

M. B. FUTHEY JR.  
International President

ARTHUR MARTIN III  
Assistant President

KIM N. THOMPSON  
General Secretary and Treasurer



14600 DETROIT AVENUE  
CLEVELAND, OHIO 44107-4250  
PHONE: 216-228-9400  
FAX: 216-228-5755  
www.utu.org

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E-mailed and U.S. Mail

U. S. Chairpersons  
General Committees of Adjustment  
In National Wage & Rules Handling  
United Transportation Union

Re: Proposed Offer of Settlement  
In National Wage and Rules Movement

Dear Chairpersons:

The UTU National negotiating committee has reached a new tentative agreement with the National Carriers Conference Committee in settlement of the United Transportation Union's Notices regarding Wage and Rules.

Enclosed for your review is the proposed agreement between the NCCC and the UTU. It is requested that you review this as soon as possible and submit questions pertaining to the offer within 15 days.

The negotiating committee will consolidate the submitted questions into a single uniform list. When answers to the questions are determined by the negotiating committee and the carrier's representatives, the agreed upon questions and answers will be made a part of the offer of settlement.

The completed offer of settlement will then be subjected to membership ratification.

Fraternaly yours,

A handwritten signature in black ink that reads "M. B. Futhey Jr." in a cursive script.

M. B. Futhey Jr.  
International President

Enclosure



**MEDIATION AGREEMENT**

THIS AGREEMENT, made this \_\_\_ day of \_\_\_\_\_, 2008, by and between the participating carriers listed in Exhibit A, attached hereto and made a part hereof, and represented by the National Carriers' Conference Committee, and the employees (other than Yardmasters) of such carriers shown thereon and represented by the United Transportation Union, witnesseth:

**IT IS HEREBY AGREED:**

**ARTICLE I - WAGES**

**Section 1 - First General Wage Increase** (for other than Dining Car Stewards)

(a) Effective July 1, 2005, all standard basic daily rates of pay for employees represented by the United Transportation Union in effect on June 30, 2005 shall be increased by two-and-one-half (2-1/2) percent.

(b) In computing the increase for enginemen under paragraph (a) above, two-and-one-half (2-1/2) percent shall be applied to the standard basic daily rates of pay applicable in the following weight-on-drivers brackets, and the amounts so produced shall be added to each standard basic daily rate of pay:

Passenger	- 600,000 and less than 650,000 pounds
Freight	- 950,000 and less than 1,000,000 pounds (through freight rates)
Yard Engineers	- Less than 500,000 pounds

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

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

Effective July 1, 2006, all standard basic daily rates of pay in effect on  
June 30, 2006 for employees represented by the United Transportation Union  
shall be increased by three (3) percent, computed and applied in the same  
manner prescribed in Section 1(b) above.

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

Effective July 1, 2007, all standard basic daily rates of pay in effect on  
June 30, 2007 for employees represented by the United Transportation Union  
shall be increased by three (3) percent, computed and applied in the same  
manner prescribed in Section 1(b) above.

**Section 4 – Fourth General Wage Increase** (for other than Dining Car  
Stewards)

Effective July 1, 2008, all standard basic daily rates of pay in effect on  
June 30, 2008 for employees represented by the United Transportation Union  
shall be increased by four (4) percent, computed and applied in the same  
manner prescribed in Section 1(b) above.

**Section 5 – Fifth General Wage Increase** (for other than Dining Car  
Stewards)

Effective July 1, 2009, all standard basic daily rates of pay in effect on  
June 30, 2009 for employees represented by the United Transportation Union

shall be increased by four-and-one-half (4-1/2) percent, computed and applied in the same manner prescribed in Section 1(b) above.

### **Section 6 - Standard Rates**

The standard basic daily rates of pay produced by application of the increases provided for in this Article are set forth in Appendix 1, which is a part of this Agreement.

### **Section 7 - Application of Wage Increases**

(a) The adjustments provided for in this Article will not apply to duplicate time payments, including arbitraries and special allowances that are expressed in time, miles or fixed amounts of money, but will apply to mileage rates of pay for miles run in excess of the number of miles comprising a basic day.

(b) In engine service and in train and yard ground service, miscellaneous rates based upon hourly or daily rates of pay, as provided in the schedules or wage agreements, shall be adjusted in the same manner as heretofore increased under previous wage agreements.

(c) In determining new hourly rates, fractions of a cent will be disposed of by applying the next higher quarter of a cent.

(d) Daily earnings minima shall be changed by the amount of the respective daily adjustments.

(e) Standard monthly rates and money monthly guarantees applicable in passenger train service shall be thirty times the new standard daily rates. Other than standard monthly rates and money monthly guarantees shall be so adjusted that money differentials existing as of June 30, 2005 shall be preserved.

(f) Existing monthly rates and money monthly guarantees applicable in train service other than passenger will be changed in the same proportion as the daily rate for the class of service involved is adjusted.

(g) Existing money differentials above existing standard daily rates shall be maintained.

(h) In local freight service, the same differential in excess of through freight rates shall be maintained.

(i) The existing differential of \$6.00 per basic day in passenger, freight, and yard service, and 6¢ per mile for miles in excess of the number of miles encompassed in the basic day, currently payable to engineers working without firemen, shall be maintained and applied in the same manner as the local freight differential.

(j) In computing the first increase in rates of pay effective under Section 1 for engineers, firemen, conductors, brakemen and flagmen employed in local freight service, or on road switchers, roustabout runs, mine runs, or in other miscellaneous service, on runs of miles equal to or less than the number comprising a basic day, which are therefore paid on a daily basis without a mileage component, whose rates had been increased by "an additional \$.40" effective July 1, 1968, the two-and-one-half (2-1/2) percent increase shall be applied to daily rates in effect on the day preceding the effective date of the general wage increase provided for in Section 1, exclusive of car scale additives, local freight differentials, and any other money differential above existing standard daily rates. For firemen, the rates applicable in the weight-on-drivers bracket 950,000 and less than 1,000,000 pounds shall be utilized in computing the amount of increase. The same procedure shall be followed in computing the increases effective July 1, 2006, July 1, 2007, July 1, 2008, and July 1, 2009. The rates produced by application of the standard local freight differentials and the above-referred-

to special increase of "an additional \$.40" to standard basic through freight rates of pay are set forth in Appendix 1 which is a part of this Agreement.

(k) Other than standard rates:

(i) Existing basic daily rates of pay other than standard shall be changed, effective as of the dates specified in Sections 1, 2, 3, 4, and 5 hereof, by the same respective percentages as set forth therein, computed and applied in the same manner as the standard rates were determined.

(ii) The existing differential of \$6.00 per basic day in passenger, freight, and yard service, and 6¢ per mile for miles in excess of the number of miles encompassed in the basic day, currently payable to engineers working without firemen, shall be maintained and applied in the same manner as the local freight differential.

(iii) Daily rates of pay, other than standard, of engineers, firemen, conductors, brakemen and flagmen employed in local freight service, or on road switchers, roustabout runs, mine runs, or in other miscellaneous service, on runs of miles equal to or less than the number encompassed in the basic day, which are therefore paid on a daily basis without a mileage component, shall be increased as of the effective dates specified in Sections 1, 2, 3, 4, and 5 hereof, by the same respective percentages as set forth therein, computed and applied in the same manner as provided in paragraph (k)(i) above.

(l) Any cost-of-living allowance amounts rolled in to basic rates of pay on or after July 1, 2005 pursuant to Article III, Part B of the August 20, 2002 National UTU Agreement (Document "A") ("2002 UTU Agreement"), as amended, (or any local counterpart agreement provision) shall be excluded

before application of the general wage increases provided for in this Article I and eliminated from basic rates of pay after application of such increases.

(m) Trip Rates established pursuant to Article V of the 2002 UTU Agreement shall be adjusted by application of the general wage increases provided for in this Article I, in the manner set forth in Article V, Part B, Section 4(c)(1) of that Agreement, subject to subsection (l) above.

### **Section 8 - General Wage Increases for Dining Car Stewards**

(a) Effective July 1, 2005, all basic monthly rates of pay in effect on June 30, 2005 for dining car stewards represented by the United Transportation Union shall be increased by two-and-one-half (2-1/2) percent.

(b) Effective July 1, 2006 all basic monthly rates of pay in effect on June 30, 2006 for dining car stewards represented by the United Transportation Union shall be increased by three (3) percent.

(c) Effective July 1, 2007, all basic monthly rates of pay in effect on June 30, 2007 for dining car stewards represented by the United Transportation Union shall be increased by three (3) percent.

(d) Effective July 1, 2008, all basic monthly rates of pay in effect on June 30, 2008 for dining car stewards represented by the United Transportation Union shall be increased by four (4) percent.

(e) Effective July 1, 2009, all basic monthly rates of pay in effect on June 30, 2009 for dining car stewards represented by the United Transportation Union shall be increased by four-and-one-half (4-1/2) percent.

## **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**

### **Part A - Cost-of-Living Payments Under August 20, 2002 Agreement**

#### **Section 1**

Article III, Part B, of the August 20, 2002 National UTU Agreement, as amended by the November 6, 2003 National UTU Supplemental Agreement, shall be eliminated effective on the date of this Agreement. All cost-of-living allowance payments made under that 2002 Agreement 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.

**Section 2**

Any local counterpart to the above-referenced Article III, 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.

**Part B - Cost-of-Living Allowance and Adjustments Thereto on and after January 1, 2011**

**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 January 1, 2011 based, subject to paragraph (b), on the CPI for September 2010 as compared with the CPI for March 2010. 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 (b)(iii), according to the formula set forth in paragraph (c).

<u>Measurement Periods</u>		
<u>Base Month</u>	<u>Measurement Month</u>	<u>Effective Date of Adjustment</u>
March 2010	September 2010	January 1, 2011
September 2010	March 2011	July 1, 2011

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

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
January 1, 2011	3% of March 2010 CPI
July 1, 2011	6% of March 2010 CPI, less the increase from March 2010 to September 2010

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 (c), 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 March 2010 to the measurement month of September 2010 exceeds 3% of the March 2010 base index, the measurement period that shall be used for determining the cost-of-living adjustment to be effective the following July shall be the 12-month period from such base month of March; 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 March base index; and the

maximum increase in that portion of the index that may be taken into account shall be 6% of such March base index less the 3% mentioned in the preceding clause, to which shall be added any residual fractional points which had been dropped under paragraph (c) below in calculation of the cost-of-living adjustment which shall have become effective January 1, 2011 during such measurement period.

(iv) Any increase in the CPI from the base month of March 2010 to the measurement month of March 2011 in excess of 6% of the March 2010 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.

(c) Formula. The number of points change in the CPI during a measurement period, as limited by paragraph (b), 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 effective July 1, 2011 shall be the whole number of cents produced by dividing by 0.3 the number of points change, as limited by paragraph (b), in the CPI during the applicable measurement period. Any residual fractional points resulting from such division shall be dropped. The result of such division shall be rolled in to basic rates of pay in effect on June 30, 2011 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, but in no event shall basic rates of pay be reduced below the levels in effect on December 31, 2010. If the result of such

division requires a subtraction from basic rates of pay in effect on June 30, 2011, the employee cost-sharing contribution amount in effect on that date pursuant to Article IV, Part C, Section 1(a) of this Agreement shall be adjusted effective July 1, 2011 as appropriate to reflect such subtraction. The same procedure shall be followed in applying subsequent adjustments.

(d) 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 payable to each employee effective January 1, 2011 pursuant to Section 1 of this Part shall be rolled in to basic rates of pay on that date.

(b) The cost-of-living allowance payable to each employee effective July 1, 2011 pursuant to Section 1 of this Part shall be rolled in to basic rates of pay on that date.

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

