



**Brotherhood of Railroad Signalmen
Office of
International President**

Memo

To: Grand Executive Council, General Chairmen in National Handling
From: W. Dan Pickett
Date: May 14, 2007
Cc: Reps, Bill Phillips
Re: National Agreement

Please find attached a copy of the finalized national agreement. This agreement will be sent out for ratification on May 16, 2007.

Dan

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 employees of such carriers represented by the Brotherhood of Railroad Signalmen, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

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

(a) Hourly Rates -

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

(b) Daily Rates -

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

(c) Weekly Rates -

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

(d) Monthly Rates -

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

(e) Disposition of Fractions -

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

(f) Application of Wage Increase -

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

Section 2 - Second General Wage Increase

Effective July 1, 2006, all hourly, daily, weekly and monthly rates of pay in effect on June 30, 2006 for employees covered by this Agreement shall be increased 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 and monthly rates of pay in effect on June 30, 2007 for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase irrespective of the method of payment. 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 and monthly rates of pay in effect on June 30, 2008 for employees covered by this Agreement shall be increased in the amount of four (4) percent applied so as to give effect to this increase irrespective of the method of payment. 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 and monthly rates of pay in effect on June 30, 2009 for employees covered by this Agreement shall be increased in the amount of four-and-one-half (4-1/2) percent applied so as to give effect to this increase irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 hereof.

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 - 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. Plan participants and their beneficiaries 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. Plan participants and their beneficiaries 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 participants and their beneficiaries who are enrolled in MMCP. The term “nationwide market reciprocity” is intended to mean, by way of example, that a participant 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) 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 July 1, 2005 shall be offset against any retroactive wage payments provided to the affected employee under Article I, Sections 1 and 2 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 IV - SUPPLEMENTAL SICKNESS

The June 22, 1979 Supplemental Sickness Benefit Agreement, as amended by Article IV of the September 24, 2003 National Agreement (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 12/31/04)	\$20.99 or more	\$3,652.00 or more
Class II Employees Earning (as of 12/31/04)	\$17.33 or more but less than \$20.99	\$3,015.00 or more but less than \$3,652.00
Class III Employees Earning (as of 12/31/04)	Less than \$17.33	Less than \$3,015.00

Basic and Maximum Benefit Amount Per Month

<u>Effective</u>		<u>Basic</u>	<u>RUIA</u>	<u>Maximum</u>
[1/1/05]	Class I	\$1,189.50	\$1,218.00	\$2,237.00
through	Class II	\$1,010.00	\$1,218.00	\$2,133.00
[6/30/05]	Class III	\$ 915.00	\$1,218.00	\$2,133.00

<u>Effective</u>		<u>Basic</u>	<u>RUIA</u>	<u>Maximum</u>
[7/1/05]	Class I	\$1,213.00	\$1,218.00	\$2,431.00
through	Class II	\$1,010.00	\$1,218.00	\$2,228.00

[12/31/05]	Class III	\$ 915.00	\$1,218.00	\$2,133.00
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<u>Effective</u>		<u>Basic</u>	<u>RUIA</u>	<u>Maximum</u>
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[1/1/06]	Class I	\$1,282.00	\$1,218.00	\$2,500.00
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through	Class II	\$1,010.00	\$1,218.00	\$2,228.00
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[6/30/06]	Class III	\$ 915.00	\$1,218.00	\$2,133.00
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<u>Effective</u>		<u>Basic</u>	<u>RUIA</u>	<u>Maximum</u>
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[7/1/06]	Class I	\$1,367.25	\$1,239.75	\$2,607.00
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through	Class II	\$1,010.00	\$1,239.75	\$2,228.00
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[12/31/09]	Class III	\$ 915.00	\$1,239.75	\$2,133.00
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Combined Benefit Limit

<u>Classification</u>	<u>Maximum Monthly Amount</u>
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Class I	\$2,667.00
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Class II	\$2,388.00
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Class III	\$2,286.00
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Section 2 - Further Adjustment of Plan Benefits

The benefits provided under the Plan shall be further adjusted as provided below by multiplying the wage level in effect for the applicable Class on December 31, 2009 by the percentages specified below, provided, however, that the Class I basic benefit shall in no event be lower than the amount in effect as of January 1, 2007:

<u>Effective</u>	<u>Class</u>	<u>Percentage</u>
[1/1/2010]	Class I	58.7%
	Class II	65.3%
	Class III	65.3%

<u>Effective</u>	<u>Class</u>	<u>Percentage</u>
[7/1/2010]	Class I	63.8%
	Class II	65.3%
	Class III	65.3%

<u>Effective</u>	<u>Class</u>	<u>Percentage</u>
[1/1/2011]	Class I	65.6%
	Class II	65.3%
	Class III	65.3%

<u>Effective</u>	<u>Class</u>	<u>Percentage</u>
[7/1/2011]	Class I	68.4%
	Class II	65.3%
	Class III	65.3%

Combined Benefit Limitation

<u>Classification</u>	<u>Maximum Monthly Amount</u>
Class I	\$3,151.00
Class II	\$2,822.00
Class III	\$2,703.00

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 V - 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:**

**FOR THE EMPLOYEES
REPRESENTED BY THE
BROTHERHOOD OF RAIL-
ROAD SIGNALMEN:**

Robert F. Allen

W. Dan Pickett

Emerson Bouchard

Walt Barrows

Stephen Crable

George Jones

John J. Fleps

Floyd Mason

Mark R. MacMahon

Joe Mattingly

John J. Marchant

_____, 2007
#1

Mr. W. D. Pickett
President
Brotherhood of Railroad Signalmen
917 Shenandoah Shores Road
Front Royal, VA 22630-6418

Dear Mr. Pickett:

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

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

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

Very truly yours,

Robert F. Allen

_____, 2007
#2

Mr. W. D. Pickett
President
Brotherhood of Railroad Signalmen
917 Shenandoah Shores Road
Front Royal, VA 22630-6418

Dear Mr. Pickett:

This refers to the increase in wages provided for in Sections 1 and 2 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:

W. D. Pickett

_____, 2007
#3

Mr. W. D. Pickett
President
Brotherhood of Railroad Signalmen
917 Shenandoah Shores Road
Front Royal, VA 22630-6418

Dear Mr. Pickett:

This confirms our understanding regarding Article III – 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 III, Part A, Section 3 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 III, 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 III, 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:

W. D. Pickett

_____, 2007
#4

Mr. W. D. Pickett
President
Brotherhood of Railroad Signalmen
917 Shenandoah Shores Road
Front Royal, VA 22630-6418

Dear Mr. Pickett:

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

The provisions of Article III, Part B (Employee Sharing of Cost of H&W Plans) are not applicable to employees covered by the Agreement who reside in Canada.

This will also confirm that existing contractual arrangements concerning Opt-Outs are not applicable to employees covered by the Agreement who reside in Canada.

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

Yours very truly,

Robert F. Allen

I agree:

W. D. Pickett

_____, 2007
#5

Mr. W. D. Pickett
President
Brotherhood of Railroad Signalmen
917 Shenandoah Shores Road
Front Royal, VA 22630-6418

Dear Mr. Pickett:

This confirms our understanding regarding the Agreement of this date.

In any month in which an active employee receives his or her FO healthcare benefits from a Hospital Association and not from the National Health & Welfare Plan and makes a Plan contribution pursuant to Article III, Part B, 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 III, 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:

W. D. Pickett

_____, 2007
#6

Mr. W. D. Pickett
President
Brotherhood of Railroad Signalmen
917 Shenandoah Shores Road
Front Royal, VA 22630-6418

Dear Mr. Pickett:

This confirms our understanding regarding Article III, 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 III, 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:

W. D. Pickett

_____, 2007
#7

Mr. W. D. Pickett
President
Brotherhood of Railroad Signalmen
917 Shenandoah Shores Road
Front Royal, VA 22630-6418

Dear Mr. Pickett:

This confirms our understanding regarding Article IV, 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:

W. D. Pickett

_____, 2007
#8

Mr. W. D. Pickett
President
Brotherhood of Railroad Signalmen
917 Shenandoah Shores Road
Front Royal, VA 22630-6418

Dear Mr. Pickett:

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 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.

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

Very truly yours,

Robert F. Allen

I agree:

W. D. Pickett

ATTACHMENT A

BRS 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 \$23.00.

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 7/1/05 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:

$\$0.58^* \times 2640 \text{ hours} = \$1,531.20$

* $\$23.00/\text{hr} \times 1.025\% = \23.58

b. For period 7/1/06 through May 31, 2007:

$\$1.29^* \times 2420 \text{ hours} = \$3,121.80$

* $\$23.58 \times 1.03 = \24.29

c. Total gross retroactive pay of \$4,653.00

2. Retroactive H &W Cost-Sharing (7/1/05 through 5/31/07)

Employee would owe the following in retroactive H&W cost-sharing (to recover employee share of yearly Plan cost increases for 2005-2007 in excess of current cost-sharing amount of \$100/mo.):

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

$$\$6.11 \times 6 = \$36.66$$

b. For period 1/1/06 through 12/31/06:

$$\$31.96 \times 12 = \$383.52$$

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

$$\$66.25 \times 5 = \$331.25$$

d. Total H&W retroactive cost-sharing = \$751.43

3. Net retroactive payment: $\$4,653.00 - \$751.43 = \$3,901.57$

_____, 2007
#9

Mr. W. D. Pickett
President
Brotherhood of Railroad Signalmen
917 Shenandoah Shores Road
Front Royal, VA 22630-6418

Dear Mr. Pickett:

This letter shall confirm our agreement concerning the pending legal action captioned BNSF Ry. et al. v. Brotherhood of Railroad Signalmen, Civil Action No. 1:06-CV-506 (D.D.C).

The parties agree that within ten days of ratification of the tentative agreement by the BRS membership, plaintiffs and defendant in the aforementioned civil action shall jointly move to dismiss all claims and counterclaims pending before the Court with prejudice as moot because of settlement of all pending collective bargaining issues under the moratorium provision in such agreement, each party to bear its own costs.

Should ratification of the tentative agreement not occur, counsel for the parties in the litigation shall meet and confer concerning continued processing of the case within ten (10) days thereafter.

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

Very truly yours,

Robert F. Allen

I agree:

W.D. Pickett

EXHIBIT A
(BRS)

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 RAILROAD SIGNALMEN, AND NOTICES SERVED ON OR AFTER NOVEMBER 1, 2004 UPON SUCH CARRIERS BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE BROTHERHOOD OF RAILROAD SIGNALMEN.

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 Railroad Signalmen.

Alton and Southern Railway Company
The Belt Railway Company of Chicago
BNSF Railway Company
Consolidated Rail Corporation
CSX Transportation, Inc.
Atlanta and West Point Railway (former)
The Baltimore and Ohio Railroad Company (former)
The Baltimore & Ohio Chicago Terminal Railroad Co.
The Chesapeake and Ohio Railway Company (former)
The Chicago and Eastern Illinois R.R. Co. (former)
Clinchfield Railroad (former)
Consolidated Rail Corporation (former)
Gainesville Midland Railroad Company
Louisville and Nashville Railroad Company (former)
Monon Railroad (former)
Pere Marquette Railway Company (former)

Richmond, Fredericksburg & Potomac Ry. Co. (former)
Seaboard Coast Line Railroad Company (former)
Western Maryland Railway Company (former)
Elgin, Joliet and Eastern Railway Company - 1
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
Norfolk Southern Railway Company
The Alabama Great Southern Railroad Company
Central of Georgia Railroad Company
Northeast Illinois Reg. Commuter R.R. Corp. (METRA) - 2
Peoria and Pekin Union Railway Company
Terminal Railroad Association of St. Louis
The Texas and Mexican Railway Company
Union Pacific Railroad Company

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NOTES:

1 - Wages and Rules and Health & Welfare only

2 - Health and Welfare and Supplemental Sickness only

FOR THE CARRIERS:

**FOR THE BROTHERHOOD OF
RAILROAD SIGNALMEN:**

Washington, D.C.
_____ , 2007