

****Synopsis****

Memorandum of Agreement
between the
Brotherhood of Locomotive Engineers and Trainmen
and the
Missouri & Northern Arkansas Railroad

This is a synopsis of the actual Agreement language being proposed at this time and is being provided in accordance with the BLET Bylaws, Section 41(a) – General Committee Rules. The intent of this Agreement is to modify / revise the existing agreement(s).

Preamble – Revisions from the present language includes the BLE to BLET and the addition of “and Trainmen” in the name of the Organization. Also, the title of Transportation Specialists was changed to Train and Engine Service employee (or engineer and conductor). These changes are found throughout the entire agreement.

Article 1 – Scope The reference to “operation of new technology for switches” was added due to safety appliances being installed throughout the M&NA system.

The only changes made to the Scope rule are that the booklet containing all current written rules, policies, procedures in effect will be kept in the General Manager’s office rather than the Dispatcher’s office.

Article 2 – Rates of Pay The new rates of pay reflect percentage increases of 3%, 3%, 2%, 2%, and 2% to be applied and rolled into the present hourly wage for both engineers and conductors. The application of the first 3% increase will be effective January 1, 2006 with all other increases to take effect on the first day of January for all subsequent increases, the last being January 1, 2010. Retroactive (Back) Pay will be applied to these wage increases for all gross wages for eligible employees as identified in Side Letter #4 and will be calculated up to the effective date of the agreement. Any back pay payments will be paid to the employee within (60) days of the effective date of the agreement

In addition, beginning January 1, 2008, employees are eligible for compensation in accordance with the RailAmerica “Incentive Compensation Plan. There are three levels of percentages attached to the Plan and are earned on a *quarterly* basis. The first is 3% if an employee does not incur an FRA reportable injury or human factor incident involving a rule violation for the quarter. There is an additional 2% if the M&NA is free of any FRA reportable injury or human factor incident involving a rule violation for the quarter. There is another 1% if the M&NA’s cash flow improves over the previous year’s same quarter. We have also agreed to allow the Organization to secure an accountant to review M&NA’s financial records in the event we should take exception to the cash flow improvements or rather lack thereof.

New hire employees will receive 80% of the conductor’s rate to start, but will graduate to 100% within (180) days or earlier if M&NA deems they are fully qualified.

Also, the underpayment provision of \$50 or more has been changed from 72-hours to (5) days.

Article 3 – Seniority Unchanged

Article 4 – Approval of Application This creates a (180) day probationary period in which the new employee is not covered under the disciplinary rules.

Article 5 – Forfeiting Seniority This article provide conditions for if/when an employee leaves the services of the Company and/or is reinstated.

Article 6 – Reduction in Force This article is to provide structure to the handling of employees when a furlough becomes necessary. Senior employees can be offered furlough and they can subsequently pass it along to a more junior employee, if available. Also it defines the time limits for return to work and the communication necessary for such events.

Article 7 – Accepting Official Positions This provides guidelines for the handling of seniority in the event an employee accepts an official managerial position or a full time position with the Organization. In addition, it sets forth mandatory requirements for payment of a seniority maintenance fee.

Article 8 – Required Promotion to Engine Service This provides a mandate to accept promotion to engineer and pass the required exams.

Article 9 – Assignments Language was added that requires force assignment of the qualified junior employee at the location, if none, then the junior employee closest by highway miles rather than by the system junior employee.

Article 10 – Extra Board Work/Rest Initiative Language similar to the previous 9x3 Work/Rest Initiative was incorporated into the core agreement. This provides for guaranteed days off for those assigned to an extra board. A matrix for how these days are assigned is attached as Appendix II.

Article 11 – Extra Boards/Supplemental Boards Paragraph (d) is deleted as the new Article 10 provides for the assignment of rest days. The 9x3 formula will be utilized exclusively unless special circumstances arise that will not conform to the 9x3 formula (example: less than 3 employees assigned to a board), then the local chairmen and general manager will meet to discuss the matter.

Article 12 – Annulment/Aboishment/Start Time Changes The previous allotment of 12 hours to bid to Extra/Pool Board jobs has been changed to 24 hours without having the weekly guarantee reduced. In addition, those employees that has their assignment abolished or days off changed will be afforded an exercise of seniority, if requested.

An additional paragraph was added to the original language providing for a payment of 2 hours if an employee is called for duty and reports, but is released without performing service. Also, they would be returned to the first out position.

Article 13 – Travel/Transportation/Per Diem All locations, mileages, and times in the table were verified and approved by parties. Other than cases of emergency, the employee will not be required to drive their own vehicle

Article 14 – Employee Benefit Package A note was added to the original core language (which included previous agreed-to questions and answers) which will hopefully clarify the manner in which holiday pay is calculated.

The Company will make available, on the same terms as other RailAmerica, a 401(k) match for their contributions.

The Company will continue to provide insurance benefits and under the same terms as other RailAmerica employees and as described in the booklet provided to the employees.

Article 15 – Flex Days Sick days provided for in the core agreement will be changed to “Flex” days. This allows for the employee to take paid leave for other than sickness. All sick days accrued and not taken will be rolled into the flex day account as identified in Side Letter #3. A maximum of (12) may be accrued at any one time. The employee may request to sell back any or all flex days held in account at 100% of their value rather than observing the flex day(s).

Although there is a mechanism of 48 hour advance request for layoff built in the article, there is also latitude whereas an employee can make a request for a flex day(s) in less than 48 hour, if need be.

Article 16 – Rules Exams, Classroom Training, and Attending Company Business The parties acknowledged the need for increased training for new hires, conductors, student engineer, and remedial training for already promoted engineers. This article provides for a more structured training model which includes the ability for a student engineer to train and not be required to perform other duties such as conductor or ground duties.

Payment for attending rules exams and a host of other company mandated meetings will be paid a minimum of (4) hours up to the total time consumed. This payment will also be included in calculating the 40 hour workweek and applied towards overtime.

Also, for an employee that is required to train outside of their home location, there will be a \$30 allowance per 24-period.

Article 17 – Bulletin Boards Unchanged

Article 18 – Hearings and Discipline The reference to the (90) probationary period in the core agreement has been changed to (180) days.

A more comprehensive rule was developed to ensure all major issues were addressed and to attempt to alleviate any possible dispute over procedure.

Article 19 – Grievance Handling Process Once again, the objective in this article was to provide a comprehensive and defined approach in handling claims or grievances. The time

frame(s) for each party's handling was increased from thirty to sixty days to allow additional time for processing appeals.

Article 20 – Local Chairmen Unchanged

Article 21 – Management Rights Unchanged

Article 22 – Representation Unchanged

Article 23 – Moratorium and Term of Agreement The term of the agreement shall be until December 31, 2010 (and thereafter until changed or modified in accordance with the Railway Labor Act), with the Moratorium ending on July 1, 2010.

Side Letter 1 – Rates of Pay This provides for a “snapback” to the general wage increase in the event the Incentive Compensation Plan is revised to reflect anything less than the potential to earn 6%.

It also, provides for the first quarter of 2008 to be included in ICP calculations for all eligible employees covered by this agreement.

Side Letter 2 – Incentive Compensation Plan Allows for the Organization's appointed accountant to review M&NA financial records in the event there is exception taken to the 1% not being paid in quarter of any year.

Side Letter 3 – Carry-over Sick Days This provides for the roll-over of any present sick days in an employee's account into the new flex day account

Side Letter 4 – Retroactive (Back) Pay Provides a (60) day period for M&NA (RA) to make the proper calculations and forward any and all backpay amounts to eligible employees.