

3-13-81

AGREEMENT BETWEEN CONRAIL AND CERTAIN  
LABOR ORGANIZATIONS FOR LABOR  
CONTRIBUTIONS TO SELF SUFFICIENCY FOR CONRAIL

1. This Agreement is intended to provide for the deferral of certain wage increases, without reductions in current rates of pay, from agreement employees as a means of enhancing Conrail's prospects to become self-sustaining. To accomplish this objective, Conrail agrees to adopt and apply the terms of the National Agreements reached between the industry and signatory organizations, subject to the limitations hereinafter set forth.

2. (a) (i) Increases in rates of pay, including cost of living adjustments (hereinafter collectively referred to as "rates of pay"), provided for in the National Agreement to be made effective on or before December 31, 1981, shall be made effective for each craft or class of Conrail employees on the respective dates set forth in the National Agreement to the extent the sum of such increases exceeds 10%.

(ii) Increases in rates of pay provided for in the National Agreement to be made effective on or after January 1, 1982 shall be made effective for each craft or class of Conrail employees on the respective dates set forth in the National Agreement to the extent the sum of such increases, combined with the sum of the increases in rates of pay provided for in the National Agreement for 1981 and referred to in subparagraph (i), exceeds 12%.

(iii) For the purposes of this Agreement, each "increase," including each cost of living adjustment, shall be computed as a percentage increase over the rate of pay existing immediately prior to the increase.

(b) This document shall not be construed to require a reduction in rates of pay in effect as of the date of this Agreement.

3. The Corporation reserves the right not to place into effect the terms and conditions of the National Agreement for Conrail employees in any craft or class the representatives of which are not signatories to this Agreement.

4. Labor cost savings resulting from (a) the National Agreement as applied to a craft or class of Conrail employees, or (b) implementation of the existing Crew Consist Agreements or the Fireman Manning Agreement, or (c) any action by the Corporation authorized by Title V of the Regional Rail Reorganization Act of 1973, as amended, (the "Rail Act") or, (d) separation of employees under any other law or agreement, or (e) termination or transfer of Conrail's responsibility for the actual payment of allowances, expenses or costs under Title V of the Rail Act, or other employee protection program, shall not be counted toward the amount of labor contributions or labor cost savings required under this Agreement.

5. The signatory parties to this Agreement recognize the necessity of an expedited procedure for the processing of proposed rules changes served pursuant to the Railway Labor Act by or on the Consolidated Rail Corporation. Accordingly,

proposals served by or on the Consolidated Rail Corporation subsequent to the date of this Agreement shall be handled in accordance with the terms of the Railway Labor Act, as amended, subject to the procedures outlined below:

(a) The Consolidated Rail Corporation or a labor organization may serve a Section 6 Notice on the other party of desired changes in the applicable working rules agreement. Within 90 calendar days thereafter the other party will be privileged to serve counterproposals for concurrent handling with the initial Section 6 Notice.

(b) The parties will make a sincere effort to resolve the issues in direct negotiations.

(c) Direct negotiations between the parties will continue for a minimum of ninety (90) calendar days. If either party feels that insufficient progress is being made in direct negotiations at any time following the expiration of the initial ninety (90) calendar days hereinabove referred to, such advice will be given to the other party to the dispute and the parties will jointly invoke the services of the National Mediation Board with the request that the National Mediation Board immediately docket the dispute and conduct concerted and expedited mediation. The National Mediation Board will conduct mediation for a minimum of ninety (90) calendar days from the date the dispute was docketed by that Board.

(d) At the end of that period, the notices involved in the dispute may be submitted at the request of either party to an Advisory Fact Finding Panel consisting of 7 members, 2 to be

selected by the organization, 2 to be selected by the carrier, and 3 public members to be selected by mutual agreement of the parties and appointed by the National Mediation Board. If either party makes such submission, the parties shall request that mediation be recessed. The appointment of the public members shall be made within ten (10) calendar days of the date of request. If the parties cannot agree upon the selection of the 3 public members, the National Mediation Board shall make such selection. One of the public members shall be selected chairman by the parties, or failing agreement, by the National Mediation Board. The Advisory Fact Finding Panel shall convene within thirty (30) calendar days from date of appointment of the public member(s) and shall promptly investigate the facts of the dispute and make a written report to the parties, setting forth advisory recommendations for resolution of the dispute. Such report shall be issued within 180 calendar days from the date of the appointment of the public member(s). The time limit for issuing the report may be extended by agreement between the organization and the carrier members of the Panel. However, in the event the carrier and organization members are unable to agree on an extension time, the public member(s) may extend the time limit on their own motion for one thirty (30) calendar day period. The procedures and manner of investigation of the Fact Finding Panel shall be established by the Panel.

(e) Following the issuance of the report of the Advisory Fact Finding Panel, negotiations and/or mediation will

from the date the report was issued.

(f) If the dispute is not resolved during processing in the procedural step set forth in the paragraph next above, and has not been submitted to arbitration, then any time following the expiration of the moratorium provided for in Section 6(a) of this Agreement or after the Mediation Board has terminated its services, whichever is later, either party to the dispute may serve a 30-day written notice to the other that peaceful efforts have failed to resolve the dispute. Thereafter, the dispute may be progressed to a conclusion under the Railway Labor Act, as amended.

6 (a). The parties to this Agreement shall not serve nor progress prior to the date or dates for such action as provided under the National Agreement or April 1, 1984, whichever is earlier (not to become effective before the date or dates provided in such National Agreement or April 1, 1984, whichever is later), any notice or proposal for the purpose of changing the provisions of this Agreement and any proposals in now pending notices on subject matters covered by this Agreement will be withdrawn by the parties concurrent with the settlement of the National Agreement. This will not bar management and any organization from agreeing upon any subject matter of mutual interest.

(b). This will not bar the parties from handling work rule notices in accordance with the provisions of Section 5 of this Agreement.

6(c). This Agreement shall expire as to freight employees leaving service with the Corporation upon sale or transfer of freight rail properties of the Corporation upon which those employees were employed. For purposes of this subsection, rail properties has the same meaning as under Section 102(12) of the Rail Act.

7. If this Agreement should be determined to be invalid in whole or in part with respect to any craft or class covered, this Agreement shall be of no force or effect with respect to that craft or class and the rates of pay of all employees in such craft or class shall be returned to the levels applicable on the effective date of this Agreement.

8. The Corporation will abide by the provisions of proposed legislation pending before the House of Representatives Committee on Energy and Commerce as of the date of this Agreement regarding nonagreement employee compensation and force levels, which reads as follows:

"(1) Non-agreement personnel.--(A) (i) Employees who are not subject to collective-bargaining agreements (hereinafter in this section referred to as 'non-agreement personnel') are foregoing wage increases and benefits in an amount proportionately equivalent to the amount forgone by agreement employees pursuant to paragraph (5) of this subsection, adjusted annually to reflect inflation.

["(ii) For purposes of this subparagraph, non-agreement personnel shall be assumed to be eligible to receive periodic wage increases to the same extent as agreement employees.]

\*(B) The number of non-agreement personnel is reduced proportionately to any reduction in agreement employees (excluding reductions pursuant to the termination program under section 702 of this Act). Any reduction in non-agreement personnel which occurs after May 1, 1981, shall be included for purposes of this subparagraph.

9(a). This Agreement shall be construed as a separate Agreement by and on behalf of Conrail, its employees represented by the labor organizations signatory hereto, and each such signatory.

(b). This Agreement is made subject to the ratification procedures of the respective labor organizations signatory hereto. Such organizations agree to notify Conrail promptly of the results of such ratification.

(c) This Agreement shall be null and void if there is enacted into law any provision that could cause the sale or transfer of substantially all of the Corporation's freight rail properties (as defined in Section 102(12) of the Rail Act) during the term of this Agreement.

AGREEMENT BETWEEN CONRAIL AND CERTAIN  
LABOR ORGANIZATIONS FOR LABOR  
CONTRIBUTIONS TO SELF SUFFICIENCY FOR CONRAIL.

Paul J. Krull

BRAC

Robert E. Swartz  
SVP - Conrail

Fred A. Martin

UTU

De Colina

ATDA

John J. [unclear] (COX) IRATA 7/11

O.W. [unclear] BRAC - Rustic

W.H. [unclear] T.U.W.

Richard [unclear] [unclear]

John F. Szymanski  
ISLE

John [unclear] ARSA Div. / BRAC

Val [unclear] / [unclear]

Chris [unclear] [unclear]

John J. McManis

[unclear] R.H. RYD [unclear]

[unclear] [unclear] IBOT

Richard E. [unclear]

R. G. Bates

James A. [unclear] I.A. 1913

D. R. [unclear]

W. P. [unclear]  
James A. Marone



May 5, 1981

Mr. Fred J. Kroll  
Chairman  
Railway Labor Executives Association  
815 16th Street, N. W.  
Washington, D. C.

Dear Mr. Kroll:

This letter reflects a number of understandings reached by the parties in connection with the Agreement of May 5, 1981 regarding labor contributions to self-sufficiency for Conrail.

Nonrailroad Subsidiaries

The labor organizations signatory to this agreement strongly desire that employees of nonrailroad subsidiaries of the Corporation make wage concessions equivalent to those provided for in this Agreement. The Corporation agrees that equity requires such concessions by subsidiary employees. The Corporation will instruct the managements of its subsidiaries to exert every reasonable effort to induce the labor organizations representing subsidiary employees to agree to such concessions.

Shares of Stock

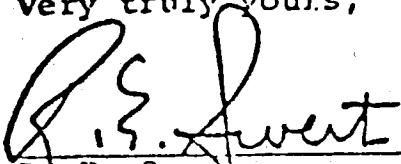
The labor organizations signatory to this Agreement strongly desire that employees making the concessions regarding rates of pay provided for in this Agreement receive shares of stock in the Corporation in exchange for the economic value of their concessions. The Corporation understands and supports this desire, but is without legal authority to transfer stock to employees in exchange for the concessions. The Corporation will recommend strongly to the Department of Transportation and to the United States Railway Association that an arrangement be made to provide shares to the employees of Conrail securities constituting a meaningful interest in the Corporation.

page two

Directors

The labor organizations signatory to this Agreement strongly desire that two representatives of Conrail employees be elected to the Conrail Board of Directors. The Corporation will encourage the Department of Transportation and the United States Railway Association, which control the majority of the stock of the Corporation, to give careful consideration to the appointment of directors representing Conrail employees when the terms of present directors expire in March 1982.

Very truly yours,



R. L. Swert  
Senior Assistant Vice-President,  
Labor Relations

May 5, 1981

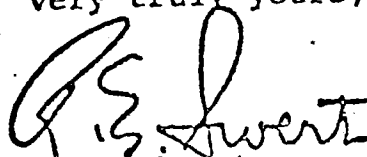
Fred J. Kroll  
Chairman, Railway Labor Executives Association  
AFL-CIO Building  
815 16th Street, N. W.  
Washington, D. C.

Dear Mr. Kroll:

This letter refers to conferences leading to an agreement between Conrail and labor organizations representing its employees regarding labor contributions to self-sufficiency for Conrail.

In the event Conrail negotiates an agreement with an organization not signatory to such labor contribution agreement which does not contain wage deferrals substantially identical to those contained in that agreement, the wage deferrals, or lack thereof, contained in such agreement with a non-signatory organization shall be applicable immediately to the employees represented by the signatory organizations.

Very truly yours,



R. E. Swert  
Assistant Vice-President  
Labor Relations

May 5, 1981

Mr. F. A. Hardin, President  
United Transportation Union  
14600 Detroit Avenue  
Cleveland, Ohio 44107

Dear Sir:

The Labor Contribution Agreement between Conrail and Certain Labor Organizations shall be suspended with respect to train and engine service employees in pure Amtrak service until the Congress has resolved basic policy questions regarding Amtrak's future. The agreement will be subject to renegotiation with respect to such employees after Congressional deliberations are completed.

Treatment of such employees shall not be covered by the letter of May 5, 1981, regarding agreements with non-signatory organizations.

Very truly yours,

  
R. E. Swort  
Sr. Asst. Vice President-  
Labor Relations

May 5, 1981

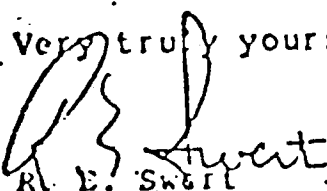
Mr. W. D. Summerville, Business Representative  
International Brotherhood of Teamsters  
Local No. 732  
15 East 26th St., Suite 1508  
New York, New York 10010

Dear Mr. Summerville:

This letter refers to conferences leading to an agreement between Conrail and labor organizations representing its employees regarding labor contributions to self-sufficiency for Conrail.

In the event Conrail negotiates an agreement with an organization not signatory to such labor contribution agreement which does not contain wage deferrals substantially identical to those contained in that agreement, the wage deferrals, or lack thereof, contained in such agreement with a non-signatory organization shall be applicable immediately to the employees represented by the signatory organizations.

Very truly yours,

  
R. E. Sweet  
Senior Assistant Vice President  
Labor Relations

May 5, 1981

Mr. W. D. Summerville, Business Representative  
International Brotherhood of Teamsters  
Local No. 732  
15 East 26th St., Suite 1508  
New York, New York 10010

Dear Mr. Summerville:

This letter reflects a number of understandings reached by the parties in connection with the Agreement of May 5, 1981 regarding labor contributions to self-sufficiency for Conrail.

Nonrailroad Subsidiaries

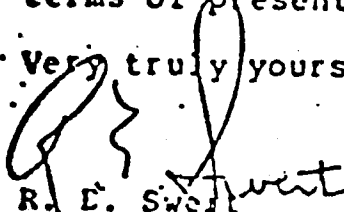
The labor organizations signatory to this agreement strongly desire that employees of nonrailroad subsidiaries of the Corporation make wage concessions equivalent to those provided for in this Agreement. The Corporation agrees that equity requires such concessions by subsidiary employees. The Corporation will instruct the management of its subsidiaries to exert every reasonable effort to induce the labor organizations representing subsidiary employees to agree to such concessions.

Shares of Stock

The labor organizations signatory to this Agreement strongly desire that employees making the concessions regarding rates of pay provided for in this Agreement receive shares of stock in the Corporation in exchange for the economic value of their concessions. The Corporation understands and supports this desire, but is without legal authority to transfer stock to employees in exchange for the concessions. The Corporation will recommend strongly to the Department of Transportation and to the United States Railway Association that an arrangement be made to provide shares to the employees of Conrail securities constituting a meaningful interest in the Corporation.

and labor organizations signatory to this Agreement strongly desire that two representatives of Conrail employees be elected to the Conrail Board of Directors. The Corporation will encourage the Department of Transportation and the United States Railway Association, which control the majority of the stock of the Corporation; to give careful consideration to the appointment of directors representing Conrail employees when the terms of present directors expire in March 1982.

Very truly yours,

  
R. E. Sweet  
Senior Assistant Vice President  
Labor Relations

EXPLANATION OF CONRAIL  
LABOR CONTRIBUTION AGREEMENT

- o Conrail will place into effect all provisions of the National Agreement for each organization, except
  - o Wage increases on Conrail will lag National increases by 10% until December 31, 1981.
  - o Thereafter, wage increases on Conrail will lag National increases by 12%.
  - o Examples of how this works are attached.
- o At no time will wages on Conrail be cut.
- o Management will take the same wage deferrals and force reductions as agreement employees.
- o The contribution agreement is cancelled if the Federal government passes laws to break-up Conrail.
- o Work rules will be handled under expedited Railway Labor Act procedure.
- o The Agreement is subject to each organization's ratification procedures.
- o The Agreement lasts for the term of National Agreement (or 3 years), but if Conrail sells small parts of railroad, employees on that part go back to National wage levels.
- o Conrail will recommend to Federal Government that employees receive stock for deferred wages, and be represented on the Board of Directors.

5/5/81



EXAMPLE 1

<u>DATE</u>	<u>Suppose Industry Increases Are:</u>	<u>Conrail Increases Would Be:</u>	<u>Conrail Lags Industry By:</u>
4/1/81	8%	0%	8%
7/1/81	3%	1%	10%
10/1/81	2%	2%	10%
4/1/82	5%	3%	12%
10/1/82	5%	5%	12%
4/1/83	5%	5%	12%
10/1/83	5%	5%	12%

<u>Date</u>	<u>Suppose industry increases are:</u>	<u>Conrail increases would be:</u>	<u>Conrail lags industry by:</u>
4/1/81	7%	0%	7%
7/1/81	3%	0%	10%
10/1/81	2%	2%	10%
1/1/82	2%	0%	12%
7/1/82	5%	5%	12%
1/1/83	5%	5%	12%
7/1/83	5%	5%	12%
1/1/84	5%	5%	12%

Example 3

<u>Date</u>	<u>Suppose industry increases are:</u>	<u>Conrail increases would be:</u>	<u>Conrail lags industry by:</u>
4/1/81	6%	0%	6%
7/1/81	3%	0%	9%
10/1/81	2%	1%	10%
1/1/82	4%	2%	12%
7/1/82	5%	5%	12%
1/1/83	5%	5%	12%
7/1/83	5%	5%	12%
1/1/84	5%	5%	12%

AGREEMENT

Conrail and the undersigned representatives of its employees agree as follows, in order to: (1) enhance Conrail's ability to remain a profitable carrier; and (2) facilitate Conrail's transfer to private sector ownership.

1. (a) Rates of pay will be adjusted, effective July 1, 1984, to those rates that would have prevailed but for the pay increase deferral provisions of Section 2 of the Agreement of May 5, 1981 (i.e., wages will be adjusted to the so-called "industry standard.")

(b) To accomplish the provisions of paragraph (a), Conrail shall recompute pay rates from July 1, 1984, forward as if no pay increase deferral had occurred, and every effort will be made to distribute any retroactive pay adjustment (back to July 1, 1984) within sixty (60) days of notification to Conrail that this Agreement is formally in effect between Conrail and the affected labor organization.

2. Conrail and the representatives of its employees will take all steps necessary to pursue resolution of pending Section 6 notices which propose national handling, in such national handling, and agree to be

February 13, 1985

bound by agreements resulting from such national handling, except as set forth below:

(a) Conrail's right to transfer and rearrange work, as provided for in Section 706 of the Regional Rail Reorganization Act ("3R Act"), and in current agreements, will be continued.

(b) Section 6 notices proposing changes in work rules or in other working conditions not resolved by the terms of a National Agreement covering a craft or class of employees, will be addressed through Section 5 of the Agreement of May 5, 1981, which implements Section 712 of the 3R Act.

(c) The provisions of this Agreement will apply in the event of any conflict with a National Agreement.

3. All Agreements between the parties regarding rates of pay, rules and working conditions are hereby continued in effect except as provided herein.

4. This Agreement shall continue in effect until superseded by an agreement between the parties in connection with the sale of the United States' ownership interest in Conrail, or unless otherwise agreed by the parties, whichever shall first occur.

5. This Agreement is considered to be a separate agreement between Conrail and the representative of each craft or class of employees.

February 13, 1985

CONSOLIDATED RAIL CORPORATION

BY: /s/ R. E. Swert

Dated: 2/14/85

/s/ R. I. Kilroy

/s/ F. Ferlin

/s/ John F. Sytsma

/s/ R. T. Bates

/s/ R. E. Johnson

/s/ C. E. Wheeler

/s/ William G. Linder

/s/ O. M. Berge

/s/ James L. Walker

/s/ A. M. Ripp

/s/ Joseph E. Burns, Jr.

/s/ Charles C. Arthur, Jr.

/s/ R. L. King

/s/ E. J. Fusco

/s/ W. D. Summerville

/s/ A. V. Robey