

AGREEMENT

This agreement is hereby made between the Carriers listed on the signature page below (for convenience referred to hereafter as NSR) and the Brotherhood of Locomotive Engineers and Trainmen (for convenience referred to hereafter as BLET) this 1st day of August 2007.

ARTICLE I - THOROUGHBRED PERFORMANCE BONUS

Section 1

Articles I and V of the November 1, 2003 NSR-BLET agreement are revised to provide that locomotive engineers represented by the undersigned General Committees will be eligible for a bonus in 2007 (payable in 2008) of up to a maximum of fifteen percent (15%) of 2007 engineer earnings.

Section 2

Effective January 1, 2010 and payable in 2011, 2012 and 2013 locomotive engineers represented by the undersigned General Committees will be eligible for a bonus up to a maximum ten percent (10%) of their engineer earnings in the preceding calendar year.

Section 3

Effective January 1, 2013 and payable in 2014 and each year thereafter, locomotive engineers represented by the undersigned General Committees will be eligible for a bonus up to a maximum of 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

BLET 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, 2015 by providing written notice to the Carrier of its intention to do so between November 1, 2014 and November 30, 2014.

ARTICLE II - WAGES

Section 1 - First General Wage Increase

Effective January 1, 2008, all standard basic daily rates of pay for employees represented by BLET in effect on December 31, 2007 shall be increased by two percent (2.0%).

Section 2 - Second General Wage Increase

Effective January 1, 2010, all standard basic daily rates of pay for employees represented by the BLET in effect on December 31, 2009 shall be increased by two percent (2.0%).

Section 3 - Third General Wage Increase

Effective January 1, 2011, all standard basic daily rates of pay for employees represented by the BLET in effect on December 31, 2010 shall be increased by two percent (2.0%).

Section 4 - Fourth General Wage Increase

Effective January 1, 2012, all standard basic daily rates of pay for employees represented by the BLET in effect on December 31, 2011 shall be increased by two percent (2.0%).

Section 5- Fifth General Wage Increase

Effective January 1, 2013, all standard basic daily rates of pay for employees represented by the BLET in effect on December 31, 2012 shall be increased by two and one-half percent (2.5%).

Section 6- Sixth General Wage Increase

Effective January 1, 2014, all standard basic daily rates of pay for employees represented by the BLET in effect on December 31, 2013 shall be increased by three percent (3.0%).

ARTICLE III - DIFERENTIALS

Section 1- Weekend/Holiday Differential

Effective January 1, 2010, Article VI of the November 1, 2003 NSR-BLET agreement is revised in part to provide for the weekend/holiday differential payable to engineers operating in through freight service to be increased to \$45.00 and to provide for the weekend/holiday differential payable to engineers operating in other than through freight service to be increased to \$21.00. No other changes are made to such weekend/holiday differentials.

Section 2- Extra Pay Days

For 2010 and for each calendar year thereafter, the Company will designate six (6) Extra Pay (EP) days. The Company will notify the union of the designated EP days (which may differ from year to year and from location to location) prior to the beginning of the involved calendar year. Through Freight Employees who go on duty between 12:00 a.m. and 11:59 p.m. on a designated EP day will be paid time and one half for the service they perform as well as an additional basic day's pay. Employees who receive pay under this EP arrangement will not be eligible to receive a weekend/holiday differential for that same day nor will overtime be paid on overtime.

ARTICLE IV - AWAY FROM HOME MEAL ALLOWANCES

Effective January 1, 2010, the meal allowance provided for by Article II, Section 2, of the June 25, 1964 National Agreement, as amended, and as further amended by the NSR-BLET Agreement dated November 1, 2003, is increased from \$9.00 to \$12.00.

ARTICLE V - 401(k) SAVINGS PLAN

Effective January 1, 2010, paragraphs (a) and (b) in Section 2 of Article VIII of the November 1, 2003 NSR-BLET agreement are revised to read as follows.

- (a) Commencing with the year 2010, and from year to year thereafter, the Carrier will match up to thirty percent (30%) of the contribution by an engineer to the BLET 401(k) plan. The Carrier's match (match) will be in the form of cash.
- (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 BLET 401(k) Plan, so that the match will not exceed three percent (3%) 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 match for 2010 will be delivered to the Trustee of the BLET 401(k) Plan during the first quarter of 2011, reflecting Thoroughbred Performance Bonus performance during 2009. Subsequent deliveries shall occur from year to year thereafter.

ARTICLE VI – DESIGNATED SUPERVISOR OF LOCOMOTIVE ENGINEERS

Effective January 1, 2008, the rate of pay for Designated Supervisors of Locomotive Engineers (DSLE) will be increased to \$275 per day (not subject to future wage increases).

ARTICLE VII – DETENTION TIME

Effective January 1, 2010, provisions applicable to detention time are revised so as to provide that employees eligible to receive detention time will begin to be paid detention time after 14 hours at the away from home terminal (and if held 14 hours after the expiration of the first 22 hour period, they will be paid continuous time for the time so held during the next succeeding 8 hours, or until the end of the second 22 hour period, and similarly for each 22 hour period thereafter.) All other provisions and practices respecting the timing of and amount paid for detention time remain unchanged.

ARTICLE VIII – VACATION

Effective January 1, 2009, agreements applicable to vacation are revised to require employees to work the equivalent of 90% of five starts per week in yard or local service or 90% of four starts per week in through freight service during a calendar year in order to qualify for vacation in the following calendar year.

Effective January 1, 2010, agreements applicable to vacation are revised to provide for employees to be eligible for three weeks of vacation after four years of service, four weeks of vacation after twelve years of service; five weeks of vacation after nineteen years of service, and six weeks of vacation after twenty-six years of service. This enhanced vacation schedule is subject to continued application of the vacation qualifying standard stated above. It is understood that these vacation qualifying requirements do not set forth acceptable attendance standards in any manner

All other provisions applicable to vacation remain unchanged.

ARTICLE IX – DISABILITY

Effective January 1, 2008, the December 1, 2004 letter agreement is revised so as to increase the amount to be remitted by NSR to the designated BLET Short Term Disability (STD) Plan to \$57.68 per month for employees specified in that letter agreement. Each employee for whom NSR makes such a \$57.68 contribution will continue to have his or her gross pay reduced by the sum of \$13.68 in the same pay period as NSR's contribution to the Plan. BLET and/or the BLET plan will continue to be responsible for the payment of employer taxes, if any, applicable to such STD benefits.

ARTICLE X- SCOPE

Section 1- Road Service

1. (a) On any job or assignment in any class of road service, an NSR locomotive engineer will operate every conventional (on-board, fixed control) and every non-conventional (remote control) locomotive or form of motive power used in assigned or unassigned service, whether such operation requires the use of conventional controls or any human control or any other operating equipment or system of controls. On any job or assignment in any class of road service, a locomotive engineer will be assigned use of any remote control locomotive equipment deployed by the company, provided such assignment would not preclude use of remote control equipment by others in addition to the engineer.

(b) On any job or assignment in any class of road service, an NSR locomotive engineer will operate any on-rail equipment that may come into use in the future, when such operation requires any human operation or control, conventional or otherwise.

(c) If operation of the train or locomotive or other on-rail equipment in any class of road service calls for any on-board human presence (e.g., an "attendant," "overrider" or "lookout"), then an NSR locomotive engineer will perform that function on that train, locomotive, or other on-rail equipment.

(d) If, in any form of on-rail road service, no on-board presence is required, but any human remote control operation occurs, even from a distant, fixed location, then such human operation of remote control will be performed by an NSR locomotive engineer, provided such operation is not wholly incidental to another employee's duties (e.g., a dispatcher's).

(e) All locomotive engineer positions referred to in this Article X, Section 1 will be filled from the engineers' seniority roster consistent with BLET agreements governing assignment and promotion from that roster.

2. (a) A locomotive engineer working engineer-only in road service will be paid a special allowance per tour of duty or working start paid on the basis of a new day in an amount equal to two hours' pay at the straight time hourly rate of the applicable position in addition to all other earnings. In no event will there be more than one such payment to an engineer per tour of duty or working start paid on the basis of a new day.

(b) Each locomotive engineer operating remote control locomotive equipment will be paid a special allowance per tour of duty or working start paid on the basis of a new day in an amount equal to forty-six minutes at the straight time hourly rate of the applicable position in addition to all other earnings. In no event will there be more than one such payment to an engineer per tour of duty or working start paid on the basis of a new day.

Section 2- Yard Service

1. (a) On any job or assignment in any class of yard service, an NSR locomotive engineer will operate every purely conventional (on-board, fixed control) locomotive or form of motive power used in yard service.

(b) On any job or assignment in any class of yard service, an NSR locomotive engineer may be required to operate a non-conventional (remote control) locomotive or motive power used in yard service. Each locomotive engineer operating remote control locomotive equipment will be paid a special allowance per tour of duty or working start paid on the basis of a new day in an amount equal to forty-six minutes at the straight time hourly rate of the applicable position in addition to all other earnings. In no event will there be more than one such payment to an engineer per tour of duty or working start paid on the basis of a new day.

2. On any job or assignment in any class of yard service, on which both conventional (on-board, fixed) controls are used to operate at least some of that job or assignment and remote control locomotive equipment is in use, a locomotive engineer holding engineer seniority shall operate the conventional controls, except as indicated in Section 2, paragraph 3(a) below.

3. (a) The parties will identify the number of conventional yard engineer jobs and assignments at each location on August 1, 2007 and that number of jobs and assignments will be the "baseline" number of "protected" yard engineer jobs and assignments in the application of this Section 2, paragraph 3(a). The parties will identify the number of employees holding engineer seniority on each seniority district on the effective date of this Agreement including those who are in LET on that date (who later establish engineer seniority on each such district). Only those locomotive engineers are "covered" engineers in the application of this Section 2, paragraph 3(a).

On August 1, 2008 and every August 1 thereafter, the parties shall determine the percentage of covered engineers on each seniority district who have attrited from service since the date of this Agreement. Then, on each such August 1, the number of protected yard engineer jobs and assignments at each location shall be determined by applying that percentage reduction in covered engineers to the baseline number (original – on August 1, 2007) of conventional yard engineer jobs and assignments. Then, so long as that resulting number of protected yard engineer jobs and assignments (conventional and/or utility) is made available to all covered engineers remaining at that time on the pertinent seniority district, a locomotive engineer need not be assigned to or otherwise work on any yard job or assignment operated "hybrid" (part remote control/part conventional control by a ground service employee) at that location, and a ground service employee may use conventional controls to perform work of any such hybrid job or assignment, subject to paragraph 3(b) below.

(b) In the alternative, regardless of how many protected yard engineer jobs and assignments remain at a location under paragraph 3(a) above, whenever any protected yard job or assignment is not filled by an engineer bid sheet from a covered engineer, that job or assignment may be operated hybrid, i.e., without a locomotive engineer but with a ground service employee using conventional controls to perform work of that hybrid yard job or assignment, subject to paragraph 3(c) below. However, if a covered engineer later has displacement rights and desires

to place to the protected job or assignment being operated hybrid in this situation, it will be made available to the covered engineer.

(c) Every hybrid operation also is conditioned on (1) a material portion of any such hybrid job's or assignment's work being performed by remote control operations, and (2) any ground service employee who uses the conventional controls on such hybrid job or assignment holding a "train service engineer" certification under Federal Railroad Administration regulations, or after November 1, 2014, any other appropriate certifications.

Prior to November 1, 2014, the company will not establish a new class or sub-class of engineer certification covering conventional (on-board, fixed) control operation less than "train service engineer" as established by NSR under applicable federal regulations as a means of changing the interpretation or application of this Article. Changes in purely remote control certification are not barred by this Article.

(d) There shall be no claim on behalf of, or penalty to, any locomotive engineer or LET based on a hybrid operation fully compliant with the terms of this Article X, Section 2.

4. In the application of Section 2 of this Article, hybrid operations are geographically limited to switching limits in effect on the effective date of this Agreement, or the road-yard service zones established under Article VIII, Section 2 of the 1986 Arbitrated Agreement, whichever are larger. And, if such an operation is at a location where the switching limits have been expanded since 1978, a subsequent expansion of the switching limits will not have the effect of expanding the area in which hybrid operations under Section 2 may occur. Further, if such an operation is at a location where the switching limits have not been expanded since 1978, a subsequent expansion of the switching limits may expand the area in which hybrid operations under Section 2 may occur, but not more than 20 miles beyond the original switching limits.

5. All locomotive engineer positions referred to in this Article X will be filled from the engineer seniority roster consistent with BLET agreements governing assignment and promotion from that roster.

Section 3 - General

The exclusive duties and responsibilities of engineers, as identified in this Article, will not be assigned to others. Nothing in this Article requires, or is ever to be taken to require, more than one engineer per train, locomotive, or other on-rail equipment. Nothing in this Article limits or affects, or is ever to be taken to limit or affect, yard service that operates exclusively by use of remote control locomotive equipment.

ARTICLE XI – UTILITY ENGINEERS

Wherever the company has yard service, it may establish utility yard engineer positions to operate as regular or extra service. A utility yard engineer, with or without a ground crew, may perform any service currently performed by a yard engineer and will work under and be paid according to all effective BLET/NSR schedule rules governing yard service. A utility yard

engineer may be attached to more than one ground crew during the engineer's tour of duty, but not to more than one ground crew at any one time.

Engineers assigned to work as utility yard engineers will be paid an additional amount of \$20.80. That amount will be increased by subsequent general wage increases. In no event will there be more than one such payment to an engineer per tour of duty.

All locomotive engineer positions referred to in this Article will be filled from the engineers' seniority roster consistent with BLET agreements governing assignment and promotion from that roster.

ARTICLE XII - TRAINER (COACH) ALLOWANCE

Effective January 1, 2010, the Letter Agreement dated December 23, 1998 is amended to increase the trainer (coach) allowance from \$15.00 to \$20.00.

ARTICLE XIII – STANDING BID ARRANGEMENT

When technology and other necessary administrative support is available, the company may implement and utilize a standing bid arrangement as more fully described below.

A standing bid list may be established at any engineer supply point and will serve as the exclusive method for assignments. The standing bid list will include all engineer positions (including the extra board) for the involved supply point. Engineers will electronically indicate their individual preferences for all positions (including the position they currently hold, if any). An Engineer's most preferred position would be denoted as "one," his or her next most preferred position would be denoted as "two," the third most preferred position would be denoted as "three" and so on.

For each such preference, an engineer will also indicate if he or she desires to be considered for a temporary assignment (in addition to a permanent assignment). Engineers will update their individual preferences whenever new or additional positions are established. Such individual employee preferences may also be changed from time to time but such changes will not retroactively affect previously made assignments.

If an engineer fails to indicate a preference for one or more positions, preferences will be assigned as illustrated in the following example. If there were 30 available positions and an engineer indicated preferences for only 25 of the positions, the remaining five positions would be randomly assigned preferences 26 through 30.

When a vacant position is to be filled, the senior qualified employee who does not already hold a position with a higher preference will be assigned to it. Vacancies created by the assignment of an employee to a position in this way will be filled in the same manner. For example, if the senior qualified employee had identified a particular vacancy as his or her third most preferred position and was currently assigned to his or her second most preferred position, that employee would not be assigned to the vacancy. Conversely, if the senior qualified employee had

identified a vacancy as his or her third most preferred position and was currently assigned to his or her twelfth most preferred position, that employee would be assigned to the vacancy.

A temporary vacancy is a vacation vacancy that is known to be of at least seven days duration. A temporary vacancy will be filled in the same manner as a permanent vacancy except that only those employees whose individual preferences indicated a desire to temporarily work the involved position will be considered. Employees holding temporary vacancies will revert to their previous regular assignment at the conclusion of the temporary vacancy unless assigned to another temporary or permanent vacancy in accordance with this standing bid arrangement.

If a vacancy cannot be filled through the standing bid process, a demoted engineer will be assigned in accordance with existing agreements and practices. Nothing in this agreement changes the current practice applicable the promotion or demotion of engineers.

Permanent assignments will be effective at 12:01 p.m. on Sundays. Temporary assignments will be effective with the beginning of the first tour of duty for the temporary vacancy. Temporary assignments will end after the last tour of duty for the temporary vacancy [or, if the temporary vacancy has one or more rest day(s) that immediately follow that last tour of duty, the temporary assignment will end after the conclusion of such rest day(s)]. If an assigned engineer is out of town or otherwise unavailable for good cause to protect his or her newly assigned position, the position will be filled by an extra engineer until the engineer who is assigned is rested and available to protect the assignment.

ARTICLE XIV-ADJUSTMENT OF GUARANTEED EXTRA BOARDS

Effective January 1, 2010, NSR will not make adjustments in order to reduce the number of positions assigned to a guaranteed extra board more often than three times in a calendar month. All other provisions respecting the establishment, adjustment, or use of guaranteed (or non-guaranteed extra boards) are not changed.

ARTICLE XV - GENERAL PROVISIONS

Section 1

This Agreement shall remain in effect through December 31, 2014 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended. No party to this agreement shall serve, prior to November 1, 2014 (not to become effective before January 1, 2015) any notice or proposal (and any pending notices or proposals are hereby withdrawn).

Section 2

It is expected that following the moratorium period contained in the July 1, 2007 national BLET agreement, another national agreement (hereafter Next National Agreement or NNA) will be reached. It is agreed that provisions applicable to health and welfare (H&W), cost saving, productivity improvement, classification, and staffing (under these or similar designations) contained in the NNA will be applicable to NSR.

It is intended that adoption of the H&W provisions from the NNA will a) cause the same plan design changes as are contained in the NNA to apply to employees covered by the NSR Agreement; and b) except as provided below, require NSR employees to make H&W contributions in the same amounts and on the same periodic basis as employees covered by the NNA.

While the Thoroughbred Performance Bonus is in effect, the parties agree that retroactive H&W employee contributions may be deducted from bonus amounts that otherwise would have been payable in lieu of recovering such retroactive contributions through payroll deduction. In that event, the applicable bonus amount(s) will be recalculated so as to reduce them by the amount of the required retroactive contributions.

Signed at Norfolk, Virginia, this 1st day of August 2007.

FOR THE CARRIERS:

M. R. MacMahon
Vice President Labor Relations
Norfolk Southern Railway Company

FOR THE EMPLOYEES REPRESENTED
BY THE BROTHERHOOD OF
LOCOMOTIVE ENGINEERS AND TRAINMEN:

W. E. Knight, General Chairman

C. A. Davis, General Chairman

R. C. Wallace, General Chairman

PARTICIPATING CARRIERS:

Norfolk Southern Railway Company
The Alabama Great Southern 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

Mark R. MacMahon
Vice President
Labor Relations

August 1, 2007

Side Letter No. 1

Mr. C. W. Davis, General Chairman
Brotherhood of Locomotive Engineers and Trainmen
509 West Reed Street
Moberly, Missouri 65270

Mr. R. C. Wallace, General Chairman
Brotherhood of Locomotive Engineers and Trainmen
P. O. Box 16039
Asheville, North Carolina 28816

Mr. W. E. Knight, General Chairman
Brotherhood of Locomotive Engineers and Trainmen
P. O. Box 279
Wheelersburg, Ohio 45694

Gentlemen:

This confirms our understanding in the event that BLET elects to exercise the opt-out provision set forth in Article I, Section 5 of the August 1, 2007 agreement. In that event:

- The Thoroughbred Performance Bonus (which is referred to in Article I of the June 1, 1996; March 6, 2000; November 1, 2003; and August 1, 2007 NSR-BLET agreements) is cancelled effective January 1, 2015.
- All enhancements granted by the Carrier in the June 1, 1996, March 6, 2000, November 1, 2003, and August 1, 2007 NSR-BLE agreements are cancelled effective January 1, 2015. These enhancements include a) \$15/.15 special pay differential rolled into the daily/over mile rates; b) minimum basic day for separate deadhead; c) entry pay rate enhancements; d) weekend holiday differentials; e) 401(k) savings plan; f) enhanced away-from-home meal allowance; g) increased training pay; h) revised detention time arrangement; i) revised vacation schedule; j) EP days; k) Carrier paid disability contributions; and l) restrictions on the adjustment of guaranteed extra boards.
- The amount of any Thoroughbred Performance Bonus for 2014 (payable in 2015) shall be reduced by \$2000 (the lump sum paid under the November 1, 2003 NSR-BLE agreement) less a) the equivalent per employee value of the bonus paid under the 2003 national agreement; and b) any lump sum payable under the Next National Agreement (e.g. the national agreement that next follows the 2007 national agreement). In the event an engineer's 2014 bonus amount is insufficient to recover the required amount, then the difference will be recovered through payroll deductions.
- Effective January 1, 2015, all standard basic daily rates of pay for NSR employees shall be adjusted to standard rates of pay by applying all wage increases and all permanently rolled in Cost of Living Allowances (COLA) amounts that would have been applicable under the 2003, 2007, and NNA national agreements to current NSR rates of pay after these rates are reduced by

Mr. C. W. Davis, et al
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all general wage increases and permanently rolled-in COLA amounts that were included in the 2003 and 2007 NSR-BLET agreements.

- From and after January 1, 2015, entry rates, 401(k), meal allowances, disability, and death-heading provisions, if any, as provided by the 2003 national agreement, the 2007 national agreement, and the NNA will apply to NSR employees. And, in addition, the certification allowance provided by Arbitration Board No. 564 will apply to NSR employees.

If the above sets forth your understanding, please sign below.

Very truly yours,

C. W. Davis, General Chairman

W. E. Knight, General Chairman

R. C. Wallace, General Chairman

Mark R. MacMahon
Vice President
Labor Relations

August 1, 2007

Side Letter No. 2

Mr. C. W. Davis, General Chairman
Brotherhood of Locomotive Engineers and Trainmen
509 West Reed Street
Moberly, Missouri 65270

Mr. R. C. Wallace, General Chairman
Brotherhood of Locomotive Engineers and Trainmen
P. O. Box 16039
Asheville, North Carolina 28816

Mr. W. E. Knight, General Chairman
Brotherhood of Locomotive Engineers and Trainmen
P. O. Box 279
Wheelersburg, Ohio 45694

Gentlemen:

Re: Article X

1. The parties recognize that Article X, Section 1 dealing with Scope in Road Service, is just that, a "scope" rule, not a "crew consist" rule. Thus, in road service, if no human presence is required on board a train, locomotive or other on-rail equipment for any purpose, then Article X, Section 1 does not require the assignment of a locomotive engineer to the train, locomotive or other on-rail equipment. In the situation described in Article X, Section 1, paragraph 1(d), no labor agreement would prevent the assigned locomotive engineer from controlling the operation of multiple locomotives, trains or other on-rail equipment, as the remote control technology may permit.
2. Article X, Section 1, paragraph 2(a) does not apply to any class of engineer-only assignment that existed prior to this Agreement; any such operation will continue to be governed by the agreements and the pay provisions already applicable to it.
3. Article X, Section 1, paragraph 2(b) does not apply in connection with the operation of any train, locomotive or other motive power including multiple units (including distributed power) where the engineer conducts such operation solely by use of on-board, fixed controls.
4. These are examples showing the proper application of Article X, Section 2, and paragraph 3(a):

Example 1

On March 1, 2010, there has been 10% attrition of covered locomotive engineers on Seniority District A since the date of this Agreement. On February 1, 2007, there were 12 conventional yard assignments at a major yard and source of supply on District A. On March 1, 2010, there is a combination of 11 conventional and utility engineer assignments at that major yard and source of supply on District A.

Since that number exceeds the baseline minus attrition [12 less 10% of 12 or 1.2 (and since that is under .5, it is rounded down; if it had been .5 or over, it would have been rounded up)], any yard jobs or assignments over the 11th at the major terminal may be hybrid.

Example 2

On March 1, 2010, there has been 10% attrition of covered locomotive engineers on Seniority District A since the date of this Agreement. On February 1, 2007, there were 12 conventional yard assignments at a major yard and source of supply on District A. On March 1, 2010, there is a combination of 9 conventional and utility engineer assignments at the major yard and source of supply on District A. Since that number is less than the baseline minus attrition, there could be no hybrid assignments. However, any number of yard jobs or assignments at the major terminal may, subject to any restrictions in other agreements, be pure RC operations.

Example 3

Using the same situation in Example 2, on March 1, 2010, there is a permanent vacancy for a locomotive engineer on one of the remaining protected yard jobs at the major yard on Seniority District A, but no covered engineer bids to this job. The job may be operated without an engineer and as a hybrid.

This job could continue to be operated without an engineer and as a hybrid operation until March 10, when a covered engineer decides to place to this job; however, this job is not available to a non-covered engineer.

5.
 - A. Nothing in Article X is to be taken to change anyone's responsibilities, rights or obligations in connection with the manning of self-propelled machines of whatever kind or character. All existing agreements, awards, settlements and other authorities on that point and related to that subject are still as effective as they were before the adoption of this Article.
 - B. Nothing in Article X is to be taken to change anyone's responsibilities, rights or obligations in connection with hostler assignments and hostling duties. All existing agreements, awards, settlements and other authorities on that point and related to that subject are still as effective as they were before the adoption of this Article.
6. The parties agree that hybrid operations are yard crews in the application of Article VIII of the May 19, 1986 Arbitrated Agreement. Within switching limits, hybrid operations may perform any work that any other yard crew may perform. A hybrid operation is, in its operation in road-yard service zones, subject to the same national agreement provisions as any other yard crew. This will include application of Article VIII, Section 2(a)(iii) of the 1986 Arbitrated Agreement about not resulting in the elimination of a road crew or crews.

Mr. C. W. Davis, et al
August 1, 2007
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Page 3

If the above sets forth your understanding, please sign below.

Very truly yours,

C. W. Davis, General Chairman

W. E. Knight, General Chairman

R. C. Wallace, General Chairman

Mark R. MacMahon
Vice President
Labor Relations

August 1, 2007

Side Letter No. 3

Mr. C. W. Davis, General Chairman
Brotherhood of Locomotive Engineers and Trainmen
509 West Reed Street
Moberly, Missouri 65270

Mr. R. C. Wallace, General Chairman
Brotherhood of Locomotive Engineers and Trainmen
P. O. Box 16039
Asheville, North Carolina 28816

Mr. W. E. Knight, General Chairman
Brotherhood of Locomotive Engineers and Trainmen
P. O. Box 279
Wheelersburg, Ohio 45694

Gentlemen:

This refers to Article VIII of the August 1, 2007 agreement which requires, in part, that employees must work the equivalent of 90% of five starts per week in yard or local service or 90% of four starts per week in through freight service during a calendar year in order to qualify for vacation in the following calendar year.

In order to implement Article VIII and to address circumstances where employees move between through freight and other-than-through-freight service during a calendar year, it was agreed that--for purposes of Article VIII--employees must have 234 factored starts. A yard or local service start would count as one factored start, and a through freight start would count as 1.25 factored starts. Each vacation day taken by an employee will count as one factored start. Employees assigned to a regularly scheduled yard or local assignment that is annulled for a single day will be credited with one factored start (unless they were not available for service on the involved day).

The parties recognized that there may be some long distance through-freight assignments where it would not be generally possible for employees who work regularly to get four starts per week. The parties agreed to consult prior to January 1, 2009 in order to identify such assignments and to provide for an appropriate adjustment. Such assignments and the adjustment for each will be listed in an exhibit and made known to employees.

The parties also noted that there might be instances where employees fail to qualify for vacation under the new standard because they were off work for a block of several weeks due to a personal hardship. In these circumstances, the union may submit a request for special consideration on behalf of such an employee together with any supporting documentation required by the company. The company will review the request and, if it determines that a) the employee had good cause to be off for the block of several weeks due to a personal hardship; and b) the employee would have qualified for vacation had he or she worked the same percentage of time during such block as he or she worked at other times during the year, an exception will be granted and the employee will be qualified for vacation in the following calendar year.

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Article VIII specifies that continued application of the more favorable vacation schedule is subject to continued application of the more stringent vacation qualifying standard. It was understood that, should the more stringent vacation qualifying standard set forth in Article VIII be found to be unenforceable by the company, in whole or in part, as a result of any legal, regulatory, or arbitral challenge or finding, then the more favorable vacation schedule could be cancelled.

If the above sets forth your understanding, please sign below.

Very truly yours,

C. W. Davis, General Chairman

W. E. Knight, General Chairman

R. C. Wallace, General Chairman