

MEMORANDUM OF UNDERSTANDING

Jacksonville, Florida
October 8, 1991

In joint resolution of the "Standby Agreements," between the parties signatory hereto, now referenced as High Point Thomasville and Denton Railroad letter dated June 16, 1988, Carrier file: 83, and Winston Salem Southbound Railway Company letter dated July 6, 1988, Carrier file: 83-B2, the following will apply:

Consideration having been given to the numerous problems related to over-staffing, disparity in rates of pay, work restrictions due to seniority limitations, and the Carrier's desire to efficiently utilize its manpower, the parties have met and have agreed to the following:

1) Voluntary separation allowances will be offered to all employees occupying Maintenance of Way position on both lines. Incumbents will make application for the Voluntary Separation Allowance directly to the Vice President and General Manager within a prescribed time period. The numbers of voluntary separation allowances will not exceed the numbers of positions that the Carrier would have otherwise abolished. The incumbent employees making application for the voluntary separation allowances will be considered for such payment in seniority order, based upon the date entered service on their respective seniority lists.

2) Rates of pay will be adjusted as follows:

A. Winston Salem South Bound Railway:

1. Section Foreman rate will be upgraded to a monthly rate of \$2422.62. (Mech. Surf. Fore. rate)
2. Assistant Foreman rate will be upgraded to a monthly rate of \$2325.86.
3. Ballast Regulator Operator will be upgraded to a monthly rate of \$2286.41.

B. High Point Thomasville and Denton will be immediately adjusted to the equivalent rates including the adjustments noted in 2) (A) 1, 2, and 3 above, now in effect on the Winston Salem South Bound Railway for Maintenance of Way Employees.

Note: In the application of the above rates of pay provisions attached hereto as "Appendix A",

are the corrected rates of pay, as amended.

3) In satisfaction of the "Standby Agreement" referenced herein, the Organization, without precedent and without prejudice to its position, agrees to withdraw all claims for Rules violations currently being held in abeyance, on both properties, with the Carrier.

4) All positions currently being occupied by Maintenance of Way Employees on both lines will be abolished. All positions will be readvertised to all employees referenced above, pursuant to the prescribed format as contained in the Agreement between the former Seaboard System Railroad Company and its' Maintenance of Way Employees, effective July 1, 1985, hereinafter referred to as the "SBD Agreement".

Applications for these positions will likewise be made pursuant to the provisions of the SBD Agreement, except that they will be sent to the Vice President and General Manager (or duly authorized Officer of the Carrier) at P.O. Box 205, Winston-Salem, North Carolina, 27102, with copy to the General Chairman and the District Chairman.

Assignments to the bulletined positions will be made to the bidder with the greatest amount of District Seniority in the rank bulletined. All other assignments will be governed pursuant to the applicable provisions of the SBD Agreement.

In consideration of this Section 4, it is understood that a new position, being that of Trackman/Backhoe Operator, will be established, bulletined and assigned per the above paragraph. It is further understood that the successful bidder will be compensated at the appropriate rate of pay, as provided under Rule 22, "Composite Service Rule", of the SBD Agreement. The same will apply for overtime service. Also, the successful bidder, if he holds no machine operator's seniority, will establish same on the effective date of such assignment.

For the purpose of making assignments to the positions referenced in this Section 4, rosters of the Winston Salem South Bound and the High Point Thomasville and Denton, are attached as "Appendices B", and "B-1" respectively.

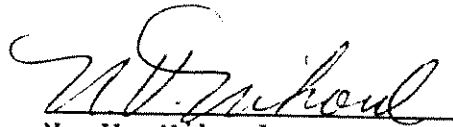
5) The SBD Agreement except as altered herein, will have application on all matters pertaining to the parties signatory to this Agreement.

6) Attached as "Appendix C", to this Agreement, are the mutually agreed to provisions as cited in the "Report of Presidential Emergency Board 219". It is understood and agreed, that unless altered herein or not specifically listed in "Appendix C", of this Agreement, the remaining provisions contained in the "Report of Presidential Emergency Board 219", will not apply.

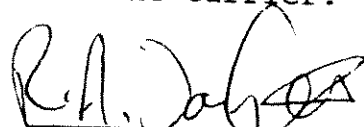
Signed at Jacksonville, Florida, this 27th day of December, 1991.

AGREED:

For the Organization:


N. V. Nihoul, Gen. Chrmn.

For the Carrier:


R. N. Taylor
Vice Pres., Genl. Mgr.

cc: M. A. Fleming, President BMWE

WINSTON-SALEM SOUTHBOUND RAILWAY COMPANY
OFFICE OF VICE PRESIDENT AND GENERAL MANAGER
WINSTON-SALEM, NC, AUGUST 10, 1988
Maintenance of Way
Effective July 1, 1988

	<u>BASE RATE</u>	<u>PAY RATE</u>
Section Foreman -----	2,386.32	2,386.32 20.34
Mech. Surf. Gang Foreman -----	2,422.62	2,422.62 20.64
Assistant Foreman -----	2,221.26	2,221.26 18.93
Apprentice Foreman -----	12.18	12.18 18.27
Section Laborer -----	11.81	11.81 17.72
Carperter Foreman -----	2,383.83	2,383.83 20.31
Carpenter -----	12.93	12.93 19.40
Carpenter Helper -----	12.15	12.15 18.23
Carpenter Laborer -----	11.81	11.81 17.72
Cook -----	11.81	11.81 17.72
Welder -----	13.72	13.72 20.58
=====		
Burro Crane ----- (Jordan Ditcher, Multiple Tamper-Plasser or Electromatic, Bush Hog, Brush Cutter, Tie Mach)	2,383.83	2,383.83 20.31
Ballast Regulator -----	2,286.41	2,286.41 19.48
Spot Tamper ----- (Jackson Vibrator Tamper, Jr Electromatic Tamper, Pettibone Tie Crane, Tie Saw-Small, Scarifier, Tie Inserter, Spiker, Cribber, Tie Handler, Rail Lifter)	12.41	12.41 18.62
Bolt Machine ----- (Rail Anchor Applicator, Adzing, Spike Driver- Small, Small Tie Inserter, Spike Puller)	11.92	11.92 17.88
Backhoe - Ford Tractor -----	12.76	12.76 19.14
Monthly rated jobs - 176 hours per month		

CORRECTED

WINSTON-SALEM SOUTHBOUND RAILWAY COMPANY
Seniority List Maintenance of Way Employees

1991

<u>Entered Service</u>	<u>Date of Birth</u>	<u>Carpenter Force</u>
09/26/66	05/11/30	C.M. Laughridge *
03/16/77	02/25/46	J.D. Best

<u>Entered Service</u>	<u>Date of Birth</u>	<u>Section Force</u>
04/25/68	03/01/46	H.R. Carter
07/13/71	04/27/51	R.W. Woodall *
10/25/71	12/30/45	J.D. Woodall
04/10/72	05/09/48	E.W. Hunt *
03/01/73	03/17/42	P.D. Parker
09/10/73	02/28/42	R.C. Thompson
11/29/76	12/20/55	R.E. Tucker
06/01/78	03/22/55	R.B. Bumgarner
08/01/90	04/11/60	D.P. Surratt

H.R. Carter -promoted to Mechanized Surfacing Gang Foreman 10/1/90
 C.M. Laughridge -promoted to Carpenter Foreman 08/16/79
 R.E. Tucker -promoted to Ballast Regulator Operator 12/16/77
 J.D. Woodall -promoted to Multiple Tapper Operator 05/07/76
 J.D. Best -promoted to Assistant Foreman 12/08/81

Winston-Salem, NC
February 08, 1991

HIGH POINT, THOMASVILLE & DENTON RAILROAD COMPANY
Seniority Roster Maintenance of Way Employees

1991

<u>Name</u>	<u>Date of Birth</u>	<u>Entered Service</u>
Terry J. Hedrick	09/14/49	09/15/75
Christopher R. Slater	08/23/58	02/06/79

Terry J. Hedrick -promoted to Apprentice Foreman 08/01/79

Winston-Salem, NC
February 12, 1991

Appendix B-1

APPENDIX C

ARTICLE I - WAGES

Section 1 - Lump Sum Payment

Each employee subject to this Settlement imposed pursuant to Public Law 102-29 (hereinafter referred to as "Settlement") who qualified for an annual vacation in the calendar year 1991 will be paid \$2,000 within 60 days of the date of this Settlement. Those employees who during the calendar year 1990 failed to qualify for an annual vacation in the calendar year 1991 will be paid a proportional share of that amount, based on the percentage of the qualifying period satisfied. This Section shall be applicable solely to those employees subject to this Settlement who have an employment relationship as of the date of this Settlement or who have retired or died subsequent to January 1, 1990. There shall be no duplication of lump sum payments by virtue of employment under an agreement with another organization.

Section 2 - First General Wage Increase

Effective July 1, 1991, all hourly, daily, weekly, and monthly rates of pay in effect on June 30, 1991 for employees covered by this Settlement shall be increased in the amount of three (3) 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 2 shall be applied as follows:

(a) Hourly Rates -

Add 3 percent to the existing hourly rates of pay.

(b) Daily Rates -

Add 3 percent to the existing daily rates of pay.

(c) Weekly Rates -

Add 3 percent to the existing weekly rates of pay.

(d) Monthly Rates -

Add 3 percent to the existing monthly rates of pay.

(e) Disposition of Fractions -

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

(f) Piece Work -

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

(g) Deductions -

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

(h) Application of Wage Increase -

The increase in wages provided for in this Section 2 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 3 - Second General Wage Increase

Effective July 1, 1993, all hourly, daily, weekly, monthly and piece-work rates of pay in effect on June 30, 1993 for employees covered by this Settlement 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 2 hereof.

Section 4 - Third General Wage Increase

Effective July 1, 1994, all hourly, daily, weekly, monthly and piece-work rates of pay in effect on June 30, 1994 for employees covered by this Settlement 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 2 hereof.

ARTICLE II - COST-OF-LIVING PAYMENTS

Part A - Cost-of-Living Lump Sum Payments Through January 1, 1995

Section 1 - First Lump Sum Cost-of-Living Payment

Subject to Sections 6 and 7, employees with 2,000 or more straight time hours paid for (not including any such hours reported to the Interstate Commerce Commission as constructive allowances except vacations, holidays, paid sick leave and guarantees in protective agreements or arrangements) during the period April 1, 1991 through March 31, 1992, will receive a lump sum payment on July 1, 1992 of \$960.00.

Section 2 - Second Lump Sum Cost-of-Living Payment

Subject to Sections 6 and 7, employees with 1,000 or more straight time hours paid for (not including any such hours reported to the ICC as constructive allowances except vacations, holidays, paid sick leave and guarantees in protective agreements or arrangements) during the period April 1, 1992 through September 30, 1992, will receive a lump sum payment on January 1, 1993 equal to the difference between (i) \$960.00, and (ii) the lesser of \$480.00 and one quarter of the amount, if any, by which the carriers' 1993 payment rate for foreign-to-occupation health benefits under the Plan exceeds the sum of (a) the amount of such payment rate for 1992 and (b) one-half of the amount per covered employee that will be taken during 1993 from the Special Account to pay or provide for Plan foreign-to-occupation health benefits.

Section 3 - Third Lump Sum Cost-of-Living Payment

Subject to Sections 6 and 7, employees with 2,000 or more straight time hours paid for (not including any such hours reported to the ICC as constructive allowances except vacations, holidays, paid sick leave and guarantees in protective agreements or arrangements) during the period October 1, 1992 through September 30, 1993, will receive a lump sum payment on January 1, 1994 equal to the difference between (i) \$988.00, and (ii) the lesser of \$494.00 and one quarter of the amount, if any, by which the carriers' 1994 payment rate for foreign-to-occupation health benefits under the Plan exceeds the sum of (a) the amount of such payment rate for 1993 and (b) one-half of the amount per covered employee that will be taken during 1994 from the Special Account to pay or provide for Plan foreign-to-occupation health benefits.

Section 4 - Fourth Lump Sum Cost-of-Living Payment

Subject to Sections 6 and 7, employees with 2,000 or more straight time hours paid for (not including any such hours reported to the ICC as constructive allowances except vacations, holidays, paid sick leave and guarantees in protective agreements or arrangements) during the period October 1, 1993 through September 30, 1994, will receive a lump sum payment on January 1, 1995 equal to the difference between (i) \$685.00, and (ii) the lesser of \$343.00 and one quarter of the amount, if any, by which the carriers' 1995 payment rate for foreign-to-occupation health benefits under the Plan exceeds the amount of such payment rate for 1994.

Section 5 - Definition of Payment Rate for Foreign-to-Occupation Health Benefits

The carriers' payment rate for any year for foreign-to-occupation health benefits under the Plan shall mean twelve times the payment made by the carriers to the Plan per month (in such year) per employee who is fully covered for employee health benefits under the Plan. Carrier payments to the Plan for these purposes shall not include the amounts per such employee per month (in such year) taken from the Special Account, or from any other special account, fund or trust maintained in connection with the Plan, to pay or provide for current Plan benefits, or any amounts paid by remaining carriers to make up the unpaid contributions of terminating carriers pursuant to Article III, Part A, Section 1 hereof.

Section 6 - Employees Working Less Than Full-Time

For employees who have fewer straight time hours (as defined) paid for in any of the respective periods described in Sections 1 through 4 than the minimum number set forth therein, the dollar amounts specified in clause (i) thereof shall be adjusted by multiplying such amounts by the number of straight time hours (including vacations, holidays, paid sick leave and guarantees in protective agreements or arrangements) for which the employee was paid during such period divided by the defined minimum hours. For any such employee, the dollar amounts described in clause (ii) of such Sections shall not exceed one-half of the dollar amounts specified in clause (i) thereof, as adjusted pursuant to this Section.

Section 7 - Eligibility for Receipt of Lump Sum Payments

The lump sum cost-of-living payments provided for in this Article will be payable to each employee subject to this Settlement who has an employment relationship as of the dates such payments are made or has retired or died subsequent to the beginning of the applicable base period used to determine the amount of such

payments. There shall be no duplication of lump sum payments by virtue of employment under an agreement with another organization.

PART B - Cost-of-Living Allowance and Adjustments Thereto After January 1, 1995

Section 1 - Cost-of-Living Allowance and Effective Dates of Adjustments Thereto

(a) A cost of living allowance will 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 BLS CPI. The first such cost-of-living allowance shall be payable effective July 1, 1995 based, subject to paragraph (d), on the BLS CPI for September 1994 as compared with the BLS CPI for March 1995. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS 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>Measurement Month</u>	<u>Effective Date</u> <u>of Adjustment</u>
September 1994	March 1995	July 1, 1995
March 1995	September 1995	January 1, 1996

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

(b) While a cost-of-living allowance is in effect, such cost-of-living allowance will 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 will 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 BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 1995	3% of September 1994 CPI
January 1, 1996	6% of September 1994 CPI, less the increase from September 1994 to March 1995

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will 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 BLS CPI in any measurement period shall be considered.

(iii) If the increase in the BLS CPI from the base month of September 1994 to the measurement month of March 1995 exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from such base month of September; the increase in the index that will be taken into account will 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 will be 6% of such September base index less the 3% mentioned in the preceding clause, to which will be added any residual tenths of points which had been dropped under paragraph (e) below in calculation of the cost-of-living allowance which will have become effective July 1, 1995 during such measurement period.

(iv) Any increase in the BLS CPI from the base month of September 1994 to the measurement month of September 1995 in excess of 6% of the September 1994 base index will not be taken into account in the determination of subsequent cost-of-living adjustments.

(v) The procedure specified in subparagraphs (iii) and (iv) will be applicable to all subsequent periods during which this Article is in effect.

(e) Formula. The number of points change in the BLS CPI during a measurement period, as limited by paragraph (d), will 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 will not be counted.)

The cost-of-living allowance in effect on December 31, 1995 will be adjusted (increased or decreased) effective January 1, 1996 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 BLS CPI during the applicable measurement period. Any residual tenths of a point resulting from such division will be dropped. The result of such division will be added to the amount of the cost-of-living allowance in effect on December 31, 1995 if the BLS CPI will have been higher at the end than at the beginning of the measurement period, and subtracted therefrom if the index will have been lower at the end than at the beginning of the measurement period, but only to the extent the allowance remains at zero or above. The same procedure will 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 Index 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 Index during such measurement period.

Section 2 - Application of Section 1 Cost-of-Living Allowance

The cost-of-living allowance provided for by Section 1 of Part B of this Article will be payable as provided in Section 3 and will not become part of basic rates of pay. Such allowance and the adjustments thereto will be applied as follows:

(a) Hourly Rates - Add the amount of the cost-of-living allowance to the hourly rate of pay produced by application of Article I.

(b) Daily Rates - Determine the equivalent hourly rate by dividing the established daily rate by the 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.

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

(d) 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.

(e) Piece Work - Adjustment of piece-work rates of pay shall be based on the amount of increase applicable to the basic hourly rate for the class of work performed. Where piece-work rates of pay are in effect on carriers having special rules as to the application of any increase, or decrease, in such rates, such rules shall apply. In the absence of any definite rule governing, the equivalent of the hourly amount of the cost-of-living allowance shall be added to the established unit piece-work price.

(f) Minimum Daily Increases - The increase in rates of pay described in paragraphs (a) through (e), 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.

Section 3 - Payment of Cost-of-Living Allowances

(a) The cost-of-living allowance payable to each employee effective July 1, 1995 shall be equal to the difference between (i) the cost-of-living allowance in effect on that date pursuant to Section 1 of this Part, and (ii) the cents per hour produced by dividing one-quarter of the increase, if any, in the carriers' 1995 payment rate for foreign-to-occupation health benefits under the Plan over such payment rate for 1994, by the average composite straight-time equivalent hours that are subject to wage increases for the latest year for which statistics are available, but not more than one-half of the amount specified in clause (i) above.

For the purpose of the foregoing calculation, the amount of any increase described in clause (ii) that has been taken into account in determining the amount received by the employee as a lump sum payment on January 1, 1995 shall not be taken into account.

(b) The cost-of-living allowance payable to each employee effective January 1, 1996, shall be equal to the difference between (i) the cost-of-living allowance in effect on that date pursuant to Section 1 of this Part, and (ii) the cents per hour produced by dividing one-quarter of the increase, if any, in the carriers' 1996 payment rate for foreign-to-occupation health benefits under the Plan over the amount of such payment rate for 1995, by the average composite straight-time equivalent hours that are subject to wage increases for the latest year for which statistics are available, but not more than one-half of the amount specified in clause (i) above.

(c) The procedure specified in paragraph (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.

(d) The definition of the carriers' payment rate for foreign-to-occupation health benefits under the Plan set forth in Section 5 of Part A shall apply with respect to any year covered by this Section.

(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 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 III - HEALTH AND WELFARE PLAN AND EARLY RETIREMENT MAJOR MEDICAL BENEFIT PLAN

Part A - Health and Welfare Plan

Section 1 - Continuation of Plan

The Railroad Employees National Health and Welfare Plan (the "Plan"), modified as provided in this Part, will be continued subject to the provisions of the Railway Labor Act, as amended.

Contributions to the Plan will be offset by the expeditious use of such amounts as may at any time be in Special Account A or in one or more special accounts or funds maintained by any insurer, third party administrator or other entity in connection with the Plan and by the use of funds held in trust that are not otherwise needed to pay claims, premiums, or administrative expenses that are payable from funds held in trust; provided, however, that such amounts as may at any time be in that certain special account maintained at The Travelers Insurance Company, known as the "Special Account Held in Connection with the Amount for the Close-Out Period," relating to the obligations of the Plan to pay, among other things, benefits incurred but not paid at the time of termination of the Plan in the event such termination should occur, shall be used to pay or provide for Plan benefits as follows: one-third of the balance in such special account as of January 1, 1992, shall be used to pay or provide for benefits that become due and payable during 1992. One-half of the balance in such special account as of January 1, 1993, shall be used to pay or provide for benefits that become due and payable during 1993. All of the balance in such special account in excess of \$25 million as of January 1, 1994, shall be used to pay or provide for benefits that become due and payable during 1994. The \$25 million referred to in the preceding sentence shall be maintained by the Plan as a cash reserve to protect against adverse claims experience from year to year.

In the event that a carrier participating in the Plan defaults for any reason, including but not limited to bankruptcy, on its obligation to contribute to the Plan, and the carrier's participation in the Plan terminates, the carriers remaining in the Plan shall be liable for any Plan contribution that was required of the terminating carrier prior to the effective date of its termination, but not paid by it. The remaining carriers shall be obligated to make up in a timely fashion such unpaid contribution of the terminating carrier in pro rated amounts based upon their shares of Plan contributions for the month immediately prior to such default.

Section 2 - Change to Self-Insurance

Except for life insurance, accidental death and dismemberment insurance, and all benefits for residents of Canada, the Plan will be wholly self-insured and administered, under an administrative services only arrangement, by an insurance company or third party administrator.

Section 3 - Joint Plan Committee

The Joint Policyholder Committee shall be renamed the Joint Plan Committee. This change in name shall not in any way change the functions and responsibilities of the Committee.

A neutral shall be retained by and at the expense of the Plan for the duration of this Settlement to consider and vote on any matter brought before the Joint Plan Committee (formerly the Joint Policyholder Committee), arising out of the interpretation, application or administration (including investment policy) of the Plan, but only if the Committee is deadlocked with respect to the matter. A deadlock shall occur whenever the carrier members of the Committee, who shall have a total of one vote regardless of their number, and the organization members of the Committee, who shall also have a total of one vote regardless of their number, do not resolve a matter by a vote of two to nil and either side declares a deadlock.

If the members of the Joint Plan Committee cannot agree upon a neutral within 30 days of the date this Settlement becomes effective, either side may request the National Mediation Board to provide a list of seven persons from which the neutral shall be selected by the procedure of alternate striking. Joint Plan Committee members and the neutral shall, to the extent required by ERISA, be bonded at the expense of the Plan. The Joint Plan Committee shall have the power to create such subcommittees as it deems appropriate and to choose a neutral chairman for such subcommittees, if desired.

Section 4 - Managed Care

Managed care networks that meet standards developed by the Joint Plan Committee, or a subcommittee thereof, concerning quality of care, access to health care providers, and cost-effectiveness, shall be established wherever feasible as soon as practicable. Until a managed care network is established in a given geographical area, individuals in that area who are covered by the Plan will have the comprehensive health care benefit coverage described in Section 5 of this Part A. Each employee in a given geographical area who is a Plan participant at the time a managed care network is established in that area will be enrolled in the network (along with his or her covered dependents) unless the employee provides timely written notice to his or her employer of an election to have (along with his or her covered dependents) the comprehensive health care benefit coverage rather than to be enrolled in the network. Any such employee who provides such timely written notice shall have an annual opportunity to revoke his or her election by providing a written notice of revocation to his or her employer at least sixty days prior to January 1 of the calendar year for which such revocation shall first become effective. Similarly, each employee in a given geographical area who is a Plan participant at the time a managed care network is established in that area and is thereafter enrolled in the network (along with his or her covered dependents) shall have an annual opportunity to elect to have (along with his or her covered dependents) the comprehensive health care benefit coverage rather than continue to be enrolled in the network.

This election may be made by such an employee by providing written notice thereof to his or her employer at least sixty days prior to January 1 of the calendar year for which the election shall first become effective. Each employee hired after a managed care network is established in his or her geographic area (and his or her covered dependents) will be enrolled in the network and may not thereafter elect to be covered by the comprehensive benefits until the January 1 which falls on or after the first anniversary of his or her initial date of eligibility for Plan coverage. Employees who return to eligibility for Plan coverage within 24 months of loss of eligibility for Plan coverage and whose employment relationship has not terminated at any time prior to such return will be enrolled in the program of Plan benefits in which they were enrolled when their eligibility for Plan coverage was lost, and shall thereafter have the same rights of election as other employees whose eligibility for Plan coverage was not lost.

Covered individuals enrolled in a managed care network will have a point of service option allowing them to choose an out-of-network provider to perform any covered health care service that they need. The benefits provided by the Plan when a service is performed by an in-network provider and the benefits provided by the Plan when the service is performed by an out-of-network provider will be as described in the table below:

PLAN FEATURE	IN-NETWORK	OUT-OF-NETWORK
Primary Care Physician Required	Yes	No
Annual Deductible		
Individual	None	\$100
Family	None	\$300
		Deductible applies to all covered expenses
Plan/Employee Coinsurance	100%/0%	75%/25%
Annual Out-of-Pocket Maximum (exclusive of deductible)		
Individual	None	\$1,500
Family	None	\$3,000

Maximum Lifetime Benefit	None	\$1,000,000 (\$5,000 annual restoration)
Special Maximum Lifetime Benefit for Mental Health	None	\$1,000,000 (\$5,000 annual restoration)
Hospital Charges (inpatient and outpatient)	100%	75%*
Ambulatory Surgery	100%	75%*
Emergency Room	100% after \$15 employee copayment	75%
Inpatient Mental Health & Substance Abuse Benefit		
Hospital	100%	75% ^
Alternative Care -- Residential Treatment Center Inpatient or Partial Hospitalization/ Day Treatment	100%	75% ^
Outpatient Mental Health & Substance Abuse	100% after \$15 employee copayment per visit	75% ^
Physician Services		
Surgery/Anesthesia	100%	75%*
Hospital Visits	100%	75%*
Office Visits	100% after \$15 employee copayment	75%**
Diagnostic Tests	100%	75%*
Routine Physical	100% after \$15 employee copayment	Not Covered
Well Baby Care	100% after \$15 employee copayment	Not Covered

Skilled Nursing Facility Care	100%	75%*
Hospice Care	100%	75%*
Home Health Care	100%	75%*
Temporomandibular Joint Syndrome	100%	75%*
Birth Center	100%	75%*
Prescription Drugs (other than by mail order)	100% after \$5 employee copayment for brand name (\$3 for generic)	75%**
Mail Order Prescription Drugs (60-90 day supply of maintenance drugs only)	100% after \$5 employee copayment	100% (not subject to regular deductible after \$5 employee co-payment (not counted toward regular deductible)

*

Claim System	Paperless	Forms Required
Approval by Utilization Review/ Large Case management	Physician-initiated; included in network management	Required. If approval not given, benefits reduced by 20% (except for mental health and substance abuse care where benefits reduced by 50%) both before and after annual out-of-pocket maximum is reached, and amount of reduction is not counted toward that maximum.

The medically necessary health care services for which out-of-network benefits will be paid are those listed in subparagraphs 1 through 7 of Part A, Section 5, of this Settlement.

- * Benefits reduced by 20% if care is not approved by utilization review program.
- ^ Benefits reduced by 50% if care is not approved by utilization review program.
- ** Benefits not generally subject to utilization review program but may be reviewable in specific circumstances with advance notice to the employee; in such cases, benefits reduced by 20% if care not approved by utilization review program.

At any time after the expiration of two years from the effective date of implementation of the first managed care network, either the carriers or the organizations may bring before the Joint Plan Committee for consideration a proposal to change the Plan's in-network or out-of-network benefits for the purpose of promoting an increase in the use of in-network providers by Plan participants.

Section 5 - Comprehensive Health Care Benefits

The comprehensive health care benefits provided under the Plan in geographical areas where managed care networks are not available to Plan participants and their dependents, and in cases where a Plan participant has elected to be covered, along with his or her dependents, by such comprehensive benefits rather than to be enrolled in a managed care network, shall be as described below. Terms used in such description shall have the same meaning as they have in the Plan.

After satisfaction of an annual deductible of \$100 per covered individual or \$300 per family unit of three or more, the Plan will pay 85%, and the covered individual 15%, of certain health care expenses, up to an annual out-of-pocket maximum (which shall not include the deductible) of \$1,500 per covered individual or \$3,000 per family. The expenses counted toward the \$3,000 annual family out-of-pocket maximum will include those, which are otherwise eligible, incurred on behalf of a covered employee and each of his or her covered dependents regardless of whether the employee or dependent has reached the \$1,500 individual annual out-of-pocket maximum. Once the applicable annual out-of-pocket maximum has been reached, the Plan will pay 100% of such reasonable charges up to an overall lifetime maximum of \$1 million per covered individual, restorable at a rate of \$5,000 per year; provided, however, that there shall be a separate lifetime maximum of \$100,000 per covered individual, restorable at a rate of \$500 per year, for Plan benefits for the treatment of mental and/or nervous conditions and

substance abuse. (Benefits counted for purposes of determining whether or not a lifetime maximum has been reached are all benefits paid under the Plan as amended by this Settlement and all Major Medical Expense Benefits paid under the Plan prior to such amendments.) The Plan will pay 85% of the reasonable charges for medically necessary health care services as follows:

1. All expenses that are "Covered Expenses" (as defined in the Plan) at any time under the current major medical expense benefits provisions of the Plan, and not within any exclusion from or limitation upon them, except that the exclusion for treatment of polio will be removed.
2. Expenses for mammograms described in American Cancer Society guidelines, childhood disease immunization, pap smears and colorectal cancer screening.
3. Donor expense benefits as now defined.
4. Jaw joint disorder benefits as now defined, and subject to the current exclusions from and limitation on them, except that the \$50 separate lifetime cash deductible will be removed.
5. Home health care expense benefits as now defined, subject to the current exclusions from and limitation on them, except that the exclusion that governs if polio benefits are payable will be removed.
6. Treatment center expense benefits, subject to the current exclusions from and limitation on them, except that
 - a. the separate \$100 cash deductible per confinement will be removed in connection with benefits for transportation to a treatment center, and
 - b. the separate \$100 cash deductible per benefit period and the \$40 maximum limitation on benefits per episode of treatment -- all with regard to outpatient benefits -- will be removed.
7. Expenses for the services of psychologists if benefits would be paid for such services had they been rendered by a physician.

The Plan will provide the same benefits to all employees eligible for Plan coverage, including those in their first year of such eligibility and those eligible for extended Plan coverage because of disability.

The Plan's comprehensive health care benefits will include, where permissible under applicable law, a mail order prescription drug benefit that will reimburse a covered individual, after he or she pays \$5.00 per prescription, 100% of the cost of prescriptions covering a 60-to-90 day supply of maintenance drugs for such individual. This benefit will not be subject to, and the covered individual's \$5.00 co-payment will not be counted against, the Plan's regular \$100/\$300 deductible and will be included only upon execution of appropriate contracts with vendors.

Section 6 - Strengthened Utilization Review and Case Management

The Plan's current utilization review/case management contractor, and any successor, shall henceforth require that its prior approval be secured for the following services to the extent that benefits with respect to them are payable under the Plan: (a) all non-emergency confinements, and all lengths of stay, in any facility, (b) all home health care, and (c) all in-patient and out-patient procedures and treatment, except for any care where, pursuant to standards developed by the Joint Plan Committee, prior approval is not feasible or would not be cost-efficient. Approval may be withheld if the utilization review/case management contractor determines that a less intensive or more appropriate diagnostic or treatment alternative could be used.

If an individual covered by the Plan incurs expenses without the requisite approval of the Plan's utilization review/case management contractor, such benefits as the Plan would otherwise pay will be reduced by one-fifth; provided, however, that if such unapproved expenses are incurred for the treatment of mental or nervous conditions or substance abuse, such benefits as the Plan would otherwise pay will be reduced by one-half. These reductions will continue to apply after the out-of-pocket maximum is reached, i.e., the 100% benefit will become 80% (or 50%, as the case may be) if approval by the utilization review/case management contractor is not obtained.

When there is disagreement between an attending physician and the utilization review/case management contractor, the patient and/or attending physician, after all opportunities for appeal have been exhausted within the utilization review/case management contractor's organization, shall be afforded an opportunity to obtain a review (including if necessary, an examination) by an independent specialist physician. This independent physician, who shall be conveniently located and board certified in the appropriate specialty, shall be designated by a physician appointed for this purpose by the Joint Plan Committee. Neither physician may be an employee of or under contract to the utilization review/case management contractor.

In the event of an appeal to a specialist described above, the utilization review/case management contractor shall bear the burden of convincing the specialist that the utilization review/case management contractor's determination was correct.

Section 7 - Coordination of Benefits

The Plan's coordination of benefit rules shall be changed so that the Plan will pay no benefit to any covered individual that would cause the sum of the benefits paid by the Plan and by any other plan with which the Plan coordinates benefits to exceed (a) the maximum benefit available under the more generous of the Plan and such other plan, or (b) with respect only to spouses who are both covered as employees under the Plan (and the Dependents of such spouses), and to spouses one of whom is covered as an employee under the Plan and the other as a retired railroad employee under the Railroad Employees National Early Retirement Major Medical Benefit Plan (and the Dependents of such spouses), 100% of the reasonable charges for services the expense of which is covered by the Plan.

Section 8 - Medicare Part B Premiums

Active employees currently covered by Medicare Part B and those who elect to enroll in Medicare Part B when they become eligible shall not be reimbursed for premiums they pay for such Part B Medicare participation unless Medicare is their primary payor of medical benefits.

Section 9 - Solicitation of Bids

As promptly as practicable, the Joint Plan Committee will solicit bids from qualified entities for the performance of (a) all managed care functions under the Plan, including without limitation the establishing and/or arranging for the use by individuals covered by the Plan of managed networks of health care providers in those geographical areas where it is feasible to do so, and (b) all utilization review/case management functions under the Plan, including specialized utilization review/case management functions for mental health and substance abuse to assure expert determination of medical necessity and appropriateness of treatment and provider. The Committee will select one or more contractors, from among those that the Committee determines are likely to provide high-quality, cost-effective services, to perform such functions on behalf of the Plan. In the meantime, the Plan's current utilization review/case management contractor will continue to perform those functions. Hospital associations shall be incorporated into the managed care networks wherever appropriate.

Upon the expiration of three years from the effective date of this Settlement, the Joint Plan Committee will solicit bids for all of the services involved in the administration of the Plan, including the utilization review/case management and/or managed care functions, unless the Committee unanimously determines not to seek bids for any one or more of the services involved in the administration of the Plan.

Part B - Early Retirement Major Medical Benefit Plan

Section 1 - Continuation of Plan

The Railroad Employees Early Retirement Major Medical Benefit Plan ("ERMA"), modified as provided in this Part, will be continued subject to the provisions of the Railway Labor Act, as amended. Contributions to ERMA will be offset by the expeditious use of such amounts as may at any time be in one or more special accounts or funds maintained by any insurer, third party administrator or other entity in connection with ERMA and by the use of funds held in trust that are not otherwise needed to pay claims, premiums, or administrative expenses that are payable from funds held in trust; provided, however, that such amounts as may at any time be in the special account maintained at The Travelers Insurance Company in connection with the obligations of ERMA to pay benefits incurred but not paid at the time of termination of ERMA, in the event such termination should occur, shall be used to pay or provide for Plan benefits as follows: one-third of the balance in such special account as of January 1, 1992, shall be used to pay or provide for benefits that become due and payable during 1992. One-half of the balance in such special account as of January 1, 1993, shall be used to pay or provide for benefits that become due and payable during 1993. All of the balance in such special account in excess of \$1 million as of January 1, 1994, shall be used to pay or provide for benefits that become due and payable during 1994. The \$1 million referred to in the preceding sentence shall be maintained by the Plan as a cash reserve to protect against adverse claims experience from year to year.

Section 2 - Change to Self-Insurance

ERMA will be wholly self-insured. It will be administered, under an administrative services only arrangement, by an insurance company or third party administrator.

Section 3 - Coordination of Benefits

ERMA's coordination of benefit rules shall be changed so that ERMA will pay no benefit to any covered individual that would cause the sum of the benefits paid by ERMA and by any other plan with which ERMA coordinates benefits to exceed (a) the maximum benefit available under the more generous of ERMA and such other plan, or (b) with respect only to spouses who are both covered as retired railroad employees under ERMA (and the Dependents of such spouses), and to spouses one of whom is covered as a retired railroad employee under ERMA and the other as an employee under the Railroad Employees National Health and Welfare Plan (and the Dependents of such spouses), 100% of the reasonable charges for services the expense of which is covered by ERMA.

Section 4 - Strengthened Utilization Review and Case Management

ERMA's current utilization review/case management contractor, and any successor, shall henceforth require that its prior approval be secured for the following services to the extent that benefits with respect to them are payable under ERMA: (a) all non-emergency confinements, and all lengths of stay, in any facility, (b) all home health care, and (c) all in-patient and out-patient procedures and treatment, except for any care where prior approval is not feasible or would not be cost-efficient. Approval may be withheld if the utilization review/case management contractor determines that a less intensive or more appropriate diagnostic or treatment alternative could be used.

If an individual covered by ERMA incurs expenses without the requisite approval of ERMA's utilization review/case management contractor, such benefits as ERMA would otherwise pay will be reduced by one-fifth; provided, however, that if such unapproved expenses are incurred for the treatment of mental or nervous conditions or substance abuse, such benefits as ERMA would otherwise pay will be reduced by one-half.

When there is disagreement between an attending physician and the utilization review/case management contractor, the patient and/or attending physician, after all opportunities for appeal have been exhausted within the utilization review/case management contractor's organization, shall be afforded an opportunity to obtain a review (including if necessary, an examination) by an independent specialist physician. This independent physician, who shall be conveniently located and board certified in the appropriate specialty, shall be designated by a physician appointed for this purpose by mutual agreement between the Chairman of the Health and Welfare Committee, Cooperating Railway Labor Organization and of the National Carriers' Conference Committee. Neither physician may be an employee of or under contract to the utilization review/case management contractor.

In the event of an appeal to a specialist described above, the utilization review/case management contractor shall bear the burden of convincing the specialist that the utilization review/case management contractor's determination was correct.

The standards developed by the Joint Plan Committee for determining whether or not prior approval is feasible and cost-efficient under the Health and Welfare Plan shall be applied by the National Carriers' Conference Committee under ERMA, and the utilization review/case management contractor(s) selected by the Joint Plan Committee under the Health and Welfare Plan shall be selected by the National Carriers' Conference Committee under ERMA.

Section 5 - Mail Order Prescription Drug Benefit

The Plan's benefits will include, where permissible under applicable law, a mail order prescription drug benefit that will reimburse a covered individual, after he or she pays \$5 per prescription, 100% of the cost of each prescription covering a 60-90 day supply of maintenance drugs for such individual. This benefit will not be subject to, and the covered individual's \$5.00 co-payment will not be counted against, the Plan's regular \$100 deductible, and will be included only upon execution of appropriate contracts with vendors.

Section 6 - Solicitation of Bids

As promptly as practicable, the National Carriers' Conference Committee will solicit bids from qualified entities for the performance of all utilization review/case management functions under the Plan, including specialized utilization review/case management functions for mental health and substance abuse to assure expert determination of medical necessity and appropriateness of treatment and provider. The Committee will select one or more contractors, from among those that the Committee determines are likely to provide high-quality, cost-effective services, to perform such functions on behalf of the Plan. In the meantime, the Plan's current utilization review/case management contractor will continue to perform those functions.

Upon the expiration of three years from the date of this Settlement, the National Carriers' Conference Committee will solicit bids for all of the services involved in the administration of the Plan, including the utilization review/case management function, unless the Committee determines not to seek bids for any one or more of the services involved in the administration of the Plan.

ARTICLE IV - SUPPLEMENTAL SICKNESS

The January 9, 1980 Supplemental Sickness Benefit Agreement, as amended effective January 1, 1982 (Sickness Agreement), shall be further amended as provided in Sections 1 through 4 of this Article, for periods of disability commencing on or after the date of this Settlement.

Section 1 - Adjustment of Plan Benefits

(a) The benefits provided under the Plan established pursuant to the Sickness Agreement shall be adjusted as provided in paragraph (b) so as to restore the same ratio of benefits to rates of pay as existed on January 1, 1982 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	\$13.33 or more	\$2,319 or more
Class II Employees Earning	\$12.24 or more but less than \$13.33	Less than \$2,319 but more than \$2,130
Class III Employees Earning	Less than \$12.24	Less than \$2,130

Basic and Maximum Benefit Amount Per Month

	<u>Basic</u>	<u>RUIA</u>	<u>Maximum</u>
Class I	\$ 890	\$ 674	\$ 1,564
Class II	793	674	1,467
Class III	687	674	1,361

Combined Benefit Limit

<u>Classification</u>	<u>Maximum Monthly Amount</u>
Class I	\$1678
Class II	\$1572
Class III	\$1459

Section 2 - Plan Benefits During Initial Registration Period

An employee who is eligible to receive Plan benefits during his initial RUIA registration period shall receive from the Plan, for the fifth through the fourteenth days of disability in that period, the Basic Benefit specified in the Plan plus an amount equal to the total RUIA benefit that would have been payable to him for days of sickness in that period but for application of the initial waiting period mandated by existing law.

Section 3 - Adjustment of Plan Benefits During Term of Settlement

Effective December 31, 1994, the benefits provided under the Plan shall be adjusted so as to restore the same ratio of benefits to rates of pay as existed on the effective date of this Article.

Section 4 - Administrative and Procedural Improvements

The parties have selected and established a subcommittee for the purpose of reviewing and making recommendations with respect to administrative and procedural improvements that would expedite the handling and disposition of Plan claims without affecting the integrity of the Plan. The parties shall consider the subcommittee's recommendations at the earliest opportunity and shall use their best efforts to reach agreement on implementing such recommendations.

ARTICLE V - MEAL PERIOD

Section 1 - Regular Meal Period

Regular meal periods shall be observed at the work site or other convenient location between the beginning of the fourth hour and the beginning of the seventh hour computed from the assignment starting time, unless otherwise agreed upon by the carrier and the affected employees. The meal period shall not be less than thirty (30) minutes nor more than one (1) hour. Wash room facilities shall be provided where the job location requires a meal period to be observed at the work site.

Section 2 - When Regular Meal Period Not Observed

It is not the intent of this rule to allow the carriers to require employees to miss a meal period. Whenever the meal period cannot be observed within the prescribed time period because of unusual circumstances and is worked, affected employees shall be paid on a minute basis at the straight time rate and twenty (20) minutes in which to eat shall be granted at the first opportunity without deduction in pay.

Section 3 - Additional Meal Period

Employees required to render more than three (3) hours overtime service continuous with their regular assignment shall be accorded an additional meal period, the meal to be provided by the carrier. Subsequent meal periods, with meals provided by the carrier, shall be allowed at intervals of not more than six (6) hours computed from the end of the last meal period.

Section 4 - Preservation of Higher Payment

If an employee is currently entitled to a higher payment for working through a prescribed meal period, whether during a regular shift or on overtime, the current payment shall be preserved.

ARTICLE VI - INTRA-CRAFT WORK JURISDICTION

Employees will be allowed to perform incidental tasks which are directly related to the service being performed and which they are capable of performing, provided the tasks are within the jurisdiction of the BMW. Compensation shall be at the applicable rate for the employee performing the service and shall not constitute a basis for any time claims by other employees. This provision is not intended to alter the establishment and manning of work forces accomplished in accordance with existing assignment, seniority, scope and classification rules.

ARTICLE VII - SUBCONTRACTING

The special arrangements governing subcontracting that are contained in Article VIII of the October 17, 1986 National Agreement are continued. If either the organization or carrier believes that the other party is not cooperating in an attempt to resolve the matter, that party may refer the matter to the Interpretation Committee described in Article XVIII, for prompt consideration and any action deemed appropriate that is consistent with the spirit and intent of the Settlement. This may include a requirement that an Advisory Fact-Finding panel be established immediately, regardless whether the conditions described for establishing such a panel have been met. The parties shall share equally the fees and expenses of any neutral arbitrator who may be utilized.

The establishment of the Interpretation Committee is to avoid a carrier taking a position which is contrary to the spirit and intent of the PEB 219 recommendations. Since the union's right to make proposals regarding subcontracting was referred to local handling under the peaceful procedures of the Railway Labor Act, there is no right on the part of any carrier to make offsetting proposals. If the theory regarding subcontracting rights as stated by the organization is a carrier position, any dispute regarding the interpretation of the subcontracting provisions recommended by PEB 219 shall be referred to the Interpretation Committee. A carrier that fails to agree to such a submission violates the Railway Labor Act with a loss of consequent protection.

ARTICLE VIII - INTERPRETATION COMMITTEE

Disputes arising over the application or interpretation of this Settlement will be referred to a joint Interpretation Committee consisting of an equal number of representatives of both parties. The committee's jurisdiction shall not overlap those areas where other recommendations have provided for a specific dispute resolution mechanism.

Within ninety days of the effective date of the Settlement, the parties shall select a neutral person to serve with the committee, as needed. If the parties fail to agree upon such a neutral person, either party may request a list from the NMB of five potential arbitrators from which the parties should choose the arbitrator by alternately striking names from the list.

If a dispute is not resolved within sixty days of its submission to the committee, it may be referred to the neutral by either party for final and binding disposition. The fees and expenses of the arbitrator shall be borne equally by the parties.

ARTICLE IX - GENERAL PROVISIONS

Section 1 - Court Approval

This Settlement is subject to approval of the courts with respect to participating carriers in the hands of receivers or trustees.

Section 2 - Effect of this Settlement

(a) The purpose of this Settlement is to fix the general level of compensation during the period of the Settlement, and to settle the disputes growing out of the notices served upon the Carrier dated June 30, 1988. This Settlement shall be construed as a separate Settlement by and on behalf of the Carrier and its' employees represented by the Brotherhood of Maintenance of Way Employees and shall remain in effect through December 31, 1994 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

(b) Except as provided in Section 2(c) of this Article, no party to this Settlement shall serve, prior to November 1, 1994 (not to become effective before January 1, 1995), any notice or proposal for the purpose of changing the subject matter of the provisions of this Settlement or which proposes matters covered by the proposals of the parties cited in Section 2(a) of this Article, and any proposals in pending notices relating to such subject matters are hereby withdrawn.

(c) Proposals that may be pursued in accordance with the various Articles of this Settlement are not affected by Section 2(b). Such proposals may be progressed within, but not beyond, the specific procedures for peacefully resolving disputes provided for in the relevant Article of the Settlement that addresses such subject matters or in the Railway Labor Act, as amended.

(d) Except as provided in Section 2(c) of this Article, no party to this Settlement shall serve or progress, prior to November 1, 1994 (not to become effective before January 1, 1995), any notice involving subjects which were referred to in notices served during the present round of negotiations.