

November 1, 2004

Mr. Robert Vallochi

General Chairman – BLE

7 Glen Court

Barnegat, NJ 08005

Dear Mr. Vallochi,

As requested, please find below answers to questions concerning the recent Memorandum of Understanding dated October 15, 2004.

Paragraph 2, Health and Welfare Modification.

To clarify any misunderstanding concerning paragraphs d and e, both paragraphs will be re-written as follows:

- d. Effective July 1, 2005, the co-payment for health care coverage for all employees subject to this agreement will be \$50.00 per month.

- e. Effective July 1, 2007, the co-payment for health care coverage for all employees subject to this agreement will be \$75.00 per month.

\$50 Per Month

\$75 Per Month

Weekly Contribution

Weekly Contribution

Before Tax \$12.50

Before Tax \$18.75

After Tax \$7.50

After Tax \$11.25

Paragraph 3, Overtime: Rule 3.

Question: What is the maximum amount of time that can be deducted if an employee is absent without compensation?

Answer: If an employee is absent from duty without compensation, he/she will revert back to the current 59 minute deduction for each of those work days during the pay period as outlined in section d of paragraph 3 of the Memorandum of Understanding.

Question: Will the 59 minute deduction apply to any assignment working after 4pm Monday through Friday, or weekend assignments "Saturday, Sunday and Holidays"?

Answer: No. The 59 minute deduction will apply only to daylight assignments Monday through Friday after 4am and before 4pm.

Question: Will an Engineer be paid overtime for all time in any day actually on duty or held for duty in excess of eight (8) hours if the Engineer uses a banked paid sick day?

Answer: Yes, the Engineer will still receive overtime after eight (8) hours a day for those work days during the pay period.

Question: If an Engineer is not available for work due to exercising his/her seniority, will he/she lose the overtime after eight (8) hours for those work days during the pay period?

Answer: No. An Engineer will not lose overtime after eight (8) hours for those work days during the pay period, provided he/she complies with the requirements of Rules 18(m) and 14(e) as contained in the Collective Bargaining Agreement.

Finally, as discussed, the following items were omitted from the Memorandum of Understanding and will be made available to the membership:

- Carrier will provide a \$500 annual contribution to a Flexible Spending Account established by an employee who waives all other healthcare coverage.
- In accordance with the State of New Jersey's Domestic Partnership Act, Rail Agreement same sex domestic partners will be offered the opportunity to enroll in the Rail Agreement medical, dental, prescription drug and vision care plans if they obtain the New Jersey Certificate of Domestic Partnership. This coverage will be effective July 1, 2005.

If the above meets with your approval, please affix you signature below.

Very truly yours,

I concur:

William B. Murphy

Robert Vallochi

Deputy General Manager

General Chairman-BLE

Labor Relations/Administration