

## AGREEMENT

It is HEREBY AGREED this \_\_\_\_ day of \_\_\_\_\_, 2003.

### ARTICLE I - THOROUGHBRED PERFORMANCE BONUS

#### Section 1

Effective January 1, 2003, and payable in 2004 and 2005 locomotive engineers represented by the undersigned General Committees will be eligible for a bonus up to a maximum fifteen percent (15%) of their engineer earnings in the preceding calendar year.

#### Section 2

Effective January 1, 2005 and payable in 2006, 2007 and 2008 locomotive engineers represented by the undersigned General Committees will be eligible for a bonus up to a maximum of ten (10%) of their engineer earnings in the preceding calendar year.

#### Section 3

Effective January 1, 2008 and payable in 2009 and each year thereafter, locomotive engineers represented by the undersigned General Committees will be eligible for a bonus up to a maximum fifteen percent (15%) of their engineer earnings in the preceding calendar year.

#### Section 4

The terms and conditions for the administration of the Thoroughbred Performance Bonus remain as specified in Article I, Sections 3 and 4 of the June 1996 Agreement between the parties, subject to the maximums stated in Sections 1, 2 and 3 above.

#### Section 5

The Brotherhood of Locomotive Engineers shall have the unilateral right to accept wage increases as provided in Side Letter 1 in lieu of the bonus provided for by Section 3 of this Article I effective on and after January 1, 2010 by providing written notice to the Carrier of its intention to do so between November 1, 2009 and November 30, 2009.

## **ARTICLE II - SIGNING BONUS**

- (a) Not later than three months after the date of this Agreement each employee covered by this Agreement who qualifies under subsection (b) shall be paid a Lump Sum of \$2,000.00. Such Lump Sum shall be paid in a separate check and shall be subject to withholdings for applicable Federal, State and Local Taxes.
  
- (b) To qualify for the Lump Sum an employee must:
  - (1) have an employment relationship with the Carrier as of April 1, 2003 or have retired or died subsequent to the date of this Agreement; and
  
  - (2)
    - (i) have compensation for active service performed during the period February 1, 2003 through March 31, 2003, or
  
    - (ii) have been on authorized leave for such entire period of personal illness, on-duty injury, or pursuant to the Family and Medical Leave Act, and return to active service not later than August 1, 2003, or
  
    - (iii) have been out of service for such entire period due to Carrier disciplinary action that is subsequently rescinded or overturned with pay for all time lost.
  
- (c) There shall be no duplication of the lump sum payment by virtue of employment under an agreement with another organization, nor will such payment be used to offset, construct or increase guarantees in protection agreement or arrangements. Engineers receiving a lump sum payment under a separate agreement, such as the Longevity Bonus contained in the 2002 UTU National Agreement, will receive the difference between that amount and \$2,000.00 (if otherwise eligible for the signing bonus).

## **ARTICLE III - WAGES**

### **Section 1 - First General Wage Increase**

Effective January 1, 2005 all standard basic daily rates of pay for employees represented by the Brotherhood of Locomotive Engineers in effect on December 31, 2004 shall be increased by four (4) percent.

### **Section 2 - Second General Wage Increase**

Effective January 1, 2007 all standard basic daily rates of pay for employees represented by the Brotherhood of Locomotive Engineers in effect on December 31, 2006 shall be increased by two (2) percent.

## **ARTICLE IV - COST OF LIVING ADJUSTMENT**

### **Section 1**

A forty-eight cent (\$0.48) per hour cost of living adjustment will be rolled into the basic rates of pay effective December 31, 2004.

### **Section 2**

No additional cost-of-living adjustments are applicable while this agreement is in effect.

## **ARTICLE V - OPERATING EFFICIENCY/CUSTOMER SERVICE**

### **Section 1**

The BLE will work jointly with the Transportation Department to identify and achieve mutually agreeable goals that enhance the efficiency of the operation and the level of service provided to customers.

### **Section 2**

Depending on the success in achieving improvements to the designated metrics and at the Carrier's sole discretion, the maximum bonus potential for calendar year 2007 payable in 2008 will be increased from 10% to 15%.

## **ARTICLE VI - WEEKEND/HOLIDAY DIFFERENTIAL**

Effective with the date of this agreement, a thirty dollar (\$30.00) per trip allowance will be payable to engineers operating in through freight service and a seven dollar (\$7.00) per trip allowance will be payable to engineers operating in other than through freight service who go on duty:

- (1) between 12:00 a.m. Friday and 11:59 p.m. Sunday during any calendar week; or
- (2) between 12:00 a.m. and 11:59 p.m. on any of the eleven (11) recognized holidays.

There will be no duplication or pyramiding of allowances through the application of (1) and (2) above.

## **ARTICLE VII - AWAY FROM HOME MEAL ALLOWANCES**

Effective the date of this agreement the meal allowance provided for by Article II, Section 2, of the June 25, 1964 National Agreement, as amended, is increased from \$6.00 to \$9.00.

## **ARTICLE VIII - 401(k) SAVINGS PLAN**

### **Section 1**

The Carrier will make the following contributions to the Brotherhood of Locomotive Engineers 401(k) Savings Plan (BLE 401(k) Plan) as set forth below and Side Letter #6 of the February 12, 1999 BLE Implementing Agreement is cancelled effective January 1, 2004.

### **Section 2**

- (a) Commencing with the year 2004, and from year to year thereafter, the Carrier will match up to twenty percent (20%) of the contribution by an engineer to the BLE 401(k) plan. The Carrier's match (match) will be in the form of the Carrier's common stock (in lieu thereof, the Carrier may contribute cash which the Plan Administrator will use to purchase stock for the match).
- (b) The match is subject to the following limitations:
  - (1) the match will apply to the first 10% of an employee's engineer earnings which are the basis for his or her contribution to the BLE 401(k) Plan, so that the match will not exceed two percent (2%) of the participating employee's annual earnings; and
  - (2) the match will not exceed the maximum prescribed by law; and
  - (3) the match is contingent upon the extent to which the Thoroughbred Performance Bonus is achieved. When the results achieved fall short of the maximum percentage pay out, the match will be prorated in the same manner as the Thoroughbred Performance Bonus. The first delivery of the match to the Trustee of the BLE 401(k) Plan will occur during the first quarter of 2005, reflecting Thoroughbred Performance Bonus performance during 2003. Subsequent deliveries shall occur from year to year thereafter.
- (c) Effective January 1, 2004, engineers will no longer be permitted to make contributions to the Thoroughbred Retirement Investment Plan. The Carrier will develop appropriate procedures to minimize the administrative difficulties associated with employees flowing in and out of the engineer craft.

### **Section 3**

Effective January 1, 2004, the BLE will assume responsibility for all administrative costs associated with the plan.

## **ARTICLE IX - GENERAL PROVISIONS**

### **Section 1**

The purpose of this Agreement is to fix the general level of compensation during the period of the Agreement. This Agreement shall remain in effect through December 31, 2009 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act. No party to this agreement shall serve, prior to November 1, 2009 (not to become effective before January 1, 2010) any notice or proposal (and any pending notices or proposals are hereby withdrawn). [This paragraph will not operate to prevent the application of Section 2 below.]

### **Section 2**

It is expected that a national agreement (hereafter "NA") settling notices served by BLE and various railroads on or about November 1, 1999 will be reached in the future. It is also expected that, following the moratorium period contained in that NA, a subsequent national agreement (hereafter SNA) will be reached. It is agreed that the following provisions (under these or similar designations), if any, contained in the NA will be applicable to employees of the Carriers signatory to this Agreement: health & welfare (H&W), retirement, disability, availability, holidays, personal days, sick days, bereavement leave, vacation, off-track vehicle insurance, and detention time. It is also agreed that the following provisions (under these or similar designations), if any, contained in the SNA will be applicable to employees covered by this Agreement: H&W, cost saving, productivity improvement, classification, and staffing.

### **Section 3**

It is intended that adoption of the H&W provisions from the NA and the SNA will a) cause the same plan design changes as are contained in those national agreements to be applicable to employees covered by this Agreement; and b) require employees to make H&W contributions in the same amounts and, except as provided below, on the same periodic basis as employees covered by those national agreements. The future value of i) any H&W contributions required for periods prior to January 1, 2004 shall be deducted from any bonus payable under Article I for calendar year 2003 (and payable in 2004); and ii) any H&W contributions required during 2004 plus any uncollected amount under i) above shall be deducted from any bonus payable under Article I for calendar year 2004 (and payable in 2005). Any uncollected H&W contributions required under i) and ii)

above will be collected from subsequent bonus amounts payable under Article I. Such H&W deductions will be effected by recalculating the involved bonus amount so as to reduce it by the amount of the involved contribution. The future value of such H&W contributions will be calculated to reflect its actuarial value. Periodic employee contribution to H&W will commence on January 1, 2005 concurrent with the first general wage increase.

SIGNED AT NORFOLK, VIRGINIA THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2003.

FOR THE CARRIERS:

\_\_\_\_\_  
J. A. Hixon  
Senior Vice President Administration  
Norfolk Southern Railway Company

FOR THE EMPLOYEES REPRESENTED  
BY THE BROTHERHOOD OF  
LOCOMOTIVE ENGINEERS:

\_\_\_\_\_  
W. E. Knight, General Chairman

\_\_\_\_\_  
L. W. Sykes, General Chairman

\_\_\_\_\_  
R. C. Wallace, General Chairman

PARTICIPATING CARRIERS:

Norfolk Southern Railway Company  
The Alabama Great Southern Railway Company  
Atlantic & East Carolina Railway Company  
Central of Georgia Railway Company  
The Cincinnati, New Orleans & Texas Railway Company  
Georgia Southern and Florida Railway Company  
Tennessee, Alabama and Georgia Railway Company  
Tennessee Railway Company

September 15, 2003

Side Letter No. 1

Mr. W. E. Knight  
General Chairman, BLE  
P. O. Box 279, South Street  
Wheelersburg, Ohio 45694

Mr. L. W. Sykes  
General Chairman, BLE  
10874 Beech Daly Road  
Taylor, Michigan 48180

Mr. R. C. Wallace  
General Chairman, BLE  
P. O. Box 16039  
Asheville, North Carolina 28816

Gentlemen:

This confirms our understanding in the event that the Brotherhood of Locomotive Engineers elects to exercise the opt-out provision of Article I, Section 5 of the Agreement of this date.

Article I of the Agreement of this date and all other monetary enhancements granted by the Carrier in the June 1, 1996 Agreement, March 6, 2000 Agreement, and the Agreement of this date are cancelled collectively effective January 1, 2010. These monetary enhancements include:

- \$15/.15 special pay differential rolled into the daily/overmile rates
- Minimum basic day for separate deadhead
- Minimum 85% entry pay rate
- Weekend/Holiday differential payment
- 401(k) Savings Plan
- Enhanced away from home meal allowance

The \$2000 bonus paid under Article II of the Agreement of this date shall be recovered from the 2009 Thoroughbred Performance Bonus payable in 2010 under Article I. Such recovery shall be reduced by the signing bonuses, if any, provided in the National Agreement (NA) and the Subsequent National Agreement (SNA). In the event an engineer's 2009 bonus amount is insufficient to recover the required amount, then the difference will be recovered through payroll deductions.

In lieu thereof, from and after January 1, 2010 all standard basic daily rates of pay for employees represented by the Brotherhood of Locomotive Engineers under this Agreement shall be adjusted to standard rates of pay, including general wage increases (net of the 6% of general wages increase provided by this Agreement), Cost of Living Adjustments (net of the COLA roll-in

Mr. W. E. Knight, et al  
September 15, 2003  
Side Letter No. 1  
Page 2

provided by this Agreement), entry rates, 401(k), meal allowances, and dead-heading provisions, if any, as provided by the NA and the SNA. Additionally, the certification allowance provided by Arbitration Board No. 564 will apply.

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

Very truly yours,

J. A. Hixon

Agreed:

---

W. E. Knight, General Chairman

---

L. W. Sykes, General Chairman

---

R. C. Wallace, General Chairman

September 15, 2003

Side Letter No. 2

Mr. W. E. Knight  
General Chairman, BLE  
P. O. Box 279, South Street  
Wheelersburg, Ohio 45694

Mr. L. W. Sykes  
General Chairman, BLE  
10874 Beech Daly Road  
Taylor, Michigan 48180

Mr. R. C. Wallace  
General Chairman, BLE  
P. O. Box 16039  
Asheville, North Carolina 28816

Gentlemen:

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

The parties agree that the current payroll system needs to be simplified and agree to develop an appropriate method to do so. The simplified payroll system will be achieved in a cost neutral manner. In the event the parties cannot reach agreement on the appropriate method within one year of the date of the BLE National Agreement (NA), the parties will adopt the provisions of the NA addressing payroll simplification.

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

Very truly yours,

J. A. Hixon

Agreed:

\_\_\_\_\_  
W. E. Knight, General Chairman

\_\_\_\_\_  
L. W. Sykes, General Chairman

\_\_\_\_\_  
R. C. Wallace, General Chairman

September 15, 2003

Side Letter No. 3

Mr. W. E. Knight  
General Chairman, BLE  
P. O. Box 279, South Street  
Wheelersburg, Ohio 45694

Mr. L. W. Sykes  
General Chairman, BLE  
10874 Beech Daly Road  
Taylor, Michigan 48180

Mr. R. C. Wallace  
General Chairman, BLE  
P. O. Box 16039  
Asheville, North Carolina 28816

Gentlemen:

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

It is understood that the weekend/holiday differentials called for by Article VI (Sections 1 and 2) are not subject to future wage increases.

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

Very truly yours,

J. A. Hixon

Agreed:

\_\_\_\_\_  
W. E. Knight, General Chairman

\_\_\_\_\_  
L. W. Sykes, General Chairman

\_\_\_\_\_  
R. C. Wallace, General Chairman