



Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters

Freddie N. Simpson
President

Perry K. Geller, Sr.
Secretary-Treasurer

May 10, 2007

All General Chairmen Subject to 2007
Tentative BMWED/NCCC Agreement

Dear Sirs and Brothers:

Enclosed is a copy of the contents of the ratification ballot package, minus the ballot, that will be mailed to the affected membership next week. I trust this information will be helpful to you.

Fraternally yours,

President

cc: Mr. Perry K. Geller, Sr.
National Division Officers



Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters

Freddie N. Simpson
President

Perry K. Geller, Sr.
Secretary-Treasurer

May 15, 2007

Dear BMWED-IBT Member:

You have the opportunity to exercise your rights under Article XIX, Sec. 14 of the BMWED Bylaws to cast a vote to accept or reject the tentative agreement between the Union and the National Carriers' Conference Committee ("NCCC"). I ask that you review the enclosed summary of the agreement's terms and make an informed decision. A complete copy of the agreement with side letters is enclosed. You may also view a copy of the agreement on the BMWED's web page in both Spanish and English at www.bmwe.org.

I'm voting "yes" to ratify this agreement because I believe it is one that provides real wage increases and expands health care benefits and choices to most of the membership without giving up any work rules to the Railroads. The provisions of this agreement related to wages and health and welfare are identical to the other agreements being voted on by the Train Dispatchers, Locomotive Engineers, Signalmen, Firemen & Oilers, Sheet Metal Workers and Boilermakers. The only difference is that our members get back the \$.47 per hour diverted to insurance cost sharing between 2001 and 2004, because no other union had that method of employee cost sharing. Otherwise, the benefits and wage increases are the same between the other unions. While I hope you vote "yes," it is important that you vote and exercise the rights you have under the Bylaws to make your voice and opinion heard. You also must understand that a "no" vote means we go back to the bargaining table, and the only guaranteed result is that another tentative agreement will be different from this one. Also, if no agreement can be reached, it is likely that we will be put before a George Bush-appointed Emergency Board, and all the Carrier-proposed work rules would be back on the bargaining table for change.

The tentative agreement makes substantial changes in two major areas, Health & Welfare and Wages.

HEALTH & WELFARE

Previously, about 25% of Rail Labor was cut-off from "managed care" benefits. Those are the benefits that require the employee or his family member to make a single, flat payment to the doctor for medical treatment.

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Those members of Rail Labor could only use the “comprehensive” plan that requires “out of pocket” charges, “deductibles,” “reasonable and customary” limitations on benefits, and a “lifetime” cap on benefits paid. Those members paid the same for health insurance as everyone else, yet they received an inferior benefit. The tentative agreement provides that one or more of United Healthcare, Aetna or Blue Cross/Blue Shield will activate existing networks or preferred provider operations throughout the country to offer “managed care” benefits to those 25% of Rail Labor who could not get them before. We estimate that well over 90% of Rail Labor members will be able to get managed care under this agreement.

Paying for this new benefit required modest increases in the flat payments made by managed care participants. These amounts still are substantially below the amounts paid by members in the comprehensive benefits plan. The Bargaining Committee determined that those members who had received the managed care benefits for many years should make a small contribution to help out the 25% of their brothers and sisters who couldn't previously get that benefit.

Finally, the new agreement changes the way employees contribute to health insurance premiums. Under our old agreement, employees contributed 70 cents per hour toward insurance for every hour worked, just like a tax on earnings. The more overtime you worked, the “more” you gave back to the railroad for insurance coverage. Under the tentative agreement, employees will pay a flat monthly premium of \$166.25 in 2007. That amount is about \$14 more per month than the average employee contributes through the 70 cent per hour tax. In each following year through 2010, the employee contribution will be 15% of the total monthly premium for health insurance (medical, dental, vision and hearing), and that amount is capped at \$200 per month or the amount on January 1, 2009, whichever is greater. Our experts expect we will not hit the \$200 cap until 2010. Thereafter, any increase in the cost-sharing amount will require a new agreement with the Railroads.

WAGES

The last agreement contained a formula to convert increases in the Bureau of Labor Statistics' consumer price index (CPI) to cents-per-hour wage increases. However, the employee cost-sharing amounts diverted from those increases guaranteed that the agreement would not provide wages that even kept pace with the cost of living. This tentative agreement provides wage increases of 17% from 2005 through 2009. Additionally, we recover the 47 cents per hour

“contributed” towards health insurance from 2001 through 2004. (The other 23 cents per hour came from the “Harris COLA” which would end under this agreement.) Those two increases mean that wage rates will increase a total of 20.9% over the term of the agreement and should be compared with the last agreement that provided a compounded 9.1% increase for the period 2000-2004. Our experts project the wage increases in the new agreement will exceed the increases in the cost of living over the same period.

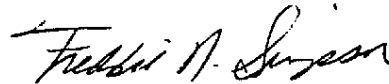
The tentative agreement also provides for back-pay from July 1, 2005 until the ratification date. As part of the calculation of back-pay, the Railroads will get a credit over time for the 62 cents per hour paid out under the “Harris COLA”. That same credit will apply to all other employees subject to this agreement, except for the Signalmen who did not receive the “Harris COLA.” We have included a chart that gives a rough estimate of what your gross back-pay should be, based upon your hourly rate of pay and hours worked each month.

WORK RULES

The tentative agreement makes no changes in work rules. The Railroads' proposals to subcontract out our work, reduce away-from-home meal and lodging payments, reduce the travel allowance and eliminate any restrictions on starting times were withdrawn. Of course, our work rules proposals regarding increases in away-from-home expenses, vacation amounts and sick leave were withdrawn as well. However, on balance, the Bargaining Committee believed the improvements in health insurance benefits, the substantial wage increases and the granting of no work rules concessions to the Railroads were a fair deal. I agree as well.

Please take the time to study these materials carefully. Discuss this agreement with your family, friends and Brothers and Sisters in the Union - then vote! It's the American way and the Union way.

In solidarity,

A handwritten signature in black ink that reads "Freddie N. Simpson". The signature is written in a cursive style with a prominent initial 'F'.

President

SUMMARY OF TENTATIVE BMWED/NCCC AGREEMENT

The following is an outline summary of the Tentative Agreement. This agreement will resolve wage and rules issues for the period January 1, 2005 through December 31, 2009, and includes back-pay for the period from January 1, 2005 until the agreement is ratified and the new wage rates are put into effect. This agreement is identical in terms with those being voted upon by members of the Locomotive Engineers, Signalmen, Sheet Metal Workers, Firemen & Oilers, Boilermakers and Train Dispatchers. The changes will become effective on July 1, 2007 if ratified by the membership.

Wages:

Back-pay of over \$2,400 per employee on average. The actual amount each member will receive will be based on his or her rate of pay and number of hours worked during the period July 1, 2005 (date of first wage increase) to the effective date of the agreement. Please review the enclosed "matrix" to obtain a reasonable estimate of the amount of back-pay you will receive if the agreement is ratified. (This is "net" back-pay after COLA payments and employee cost-sharing amounts have been deducted from the "gross" back-pay amount. There are no additional deductions other than taxes that come out of that amount.)

General wage increases on the following schedule:

July 1, 2005 - 2.5%

July 1, 2006 - 3.0%

July 1, 2007 - 3.0%

July 1, 2008 - 4.0%

July 1, 2009 - 4.5%

- 47¢ per hour previously taken from wage increases 2001-2004 to pay for health insurance returned to basic rate-of-pay effective January 1, 2007.
- Total compound wage increase, including the 47¢ per hour, from July 1, 2005 to July 1, 2009 = 20.9%

- For a member earning the national average of \$19.71 on July 1, 2005, who works about 10 hours of overtime each week (the average member), the agreement provides over \$17,000 in additional wages after deductions for health-insurance contributions for the period July 1, 2005 to December 31, 2009.

Health & Welfare:

- Expansion of in-network benefits (MMCP) to employees living in areas today where MMCP was not offered.
- Increases made to in-network co-pays (these increases used to pay for network expansion) are as follows:
 - Visit to family doctor from \$15 to \$20
 - Visit to specialist from \$15 to \$35
 - ER visit (when not admitted as patient) from \$30 to \$50
- Prescription Drugs
 - Retail (drug store) - \$10 generic; \$20 brand name; \$30 non-formulary
 - Mail order - \$20 generic; \$30 brand name; \$60 non-formulary
- Employee cost-sharing payments are 15% of monthly premium (employees currently pay about 14-15% through wage deferrals under old agreement) starting on January 1, 2007. The 2007 monthly cost-sharing amount is \$166.25.
- Cost-sharing adjustments on January 1, 2008; January 1, 2009 and January 1, 2010.
- Employee cost-sharing on January 1, 2010 capped at \$200 per month, or 15% of the January 1, 2009 monthly premium, whichever is greater. There will be no increase during the period unions and railroads bargain over next contract, no matter how much the railroads must pay for insurance. Cost-sharing formula means that railroads will currently pay about \$10,000 per year, per employee for health insurance over and above wage increases provided in the agreement and the amount paid by railroads increases over time.

- Members enrolled in Hospital Associations will receive partial rebate on dues paid to the Association.
- Members who have a spouse with insurance coverage can “opt out” of the railroad plan, not make a contribution and receive \$100 a month extra compensation.
- Members currently in an MMCP network will be able to switch to Blue Cross/Blue Shield MMCP network on January 1, 2008 if they wish.

Supplemental Sickness Benefits:

- Re-indexed to restore the same ratio of benefits to rates of pay as existed on December 31, 2004.
- Period in which to notify insurance of claim for benefits extended to 60 days from date of disability or sickness, up from current 20-day limit.

Carriers Withdraw All Work Rules Proposals:

- Includes proposals regarding: “work exit” - contracting out all production work; contracting out maintenance work; reducing travel allowance; reducing meal and lodging allowances; and other employee utilization rules.

BMWED NATIONAL FREIGHT AGREEMENT

Estimated Retroactivity to June 1, 2007

Average Monthly Pay Hours July 1, 2005 – June 1, 2007	Average Hourly Rate of Pay on July 1, 2005			
	\$19.71 All BMWED	\$20.05 Mach. Op.	\$21.02 Track Fore.	\$18.18 Sect. Lab.
130.0	\$1,057	\$1,114	\$1,286	\$809
140.0	\$1,196	\$1,258	\$1,443	\$930
150.0	\$1,336	\$1,402	\$1,600	\$1,050
160.0	\$1,475	\$1,546	\$1,757	\$1,170
170.0	\$1,614	\$1,689	\$1,914	\$1,291
173.3	\$1,660	\$1,737	\$1,966	\$1,330
180.0	\$1,754	\$1,833	\$2,071	\$1,411
190.0	\$1,893	\$1,977	\$2,228	\$1,531
200.0	\$2,032	\$2,121	\$2,385	\$1,651
220.0	\$2,311	\$2,408	\$2,699	\$1,892
230.0	\$2,450	\$2,552	\$2,856	\$2,012
240.0	\$2,590	\$2,695	\$3,013	\$2,132
250.0	\$2,729	\$2,839	\$3,170	\$2,253

MEDIATION AGREEMENT

THIS AGREEMENT, made this ___ day of _____, 2007, by and between the participating carriers listed in Exhibit A attached hereto and hereby made a part hereof, and represented by the National Carriers' Conference Committee, and the employees of such carriers shown thereon and represented by the Brotherhood of Maintenance of Way Employees Division-International Brotherhood of Teamsters:

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 of employees covered by this Agreement in effect on the preceding day 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) through (d) 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) **Piece Work** -

Adjustment of piece-work rates of pay shall be based on the amount of increase applicable to the basic hourly rates for the class of work performed. Where piece-work rates of pay are in effect on carriers having special rules as to the application of any increase, or decrease, in such rates, such rules shall apply.

(g) **Deductions** -

Insofar as concerns deductions, which may be made from the rates resulting from the increase herein granted, under Section 3(m) of the Fair Labor Standards Act of 1938, they may continue to be made to the extent that such deductions were being legally made as of August 31, 1941.

(h) **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.

Section 2 - Second General Wage Increase

Effective July 1, 2006, all hourly, daily, weekly, monthly and piece-work rates of pay in effect on June 30, 2006 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. The increase provided for in this Section 2 shall be applied in the same manner as provided for in Section 1 hereof.

Section 3 - Third General Wage Increase

Effective July 1, 2007, all hourly, daily, weekly, monthly and piece-work 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. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Section 1 hereof.

Section 4 - Fourth General Wage Increase

Effective July 1, 2008, all hourly, daily, weekly, monthly and piece-work 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. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

Section 5 - Fifth General Wage Increase

Effective July 1, 2009, all hourly, daily, weekly, monthly and piece-work 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. The increase provided for in this Section 5 shall be applied in the same manner as provided for in Section 1 hereof.

Section 6 – Rate Adjustment

Effective January 1, 2007, all hourly, daily, weekly, monthly and piece-work rates of pay in effect on December 31, 2006 for employees covered by this Agreement shall be increased in the amount of \$0.47 per hour applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 6 shall be applied in the same manner as described in Article II, Part B, Section 3 of the May 31, 2001 National BMW Agreement, except that such increase shall become part of basic rates of pay.

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 May 31, 2001 Agreement

Section 1

Article II, Part B, of the May 31, 2001 National BMW Agreement (“Article II, Part B”), shall be eliminated effective on the date of this Agreement. The full amount of the cost-of-living allowance payments that were payable under Article II, Part B (the COLA amount before reduction for employee health and welfare cost-sharing contributions) 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. (See Attachment A to Side Letter No. 10.)

Section 2

Any local counterpart to the above-referenced Article II, 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 - MMCP

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

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

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

(d) This Section shall become effective with respect to employees covered by this Agreement on July 1, 2007 or as soon thereafter 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) During a prescribed election period preceding January 1, 2008, and preceding each January 1 thereafter, employees may certify to the Plan or its designee in writing that they have health care coverage (which includes medical, prescription drug, and mental health/substance abuse benefits) under another group health plan or health insurance policy that they identify by name and, where applicable, by group number, and for that reason they elect to forego coverage for foreign-to-occupation health benefits for themselves and their dependents under the Plan and under any Hospital Association plan in which they participate. Such election is hereafter referred to as an "Opt-Out Election" and, where exercised, will eliminate an employer's obligation to make a contribution to the Plan and/or dues offset payment to a Hospital Association for foreign-to-occupation health benefits for the employee and his dependents.

Each employee who makes an Opt-Out Election will be paid by his employer \$100 for each month that his employer is required to make a contribution to the Plan on his behalf for life insurance and accidental death and dismemberment benefits as a result of compensated service rendered, or vacation pay received, by the employee during the prior month; provided, however, that the employee's Opt-Out Election is in effect for the entire month.

If an event described below in the final paragraph of this subsection (h) occurs subsequent to an employee's Opt-Out Election, the employee may, upon providing the Plan or its designee with proof satisfactory to it of the occurrence of such event, revoke his or her Opt-Out Election. An employee may also revoke his or her Opt-Out Election by providing the Plan or its designee with proof satisfactory to it that, after the employee made the Opt-Out Election, a person became a dependent of the employee through a

marriage, birth, or adoption or placement for adoption. An employee who revokes an Opt-Out Election will, along with his or her dependents, be once again covered (effective the first day of the first month following such revocation that the employee and/or his dependents would have been covered but for the Opt-Out Election the employee had previously made) for foreign-to-occupation health benefits under the Plan or, in the case of an employee who is a member of a Hospital Association, by the Plan (for dependent coverage) and by the Hospital Association (for employee coverage). See Side Letter No. 6.

The following events are the events referred to in the immediately preceding paragraph:

- (1) the employee loses eligibility under, or there is a termination of employer contributions for, the other coverage that allowed the employee to make the Opt-Out Election, or
- (2) if COBRA was the source of such other coverage, that COBRA coverage is exhausted.

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

(j) The design changes contained in this Section shall become effective on July 1, 2007 or as soon thereafter as practicable.

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 6 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 January 9, 1980 Supplemental Sickness Benefit Agreement, as

subsequently amended (Sickness Agreement), shall be further amended as provided in this Article.

Part A – Plan Benefit Adjustments

Section 1 - Adjustment of Plan Benefits

(a) The benefits provided under the Supplemental Sickness Benefit 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 December 31, 2004)	\$19.19 or more	\$3,339 or more
Class II Employees Earning (as of December 31, 2004)	\$17.82 or more but less than \$19.19	\$3,101 or more, but less than \$3,339
Class III Employees Earning (as of December 31, 2004)	Less than \$17.82	Less than \$3,101

Basic and Maximum Amount Per Month

<u>Classification</u>	<u>Basic</u>	<u>RUIA</u>	<u>Maximum</u>
Class I	\$1,033	\$1,218	\$2,251
Class II	\$907	\$1,218	\$2,125

Class III	\$763	\$1,218	\$1,981
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Combined Benefit Limit

<u>Classification</u>	<u>Maximum Monthly Amount</u>
Class I	\$2,415
Class II	\$2,276
Class III	\$2,124

Section 2 - Adjustment of Plan Benefits During Agreement Term

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 ___ DAY OF _____, 2007.

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

**FOR THE EMPLOYEES REP-
RESENTED BY THE BROTH-
ERHOOD OF MAINTENANCE
OF WAY EMPLOYEES DIVIS-
ION – IBT:**

NCCC Chairman

National President

_____, 2007
#1

Mr. Freddie N. Simpson
National President
Brotherhood of Maintenance of Way Employes Division
International Brotherhood of Teamsters
20200 Civic Center Drive, Suite 320
Southfield, MI 48076

Dear Mr. Simpson:

This confirms our understanding with respect to the general wage increases provided for in Article I, Sections 1 and 2, and the Rate Adjustment provided for in Article I, Section 6, of the Agreement of this date.

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

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

Very truly yours,

Robert F. Allen

_____, 2007
#2

Mr. Freddie N. Simpson
National President
Brotherhood of Maintenance of Way Employes Division
International Brotherhood of Teamsters
20200 Civic Center Drive, Suite 320
Southfield, MI 48076

Dear Mr. Simpson:

This refers to the increase in wages provided for in Sections 1, 2 and 6 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.

Yours very truly,

Robert F. Allen

I agree:

F. N. Simpson

_____, 2007
#3

Mr. Freddie N. Simpson
National President
Brotherhood of Maintenance of Way Employes Division
International Brotherhood of Teamsters
20200 Civic Center Drive, Suite 320
Southfield, MI 48076

Dear Mr. Simpson:

This confirms our understanding regarding Article IV – Health And Welfare of the Agreement of this date.

Notwithstanding any provision to the contrary, it is mutually understood and agreed that:

1. The Plan Design Changes contained in Article IV, Part A, Section 3 (excluding Section 3(g), (h), and (i)) will be made effective as soon as feasible after the date of the Agreement and in no event later than August 1, 2007.
2. The Plan Benefit Change set forth in Article IV, Part A, Section 2(c) will be made effective on the same date as the changes in Paragraph 1 above.
3. The Plan Benefit Change set forth in Article IV, Part A, Section 2(a) will be made effective as soon as feasible after the date of the Agreement.

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

Very truly yours,

Robert F. Allen

I agree:

F. N. Simpson

_____, 2007
#4

Mr. Freddie N. Simpson
National President
Brotherhood of Maintenance of Way Employes Division
International Brotherhood of Teamsters
20200 Civic Center Drive, Suite 320
Southfield, MI 48076

Dear Mr. Simpson:

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

The provisions of Article IV, Part A, Section 3(h) (Opt-Outs) and Part B (Employee Sharing of Cost of H&W Plans) are not applicable to employees covered by the Agreement who reside in Canada.

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

Yours very truly,

Robert F. Allen

I agree:

F. N. Simpson

_____, 2007
#5

Mr. Freddie N. Simpson
National President
Brotherhood of Maintenance of Way Employes Division
International Brotherhood of Teamsters
20200 Civic Center Drive, Suite 320
Southfield, MI 48076

Dear Mr. Simpson:

Article IV, Part A, Section 3(h) of the Agreement of this date (Agreement) provides employees with an option to opt out of coverage for foreign-to-occupation health benefits for themselves and their dependents under the Plan and under any Hospital Association plan in which they participate. This will confirm our understanding with respect to the intended application of that provision.

1. An employee who opts out will be opting out of FO health coverage only and (if he otherwise satisfies eligibility and coverage requirements) will continue to have on-duty injury coverage, coverage under the Dental and Vision Plans, and life and AD&D insurance coverage.

2. If a husband and wife are each covered by the Plan (or the NRC/UTU Plan or a Hospital Association) by virtue of railroad employment and either or both hold positions covered by this Agreement, a BMWED-represented spouse may elect to opt out as provided in Section 3(h). If that election is made (and provided the other spouse remains so covered), (i) such BMWED-represented spouse shall not receive the \$100/month payment

provided in Section 3(h) and shall not be required to make the employee cost-sharing contributions required under Article IV, Part B, and (ii) the Plan's coordination of benefits rules in effect on the date of this Agreement that are applied when a husband and wife are covered under the Plan both as an Eligible Employee and as an Eligible Dependent shall continue to be applicable.

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

Very truly yours,

Robert F. Allen

I agree:

F. N. Simpson

_____, 2007
#6

Mr. Freddie N. Simpson
National President
Brotherhood of Maintenance of Way Employes Division
International Brotherhood of Teamsters
20200 Civic Center Drive, Suite 320
Southfield, MI 48076

Dear Mr. Simpson:

This confirms our understanding with respect to the opt-out provision, Article IV, Part A, Section 3(h) of our Agreement of this date.

It is understood that for purposes of Section 9801(f) of the Internal Revenue Code, (i) any opt-out election shall be treated as a declination of coverage, or a failure to enroll, for foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which the employee making the election may participate, (ii) that the provisions of Section 9801(f) and the regulations thereunder shall govern how any individual covered by an election to opt-out may nonetheless become covered for foreign-to-occupation health benefits under the Plan or any Hospital Association plan prior to the next regular opt-out election period, (iii) that the terms of Article IV, Part A, Section 3(h) of our Agreement shall be interpreted and applied so as to be in compliance with Section 9801(f), and (iv) that the employer's payment of \$100 per month to an employee who has elected to opt-out shall cease immediately upon the employee and/or his dependents or any one of his dependents becoming covered, pursuant to Section 9801(f), for foreign-to-occupation health benefits under the Plan or any Hospital Association plan.

Furthermore, and notwithstanding the above, the parties recognize that

an employee may lose coverage under the health plan or health insurance policy that he or she relied upon in electing to forego coverage for foreign-to-occupation health benefits under the Plan, and that such loss of coverage may be attributable to an event that is not listed in Section 9801(f) of the Internal Revenue Code and is beyond the control of the employee or of any member of his or her family. In such a case, and only to the extent permissible under Section 125 of the Internal Revenue Code: (a) the employee may ask his/her employer that his or her opt-out election be revoked; (b) the employer involved may in its discretion grant the request in the interest of fairness and equity; and (c) if the request is granted, the employee's opt-out election shall be treated as revoked as of the day the employer received the request.

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

Very truly yours,

Robert F. Allen

I agree:

F. N. Simpson

_____, 2007
#7

Mr. Freddie N. Simpson
National President
Brotherhood of Maintenance of Way Employees Division
International Brotherhood of Teamsters
20200 Civic Center Drive, Suite 320
Southfield, MI 48076

Dear Mr. Simpson:

This confirms our understanding regarding the Agreement of this date.

Beginning with the first full calendar month immediately following the date of this Agreement 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 prospective Plan contribution pursuant to Article IV, Part B, Section 4, the carrier shall pay the Hospital Association for such month an amount equal to the Reduction Factor, provided that the Hospital Association that receives such payment has agreed to decrease the employee's dues by the same amount.

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

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

- (ii) the “cost-sharing contribution amount” for the month referred to in Article IV, Part B, Section 1, or
- (iii) the monthly dues amount established by the Hospital Association for payment by an active employee in that month.

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

Very truly yours,

Robert F. Allen

I agree:

F. N. Simpson

_____, 2007
#8

Mr. Freddie N. Simpson
National President
Brotherhood of Maintenance of Way Employes Division
International Brotherhood of Teamsters
20200 Civic Center Drive, Suite 320
Southfield, MI 48076

Dear Mr. Simpson:

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:

F. N. Simpson

_____, 2007
#9

Mr. Freddie N. Simpson
National President
Brotherhood of Maintenance of Way Employes Division
International Brotherhood of Teamsters
20200 Civic Center Drive, Suite 320
Southfield, MI 48076

Dear Mr. Simpson:

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 notice of disability was given within sixty (60) days of the start of disability, and that the claim is otherwise valid and payable, the claim shall be allowed and processed.

2. If the vendor determines that notice of disability was not given within sixty (60) days of the start of disability, or 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:

F. N. Simpson

_____, 2007
#10

Mr. Freddie N. Simpson
National President
Brotherhood of Maintenance of Way Employes Division
International Brotherhood of Teamsters
20200 Civic Center Drive, Suite 320
Southfield, MI 48076

Dear Mr. Simpson:

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 (i) the 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 and rate adjustment provided for, respectively, in Article I, Sections 1, 2 and 6 of this Agreement.

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

Very truly yours,

Robert F. Allen

I agree:

F. N. Simpson

ATTACHMENT A

BMW Retroactive Pay, H&W Cost-Sharing

ASSUMPTIONS:

Effective date of new agreement is June 1, 2007.

Employee's hourly rate as of 1/1/05 is \$20.00.

Cumulative H&W COLA offset for period 2001 through 2004, \$0.47/hr, is rolled in to Employee's hourly rate effective midnight 12/31/06

Employee works 220 hours per month (2640/year), all at straight time

Following GWI's are applicable:

7/1/05 2.5%

7/1/06 3.0%

Employee is obligated to make a cost-sharing contribution for each month during period 1/1/07 through 5/31/07

1. Gross Retroactive Pay

Employee would be due the following in retroactive pay:

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

$\$0.50^* \times 2640 \text{ hours} = \$1,320.00$

* $\$20.00/\text{hr} \times 1.025 = \20.50

b. For period 7/1/06 through 5/31/07:

$\$1.12^* \times 2420 \text{ hours} = \$2,710.40$

* $\$20.50 \times 1.03 = \21.12

c. For period 1/1/07 through 5/31/07:

$$\$0.47 \times 1100 \text{ hours} = \$517.00$$

d. Total gross retroactive pay of \$4,547.40

2. COLA Credit (1/1/05 through 5/31/07)

Railroad entitled to following credit against gross retroactive pay:

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

$$\$0.15 \times 220 \times 6 = \$198.00$$

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

$$\$0.46 \times 220 \times 6 = \$607.20$$

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

$$\$0.47 \times 220 \times 6 = \$620.40$$

d. For period 1/1/07 through 5/31/07:

$$\$0.62 \times 220 \times 5 = \$682.00$$

e. Total COLA credit = \$2,107.60

3. Retroactive H&W Payments (1/1/07 through 5/31/07)

$$\$116.36 * \times 5 = \$581.80$$

* $\$166.25 - \$49.89 = \$116.36/\text{mo.}$

$[\$0.23 \text{ (net cumulative H\&W cents/hr offset of } \$0.70 - 47) \times 216.92 \text{ (2,603 ACSTE Hours/12)} = \$49.89/\text{mo.)}$

4. Net retroactive wage payment

$$\$4,547.40 - (\$2,107.60 + \$581.80) = \$1,858.00$$

5. Increase net retroactive wage payment by 29.6 percent

$$1.296 \times \$1,858.00 = \$2,407.97.$$

6. Hourly Rate Effective 6/1/07

a. $\$20.00^* \times 1.025 \times 1.03 = \21.12 (rounded)

* Hourly rate on 6/30/05

b. $\$21.12 + \$0.47^* = \$21.59$

* Rate adjustment (effective midnight, 12/31/06)

EXHIBIT A
(BMWED)

CARRIERS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES SERVED ON OR AFTER NOVEMBER 1, 2004 BY AND ON BEHALF OF SUCH CARRIERS UPON THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES DIVISION-IBT, AND NOTICES SERVED ON OR AFTER NOVEMBER 1, 2004 BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES DIVISION-IBT, 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 Brotherhood of Maintenance of Way Employees Division-IBT.

Alameda Belt Line Railway
Alton & Southern Railway Company
The Belt Railway Company of Chicago
BNSF Railway Company
Central California Traction Company
Consolidated Rail Corporation
CSX Transportation, Inc.
Indiana Harbor Belt Railroad Company
The Kansas City Southern Railway Company
 Kansas City Southern Railway
 Louisiana and Arkansas Railway
 MidSouth Rail Corporation
 Gateway Western Railway
 Mid Louisiana Rail Corporation
 SouthRail Corporation
 TennRail Corporation
 Joint Agency
Los Angeles Junction Railway Company

Manufacturers Railway Company
New Orleans Public Belt Railroad
Norfolk & Portsmouth Belt Line Railroad Company
Norfolk Southern Railway Company
 The Alabama Great Southern Railroad Company
 Central of Georgia Railroad Company
 The Cincinnati, New Orleans & Texas Pac. Ry. Co.
 Georgia Southern and Florida Railway Company
 Interstate Railroad Company
Northeast Illinois Regional Commuter RR Corp (METRA) - 1
Port Terminal Railroad Association
Portland Terminal Railroad Company
Terminal Railroad Association of St. Louis
The Texas and Mexican Railway Company
Union Pacific Railroad Company
Wichita Terminal Association

* * * * *

Notes:

1 - Health & Welfare and Supplemental Sickness only

FOR THE CARRIERS:

**FOR THE BROTHERHOOD OF
MAINTENANCE OF WAY EM-
PLOYES DIVISION:**

Washington, D.C.
_____, 2007