

CONRAIL®



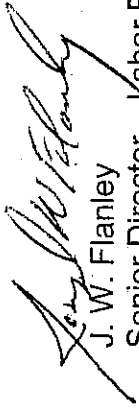
November 19, 2003

Mr. R. C. Kratz  
General Chairman  
United Transportation Union - MS  
4459 Meadow Drive  
Nazareth, PA 18064-9625

Dear Sir:

Enclosed herewith is a copy of the fully executed agreement between Conrail and its' Mechanical Foremen employees represented by the Yardmaster Department of the United Transportation Union.

Sincerely,

  
J. W. Flanley

Senior Director – Labor Relations & Personnel

cc: Mr. J. R. Cumby, Vice President, UTU  
Mr. A. N. Smith, Vice General Chairman, UTU-MS

**AGREEMENT  
BETWEEN  
CONSOLIDATED RAIL CORPORATION  
AND ITS EMPLOYEES REPRESENTED  
BY THE  
UNITED TRANSPORTATION UNION-YARDMASTER DEPARTMENT  
(MECHANICAL FOREMEN)**

**IT IS HEREBY AGREED:**

**ARTICLE 1-WAGES**

**Section 1 - First General Wage Increase**

Effective July 1, 2002, all standard basic daily rates of pay for employees covered by this Agreement in effect on June 30, 2002 shall be increased by four (4) percent.

**Section 2 - Second General Wage Increase**

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

**Section 3 - Third General Wage Increase**

Effective July 1, 2004, all standard basic daily rates of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 2 above.

**Section 4 - Application of Wage Increases**

Special allowances not included in fixed daily, weekly or monthly rates of pay for all services rendered, and arbitraries representing duplicate time payments will not be increased.

**ARTICLE II - COST-OF-LIVING PAYMENTS**

**Part A - Cost-of-Living Payments Under Article II, Part C of the NOVEMBER 13, 1997 AGREEMENT**

**Section 1**

Article II, Part C, of the Agreement dated November 13, 1997, 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.

**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 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).

<u>Base Month</u>	<u>Measurement Periods</u>	<u>Effective Date of Adjustment</u>
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, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.

(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:

Effective Date  
of Adjustment

Maximum CPI Increase That  
May Be Taken Into Account

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 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) **Daily Rates** - Determine the equivalent hourly rate by dividing the established daily rate by number of hours comprehended by the daily rate. The amount of the cost-of-living allowance multiplied by the number of hours comprehended by the daily rate shall be added to the daily rate produced by application of Article I.

(b) **Monthly Rates** - Determine the equivalent hourly rate by dividing the established monthly rate by the number of hours comprehended by the monthly rate. The amount of the cost-of-living allowance multiplied by the number of hours comprehended by the monthly rate shall be added to the monthly rate produced by application of Article I.

(c) **Minimum Daily Increases** - The increase in rates of pay described in paragraphs (a) and (b), inclusive, shall be not less than eight times the applicable increase per hour for each full time day of eight hours, required to be paid for by the rules agreement. In instances where under the existing rules agreement an employee is worked less than eight hours per day, the increase will be determined by the number of hours required to be paid for by the rules agreement.

(d) **Application of Wage Increases** - The increases in wages produced by application of the cost-of-living allowances shall be computed in accordance with the wage or working conditions agreement in effect between Conrail and its employees represented by the organization signatory to this Agreement. Special allowances not included in said rates and arbitraries representing duplicate time payments will not be increased.

#### **Section 4 – Continuation of Part B**

The arrangements set forth in Part B of this Article 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' proposals concerning health and welfare matters contained in their respective bargaining notices served on and after November 1, 1999 are, as of the date of this Agreement, being handled on a national basis by the NCCC on behalf of the participating carrier and national railroad unions that includes the UTU (YM) It is mutually agreed that the settlement of those proposals with those organizations will be incorporated into and become part of this Agreement upon the effective date of such settlement, and will be deemed full and final disposition of the parties' notices on these matters.

#### **Section 2**

In the event that the national discussions referenced in Section 1 conclude without the matters in dispute either being fully resolved or referred to other means of dispute

resolution under the Railway Labor Act, the parties shall meet promptly to resolve such matters pursuant to and in accordance with their respective rights and obligations under the Railway Labor Act. The parties mutually agree that their health and welfare dispute shall be resolved on the same terms and conditions applicable to the UTU (YM).

**Section 3**

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

**Section 4**

Beginning on January 1, 2005, employee contributions to health and welfare costs will be equivalent to those covering this time period contained in the settlements referred to in Section 1.

**ARTICLE V - OFF-TRACK VEHICLE BENEFITS**

Article IV (b) of the September 23, 1971 Agreement, as amended by Article IV of the February 7, 1979 Agreement, is further amended as follows effective on the date of this Agreement.

**Section 1**

Paragraph (b)(1) of the 1971 Agreement 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

"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) of the 1971 Agreement 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) of the 1971 Agreement is amended by substituting the figure \$10,000,000 for the figure \$1,000,000 wherever the latter figure appears.

## ARTICLE VI – MODIFICATION OF RULES IN THE APRIL 20, 1994 COLLECTIVE BARGAINING AGREEMENT

### Section 1, Scope

The Scope Rule is modified and replaced by the following:

- (A) These rules apply to Foremen of machinists, boilermakers, blacksmiths, sheet metal workers, electrical workers, carmen, their helpers and apprentices, coach cleaners and laborers in the Maintenance of Equipment Department (including such shop craft employees working under the jurisdiction of the MW Department and Working Foremen at outlying points.
- (B) Direct supervision of the above crafts shall be the primary duty of a Foreman.
- (C) Established positions will not be discontinued and new ones created under a different title covering work of similar character and responsibility for the purpose of reducing the rate of pay or evading the application of these rules.

**Section 2, Temporary Assignments**

Rule 7 is modified as follows:

- (A) A Mechanical Foreman temporarily assigned to a higher rated position shall receive the higher rate for the day or days so assigned.
- (B) When a Mechanical Foreman is temporarily assigned to a lower rated position his rate shall not be reduced.
- (C) Vacancies which the Company desires to fill and temporary assignments of one (1) or two (2) days' duration will be offered to available, qualified employees under (1) below, and then under either (2) or (3) below:
  - (1) Furloughed Mechanical Foremen working in other crafts at the location and on the trick on the day or days involved in seniority order.
  - (2) Regular Mechanical Foremen at the location involved who have requested to participate in overtime.
  - (3) Employees working in other crafts at the location and on the trick on the day or days involved provided their use as a Mechanical Foreman does not result in their positions, or other positions in any craft assigned to similar work at the location involved, being filled at the overtime rate, except any craft position that would have been so filled if the Mechanical Foreman vacancy had not occurred.
- (D) Vacancies which the Company desires to fill and temporary assignments of three (3) or more days, including vacancies not filled by advertising vacation relief Mechanical Foremen will be offered to available, qualified employees under (1) below, and then under either (2) or (3) below:
  - (1) Furloughed Mechanical Foremen working in other crafts at the location involved in seniority order.
  - (2) Regular Mechanical Foremen at the location involved who have requested to participate in overtime.
  - (3) Employees working in other crafts at the location involved.
- (E) The term "location" means an engine house, car shop, C. T. yard or similar facility.
- (F) Mechanical Foremen working an excepted position will not work as a Mechanical Foremen on another tour of duty on the same calendar day (time card day) that he performs service on an excepted position.

(G) Effective October 31, 2003, establish rotating overtime (vacancy) lists at Detroit, MI, North Jersey and South Jersey/Philadelphia. Calls from these lists will apply for vacancies filled in accordance with Rule 7(C)(2) and Rule 7(D)(2).

- (1) Detroit List will cover Conrail Shared Assets Area in Michigan.
- (2) North Jersey will consist of one (1) list covering the Oak Island Diesel Terminal and one (1) list covering the territory from Ridgefield, New Jersey south to and including Morrisville, Pennsylvania Terminal.
- (3) South Jersey/Philadelphia will consist of one (1) list for the Pavonia Engine House and one (1) list for the territory from south of Morrisville Terminal, west to but not including Claymont, Delaware and south to and including Millville, New Jersey.
- (4) Rotating lists will initially be established by placing, in seniority order, the Mechanical Foremen who have submitted written application to participate in overtime. Additions will be made to the bottom of the rotating list.
- (5) Calls will be made to the first out Mechanical Foremen and will be placed on the bottom of the list at the completion of that tour of duty.
- (6) Missed calls and refused calls will result in being placed on the bottom of the list at the off duty time of the missed or refused tour.

(H) A Mechanical foreman used to fill a vacancy on a non-agreement position will be paid the highest Foreman rate in the terminal where such service is performed, plus and additional ten (10) percent on all hours worked.

Time worked on the non-agreement position in excess of eight (8) consecutive hours will be paid for at the rate of time and one-half.

The on duty time of a Foreman so used may be changed to accommodate the hours worked by the non-agreement position.

### **Section 3. Vacation**

Rule 13 is modified in pertinent part as follows:

(D) Vacations shall be assigned between January 1 and December 31 and due regard consistent with the requirements of the service shall be given to the desires and preference of the Foremen in seniority order when arranging vacation schedules.

One week (5 days) of vacation entitlement may be taken as single vacation days. Single vacation days may be taken upon forty-eight (48) hours' advance notice from the Foreman to the proper Company Officer; provided, however, such day or days may be taken only when consistent with the requirements of the Company's service. It is not intended that this condition prevent an eligible employee from receiving a single day or days of vacation except where the request for the vacation is so late in a calendar year that service requirements prevent the employee's utilization of single vacation days before the end of the year.

#### **Section 4, Bereavement Leave**

Rule 19 is modified to conform to the National Bereavement Rule including the interpretive questions and answers thereto.

### **ARTICLE VI - GENERAL PROVISIONS**

#### **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 to settle the disputes growing out of the notices dated November 1, 1999 and served upon the organization signatory hereto by the participating carrier on that date, and notices dated on or subsequent to November 1, 1999, served by the organization upon such carrier. This Agreement shall be construed as a separate agreement by said carrier and its 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.
- (b) No party to this Agreement shall serve, prior to November 1, 2004 (not to become effective before January 1, 2005), any notice or proposal for the purpose of changing the subject matter of the provisions of this Agreement (with the exception of Health and Welfare) or which proposes matters covered by the proposals of the parties cited in paragraph (a) of this Section, and any proposals in pending notices relating to such matters are hereby withdrawn.
- (c) No party to this Agreement shall serve prior to November 1, 2004 (not to become effective before January 1, 2005) any notice or proposal changing the Health and Welfare provisions of this Agreement.


(d) This Article will not bar management and the General Committee on the railroad from agreeing upon any subject of mutual interest.

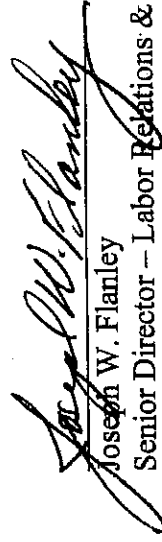
Signed at Philadelphia, Pennsylvania this 31<sup>st</sup> day of October, 2003.

FOR THE EMPLOYEES:

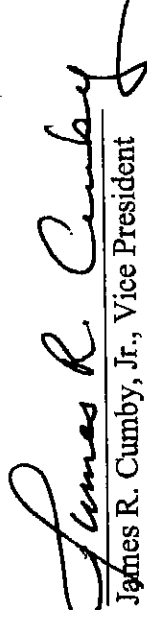
  
R. C. Kraz, General Chairperson

FOR THE CONSOLIDATED RAIL CORPORATION:


  
H. J. Palmer  
Director - Labor Relations

  
Joseph W. Flanley  
Senior Director - Labor Relations & Personnel

APPROVED:

  
James R. Cumby, Jr., Vice President  
United Transportation Union -  
Yardmaster Department

APPROVED:

  
A. D. Carlini  
Vice President-Employee Relations &  
Information Technology

October 31, 2003

Side Letter I

Mr. R. C. Kratz  
General Chairperson  
United Transportation Union - YM  
4459 Meadow Drive  
Nazareth, PA 18064-9625

Dear Sir:

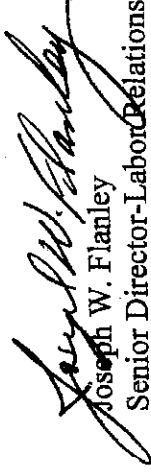
This confirms our understanding with respect to the general wage increase provided for in Article I, Sections 1 and 2 of the Agreement of this date.

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


If the Carrier finds it impossible to make such payments within that specific time period, the Carrier shall notify you in writing explaining why such payments have not been made and indicating when the payments will be made.

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

Very truly yours,

  
Joseph W. Flanley  
Senior Director-Labor Relations & Personnel

I agree:

  
R. C. Kratz

October 31, 2003

Side Letter 2

Mr. R. C. Kratz  
General Chairperson  
United Transportation Union - YM  
4459 Meadow Drive  
Nazareth, PA 18064-9625

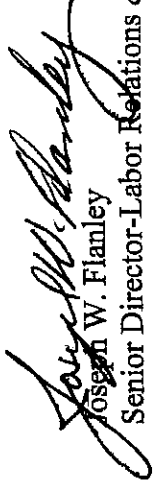
Dear Sir:

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

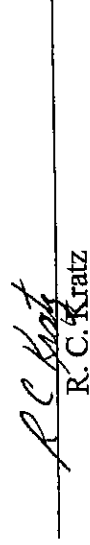
It is understood that the retroactive portion of that wage increase shall be applied only to employees who have an employment relationship with the Carrier signatory to this Agreement on the date of the Agreement or who retired or died subsequent to July 1, 2003.

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

Very truly yours,

  
Joseph W. Flanley  
Senior Director-Labor Relations & Personnel

I agree:

  
R. C. Kratz

October 31, 2003

Side Letter 3

Mr. R. C. Kratz  
General Chairperson  
United Transportation Union - YM  
4459 Meadow Drive  
Nazareth, PA 18064-9625

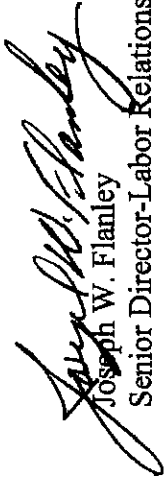
Dear Sir:

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


Any cost-of-living amount payments made to employees pursuant to Article II, Part C of the Agreement dated November 13, 1997 on and after July 1, 2002 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.

Very truly yours,

  
Joseph W. Flanley  
Senior Director-Labor Relations & Personnel

I agree:

  
R. C. Kratz

October 31, 2003

Side Letter 4

Mr. R. C. Kratz  
General Chairperson  
United Transportation Union - YM  
4459 Meadow Drive  
Nazareth, PA 18064-9625

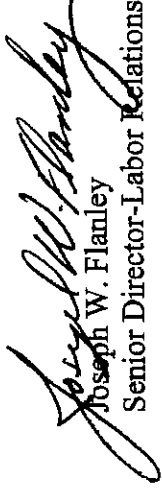
Dear Sir:

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

The parties exchanged various proposals and drafts antecedent to adoption of the various Articles that appear in this Agreement. It is our mutual understanding that none of such antecedent proposals and drafts will be used by any party for any purpose and that the provisions of this Agreement will be interpreted and applied as though such proposals and drafts had not been used or exchanged in the negotiation.

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

Very truly yours,

  
Joseph W. Flanley  
Senior Director-Labor Relations & Personnel

I agree:

  
R. C. Kratz