

SYNOPSIS OF BLET/NCCC TENTATIVE AGREEMENT

The following is a synopsis of the major elements of the tentative national agreement reached December 1, 2011, between the Brotherhood of Locomotive Engineers and Trainmen (BLET) and the National Carriers' Conference Committee (NCCC). It has been prepared by the BLET National Division Office pursuant to Section 41(a) – General Committee Rules of the BLET Bylaws as an informational aid for BLET members. A complete tentative agreement is available from your local chairman or the BLET web site at www.ble-t.org.

Meetings were recently held with the BLET Advisory Board, the National Wage Committee, and the General Chairmen to review the terms and conditions of this proposal. Each group unanimously approved the submission of this tentative agreement to the affected membership for ratification under the provisions of Section 41(a). It is expected that the agreement, if ratified by the membership, will become effective by March 1, 2012.

Article I – Wages:

Six general wage increases, totaling 18.6% and a compounded value of 20.1%, as follows:

1. July 1, 2010 — 2.0% (retroactive for current employees and those who retired/died after June 30, 2010);
2. July 1, 2011 — 2.5% (retroactive for current employees and those who retired/died after June 30, 2010);
3. July 1, 2012 — 4.3%;
4. July 1, 2013 — 3.0%;
5. July 1, 2014 — 3.8%; and
6. January 1, 2015 — 3.0%.

Article II – Lump Sum Payment:

A lump sum equivalent to 1% of “straight time earnings” for the twelve month period November 1, 2010 through October 31, 2011, adjusted for the July 1, 2010 and July 1, 2011 general wage increases. Pursuant to Side Letter 4, the term “straight time earnings” includes: (1) straight time pay (elements of pay subject to adjustment for general wage increases, excluding labor protection payments); (2) overmile payments; (3) paid time for vacations, holidays, personal leave, and bereavement leave; (4) deadhead payments; and (5) guarantee payments (make whole, such as guaranteed extra board payments). The lump sum payment is payable to each employee who has an employment relationship with the carrier as of the date the lump sum is paid or who has retired or died after October 31, 2010. This Side Letter language is over and above the bare language of the PEB Recommendation.

Article III – Health and Welfare:

Changes to MMCP In-Network Plan design (effective July 1, 2012):

1. New Annual Deductible in-network services for which a fixed-dollar copayment does not apply, phased in as follows: \$100 (single) / \$200 (family) for 07/01/12 thru 12/31/12; \$150 / \$300 for 2013; and \$200 / \$400 per year beginning 01/01/14.
2. New coinsurance payment of 5% for in-network services for which a fixed-dollar copayment does not apply (as defined by procedure code) — and applicable after Annual Deductible is satisfied — phased in as follows: \$500 / \$1,000 for 07/01/12

thru 12/31/12; \$750 / \$1,500 for 2013; and \$1,000 / \$2,000 per year beginning 01/01/14.

3. In-Network Emergency Room co-pay increased to \$75, but waived if patient is admitted to hospital.
4. Urgent Care co-pay reduced from \$25 to \$20.
5. Current \$20 MMCP co-pay for general practice, obstetrics/gynecology, family practice or internal medicine is reduced to \$10 if services are rendered at a “convenient care clinic,” but no plan coverage for radiological services performed at a convenient care clinic.

Changes to CHCB and MMCP Plan design (effective July 1, 2012):

1. Introduction of “Radiology Notification Program” for treatment providers (no cost or obligation to employees or covered dependents).
2. Establish “Centers of Excellence Resources Services” programs for bariatric, cancer and kidney treatment for covered employees and their covered dependents to receive, on a wholly voluntary basis and without any copayment or coinsurance (potential improvement). *See Exhibit B for description.*
3. Establish “Treatment Decision Support Program” for covered employees and their covered dependents to receive, on a wholly voluntary basis and without any copayment or coinsurance (potential improvement). *See Exhibit B for description.*

Changes to Prescription Plan design (effective July 1, 2012):

1. Prior authorization required for certain therapeutic drug categories shown in Exhibit C, except for 3- to 5-day temporary supply during authorization process.
2. Application of Step Therapy and Quantity/Duration Limits for certain therapeutic drug categories shown in Exhibit C.
3. Employees and covered dependents may voluntarily participate in Personalized Medicine and/or Generic Rx Advantage Programs (potential improvement).
4. Changes to prescription co-pays for generic / formulary / non-formulary:
current retail: \$10 / \$20 / \$30 future retail: \$5 / \$25 / \$45
current mail order: \$20 / \$30 / \$60 future mail order: \$5 / \$50 / \$90

Early Retirement Major Medical Benefit Plan (GA-46000) design (effective July 1, 2012):

1. Prior authorization required for certain therapeutic drug categories shown in Exhibit C, except for 3- to 5-day temporary supply during authorization process.
2. Application of Step Therapy and Quantity/Duration Limits for certain therapeutic drug categories shown in Exhibit C.
3. Employees and covered dependents may voluntarily participate in Personalized Medicine and/or Generic Rx Advantage Programs (potential improvement).
4. Applies only to individuals who become eligible for ERMA coverage on or after July 1, 2012.

Monthly Employee Cost-Sharing Contributions:

1. Frozen at \$200 per month through June 30, 2016.
2. Effective July 1, 2016, the contribution will be the lesser of (i) 15% of the Carrier’s Monthly Payment Rate for 2016 or (ii) \$230.

Flexible Spending Account (FSA) (added per BLET proposal in post-PEB bargaining):

1. To be established by the Carriers effective January 1, 2013.
2. Employee may join or drop out annually, and may contribute up to \$2,500 per year.
3. 30-day grace period following the end of each Plan Year during which unused FSA benefits or contributions remaining at the end of the Plan Year may be reimbursed to employees for qualified medical expenses incurred during the grace period.
4. May be terminated (i) if participation is less than 5% in Plan Year 2014 or less than 7.5% in subsequent Plan Years, or (ii) in any year the “Cadillac Tax” applies.
5. The current BNSF FSA is preserved intact.

The Flexible Spending Account provisions of the Agreement were not included in the PEB Report, but were separately negotiated by the Union to provide a meaningful way for BLET members to mitigate any potential increase in the Health and Welfare costs recommended by the PEB.

Article IV – General Provisions: Section 6 Notices may be served on and after November 1, 2014, not to become effective prior to January 1, 2015.

Side Letter No. 1: Retroactive Wage Adjustments (RWAs) to be paid within 60 days.

Side Letter No. 2: RWAs payable to current employees and those who retired/died after June 30, 2010.

Side Letter No. 3: 3% General Wage Increase effective January 1, 2015 settles wages for first year of next bargaining round unless otherwise agreed.

Side Letter No. 4: Defines the compensation elements to be included in the base for calculating the 1% lump sum.

Side Letter No. 5: Process for considering additional prescription drug management rules, as may be recommended, subject to acceptance and approval by the Joint Plan Committee, which includes a BLET representative.

Side Letter No. 6: Referral of conductor certification allowance to local handling per PEB 243 recommendation.

Side Letter No. 7: BNSF FSA remains preserved intact.

Side Letter No. 8: Union Pacific on-property wage/rule bargaining is unaffected by this settlement.

Exhibit A: List of carriers represented by NCCC.

Exhibit B: Summary of Radiology Notification Program, Centers of Excellence Resource Services Program, and Treatment Decision Support Program.

Exhibit C: List of drugs subject to Prior Authorization and Step Therapy Rules.