by the parties or determined by the Disputes Committee established in Section 6 hereof. Once Trip Rates become effective for runs/pools, pay elements incorporated in such Trip Rates will not

-17-

be used to support any claims for those pay elements relating to that trip. Pay elements not included in Trip Rates will continue to be covered by existing rules.

(b) A Trip Rate shall be developed for each separate run/pool except as otherwise provided in Section 9.

Section 3 - Computation of Trip Rates

(a) Trip Rates for through freight service runs/pools shall be derived as follows:

(1) add together all earnings attributable to the elements of pay to be incorporated in the Trip Rate actually paid to the employees (including extra employees) whose seniority in train service was established on or before October 31, 1985 ("Pre-85 Employees") for all through freight Starts involving service performed on such runs/pools during the Test Period;

(2) divide the earnings derived from the calculation in (1) above by the total through freight Starts made during the Test Period by the Pre-85 Employees (including extra employees) who performed service;

(3) the Trip Rate for each Start on such run/pool for all employees (including extra employees) shall be the dollar amount derived by the calculation set forth in (2);

(4) the earnings described in paragraph (1) above shall include all compensation attributable to the Starts described in paragraph (2) above and subsection (b) below.

-18-

(b) For purposes solely of this Article, the term "Start" shall mean a fully compensated trip performed by the pool/run (including extra employees), including other trips such as deadhead, hours of service relief, and turnaround service directly related to and performed by the pool/run.

(c) Test Period. The parties agree that the differences in the prevailing operating conditions on each Carrier signatory to this Agreement warrant the establishment of Test Periods being developed on an individual railroad basis, pool/run by pool/run. The objective in developing Test Periods will be to establish a measurement which reflects a 12-month period of "normalized operations." Normalized operations as defined and used herein will mean an operating pattern which is not adversely affected by the implementation of a major transaction such as an acquisition, control or merger involving two or more Carriers or any other unusual or extenuating circumstances. The Carrier will bear by a preponderance of the evidence the burden of substantiating its reasons for selecting the Test Periods proposed for runs/pools.

Section 4 - Computation and Application Adjustments

(a) In the computation and application of the Trip Rates described in Section 3 above, the adjustments set forth in subsection (b) and (c) shall be made, where appropriate:

(b) Computation Adjustments:

(1) If and to the extent that General Wage Increases and Cost of Living Adjustments (except as to pay elements which are not currently subject to wage adjustments) become effective during a Test Period, appropriate computation adjustments shall be made, but there shall be no duplication or pyramiding;

Trip Rates shall be subject to adjustment for General Wage Increases and Cost of Living Adjustments (except as to pay elements which are not currently subject to wage adjustments) that become effective during the period from close of the Test Period to the effective date of the Trip Rate, but there shall be no duplication or pyramiding.

(c) Application Adjustments:

(1) General Wage Increases and Cost of Living Adjustments (except as to pay elements which are not currently subject to wage adjustments) that become effective on or after the effective date of a Trip Rate shall be applied, but there shall be no duplication or pyramiding.

(2) Trip Rates applicable to employees covered by rules adjusting compensation based on the employee's length of service with the carrier (such as Article IV, Section 5 of the UTU Implementing Document A of November 1, 1991) shall be adjusted by such rules. -

(d) Each Trip Rate established pursuant to this Article shall be used solely to compensate employees for a Start in the involved run/pool. The Trip Rate shall not modify existing rules governing payment for personal leave, vacation, etc.

ction 5 - National Pay Elements

(a) The following pay elements shall be incorporated in each Trip Rate except as otherwise agreed by the parties or determined by the Disputes Panel established in Section 6 of this Part:

(1) payments attributable to mileage or time;

(2) payments attributable to terminal/departure/yard runarounds;

(3) payments attributable to conversion of the employee's assignment to local freight rates;

(4) payments made, pursuant to agreement, to employees in lieu of being afforded meal periods, and penalty payments made to employees attributable to violations of rules relating to employees eating en route in through freight service (this does not apply to non-taxable meal allowances);

(5) payments made to an employee resulting from being required, in accordance with existing agreements, to "step up" in the employee's pool, which for this purpose shall mean taking a turn in such pool earlier than would otherwise be the case due to other sources of supply being exhausted. payments attributable to initial terminal delay; payments attributable to final terminal delay; payments attributable to deadheading;

(6) payments attributable to terminal switching (initial, intermediate and final).

(7) payments attributable to final terminal delay;

(8) payments attributable to deadheading;

(9) payments attributable to terminal switching (initial, intermediate and final).

(b) In the establishment of Trip Rates for runs/pools pursuant to this Article, the parties may mutually agree to modify the National Pay Elements specified above, and/or to include additional pay elements, with respect to such Trip Rates. Pay elements not expressly included in Trip Rates will continue to be covered by existing rules.

-21-

Section 6 - National Disputes Committee

A National Disputes Committee ("Disputes Committee") is established for the purpose of resolving any disputes that may arise under this Article. Such Committee shall consist of the President of the UTU and the Chairman of the NCCC, and a neutral Chairman selected by the parties or, absent agreement, appointed by the National Mediation Board. Each partisan member may select others to serve on the Committee at his discretion. If the partisan members of the

Committee are unable to agree on resolution of any dispute within ten (10) days after convening, the matter will be referred to the neutral Chairman for resolution, The neutral Chairman will resolve the dispute within ten (10) days after referral of the matter. Each party shall bear its own costs and shall equally share the fees and expenses of the neutral. Any resolution by the Committee or by the neutral shall be final and binding and shall be enforceable and reviewable under Section 3 of the Railway Labor Act.

Section 7 - New Runs/ Pools

Trip Rates for new runs/pools that existing agreements permit to be established may be so established based on Trip Rates for comparable runs/pools. Any dispute regarding such matters may be referred by either party to the Disputes Committee.

Section 8 - Material Changes

Trip Rates established pursuant to this Article shall be established in such a manner as to make them stable. If subsequent material changes occur that significantly affect a run/pool, the Trip Rate for such run/pool shall be adjusted to fairly reflect the changed circumstances occasioned by the material change. If the parties cannot agree on such adjustment, the matter may be referred by either party to the Disputes Committee. The burden of proof by a preponderance of the evidence shall rest on the party that contends that a material change that significantly affects a run/pool has occurred.

-22-

Section 9 - Implementation

(a) Runs/Pools. Trip Rates for runs/pools shall be implemented as follows:

Carrier will serve notice on the authorized Organization representative(s) that will include the following information:

- (1) Identification of runs/pools involved;
- (2) Test Period Proposed (consistent with Section 3(c));
- (3) Proposed Trip Rate(s) for the runs/pools, together with a summary of the underlying data supporting computation,

based solely on incorporation of National Pay Elements set forth in Section 5 above;

(4) Any proposed modifications to the National Pay Elements and/or additional pay elements to be incorporated with respect to the proposed Trip Rate(s) for the runs/pools, and a summary of the underlying data supporting computation of such Trip Rate(s).

(b) The parties shall meet within thirty (30) days after service of the carrier notice to discuss the carrier proposal and any related proposals made by the Organization. At the request of the Organization, carrier will provide opportunity to review all relevant carrier data supporting the proposed Trip Rate computations.

(c) Trip Rates for the runs/pools shall become effective as follows

(1) On the date agreed to by the parties;

-23-

(2) Absent agreement or a written referral to the Disputes Committee, thirty (30) days after service of the Carrier notice, where Trip Rate is based solely on incorporation of the National Pay Elements; or

(3) Where the matter has been referred to the Disputes Committee, on the effective date of such Committee's resolution of the dispute.

(d) If the parties are unable, despite best efforts, to reach agreement on implementation of a Trip Rate for a run/pool, either party may refer the dispute to the Disputes Committee. The burden of proof by a preponderance of the evidence shall rest on the party that proposes implementation.

(e) If either party concludes that implementing a Trip Rate for a run/pool is inappropriate, it shall promptly notify the other party of its conclusion. The parties shall meet and make a reasonable effort to resolve the matter after review and discussion of all relevant information. If the parties are unable to resolve the matter despite their best efforts, either side may refer the matter to the Disputes

Committee. The burden of proof by a preponderance of the evidence shall rest on the party that proposes not to implement a Trip Rate with respect to the run/pool involved.

(f) The parties mutually intend to work diligently with the ultimate objective of developing Trip Rates for through freight runs/pools. If either party believes that the rate of progress in developing Trip Rates is insufficient, it may refer the matter to the Disputes Committee, and it shall bear the burden of proof by a preponderance of the evidence.

(g) Trip Rates for runs/pools should be implemented as expeditiously as possible, but in any event, all of them shall be implemented no later than thirty

-24-

(30) months after the date of this Agreement, unless the parties otherwise agree or the Dispute Committee otherwise decides.

(h) In the event that Trip Rates are not implemented for runs/pools on a carrier by the date specified in subsection (g) above, effective the next day thereafter, the dual basis of pay shall be eliminated with respect to post October 31, 1985 employees on such runs/pools (including extra employees) and such employees will be paid on the same basis as Pre-85 Employees represented by UTU with respect to the national pay elements identified in Section 5 of this Part, provided, however, that where the carrier has taken all actions required in this Part to implement Trip Rates with respect to the above-referenced runs/pools as described in this Section and the trip rate issue(s) is/are in the dispute resolution process described in this Article, such runs/pools will be governed solely by the outcome of such dispute resolution process.

PART C - OTHER CLASSES OF SERVICE

Trip rates will be established for other classes of road service (road switchers, local freight, etc.) consistent with the terms, conditions, principles and guidelines as currently established in this Article and consistent with each class of service.

ARTICLE VI - SERVICE SCALE

Section I

Any employee who is subject, on June 30, 2004, to Article IV, Section 5 of the UTU Implementing Document A of November 1, 1991 shall be compensated, on and after July 1, 2004, at the full rate of the position when working as a conductor/foreman, brakeman/helper, hostler, or engineer (on a carrier party hereto on which the UTU represents locomotive engineers).

-25-

Section 2

Local rules that adjust compensation for employees based on length of service on carriers that are not covered by the aforementioned Article IV, Section 5 are hereby amended in the same manner as provided in Section 1.

Section 3

Each carrier covered by this Article shall establish a Service Scale that shall be applicable to all employees whose seniority in train or engine service is established on or after July 1, 2004. Such Service Scale shall conform to the rules in effect on such carrier on June 30, 2004 that adjust employee compensation based on length of service (including the aforementioned Article IV, Section 5 where and to the extent applicable). The carrier shall make arrangements with the applicable organization representative(s) for a process to review such preexisting rules prior to establishment of the Service Scale.

ARTICLE VII - ENHANCED MANPOWER UTILIZATION

Section 1

(a) A carrier may propose implementation of a rule providing for the automatic mark up of employees for service after the expiration of any period of authorized or approved time off, in accordance with the procedures set forth herein.

(b) The carrier shall serve written notice of its proposal on the appropriate organization representative(s). Such proposal shall include a synopsis of the proposed rule, which shall be consistent with validated current scientific data and findings regarding employee rest and fatigue abatement. An initial conference on the proposal will be held within thirty (30) days after the

postmarked date of the notice. If the parties fail to resolve the matter within sixty (60) days after the date of the initial conference, the carrier may submit the matter to final and binding party-paid arbitration at any time thereafter.

(c) The arbitrator's jurisdiction shall be limited to a determination of the terms and conditions for an automatic mark-up rule in light of all relevant circumstances involved. The arbitrator's decision shall be in writing and shall be issued not later than thirty (30) days after conclusion of the hearing.

ARTICLE VIII - NATIONAL WAGE AND RULES PANEL

The parties mutually recognize that the National Wage and Rules Panel has provided a non-confrontational setting and meaningful opportunity to obtain and share information, analyze problems and develop options to deal with issues of common concern. Continuation of the Panel's efforts will, in the parties' judgment, continue to build trust, avert conflict and improve administration of their labor agreements.

Section I - Continuation of Panel

The National Wage and Rules Panel established pursuant to the Award of Arbitration Board No. 559, Appendix D, Document A, Article XIII, shall continue as provided therein, except as otherwise specified in this Article.

Section 2 - Amendments to Article XIII

(a) Article XIII, Section 1 is amended to read as follows:

"(a) The parties, realizing the complexities of the changing rail industry and environment, and to alleviate any adversarial relationships emanating from such, agree to establish a non-binding joint review Panel to study and examine those unresolved subjects.

The National Wage and Rules Panel (Panel) shall consist of three (3) members representing the United Transportation Union and three (3) members representing the carriers. The President of UTU and the Chairman of the

National Carriers' Conference Committee (NCCC) shall be ex officio members of the Panel.

(b) The parties will assume the compensation and expenses of their respective members. Any incidental expenses incurred in connection with Panel meetings shall be shared equally by the parties."

(b) The list of subjects set forth in Article XIII, Section 2 is amended to add the following issues, and the parties hereby commit to use their best efforts to resolve such matters:

O employee protective arrangements

O access to employee medical information

O employee availability

O vacation scheduling

O daily mark up (preference) rules in yard service

O national training agreements

(c) Article XIII, Section 4(a) is amended to read as follows:

"While the Panel's recommendations shall not be considered final and binding, the parties shall exert good faith efforts to utilize those recommendations as a basis for settlement of the issues involved. Notwithstanding any provision to the contrary, the Panel may be dissolved at any time by majority vote of the members."

ARTICLE IX - OFF-TRACK VEHICLE ACCIDENT BENEFITS

Article XI(b) of the July 17, 1968 Brotherhood of Railroad Trainmen Agreement, Article IX(b) of the July 29, 1968 Switchmen's Union of North America Agreement, Article IX(b) of the September 14, 1968 Brotherhood of Locomotive Firemen and Enginemen Agreement, Article V(b) of the March 19, 1969 United Transportation Union (C) Agreement and Article V(b) of the April

15, 1969 United Transportation Union (E) Agreement, as amended by Article XIII of the August 25, 1978 United Transportation Union Agreement, are further amended as follows effective on the date of this Agreement.

Section 1

Paragraph(b)(1) - Accidental Death or Dismemberment of the above referenced Agreement provisions is amended to read as follows:

"(1) Accidental Death or Dismemberment

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

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

-29-

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

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

Section 2

Paragraph (b)(3) - Time Loss of the above-referenced Agreement provisions is amended to read as follows:

"(3) Time Loss

The carrier will provide an employee who is injured as a result of an

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

Section 3

Paragraph(b)(4) - Aggregate Limit of the above-referenced Agreement provisions is amended by raising such limit to \$10,000,000.

-30-

ARTICLE X - GENERAL PROVISIONS

Section 1 - Court Approval

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

Section 2 - Effect of this Agreement

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

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

(c) The parties to this Agreement shall not serve nor progress prior to November 1, 2004 (not to become effective before January 1, 2005) any notice or proposal for changing any matter contained in:

(1) This Agreement,

(2) the proposals of the parties identified in Section 2(a) of this Article, and

(3) Section 2(c) of Article XV of the Agreement of January 27, 1972,

-31-

and any pending notices which propose such matters are hereby withdrawn, except as otherwise provided in Article IV of this Agreement.

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

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

SIGNED AT WASHINGTON, D.C. THIS _____ DAY OF _____,

2002.

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

FOR THE EMPLOYEES
REPRESENTED BY THE UNITED
TRANSPORTATION UNION:

CHAIRMAN

PRESIDENT

_____ 2002

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

Dear Mr. Boyd:

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

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

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

Yours very truly,

Robert F. Allen

I agree:

B. A. Boyd