

ARTICLE IV - HEALTH AND WELFARE

Part B - Employee Cost Sharing of Plan Cost Increases

Section 1 - Employee Cost-Sharing Contributions

(h) Effective January 1, 2007, the per month employee cost-sharing contribution amount in effect on December 31, 2006 shall be increased by

the lesser of (x) the sum of (i) one-half of the increase, if any, in the carriers' 2007 monthly payment rate over such payment rate for 2006, plus (ii) the amount (if any) by which the number described in part (x) of subsection (g) of this Section exceeds the product described in part (y) of such subsection (g), and (y) one-half of the cost-of-living allowance effective January 1, 2007 pursuant to Article III, Part B, Section 1(a), multiplied by one-twelfth of the ASTE Hours for calendar year 2005.

(i) The pattern specified in subsections (g), and (h) above shall be followed with respect to computation of adjustments to the amount of the employee cost sharing contribution in subsequent periods during which this Part is in effect.

(j) For purposes of subsections (d) through (i) above and subsection (l) below, the carriers' payment rate for any year shall mean twelve times the sum of what the carriers' payments to the Plan would have been, in the absence of any employee contributions to the Plan, for foreign-to-occupation health benefits under the Plan per month (in such year) per employee. The carriers' monthly payment rate for any year shall mean the carriers' payment rate for that year divided by 12. An "employee" for these purposes shall include any employee who has elected to opt-out of foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which he participates (except for employees who opt-out pursuant to item no. 2 of Side Letter No. 5).

Carrier payments to the Plan for these purposes shall be deemed to include amounts paid pursuant to Section 4(g) of Part A of this Article IV to employees who elected to opt-out of foreign-to-occupation health benefits under the Plan and under any Hospital Association plan in which they participate, but shall not be deemed to 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 of the November 7, 1991 Implementing Document between the organization signatory hereto and the carriers represented by the National Carriers' Conference Committee.

(k) For the purpose of this Section, the ASTE Hours to be used shall be based on all such hours for individuals in operating crafts and classes represented by the Brotherhood of Locomotive Engineers and who are employed by Class One carriers that are participating in national bargaining in the round of negotiations that commenced January 1, 2000.

(l) If the per month employee cost-sharing contribution amount ("cost-sharing amount") is increased for the period July 2005 through December 2005 or any subsequent periods and if a lower payment rate is established for the calendar year that immediately follows, then the cost-sharing amount shall be adjusted as appropriate to reflect such decreased benefit costs. Such adjustment shall be made effective January 1 of the calendar year for which such payment rate decrease is applicable and in no event shall take into account any portion of a payment rate below the payment rate level established for calendar year 2004. The cost-sharing amount shall also be subject to adjustment as provided in Article III, Part B, Section 1(c) of this Agreement.

(m) For purposes of this Section 1, all references to the "Plan" (whether express or implied) mean, on or after its effective date, the

new health and welfare plan described in Part C of this Article, except for such references that appear in the definition of the carriers' payment rate in subsection (j). On and after the effective date of the new plan described in Part C of this Article, those references mean both such new plan and The Railroad Employees National Health and Welfare Plan.