

AGREEMENT

between

**KANSAS CITY SOUTHERN CORPORATION
(MIDSOUTH RAIL CORPORATION)**

and

Its employees represented by

the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

Effective March 21, 1986

as amended April 1, 1992 and April 30, 2000

Rewritten 2003

INDEX

	<u>RULE</u>	<u>PAGE</u>
<u>A</u>		
ABOLISHMENT AND ANNULMENT OF ASSIGNMENTS	16	8
ANNULMENT – PAYMENT OF.....	15 (e)	7
ACCEPTING OFFICIAL POSITIONS	42	31
APPLICATION FOR EMPLOYMENT	3	2
ATTENDING COURT	39	28
ATTENDING RULES CLASSES	38	27
AWAY FROM HOME EXPENSES.....	23	13
<u>B</u>		
BASIC DAY	7	3
BEREAVEMENT LEAVE.....	40	29
BULLETINING ASSIGNMENTS.....	15	7
BULLETIN BOARDS AND EQUIPMENT	6	2
<u>C</u>		
CABOOSES AND ENGINES	31	19
CALCULATING ASSIGNMENTS AND MEAL PERIODS	9	4
CALLED AND NOT USED	17	8
CLAIMS OR GRIEVANCES.....	35	24
CLOSING DOORS AND REMOVING GANG PLANKS	33	19
COPY OF AGREEMENT	4	2
COST-OF-LIVING ADJUSTMENTS.....	51	43
CREW CONSIST.....	52	47

	<u>RULE</u>	<u>PAGE</u>
<u>D</u>		
DEADHEADING.....	21	11
DIRECT DEPOSIT	8	3
DISCIPLINARY PROCEDURES, INVESTIGATIONS AND DISCIPLINE.....	34	20

<u>E</u>		
EMPLOYEE INFORMATION.....	2	1
ENGINEER CERTIFICATION.....	57	51
ENGINEER INSTRUCTORS.....	62	57
ENGINES – SUPPLIED BY.....	31	19
ENTRY RATES.....	49	41
EXERCISE OF SENIORITY.....	20	10
EXTRA BOARDS	26	16

<u>F</u>		
FILLING OF PERMANENT AND TEMPORARY VACANCIES.....	25	15
401K (FORMERLY BONUS PROVISION).....	48	40

<u>H</u>		
HEALTH AND WELFARE	55	49
HOLIDAYS	36	25
HOURS OF SERVICE LAW - RELEASE BETWEEN TERMINALS	24	14

<u>I</u>		
INSTRUCTIONS AND ORDERS.....	5	2
INVESTIGATIONS.....	34	20

	<u>RULE</u>	<u>PAGE</u>
<u>J</u>		
JURY DUTY.....	41	31

<u>L</u>		
LAYING OFF AND REPORTING	12	5
LAYING OFF – UNION REPRESENTATIVES	29	18
LEAVE OF ABSENCE	43	32
LOCKER ROOMS.....	10	4
LODGING.....	23	13
LODGING – TEMPORARY VACANCY	25 (f) (1)	15
LUNCH PERIOD.....	11	5

<u>M</u>		
MEALS - CALCULATION OF.....	9	4
MEALS – AWAY-FROM-HOME	23	13
MEAL PERIOD	11	5
MEDICAL EXAMINATION	45	35
MORTORIUM.....	64	61
MOVEMENT OF EQUIPMENT AND CARS.....	32	19
MOVEMENT OF ENGINE SERVICE	53	47

<u>O</u>		
OVERTIME ON LOCALS	63	59

<u>P</u>		
PAY DAYS	8	3
PERSONAL LEAVE DAYS	37	27

	<u>RULE</u>	<u>PAGE</u>
PILOT SERVICE	56	51
POINT FOR BEGINNING AND ENDING DAY	13	6

R

RATES OF PAY	50	42
REDUCING FORCES	27	18
RETIREMENT	28	18
RULES CLASS	37	27
RUNAROUND	18	8

S

SCOPE	1	1
SCHEDULE OF AGREEMENTS	60	54
SENIORITY – ENGINEERS IN TRAINING	61	55
SENIORITY – EXERCISE OF	20	10
SENIORITY – LOSS OF, OFFICIAL POSITIONS	42	31
SENIORITY MAINTENANCE RULE	58	52
SENIORITY RIGHTS - ROSTER	19	9
STARTING TIME OF ASSIGNMENTS	14	6

T

TERMINALS – HELD BETWEEN	24	14
TERMINALS - ROAD-YARD SERVICE ZONES	22	12
TIME LIMIT ON CLAIMS	35	24

	<u>RULE</u>	<u>PAGE</u>
<u>U</u>		
UNASSIGNED POOL FREIGHT SERVICE.....	59	53
UNION DUES DEDUCTION	47	38
UNION REPRESENTATIVE LAYING OFF	29	18
UNION SHOP AGREEMENT	46	36
USE OF COMMUNICATION SYSTEMS	30	19
<u>V</u>		
VACANCIES – TEMPORY / PERMANENT	25	15
VACATION	44	33
<u>W</u>		
WAGE INCREASES	54	48
WORK WEEK OF ASSIGNMENTS	15	7
<u>Y</u>		
YARD CONSOLIDATION – BOSSIER CITY/SHREVEPORT		62

RULE 1

SCOPE

(a) The term "employee" as herein referred to shall include all enginemen represented by the Brotherhood of Locomotive Engineers, except where otherwise specifically provided for herein. The term "Carrier" shall mean the MidSouth Rail Corporation. The term "Organization" or "General Committee" shall mean the Brotherhood of Locomotive Engineers.

(b) The right to make and interpret contracts covering rules, rates of pay and working conditions on behalf of employees covered by this Agreement shall be vested in the regularly constituted General Committee of the Brotherhood of Locomotive Engineers.

(c) Where the term "duly accredited representative" appears herein, it shall be understood to mean the regularly constituted General Committee and/or the Officers of the Brotherhood of Locomotive Engineers of which such General Committee or Officers is a part.

(d) The use of such words as "he", "his", and "him", as they appear in this agreement are not intended to restrict the application of the agreement or a particular rule to a particular sex, but are used solely for the purpose of grammatical convenience and clarity.

(e) The provisions herein shall be applied without discrimination based on union membership, race, color, creed, religion, national origin, age or sex.

(f) The rules provided for herein shall constitute a Labor Agreement between the MidSouth Rail Corporation and the Brotherhood of Locomotive Engineers and shall be uniformly applied to all enginemen collectively, except where otherwise specifically provided for herein.

(g) The term "engineer" as referred to herein shall apply to yard, road switcher, local and express freight employees, except where otherwise specifically provided for herein.

RULE 2

EMPLOYEE INFORMATION

The Carrier shall provide the General Committee with a list of employees who are hired, terminated, or furloughed, their home addresses, and Social Security Numbers, if available, otherwise the employees identification numbers. This information shall be limited to the employees covered by the provisions herein. The data shall be supplied within thirty (30) days after the month in which the employee is hired, terminated or furloughed.

RULE 3

APPLICATION FOR EMPLOYMENT

Section 1 - Probationary Period

Application for employment shall be rejected within sixty (60) calendar days after seniority date is established, or applicant shall be considered accepted. Applications rejected by the Carrier must be declined in writing to the applicant.

Section 2 - Omission or Falsification of Information

An employee who has been accepted for employment in accordance with Section 1 shall not be terminated or disciplined by the Carrier for furnishing incorrect information in connection with application for employment or for withholding information therefrom unless the information involved was of such a nature that the employee would not have been hired if the Carrier had timely knowledge of it.

NOTE: (The above provisions (Sections 1 and 2) shall not apply to former ICG employees.)

RULE 4

COPY OF AGREEMENT

The Carrier at its expense shall furnish each employee, covered by this agreement, a copy of same, in booklet form, including any revisions thereto, as soon as practicable after employment.

RULE 5

INSTRUCTIONS AND ORDERS

Employees shall receive all instructions from the Designated Carrier Officer or his representatives.

RULE 6

BULLETIN BOARDS AND EQUIPMENT

The Carrier shall provide bulletin boards for the posting of railroad information and separate bulletin boards for the posting of Organization information and business at all terminals and/or on and off-duty points.

RULE 7

BASIC DAY

YARD AND ROAD SWITCHER SERVICE

- (a) Eight (8) hours or less, shall constitute a single day's work or tour of duty.

LOCAL AND EXPRESS FREIGHT SERVICE

(b) Except as otherwise provided for herein, the daily rate of pay applicable to enginemen operating in any class of local or express freight service, as provided for under Rule 50(a) herein, shall constitute the minimum and maximum daily payment regardless of the miles run or hours worked for any single trip or tour of duty.

RULE 8

PAY DAYS

(a) Employees will be paid on the 15th and 30th of each month. All payments will be made by direct deposit in accordance with the company's direct deposit program.

(b) Should the payday fall on a legal holiday, the employee shall be paid on the preceding day or days.

(c) Voucher for pay shortages equal to one (1) day or more shall be issued upon request.

(d)

ATTACHMENT A (April 30, 2000 Agreement)

How to Sign Up for Direct Deposit

1. Ask your financial institution(s) if they are a member of the Automated Clearing House program. If your financial institution(s) doesn't participate in the Automated Clearing House program, you will need to establish an account at a financial institution that is a member of the Automated Clearing House.
2. Complete the Direct Deposit of Payroll Form and attach a voided check (for checking accounts) or a deposit slip (for savings accounts) for each account you are requesting a direct deposit. Mail the completed form to the Payroll Department in Kansas City.

When a direct deposit account is first established, each account must be verified through a pre-notification process and you will receive a regular pay check (1 to 2 pay periods) before your direct deposit will occur.

Any time you change your financial institution(s) information the pre-notification process will occur and you will receive a regular pay check the first pay day after any change.

You will receive, each pay period, a non-negotiable check listing your direct deposit account number(s) and the amount deposited. Your earnings and deductions will be listed on the check stub.

If you have any questions, you may call the Payroll Department in Kansas City.

RULE 9

CALCULATING ASSIGNMENTS AND MEAL PERIODS

The time for fixing the beginning of assignments or meal periods is to be calculated from the time fixed for the crew to begin work as a unit without regard to preparatory or individual duties.

RULE 10

LOCKER ROOMS

(a) The Carrier shall provide adequate lockers for each employee, in a closed facility properly heated and cooled and equipped with washing and toilet accommodations at all terminals provided for under Rule 22(a) herein.

(b) Such facilities shall be maintained in good order and under sanitary conditions.

RULE 11

LUNCH PERIOD

(a) Employees on yard assignments after being on duty between five (5) and six (6) hours shall be allowed thirty (30) minutes in which to take their lunch, with no deduction of pay or time thereof.

(b) The Carrier shall provide adequate shelter, equipped with heat, sanitary washing and toilet facilities, for yard employees to take lunch period.

(c) Employees on road local and Road Switcher assignments after being on duty between five (5) and six (6) hours shall be allowed thirty (30) minutes for meals at convenient eating establishments, with no deduction of pay or time thereof.

(d) Employees on road through freight assignments not authorized by the Carrier to take lunch period consistent with paragraph (c) above, shall be allowed thirty (30) minutes at the applicable daily rate of the service to which assigned, in addition to all other earnings for the trip or tour of duty.

NOTE: In application of paragraph (a) and (c) above, only one (1) lunch period shall be allowed during any one tour of duty.

RULE 12

LAYING OFF AND REPORTING

(a) Employees shall be permitted to lay off but must do so to the Designated Carrier Officer or his representative.

(b) The Designated Carrier Officer or his representative shall be available twenty-four (24) hours a day and shall have authority to permit lay offs.

(c) The Trainmaster or his representative shall keep accurate records in ink of all telephone conversations received from or made to employees.

(d) Regular employees reporting for service after an absence must do so at least twelve (12) hours in advance of the starting time of their regular assignment. Extra employees laying off shall be marked up for service at the time they report.

(e) Employees (regular or extra) cannot lay off for less than twelve (12) hours unless extra board is exhausted.

(f) Communication for laying off or reporting shall be furnished the employee at no expense through the use of a toll-free long distance telephone number.

RULE 13

POINT FOR BEGINNING AND ENDING DAY

- (a) Employees shall have a designated point for going on and off duty.
- (b) When employees are relieved at points other than the point of going on duty, the Carrier shall provide safe transportation to the point of going on or off duty, and their pay shall continue until they return to their designated on or off duty point.

RULE 14

STARTING TIME OF ASSIGNMENTS

- (a) The starting time of employees shall commence at the time they are required to report for duty, and their pay shall continue until the time they are relieved from duty consistent with Rules 13, 15 and 26 herein.
- (b) Employees without a fixed starting time shall be called for not less than two (2) hours prior to the time required to report for duty, except in cases of emergency, such as floods, accidents, storms, etc., where employee shall be required to report as soon as possible.
- (c) Employees must provide themselves with a telephone in order to be called.

RULE 15

WORK WEEK OF ASSIGNMENTS

(a) All regular local and express freight assignments shall be bulletined and operated for not less than six (6) consecutive calendar days per week, except for locals in turnaround service. Locals in turnaround service assignments shall be operated not less than five (5) consecutive days per week.

(b) All regular yard and road switcher assignments shall be bulletined and operated for not less than five (5) consecutive calendar days per week. The rest days for regular yard and road switcher assignments shall be consecutive.

(c) The term "work week" for regularly assigned employees shall mean a week beginning on the first day on which the assignment is bulletined to work.

(d) The starting time, rest days, on and off-duty points and assigned territory of regular local, express freight, road switcher and yard assignments shall not be changed without at least forty-eight (48) hours advance notice to the employees holding positions thereon. A change of any of the items hereof shall constitute a change of conditions of an assignment and employees holding positions thereon shall be permitted to exercise their seniority on other assignments consistent with the provisions herein.

(1) Such changes in assignments shall require the assignment to be re-bulletined and during the bulletin period the assignment becomes a temporary vacancy.

NOTE: A change of rest days, a change of terminals or territory, a change of starting time of one and one-half hours or more for road jobs or one hour or more for yard engines, will require the job to be re-bulletined and engineers assigned to such assignments will be permitted to vacate the assignment and exercise their seniority, which will open such assignments to other engineers who wish to exercise their seniority by regular application.

(e) In the application of paragraphs (a) and (b) above when local, express freight, road switcher or yard assignments are annulled for any reason for one (1) day or more, employees holding positions thereon shall be allowed one (1) basic day's pay at the applicable rate of the position held for each day or days such assignments are annulled.

RULE 16

ABOLISHMENT AND ANNULMENT OF ASSIGNMENTS

When assignments are to be abolished or annulled on work days or holidays, employees assigned thereto shall be notified during preceding tour of duty, except in emergency conditions such as derailments, fire, or Act of Providence (flood, storm, etc.).

RULE 17

CALLED AND NOT USED

Employees who are called and report for duty and for any reason not used shall be allowed one (1) basic day's pay at the applicable rate for the service called.

RULE 18

RUNAROUND

Employees who are runaround or left unplaced through no fault of their own shall be allowed all time lost for each runaround. However, it is the responsibility of the employee to notify the Designated Carrier Officer or his representative of this fact as soon as the employee discovers that a runaround has occurred.

NOTE: Also see Article VIII (12)/Pool Service, of the April 30, 2000 Agreement

RULE 19

SENIORITY RIGHTS

(a) The seniority of engineers shall date from the time they begin their first tour of duty.

(b) The right to work positions, assignments, promotion (except official positions) and vacations shall be governed by seniority.

(c) Seniority roster of engineers showing date of employment and promotion date shall be posted on bulletin boards at all designated terminals in January of each year over the signature of the Designated Carrier Officer. The Local and General Chairman shall be furnished a copy.

NOTE: (A statute of limitation of six (6) months is hereby fixed to take up or appeal a case of seniority. If six (6) months has elapsed without any protest having been filed in such case, it cannot be taken up by the Committee or Carrier.)

(d) Employees leaving the service of Carrier shall, upon request, be given a service letter signed by the Designated Carrier Officer showing the time of service and the capacity in which employed.

(e) Employees shall be in line for promotion from brakeman to conductor to engineer in accordance with their relative seniority standing consistent with applicable provisions provided for herein, and shall be shown on seniority roster by appropriate symbols and dates.

(f) The seniority rights of all engine employees shall be interchangeable as between local, express freight, road switcher and yard service.

(g) Employees shall not be permitted to waive their seniority standing and promotional responsibilities.

NOTE: (The above paragraph (g) shall not be applicable to current I. C. G. Districts No. 5, 6 and 7 Employees.)

(h) The entire railroad system shall constitute a single seniority district over which employees may exercise their seniority to positions, subject to the provisions provided for herein.

RULE 20

EXERCISE OF SENIORITY

(a) An employee shall be allowed to exercise seniority from one assignment to another under the following conditions:

- (1) when a permanent vacancy exists
- (2) when a temporary vacancy exists
- (3) when displaced by a senior employee
- (4) when position is abolished
- (5) every ninety (90) calendar days (March 30, 1998 Memorandum of Agreement)

(b) An employee shall be allowed to transfer and exercise seniority from one board to another, provided he notifies the Designated Carrier Officer in writing ten (5) days in advance of the day he desires to change. Employee must have sufficient seniority to hold a regular position on the extra board to be eligible for transfer.

(c) An employee desiring to exercise seniority from one assignment to another must do so at least twelve (12) hours before the starting time of the assignment to which seniority is exercised.

(d) No pay shall be allowed for any deadheading which results from the exercise of seniority under this rule except when the employee who is being displaced received deadhead pay to the assignment. He shall also receive deadhead pay when being displaced if the employee was not regularly assigned.

(e) When an engineer exercises his seniority from one assignment to another - he will not be eligible to return to the assignment he gives up for a period of thirty (30) days.

(f) Each employee entitled to exercise his seniority pursuant to paragraph (a) (5) of this rule must provide the Carrier with a ten (10) day notice in writing of his intent to displace under the Rule. Thereafter, beginning ninety (90) days after the date of his initial displacement under this provision, and at the expiration of each subsequent ninety (90) day cycle, the employee, upon proper notice described above, may again exercise his displacement rights pursuant to paragraph (a) (5). (March 30, 1998 Memorandum of Agreement)

RULE 21

DEADHEADING

(a) Employees called to deadhead from one point to another shall be paid actual time on a minute basis at the applicable pro rata rate of the service for which deadheading time with a minimum of four (4) hours and a maximum of eight (8) hours in addition to all other earnings. If not called for service within eight (8) hours after deadhead trip is completed, not less than eight (8) hours at the daily rate shall be paid for deadhead trip.

(1) Engineers called to deadhead from Bossier City to Monroe shall be paid two (2) hours and when deadheading from Vicksburg to Monroe shall be paid one and one-half (1 ½) hours in lieu of the above. (Article XI – April 1, 1992 Agreement)

(b) When deadheading to or from an intermediate point in connection with a service trip, deadheading time shall be combined with service time in computing pay.

(c) When an employee exercises seniority rights to displace another employee, no deadhead pay shall be paid either employee, except as provided under paragraph (d).

(d) An employee called to fill a position at an outlying point shall be paid deadhead pay as provided under paragraph (a). If displaced by a senior employee, or by the return of the regular employee, he shall be paid deadhead back to the extra board point and/or supply point.

(e) Employees willing and authorized to use their personal automobile for deadheading shall be allowed twenty-two (22) cents per mile for actual highway miles involved in addition to any and all other earnings paid for the trip or tour of duty.

RULE 22

TERMINALS - ROAD-YARD SERVICE ZONES

(a) The lines of demarcation as between road and yard territory are as follows:

<u>Location</u>	<u>Present Switching Limit</u>	<u>Road-Yard Service Zones</u>
Meridian, MS (West)	Mile Post 004	Mile Post 029
Vicksburg, MS (East)	Mile Post 140	Mile Post 115
Vicksburg, MS (West)	Mile Post 000	Mile Post 025
Vicksburg, MS (North)	Mile Post 215	Mile Post (END)
Vicksburg, MS (South)	Mile Post 222.5	Mile Post (END)
Monroe, LA (East)	Mile Post 064	Mile Post 039
Monroe, LA (West)	Mile Post 075	Mile Post 100
Shreveport, LA (East)	Mile Post 162.5	Mile Post 137.5
Gulfport, MS (North)	Mile Post 004.5	Mile Post 029.5

(b) The Carrier may use yard assignments in road territory for the purpose of servicing shippers, handling disabled trains and/or trains tied up under the Hours of Service Act, provided such use of yard assignments is restricted to a radius not to exceed the above territorial limits provided for under Road-Yard Service Zones.

(c) When yard assignments are required to perform duties within the Road-Yard Service Zones, employees holding positions thereon shall be entitled to the rate of pay applicable to road service with the exception that all time in excess of eight (8) hours shall be paid for under Rule 50(b)(1) herein.

NOTE: (In application of paragraph (c) hereof the use of yard assignments in road territory is not intended to result in the elimination, annulment, or abolishment of road assignments.)

RULE 23

AWAY FROM HOME EXPENSES

(a) When the Carrier ties up train service employees at a terminal (including tie-up points named by assignment bulletins, or presently listed in schedule agreements, or observed by practice, as regular points for tying up crews) other than the designated home terminal of the employee for four (4) hours or more, such employee so tied up shall be provided suitable lodging at the Carrier's expense. The criteria of suitable lodging shall be worked out on a local basis.

(b) When the Carrier ties up train service employees at a terminal (as defined above) other than the designated home terminal, for four (4) hours or more, each member of the crew so tied up shall receive a meal expense of seven dollars and sixty-one cents (\$7.61). Additional meal expenses shall be provided after being held an additional eight (8) hours. (See Note below)

(c) Extra board employees shall be provided with lodging and meal expenses in accordance with this rule governing the granting of such expenses to the crew they join.

(d) Extra board employees called to fill vacancies at outlying points, except road switchers, shall be provided lodging and meal expenses, subject to the following conditions:

- (1) The outlying point must be thirty (30) miles or more from the location where the extra list is maintained.
- (2) Lodging and meal expenses shall be provided only when extra employees are held at the outlying point for more than one (1) tour of duty and shall continue to be provided for the periods held for each subsequent tour of duty.

(e) The Carrier shall provide suitable and safe transportation to and from eating facilities, unless same is located within or in close proximity of lodging location.

NOTE: In application of Paragraph (b) hereof, the meal allowance in affect April 1, 1995 is seven dollars and sixty-one cents (\$7.61).

RULE 24

HOURS OF SERVICE LAW RELEASE BETWEEN TERMINALS

(a) Employees shall not be tied up at intermediate points unless it is apparent the tour of duty cannot be completed under the provisions of the Hours of Service Act.

(b) Employees so relieved shall be paid not less than one (1) basic day at the rate applicable to the service to which assigned up to time of relief, and shall be considered as again under pay at the expiration of ten (10) hours unless a longer period of rest is required under the Hours of Service Act.

(c) When employees are relieved from duty at intermediate points, but are to be transported to a terminal of their assignment rather than tied up for rest, they shall be paid on a continuous time basis, computed from the time of reporting for duty at the initial point until relieved at terminal.

(d) Time in excess of twelve (12) hours except deadheading, shall be paid for on the minute basis at the rate of time and one half (1 ½) the hourly rate for all time consumed, in addition to all other earnings for the trip or tour of duty.

(e) The foregoing method of pay shall also apply when the line is obstructed by wrecks, washouts, or similar emergency.

RULE 25

FILLING OF PERMANENT AND TEMPORARY VACANCIES

(a) Assignments on newly established runs shall be considered permanent vacancies, also those created by retirement; death; dismissal; resignation; assignment vacated by employees taking other permanent vacancies; vacancies of more than ten calendar days, excluding vacations; and, assignments vacated by employees exercising seniority under the provisions of Rule 20 herein.

(b) Temporary vacancies are those due to illness, injury, vacation, and all other reasons except those referred to in paragraph (a) above. When a temporary vacancy has been open for ten calendar days, it shall then be considered a permanent vacancy.

(c) Permanent vacancies shall be advertised by bulletin for ten (10) calendar days on carrier bulletin boards, stating rate of pay, crew consist, off days, days operated, starting time, on and off-duty point, and description of work. The bulletin shall state the last day bids are to be received by the Designated Carrier Officer.

(d) Employees desiring vacancy shall submit bid in writing to Designated Carrier Officer and Local Chairman, requesting same. The senior employee submitting bid shall be assigned.

(e) When no bids are filed for a permanent vacancy as engineer, the vacancy shall be filled by the senior demoted engineer at the point where the vacancy exists. If not so filled, the senior demoted engineer from the nearest point where the vacancy exists shall be assigned.

(f) When a temporary vacancy is known to be open for seven (7) calendar days:
(1-6 from the January 22, 1998 Memorandum of Agreement)

1. It can be filled for the entire vacancy by the senior employee desiring to fill the vacancy.
2. Otherwise, temporary vacancies as engineer shall be filled by the first-out extra employee from the extra board having jurisdiction where the vacancy exists.
3. If the assignment operates from a terminal where an extra board is maintained, the vacancy shall be filled each tour of duty by the extra man first out at calling time of the assignment.
4. If the assignment operates from a point where no extra board is maintained, the extra employee first filling the vacancy shall remain thereon until the regular employee reports or until displaced under seniority rules.
5. If the extra board having jurisdiction where the vacancy exists is exhausted, the vacancy shall be filled by the senior available demoted engineer at the point where the vacancy exists.
6. If not so filled, the vacancy shall be filled from the next nearest extra board to that zone where the vacancy exists.
7. Engineers who block a temporary vacancy on the first day of the vacancy shall be furnished lodging (as necessary) by the Carrier after such engineer works the temporary vacancy for one day. It is understood that engineers (i) on approved paid leave, (ii) unavailable due to the hours of service law or (iii) unavailable due to being at an away-from-home terminal on a road assignment at the time the temporary vacancy arises, shall be entitled to exercise their seniority on such vacancy on the first scheduled day of their return and be entitled to receive lodging pursuant to the above. (Article XII – April 1, 1992 Agreement)

(g) In the event a brakeman who is qualified as an engineer is used as an engineer on the same assignment, such brakeman shall be allowed the engineer's rate of pay applicable to the service performed for the entire tour of duty.

RULE 26

EXTRA BOARDS

(a) The Carrier shall maintain extra boards at the following locations:

<u>Extra Board Location</u>	<u>Assignments Originating At:</u>
Bossier City, Louisiana	All assignments originating between Shreveport and Vicksburg, not including yard assignments at Monroe and not including freight originating at Vicksburg.
Vicksburg, Mississippi	Vicksburg, Jackson, Monroe, and all other assignments between Jackson and Vicksburg, excluding through freights.
Meridian, Mississippi	All assignments originating between Meridian and Vicksburg, not including Jackson and Vicksburg except eastbound through freights originating at Vicksburg; Gulfport.

(b) The Carrier may establish additional extra boards at designated terminals subject to the approval of the General Committee.

(c) All extra boards shall operate on a first-in, first-out basis.

(d) Extra employees shall be called for service not less than two (2) hours before the time required to report for duty, subject to the provisions of Rules 13 and 14 herein.

(e) Extra boards shall be regulated jointly by Carrier and the Local Chairman on the first and sixteenth of each calendar month so as to provide each extra employee assigned thereto an opportunity to earn not less than ten (10) basic days' pay in each semi-monthly period. The Carrier shall make available the necessary data and records to the Local Chairman for the purpose of assisting in regulating the extra board.

Common Sense Adjustment – (March 26, 1992 Letter of Agreement)

1. In the event of a known increase in business, or the need for additional men to be added to the board, the Local Chairman may increase the extra board to take care of the fluctuation. When an engineer is assigned to the extra board, he must stay on this board until one of the following things happen:

- (i) He is cut off the extra board,
- (ii) He takes a temporary vacancy,
- (iii) He takes an open job.

2. When an engineer on the extra board vacates the extra board, the BLE Local Chairman has two (2) options:
 - (i) Put another engineer on the extra board, or
 - (ii) Blank the engineer's job that was vacated when the engineer left the extra board.
 3. There are no temporary vacancies on the engineers' extra board.
- (f) Extra employees who are called for service and are unavailable shall be placed last out on the board to which assigned and the missed call shall be included as a day for the purpose of regulating the extra board.
 - (g) The Carrier shall maintain sufficient extra employees at each extra board location in order to protect the service and provide adequate reasonable relief for regular employees.

RULE 27

REDUCING FORCES

(a) Except as provided under paragraph (b) hereof, when forces are reduced, employees shall be furloughed in reverse order of seniority.

(b) When forces are reduced at a particular point, and an employee is unable to remain in service at that point, he may assume a furlough status rather than displace a junior employee at some other point.

(c) When an employee is furloughed, it shall be his responsibility to file his telephone number and current mailing address with the appropriate Designated Carrier Officer of the Carrier and General committee.

(d) When forces are restored, employees shall be returned to service in seniority order. Recall letters shall be sent to the last known address by U. S. Postal Service, Certified Mail-Return Receipt Requested. An employee recalled to service shall be expected to respond as promptly as consistently possible, failing to report within thirty (30) days of the date of recall letter, or failing to give satisfactory reason to the Carrier for not doing so, shall terminate all seniority rights and employment relationship. An employee so terminated may request an investigation under the provisions of Rule 35, provided such employee files a written request to the Designated Carrier Officer within thirty (30) calendar days from the date of such termination.

RULE 28

RETIREMENT

Employees shall be retired from active service of the MidSouth Rail Corporation not later than the last day of the month during which they attain age seventy (70) years old. The birth date on file with the Railroad Retirement Board shall govern in all cases.

Note: This Rule is governed first by the applicable Federal and State Laws.

RULE 29

UNION REPRESENTATIVES LAYING OFF

Employees engaged in Union business shall be granted the right to lay off as necessary, upon request.

RULE 30

USE OF COMMUNICATION SYSTEMS

(a) It is recognized that the use of communication systems including the use of and the carrying of portable radios, pursuant to operating rules, is a part of the duties of employees covered by this Rule.

(b) Portable radios shall not exceed three (3) pounds in weight and shall be equipped with a suitable holder which shall firmly hold the radio close to the body, or shall be of such size as to permit being placed in coat or trouser pockets.

(c) Employees shall not be held responsible for accidents caused by failure of radio equipment to properly function.

RULE 31

CABOOSES AND ENGINES

(a) Caboosees are not required to be used by the Carrier. When cabooses are used, the Carrier shall place caboose in train behind the rear car. Cabooses and engines shall be equipped with water coolers, drinking water, ice, fuel and other necessary supplies. Engines shall be equipped with adequate, comfortable and individual seating equipped with armrests.

(b) Cabooses and engines shall be cleaned and supplied by other than train service employees except at outlying points. It is expected that employees occupying cabooses and engines shall assist in good housekeeping, while in their use.

RULE 32

MOVEMENT OF EQUIPMENT AND CARS

The Carrier shall not require or permit Carrier officers or supervisory forces to engage in the switching, interchange, spotting and/or movement of trains, cars, and equipment on trackage owned, operated and/or leased by the Carrier.

RULE 33

CLOSING DOORS AND REMOVING GANG PLANKS

Employees shall not be required to open or close doors on cars or equipment, nor shall they be required to remove gangplanks between cars or equipment.

RULE 34
(April 30, 2000 Agreement)

DISCIPLINARY PROCEDURES INVESTIGATION AND DISCIPLINE

Section A. General Requirements

1. An employee shall not be discharged, suspended, or otherwise disciplined without just cause and without a fair and impartial hearing, except that an employee may waive a hearing in accordance with Section B(2) of this Rule.
2. An employee shall not be withheld from service pending hearing except in cases Management determines to be serious, such as, but not limited to, theft, altercation, Rule "G" violation, insubordination, major accidents, serious misconduct and major offenses whereby the employee's retention in service could be hazardous.

Section B. Formal Hearing

1. Notice of Hearing:

(a) An employee directed to attend a formal hearing to determine the employee's responsibility, if any, in connection with an occurrence or incident shall be notified in writing by Certified Mail - Return Receipt Requested, to the last known address within a reasonable period of time but not to exceed ten (10) days from date of occurrence, or where the occurrence is of a nature not immediately known to the employee's supervisor(s), from the time they first have knowledge thereof. The notice shall contain a clear and specific statement of the date, time, place, and nature of the occurrence or incident that is to be the subject of the hearing. The notice shall be sent in duplicate in order that the employee may transmit a copy to the employee's representative if the employee desires.

NOTE: This Rule does not preclude delivery of the notice at reasonable times by a Carrier representative. Such delivery at the employee's home shall be made only when other means of delivery are not practicable. Date and time of postmark shall be considered as time of delivery for the purpose of computing time limits.

(b) The notice shall state the date, time, and place the hearing is to be held which shall be not less than five (5) days after the date of notification or more than ten (10) days after the date of notification unless otherwise agreed to.

(c) The Carrier shall have the responsibility of producing sufficient witnesses to develop the facts concerning the incident or occurrence being investigated and the notice of hearing shall include the name of each person receiving the notice and the names of all witnesses known at the time of the notice that the Carrier intends to have in attendance at the hearing. The employee or the employee's representative may bring witnesses who can provide material facts to the investigation.

(d) The notice shall inform each employee so notified of the right to representation and to bring in witnesses.

(e) If an employee who is to receive a notice of hearing shall not be permitted to exercise the option under Section B(2) of this Rule, the notice of hearing shall so specify.

2. Waiver of Hearing:

(a) An employee who has been notified to appear for a hearing shall have the option, prior to the hearing, to discuss with the appropriate Carrier Officer, either personally, through or with the employee's representative(s), the act or occurrence and the employee's responsibility, if any.

If the disposition of the charges is made on the basis of the employee's acknowledgment of responsibility, the disposition shall be reduced to writing and signed by the employee and the official involved and shall incorporate a waiver of hearing and shall specify the maximum discipline which may be imposed for employee's acceptance of responsibility.

(b) No minutes or other record shall be made of the discussions and, if the parties are unable to reach an agreed upon disposition on this basis, no reference shall be made to these discussions by either of the parties in any subsequent handling of the charges under the discipline procedure.

3. Postponements of Hearing:

Consistent with the provisions of Section A.1 for a fair and impartial hearing, postponements of the formal hearing may be requested by either party on reasonable grounds and consent shall not be unreasonably withheld.

4. Conduct of Hearing:

(a) The hearing shall be conducted by an officer of the employing Carrier who may be assisted by other officers. If practicable to do so, the hearing shall be held at the home terminal of the employee involved or in cases where more than one employee is involved at the home terminal of the majority of the employees.

NOTE: When another Carrier is involved, this shall not preclude an officer of that Carrier from conducting the hearing or assisting in the hearing recognizing, in any case, that there shall be only one presiding (hearing) officer.

(b) The employee shall have the right to be represented at the hearing by the Brotherhood of Locomotive Engineers. The employee and/or the employee's representatives shall have the right to introduce witnesses in the employee's behalf, to hear all testimony introduced, and to question all witnesses.

(c) An employee's personal service record shall not be included in or referred to in the hearing or in the transcript of the proceedings of the hearing. The employee's personal record may be taken into consideration in assessing the amount of discipline imposed, if any, and will be attached to the transcript if appealed to the Labor Board.

(d) If the formal hearing is not held within the time limits specified in Section B.1(b), the employee shall not be disciplined, shall be paid for all time lost, and no disciplinary entry shall be made in the employee's personal service record.

(e) The employee and witnesses shall be permitted time off if requested in order to have sufficient rest prior to and following the hearing.

Section C. Transcript of Hearing

It is recognized that the Carrier is responsible for ensuring that an accurate transcript of the hearing proceedings is made. However, this shall not preclude the employee or employee's representative from making a record of the proceedings for their own use.

If electronic recording devices are used and recordings are available for review by Carrier officials, they shall also be made available upon request for review by the employee and employee's representative at the appropriate Carrier facility.

In any cases where discipline is assessed, a copy of the transcript shall be furnished to the employee and the employee's representative promptly upon request.

Section D. Hearing Decision

1. If the formal hearing results in assessment of discipline, such decision shall be rendered within fifteen (15) calendar days from the date the hearing is concluded, and the employee shall be notified in writing of the reason therefore by certified or registered U. S. Mail with additional copy provided for the employee representatives.

NOTE: This rule does not preclude delivery of the decision at reasonable times by a Carrier representative. Such delivery at the employee's home shall be made only when other means of delivery are not practicable.

2. If the hearing does not result in discipline being assessed, any charges related thereto entered in the employee's personal service record shall be voided.

Section E. Compensation for Attending Hearings

1. Witnesses, as referred to in Section B.1(c), who are directed by the Carrier to attend a hearing, shall be compensated for all time lost and, in addition, shall be reimbursed for actual, reasonable and necessary expenses incurred for each day of the hearing, with a minimum of four (4) hours, to be paid for at the rate of pay applicable to the last service performed. Witnesses summoned by employees shall not be compensated by the Carrier.

2. When an employee involved in a formal hearing is not assessed discipline, the employee shall be compensated for all time lost. In addition, the employee shall be reimbursed for actual, reasonable and necessary expenses incurred for each day of the hearing. Where no time is lost the employee shall be paid for actual time attending the hearing with a minimum of four (4) hours for each day of the hearing, to be paid for at the rate of pay applicable to the last service performed.

Section F. Time Limit on Appeals

1. When discipline has been assessed as a result of a formal hearing and the decision as rendered by the Carrier is not acceptable to the employee, any appeal shall be presented in writing by or on behalf of the employee involved, to the officer of the Company authorized to receive same, within sixty (60) days from the date of notification of the assessment of discipline. Failing to comply with this provision the decision shall be considered final, but this shall not be considered as a precedent or waiver of the contentions of the employees as to other discipline cases. The Carrier shall, within sixty (60) days from the date the appeal is filed, render a decision in writing on the appeal and, if the appeal is denied, the reasons for such denial shall

be given. If no decision is rendered within (60) days, the appeal shall be considered valid and settled accordingly, but this shall not be considered as a precedent or waiver of the contentions of the Carrier as to other discipline cases.

2. The procedure outlined in Paragraph 1 shall govern in appeals taken to each succeeding officer (*). The decision of the Carrier's highest designated officer for handling appeals of claims and grievances, or in any other dispute involving an interpretation of this Agreement, shall be final and binding unless within ninety (90) days, the General Chairman of the Brotherhood of Locomotive Engineers initiates proceedings before a tribunal established pursuant to law or agreement for the final adjudication of such claims, grievances and/or disputes. It is understood that this provision will not restrict the right of an individual from progressing a claim or grievance to the First Division of the National Railroad Adjustment Board. It is further understood that the parties may by agreement in particular case extend the ninety (90) day period herein referred to.

*NOTE: There shall not be more than two (2) succeeding officers involved in the appeals process. Where there is only one succeeding officer involved in the appeals process, there shall be no change in that procedure by reason of this Section.

3. With respect to appeals involving an employee dismissed, suspended, or held out of service, the original notice of request for reinstatement with pay for time lost shall be sufficient.

4. If at any point in this appeals procedure or in proceedings before a tribunal having jurisdiction, it is determined that the employee should not have been disciplined any charges related thereto entered in the employee's personal service record shall be voided and, if required to lose time or if held out of service (suspended or dismissed), the employee shall be reinstated with pay for all time lost and with seniority and other rights unimpaired.

5. If discipline assessed is by suspension, time lost by an employee when held out of service shall be deducted from the assessed period of suspension.

Section G. Effect of Time Limits

The time limits set forth in this Rule shall govern the discipline procedure to the exclusion of any other rule, practice or agreement to the contrary and such time limits may be extended by mutual agreement in writing.

RULE 35
(April 30, 2000 Agreement)

*see modification
8-14-07*

TIME LIMIT ON CLAIMS

(a) All claims or grievances must be presented in writing by or on behalf of the employee involved to the officer of the Company authorized to receive same, within sixty (60) days from the date of occurrence on which the claim or grievance is based. Should any such claim or grievance be disallowed, the Carrier shall within sixty (60) days from the date same is filed, notify the employee or his representative of the reasons for such disallowance. If not so notified, the claim or grievance shall be considered valid and settled accordingly, but this shall not be considered as a precedent or waiver of the contentions of the Carrier as to other similar claims or grievances.

(b) If a disallowed claim or grievance is to be appealed to the highest officer designated to handle claims or grievances, such appeal shall be taken within sixty (60) days from receipt of notice of disallowance from the first officer of the Carrier. Should any such appeal be disallowed, the Carrier shall within sixty (60) days from date same is filed, notify the employee or his representative of the reasons for such disallowance. Failing to comply with these provisions, the matter shall be considered closed, but this shall not be considered a precedent or waiver of the contentions of the employees or Carrier as to other similar claims or grievances.

(c) The procedure outlined in Paragraphs (a) and (b) shall govern in appeals taken to each succeeding officer. The decision of the Carrier's highest designated officer for handling appeals of claims and grievances, or any other dispute involving an interpretation of this Agreement, shall be final and binding unless within ninety (90) days, the General Chairman of the Brotherhood of Locomotive Engineers initiates proceedings before a tribunal established pursuant to law or agreement for the final adjudication of such claims, grievances and/or disputes. It is understood that this provision will not restrict the right of an individual from progressing a claim or grievance to the First Division of the National Railroad Adjustment Board. It is further understood that the parties may by agreement in any particular case extend the ninety (90) day period herein referred to.

(d) All rights of a claimant involved in continuing alleged violations of the agreement shall, under this Rule, be fully protected by continuing to file a claim or grievance for each occurrence (or tour of duty) up to the time when such claim or grievance is disallowed by the first officer of the Carrier.

With respect to claims and grievances involving an employee held out of service in discipline cases, the original notice or request for reinstatement with pay for time lost shall be sufficient.

(e) This Rule recognizes the right of representatives of the Organization hereto to file and prosecute claims and grievances for and on behalf of the employees they represent.

(f) This Rule shall not apply to requests for leniency.

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



August 14, 2007

L/R File: 140.30-7, 8
340.10

Mr. John R. Koonce
General Chairman, BLET
5909 Shelby Oaks Drive, Suite 139
Memphis, TN 38134-7318

Dear Mr. Koonce:

This will confirm our conversations concerning the steps in the grievance appeal process under Rule 35 of the Collective Bargaining Agreement covering Engineers on the MidSouth and SouthRail Seniority Districts.

Rule 35 (a) permits the Carrier to respond to the employee or his or her representative in connection with a claim or grievance (other than discipline that is covered by Rule 34). Rule 35 (b) provides for the appeal of disallowed claims to the Highest Designated Officer of the Carrier. Then Rule 35(c) speaks to following the procedures of paragraph (a) and (b) for appeals taken to each succeeding officer which seems contradictory to Paragraph (b). Rule 35 (c) does not specify how many appeal levels should be in the process. Without the benefit of a specific understanding, we have been working under a three-step procedure for several years.

In our conversations, we determined that converting to a two step procedure would be appropriate under the Agreement and thus reduce the number of steps in the appeal process and streamline the handling of claims and grievances:

Accordingly, the following outlines the process that we will adopt effective immediately:

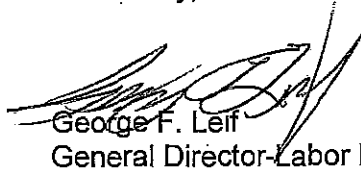
1. All claims or grievances, other than discipline, must be presented in writing by or on behalf of the employee involved to the designated first level Carrier officer within sixty (60) days from the date of occurrence on which the claim or grievance is based.

2. The designated first level Carrier officer will provide the decision to the employee with a copy to the appropriate local chairman of the BLE&T within sixty (60) days from the date the claim or grievance is filed.
3. If a disallowed claim or grievance is to be appealed to the highest officer designated to handle claims or grievances, such appeal shall be made by the General Chairman within sixty (60) days from receipt of notice of disallowance from the designated first level Carrier officer.
4. The highest officer designated to handle claims or grievances will provide the decision to the General Chairman within sixty (60) days from the date the claim or grievance is filed.

All other time limits, procedures, interpretations, and practices under Rule 35 are not affected by this process change.

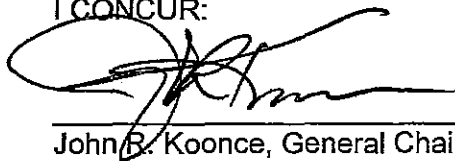
If this properly reflects our conversations, please sign in the space next below

Yours truly,



George F. Leif
General Director-Labor Relations

I CONCUR:



John R. Koonce, General Chairman

RULE 36

HOLIDAYS

SECTION 1 - REGULAR EMPLOYEES

(a) Regularly assigned employees who meet the qualifications set forth below shall receive one (1) basic day's pay at the pro-rata rate of the position to which regularly assigned for each of the following enumerated holidays:

New Year's Day	Thanksgiving Day
Fourth of July	Christmas Eve
Labor Day	Christmas Day

NOTE: (When any of the above listed holidays fall on Sunday, the day observed by the State or Nation shall be considered the holidays.)

(b) Regularly assigned employees who perform service on any of the holidays listed above shall be paid at the rate of time and one-half (1 ½) for all service performed on the holiday with a minimum of one and one-half (1 ½) times the rate for the basic day.

(c) To qualify for holiday pay, a regularly assigned employee must be available for or perform service as a regularly assigned employee on the work days immediately preceding and following such holiday, and if his assignment works on the holiday, the employee must fulfill such assignment. However, a regularly assigned employee whose assignment is annulled, cancelled or abolished, or a regularly assigned employee who is displaced from a regular assignment as a result thereof on:

- (1) the workday immediately preceding the holiday,
- (2) the holiday, or
- (3) on the workday immediately following the holiday,

shall not thereby be disqualified for holiday pay, provided, he does not lay off on any of such days and makes himself available for service on each of such days, unless, the assignment does not work on the holiday, and the holiday falls on a workday of his assignment. If the holiday falls on the last day of an employee's work week, the first workday following his "days off" shall be considered the workday immediately following the holiday. If the holiday falls on the first workday of his work week, the last workday of the preceding work week shall be considered the workday immediately preceding the holiday.

SECTION 2 - EXTRA EMPLOYEES

(a) Extra employees who meet the qualifications set forth below, shall receive one (1) basic day's pay at the pro rata rate on any of the holidays enumerated under Section (1) (a) herein.

NOTE: (When any of the above listed holidays fall on Sunday, the day observed by the State or Nation shall be considered the holiday.)

(b) To qualify, an extra employee must:

- (1) perform service on the calendar days immediately preceding and immediately following the holiday, and be available for service the full calendar day on the holiday, or
- (2) be available for service on the full calendar days immediately preceding and immediately following the holiday and perform service on such holiday, or
- (3) if he cannot qualify under (1) or (2) hereof, then in order to qualify, he shall be available for service on the full calendar days immediately preceding and immediately following the holiday, or perform service on any one (1) or more of such days and be so available on the other day or days.

NOTE: (For the purposes of (1), (2), and (3), above, an extra employee shall be deemed to be available if he is ready for service and does not lay off of his own accord, or if he is required by the Carrier to perform other service in accordance with schedule rules provided for herein.)

(c) Extra employees who perform service on any of the holidays enumerated under Section (1)(a) herein shall be paid at the rate of time and one-half (1 ½) times the rate for the basic day.

SECTION 3 - REGULAR AND EXTRA EMPLOYEES

(a) When one (1) or more of the enumerated holidays fall during the vacation period of the employee, his qualifying days for holiday pay purposes shall be his workdays immediately preceding and following the vacation period.

(b) Only one (1) basic day's pay shall be paid for the holiday irrespective of the number of shifts worked. If more than one (1) shift is worked on the holiday, the allowance of one (1) basic day's pay shall be at the rate of pay of the first tour of duty worked.

(c) Not more than one time and one-half (1 ½) payment shall be allowed, in addition to the "one (1) basic day's pay at the pro rata rate," for service performed during a single tour of duty on a holiday which is also a work day or vacation day.

SECTION 4 - REGULAR AND EXTRA EMPLOYEES

NOTE: (Special Holiday Qualifying Provisions)

An employee who meets all other qualifying requirements shall qualify for holiday pay for both Christmas Eve and Christmas Day if on the "workday" (for a regularly assigned employee) or the "calendar day" (for an extra or unassigned employee) immediately preceding the Christmas Eve holiday he fulfills the qualifying requirements applicable to the "workday" or the "calendar day" before the holiday and on the "workday" or the "calendar day", as the case may be, immediately following the Christmas Day holiday he fulfills the qualifying requirement applicable to the "workday" or the "calendar day" after the holiday.

An employee who does not qualify for holiday pay for both Christmas Eve and Christmas Day may qualify for holiday pay for either Christmas Eve or Christmas Day under the provision applicable to holidays generally.

RULE 37

PERSONAL LEAVE DAYS

(a) Effective April 30, 2000 the Carrier shall provide each employee seven (7) paid personal leave days in calendar year at the daily pro rata rate of the last service performed. (Article I – April 30, 2000 Agreement)

(b) Personal leave day or days may be taken upon forty-eight (48) hours advance notice to the proper officer of the Carrier.

(c) Personal leave days granted herein shall be taken within the calendar year such day or days are earned.

(d) Employees taking personal leave days shall not thereby be disqualified for holiday pay purposes.

(e) An engineer will be allowed to carry over his unused personal days from the even year to the odd year; (example: 1988 to 1989) but not from the odd year to the even year (Example: 1989 to 1990) (March 16, 1998 Memorandum of Agreement)

(f) An engineer will not be allowed to take more than two (2) personal leave days during the month of December in any year. (March 16, 1998 Memorandum of Agreement)

(g) The BLE Local Chairman shall assign all personal leave days for engineers subject to guidelines based on the needs of service. The Local Chairman will be responsible to see that sufficient manpower is available to the carrier at all times without additional expense or inconvenience. If any problems arise in the handling of personal leave days, the General Chairman and Vice President and Chief Transportation Officer shall meet immediately to resolve such problems. (Article II – April 1, 1992 Agreement)

RULE 38

ATTENDING RULES CLASSES

(a) Regular employees who are required to attend rule, rule recertification, medical, or instruction classes on their own time shall be paid time consumed, with a minimum of three (3) hours for each attendance, at the applicable rate of the position to which assigned.

(b) Extra employees who are required to attend rule, rule recertification, medical or instruction classes on their own time shall be paid time consumed, with a minimum of three (3) hours for each attendance, at the applicable rate of yard engineer.

(c) Employees who are required to attend rule, rule recertification, medical or instruction classes, shall be afforded an opportunity to take same without loss of work.

(d) Employees (regular or extra) who lose time as a result of being required to attend rule, rule recertification, medical, or instruction classes shall be paid for all time lost.

RULE 39

ATTENDING COURT

(a) Employees attending court, giving depositions, and/or appearing before proper authorities in behalf of or on instructions of the Carrier, shall be allowed all time lost, with a minimum of a basic day, at the applicable daily rate for each calendar day; and shall be allowed actual expenses incurred, with the understanding the employee shall furnish a written receipt for such expense before being reimbursed.

(b) Employees required to attend Carrier business at their home terminals, such as attending court, giving depositions, and appearing before proper authorities, shall be paid for actual time consumed, with a minimum of three (3) hours, at the applicable daily rate and shall be allowed actual expenses incurred, with the understanding the employee shall furnish a written receipt for such expense before being reimbursed.

If prevented from going out on their assignments, they shall be paid for actual time lost.

RULE 40

BEREAVEMENT LEAVE

Bereavement leave, not in excess of three calendar days, following the date of death shall be allowed in case of death of an employee's brother, sister, parent, child, stepchild, spouse or spouse's parent. In such cases a minimum basic day's pay at the rate of the last service rendered shall be allowed for the number of working days lost during bereavement leave. Employees involved shall make provision for taking leave with their supervising officials in the usual manner.

AGREED TO QUESTIONS AND ANSWERS

Q-1 How are the three calendar days to be determined?

A-1 An employee shall have the following options in deciding when to take bereavement leave:

- (a) three consecutive calendar days, commencing with the day of death, when the death occurs prior to the time an employee is scheduled to report for duty;
- (b) three consecutive calendar days, ending the day of the funeral service; or
- (c) three consecutive calendar days, ending the day following the funeral service.

* * * * *

Q-2 Does the three (3) calendar days allowance pertain to each separate instance, or do the three (3) calendar days refer to a total of all instances?

A-2 Three days for each separate death; however, there is no pyramiding where a second death occurs within the three-day period covered by the first death.

Example: Employee has a work week of Monday to Friday -- off-days of Saturday and Sunday. His mother dies on Monday and his father dies on Tuesday. At the maximum, the employee shall be eligible for bereavement leave on Tuesday, Wednesday, Thursday and Friday.

* * * * *

Q-3 An employee working from an extra board is granted bereavement leave on Wednesday, Thursday and Friday. Had he not taken bereavement leave he would have been available on the extra board, but would not have performed service on one of the days on which leave was taken. Is he eligible for two days or three days of bereavement pay?

A-3 A maximum of two days.

* * * * *

Q-4 Shall a day on which a basic day's pay is allowed account bereavement leave serve as a qualifying day for holiday pay purposes?

A-4 No; however, the parties are in accord that bereavement leave non-availability shall be considered the same as vacation non-availability and that the first work day preceding or following the employee's bereavement leave, as the case may be, shall be considered as the qualifying day for holiday purposes.

* * * * *

Q-5 Shall an employee be entitled to bereavement leave in connection with the death of a half-brother or half-sister, stepbrother or stepsister, stepparents or stepchildren?

A-5 Yes as to half-brother, half-sister, or stepchildren; no as to stepbrother, stepsister, or stepparents. However, the rule is applicable to a family relationship covered by the rule through the legal adoption process.

* * * * *

Q-6 Shall bereavement leave be applicable during an employee's vacation period?

A-6 No.

* * * * *

Q-7 An employee qualifies for holiday pay on a holiday which occurs on a day the employee also qualifies for bereavement leave pay. Under these circumstances, is the employee entitled to be paid both the holiday and bereavement leave allowance?

A-7 No. The employee shall be entitled to only one basic day's pay.

* * * * *

Q-8 An employee is granted bereavement leave on Wednesday, Thursday and Friday. He was paid under the bereavement leave rule for Wednesday and Thursday; however, his claim for Friday, a day on which the crew of which he was a member was at the away-from-home terminal and received an authorized return deadhead trip for which they were denied. Is he entitled to pay under the bereavement leave rule for Friday?

A-8 Yes, inasmuch as the deadhead trip was authorized and represents a time lost on a separate qualifying calendar day.

RULE 41

JURY DUTY

Employees summoned for jury duty and required to lose time from their assignment as a result thereof, shall be paid for actual time lost with a minimum of one (1) basic day's pay at the pro-rata rate of their position for each day lost less the amount allowed them for jury service, excepting allowances paid by the court for meals, lodging or transportation, subject to the following qualification requirements and limitations:

- (1) Employees shall furnish the Carrier with a statement from the court of jury allowances paid and the days on which jury duty was performed.
- (2) The number of days for which jury duty shall be paid is limited to a maximum of sixty (60) days of compensation in any calendar year.
- (3) No jury duty payment shall be allowed for any day or days for which the employee receives vacation or holiday compensation.
- (4) Employees shall not be required to work on their assignments on days in which jury duty:
 - (a) ends within four (4) hours of the start of their assignments; or
 - (b) is scheduled to begin during the hours of their assignments or within four (4) hours of the beginning or ending of their assignments.

RULE 42

ACCEPTING OFFICIAL POSITIONS

(a) Employees accepting full time official positions with the Carrier or the Organization shall retain and continue to accumulate seniority. Employees who voluntarily or involuntarily leave such positions and return to the service within thirty (30) calendar days, thereafter, shall be permitted to exercise their seniority.

(b) Employees currently holding seniority on ICG Consolidated Seniority Districts No. 5, 6 and 7 shall be covered by the provisions of this Rule provided written request for leave of absence is filed with the Carrier within thirty (30) calendar days from the effective date of this agreement. In the event such request is filed, leave of absence shall be granted in writing without delay.

(c) Employees who fail to report or file a written request for leave of absence under the provisions provided for herein shall be terminated and removed from the seniority roster, consistent with the provisions of Rule 43(d) herein.

RULE 43

LEAVE OF ABSENCE

(a) An employee desiring to remain away from service shall obtain permission from the proper officer of the Carrier. Employees granted a leave of absence shall keep the appropriate officer of the Carrier and General Committee advised of their current mailing address.

(b) When the requirements of the service permit, employees, on request, shall be granted leave of absence not to exceed thirty (30) days, with privilege of renewal. Leave of absence in excess of ninety (90) days in any twelve month period shall not be granted unless by agreement between the Carrier and the General Committee.

(c) Except for employees in service for four years or less with the U. S. Armed Forces, an employee who is absent on leave and who engages in other employment shall forfeit his seniority and be considered out of service, unless agreed to between the Carrier and the General Committee.

(d) Employees who fail to report for duty at the expiration of their leave of absence shall be terminated and removed from the seniority roster, except where it is determined that failure to report is the result of an unavoidable delay, in which case the leave of absence will be extended to include such delay. Employees terminated under the conditions hereof may request an investigation under the provision of Rule 34 herein, provided written request therefore is made within thirty (30) calendar days from the date of termination.

(e) Employees desiring to return from leave of absence before the expiration thereof shall be permitted to do so upon forty-eight (48) hours' written notice to his immediate supervisor with copy to the Local Chairman.

RULE 44

VACATION

(a) Qualifying employees shall be entitled to paid vacation, subject to the following:

After one years' service	- One (1) week	- Seven (7) days
After two years' service	- Two (2) weeks	- Fourteen (14) days
After eight years' service	- Three (3) weeks	- Twenty-one (21) days
After seventeen years' service	- Four (4) weeks	- Twenty-eight (28) days
After twenty-five years' service	- Five (5) weeks	- Thirty-five (35) days

Employees' vacations shall not be extended by reasons of any of the recognized holidays enumerated in Rule 38 herein.

(b) Employees shall be required to submit vacation requests before December 1 of each calendar year.

Vacations shall be taken from January 1st to December 31st and shall commence on Monday at 12:01 a.m., and due regard consistent with requirements of the service shall be given to the desires and preferences of the employees in seniority order when fixing dates for their vacations. Vacations may be split in segments of not less than seven (7) days. Representatives of the Carrier and Organization shall cooperate in assigning vacation periods.

(c) Employees shall not accumulate vacation from year to year.

(d) For each week of vacation the employee shall be paid 1/52 of the compensation earned during the preceding calendar year, or a maximum of five (5) days' pay at the rate of the last service performed, whichever is greater. (Article V – April 30, 2000 Agreement)

(e) Employees shall perform one hundred sixty (160) days of compensated service in any year to qualify for vacation provided under paragraph (a) above. Calendar days on which an employee is available for service and on which he performs no service shall be included in the determination of qualification for vacation; also, calendar days, not in excess of thirty (30), on which an employee is absent from and unable to perform service because of illness or injury shall be included.

(f) The vacation provided for under this Rule shall be considered to have been earned when the employee has qualified under paragraphs (a) and (e) hereof. If an employee's employment status is terminated for any reason whatsoever, including, but not limited to retirement, resignation, discharge, non-compliance with a union-shop agreement, or failure to return after furlough, he shall at the time of termination be granted full vacation pay earned in the preceding year not yet granted, and the vacation for the succeeding year if the employee has qualified therefore under paragraph (a). If an employee thus entitled to vacation or vacation pay shall die the vacation pay earned and not received shall be paid to such beneficiary as may have been designated, or in the absence of such designation, the surviving spouse or children or his estate, in that order of preference.

(g) Former employees of the Illinois Central Gulf who enter service of the MidSouth Rail Corporation on the effective date of this agreement, or within one year thereafter, shall be given credit for ICG service in applying all provisions under this Rule.

(h) Employees shall not be considered available for service while on assigned vacation, but if so used shall be allowed time and one-half (1 ½) in addition to their regular vacation pay.

(i) The BLE Local Chairman shall assign all vacations subject to guidelines based on the needs of service. The Local Chairman will be responsible to see that sufficient manpower is available at all times without additional expense or inconvenience to the Carrier. If any problems arise in the handling of vacations, the General Chairman and Vice President and Chief Transportation Officer shall meet immediately to resolve such problems.

RULE 45

MEDICAL EXAMINATION

(a) Should an employee be required to take medical examinations, such examinations shall not be more frequent than one each year, unless in the opinion of the supervisory officer the employee's health or condition is such that an examination should be made for the purpose of informing the employee of any disability so that proper treatment can be given.

Note: (The Carrier shall pay the entire cost of such examination and time lost by the employee when required to take examination.)

(b) If an employee should be disqualified upon examination by the Carrier's physician and feels that such disqualification is not warranted, the following rules will apply:

- (1) The employee involved, at his expense, shall select a physician to represent him; and the Carrier, at its expense, shall select a physician to represent it, in conducting a further medical examination. If the two (2) physicians thus selected shall agree, the conclusions reached by them shall be final.
- (2) If the two (2) physicians selected in accordance with paragraph (1) should disagree as to the condition of such employee, they shall select a third (3rd) physician at the joint and equal expense of the Carrier and the employee, who shall be a practitioner of recognized standing in the medical profession and a specialist in the condition, or conditions from which the employee is alleged to be suffering, and the three (3) physicians shall constitute a Board of Medical Examiners and shall examine the employee and render a report within a reasonable time, not exceeding fifteen (15) calendar days after such examination, setting forth his condition and their opinion as to his fitness to continue service in his regular employment. The concurring opinion of two (2) such physicians shall be final.

(c) If any employee is held from service for an examination or for an alleged medical condition and upon examination is found to be fit to resume duty, he shall be reinstated and paid for time lost.

(d) Should the decision be adverse to the employee and it later definitely appears that his condition has improved, a re-examination shall be arranged after a reasonable interval upon request of the employee and upon presentation of evidence from his physician that his condition is improved to the extent of making him fit for service.

RULE 46

UNION SHOP AGREEMENT

(a) Subject to the terms and conditions hereinafter set forth, all employees of the Carrier now or hereafter subject to the rules and working conditions agreement between the parties hereto shall, as a condition of their continued employment subject to such agreement, become members of the BLE party to this Agreement representing their crafts or classes within sixty (60) calendar days of the date they first perform compensated service as such employees after the effective date of this Agreement, and thereafter shall maintain membership in good standing in such BLE while subject to the rules and working conditions agreement between the parties; provided, however, that the foregoing requirement for membership in the BLE shall not be applicable to:

- (1) Employees to whom membership is not available upon the same terms and conditions as are generally applicable to any other member, or
- (2) Employees to whom membership has been denied or terminated for any reason other than the failure of the employee to tender the periodic dues, initiation fees and assessments (not including fines and penalties) uniformly required as a condition of the acquiring or retaining membership in the BLE, or
- (3) Employees covered by the rules and working conditions agreement between the parties, who maintain membership in any one of the other labor organizations, national in scope, organized in accordance with the Railway Labor Act and admitting to membership employees of craft or class engaged in the services or capacities within the jurisdiction of the First Division of the National Railroad Adjustment Board; provided, that nothing contained in this Agreement shall prevent an employee from changing membership from one such organization to another admitting to membership employees of a craft or class in any of said services or capacities.

(b) Employees who retain seniority under the rules and working conditions agreement, between the parties hereto, governing their classes or crafts and who are assigned or transferred for a period of thirty calendar days or more to employment not covered by such Agreement, or who are on leave of absence starting after the effective day of this Agreement for a period of thirty calendar days or more, shall not be required to maintain membership as provided in paragraph (a) of this Rule so long as they remain in such other employment, or on such leave of absence, but they may do so at their option. If and when such employees return to any service covered by the said rules and working conditions agreement, they shall, as a condition of their continued employment subject to such agreement, comply with the provisions of paragraph (a) of this Rule within thirty calendar days of such return to service.

(c) An employee whose membership in the BLE is terminated while on furlough due to reduction in force, or while off duty on account of sickness or injury for a period of thirty calendar days or more, and who is required to maintain membership under the provisions of paragraph (a) of this Rule, shall be granted upon his return to service in any of the crafts or classes represented by the BLE a period of thirty calendar days within which to comply with paragraph (a) of this Rule.

(d) Every employee required by the provisions of this Rule to become and remain a member of a labor organization shall be considered by the Carrier to be either a member of the BLE as provided for herein or to be a member of any one of the other labor organizations referred to in paragraph (a) hereof, unless the Carrier is advised to the contrary in writing by the BLE. The BLE shall be responsible for initiating action to enforce the terms of this Rule.

(e) (1) The General Chairman shall furnish to the Carrier, in writing, and in duplicate, the name and roster number of each employee whose seniority and employment the Union requests be terminated by reason of failure to comply with the membership requirements of this Rule.

(2) In the event the Carrier officer wishes to dispute the correctness of the BLE's position, he shall so notify the General Chairman within ten calendar days of receipt of the notice from the latter, stating the reasons therefore. If, (1) no such exception is taken by the Carrier Officer, or (2) the General Chairman does not withdraw his request within ten calendar days from the date of the notice of exception, the Carrier Officer shall transmit to the employee at his last known address through registered United States mail with return receipt requested, the original of the General Chairman's request, accompanied by an explanatory letter, a copy of which shall be furnished the General Chairman.

(3) Within ten calendar days from the date of the Carrier Officer mailing notice to the employee, as provided in sub-paragraph (2) of this paragraph (e), the said employee's seniority and employment in the crafts or classes represented by the Union shall be terminated, unless the notice is withdrawn by the Union in the interim or unless a proceeding under the provisions of paragraph (g) of this rule is instituted.

(f) The provision of the rules and working conditions agreement between the parties pertaining to investigations, trials and appeals, are inapplicable to the termination of seniority and employment provided for under this Rule.

(g) (1) An employee notified in accordance with the provisions of paragraph (e) hereof that he has failed to comply with the membership requirements of this Rule and who wishes to dispute the fact of such failure, shall if he submits request to the Carrier Officer within a period of ten calendar days from the date of mailing of such notice, be given a hearing. The Carrier shall notify the employee in writing the time and place at which such hearing shall be held and copy sent to the General Chairman. The hearing shall be confined exclusively to the question of the employee's compliance with the provisions of this rule. At such hearing, a representative of the BLE may be present and participate therein. The Carrier shall render a decision in writing within ten calendar days and mail a copy thereof to the employee involved and the General Chairman.

(2) Receipt by the Carrier of notice from an employee that he wishes to dispute the charge that he has failed to comply with the membership requirements of this Rule, shall operate to stay action on the termination of his seniority and employment pending decision and thereafter until terminated in accordance with paragraph (g)(3) hereof.

- (3) If the decision is the employee failed to comply with the provisions of this Rule, such employee's seniority and employment shall be terminated within five calendar days after date of such decision.

(h) Neither this rule nor any provision contained herein shall be used as a basis for a time or money claim against the Carrier, nor shall any provisions of any other agreement between then parties hereto be relied upon in support of any claim which may arise as the result of the application of this Rule.

RULE 47

UNION DUES DEDUCTION

(a) Deductions shall be limited to periodic union dues, insurance premium, initiation fees, and assessments (not including fines and penalties) which are uniformly required as a condition of acquiring and retaining membership.

(b) No costs shall be charged against the Organization or the affected employees in connection with the dues deduction agreement.

(c) Appropriate written assignment form executed by the individual involved shall be in the hands of the designated railroad officer at least thirty days in advance of the first payroll deduction scheduled for that individual.

(d) The Carrier shall determine the payroll period on which the deductions uniformly shall be made.

(e) This dues deduction agreement include appropriate priorities of deductions in cases where the individual's pay check is insufficient to permit deduction of the full amounts specified on the deduction lists.

Federal, State, and Municipal taxes; premiums on any life insurance, hospital-surgical insurance, or group accident or health insurance; other deductions required by law, such as garnishment and attachments; and amounts due the Carrier by the individual.

(f) In the event there are insufficient earnings to permit the full amount of union dues, no deduction shall be made.

(g) The Carrier shall furnish deductions lists for each local unit each month. Such lists shall include the employee's name, Social Security number or payroll identification number, and the amount of union dues deducted from the pay of each employee.

MIDSOUTH RAIL CORPORATION
WAGE ASSIGNMENT AUTHORIZATION

PRINT FULL NAME _____
(Last Name) (First Name) (Initial)

PRINT HOME ADDRESS _____
(Street and Number)

(Town) (State) (Zip)

OCCUPATION

SOCIAL SECURITY NUMBER _____

I hereby assign to the Brotherhood of Locomotive Engineers, Local _____, that part of my wages necessary to pay my monthly union dues, assessments, initiation fees and insurance, if any, as reported to the MidSouth Rail Corporation, by the Treasurer of the Brotherhood of Locomotive Engineers _____, or his successors, in monthly statements certified by him; and I hereby authorize the MidSouth Rail Corporation to deduct from my wages said sums and pay them over to the designated representative of the Organization, in accordance with the Deduction Agreement herein.

DATE _____, 20____

SIGNATURE _____

RULE 48

(Article III – April 1, 1992 Agreement)

401(K) PLAN

(a) MidSouth Rail Corporation shall establish a 401(K) Plan effective April 1, 1992, or as soon as practicable thereafter, for all employees covered by this Agreement.

(b) MidSouth Rail Corporation shall be responsible for all costs of establishing the Plan. MidSouth Rail Corporation shall also be responsible for Plan administration, including the making of payroll deductions, the payments to the designated trustee and all other in-house services normally provided by an employer in connection with the operation of a 401(K) Plan.

(c) Trustee and investment fees will be covered by Trust Fund earnings. In the event trust earnings are not sufficient to cover these fees, MidSouth Rail Corporation will be responsible for paying such fees. All other costs will be paid by MidSouth Rail Corporation.

(d) It is understood that this 401(K) Plan shall become effective April 1, 1992, or as soon as practicable thereafter, and the employees will be able to participate effective the date it is established.

Effective April 1, 1995 and annually thereafter, the Carrier shall contribute to each participating employee's personal account in the following manner:

- (i) The Carrier shall contribute \$1.00 for each \$1.00 contributed by the employee up to a maximum annual carrier contribution of \$200.00 for each participating employee.
- (ii) In addition, the Carrier shall contribute \$.50 for each \$1.00 contributed by the employee in excess of \$200.00 annually, up to an additional maximum annual carrier contribution of \$300.00 for each participating employee.

(e) The details concerning eligibility, enrollment, contributions, investment options, modification periods, and other provisions shall be outlined in the Plan Document.

RULE 49

ENTRY RATES

(a) Subject to the following provisions, employees establishing a seniority date after the effective date of this agreement shall be paid as follows:

First Year	-	Seventy Five (75) Percent
Second Year	-	Eighty (80) Percent
Third Year	-	Eighty Five (85) Percent
Fourth Year	-	Ninety (90) Percent
Fifth Year	-	Ninety Five (95) Percent
Sixth Year	-	One Hundred (100) Percent

Example: (An employee establishing a seniority date of July 1, 1986, shall be entitled to full rates, (one hundred (100) percent) effective on July 1, 1991.

(1) Service as Engineer shall be paid at full rates, (one hundred (100) percent).

(2) Former Illinois Central Gulf Railroad employees hired by MSRC within one (1) year of the commencement of operations shall be paid under the provisions of Rule 50 herein.

(3) An employee's seniority date shall govern in the application of paragraph (a) hereof.

RULE 50

RATES OF PAY

LOCAL AND EXPRESS FREIGHT SERVICE

(a) Effective **January 1, 2003** the following rates of pay shall apply to employees operating in local and express freight service.

<u>POSITION</u>	<u>DAILY RATE</u>	<u>HOURLY RATE</u>
Engineer	\$238.56	\$19.88

YARD AND ROAD SWITCHER SERVICE

(b) Effective **January 1, 2003** the following rates of pay shall apply to employees in yard and road switcher service.

<u>POSITION</u>	<u>DAILY RATE</u>	<u>HOURLY RATE</u>
Engineer	\$194.32	\$24.29

(1) All time worked in excess of eight (8) hours shall be paid for as overtime, on the minute basis, at one and one-half (1 ½) times the hourly rate.

(2) Employees performing service on more than five (5) straight time eight (8) hour shifts in yard service and road switcher service in a work week shall be paid one and one-half (1 ½) times the daily pro rata rate for each tour of duty worked. (Article VII – April 30, 2000 Agreement)

(3) Where an extra employee commences service on a second shift in a twenty-four hour period he shall be paid at time and one-half (1 ½) for such second shift except when it is started twenty-two and one-half (22 ½) to twenty-four (24) hours from the starting time of the first shift.

(4) A tour of duty in local or express freight service shall not be used to require payment of overtime rate in yard service.

(5) The overtime rate provided under Items (2) and (3) hereof shall not be applicable where exercising seniority rights.

(c) The Carrier shall furnish each employee a current rate schedule as the rates of pay are changed.

RULE 51
(Article I – April 30, 2000 Agreement)

COST-OF-LIVING ADJUSTMENTS

Effective January 1, 2000, the parties adopt the provision of Article II, Part C, of the May 31, 1996 National Agreement. The first cost of living adjustment payable under this provision shall occur on July 1, 2000. (The cost of living adjustment payable on December 31, 1999 under Part B of Article II of the Agreement will not apply to employees covered under this agreement.) It is further understood that all future cost of living adjustments produced by the application of Article II, Part C of the 1996 National Agreement will be applied to the Rates of Pay contained in Rule 50 of the March 31, 1986 Schedule Agreement as modified by the April 1, 1992 Agreement and this Agreement.

ARTICLE II - COST-OF-LIVING PAYMENTS

Part A - Cost-of-Living Payments Under 1991 National Implementing Document

The nine-cent cost-of-living allowance in effect beginning July 1, 1995 pursuant to Article II, Part B of the 1991 National Implementing Document shall be rolled in to basic rates of pay on November 30, 1995 and such Article II, Part B shall be eliminated at that time. Any amounts paid from January 1, 1996 under the aforementioned COLA provision (effective January 1, 1996) shall be deducted from amounts payable under Article I of this Agreement.

Part B - Cost-of-Living Allowance Through January 1, 2000 and Effective Date of Adjustment

(a) A cost-of-living allowance, calculated and applied in accordance with the provisions of Part C of this Article except as otherwise provided in this Part, shall be payable and rolled in to basic rates of pay on December 31, 1999.

(b) The measurement periods shall be as follows:

<u>Measurement Periods</u>		<u>Effective Date of Adjustment</u>
<u>Base Month</u>	<u>Measurement Month</u>	
March 1995	March 1996	
	plus	
March 1997	March 1998	Dec. 31, 1999

The number of points change in the CPI during each of these measurement periods shall be added together before making the calculation described in Part C, Section 1(e) of this Article.

(c)(i) Floor. The minimum increase in the CPI that shall be taken into account shall be as follows:

Effective Date
of Adjustment

Minimum CPI Increase That
Shall Be Taken Into Account

Dec. 31, 1999

4% of March 1995 CPI
plus
4% of March 1997 CPI

(ii) Cap. The maximum increase in the CPI that shall be taken into account shall be as follows:

Effective Date
of Adjustment

Maximum CPI Increase That
Shall Be Taken Into Account

Dec. 31, 1999

6% of March 1995 CPI
plus
6% of March 1997 CPI

(d) The cost-of-living allowance payable to each employee and rolled in to basic rates of pay on December 31, 1999 shall be equal to the difference between (i) the cost-of-living allowance effective on that date pursuant to this Part, and (ii) the lesser of (x) the cents per hour produced by dividing one-quarter of the increase, if any, in the carriers' 1998 payment rate for foreign to-occupation health benefits under the Plan over such payment rate for 1995, by the average composite straight-time equivalent hours that are subject to wage increases for the latest year for which statistics are available, and (y) one half of the cost-of living allowance effective on December 31, 1999 pursuant to this Part.

Part C - Cost-of-Living Allowance and Adjustments Thereto After January 1, 2000

Section 1 - Cost-of-Living Allowance and Effective Dates of Adjustments

(a) A cost-of-living allowance shall be payable in the manner set forth in and subject to the provisions of this Part, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the CPI. The first such cost-of-living allowance shall be payable effective July 1, 2000 based, subject to paragraph (d), on the CPI for March 2000 as compared with the CPI for September 1999. Such allowance, and further cost-of-living adjustments thereto which shall become effective as described below, shall be based on the change in the CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		<u>Effective Date of Adjustment</u>
<u>Base Month</u>	<u>Measurement Month</u>	
September 1999	March 2000	July 1, 2000
March 2000	September 2000	January 1, 2001

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable to periods subsequent to those specified above during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, vacations, holidays and to special allowances in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to duplicate time payments, including arbitraries and special allowances that are expressed in time, miles or fixed amounts of money.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the CPI that shall be taken into account shall be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2000	3% of September 1999 CPI
January 1, 2001	6% of September 1999 CPI, less the increase from September 1999 to March 2000

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule shall be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the CPI in any measurement period shall be considered.
- (iii) If the increase in the CPI from the base month of September 1999 to the measurement month of March 2000 exceeds 3% of the September 1999 base index, the measurement period that shall be used for determining the cost-of-living adjustment to be effective the following January shall be the 12-month period from such base month of September; the increase in the index that shall be taken into account shall be limited to that portion of the increase that is in excess of 3% of such September base index; and the maximum increase in that portion of the index that may be taken into account shall be 6% of such September base index less the 3% mentioned in the preceding clause, to which shall be added any residual tenths of points which had been dropped under paragraph (e) below in calculation of the cost-of-living adjustment which shall have become effective July 1, 2000 measurement period. during such
- (iv) Any increase in the CPI from the base month of September 1999 to the measurement month of September 2000 in excess of 6% of the September 1999 base index shall not be taken into account in the determination of subsequent cost of-living adjustments.
- (v) The procedure specified in subparagraphs (iii) and (iv) shall be applicable to all subsequent periods during which this Article is in effect.

- (e) Formula. The number of points change in the CPI during a measurement period, as limited by paragraph (d), shall be converted into cents on the basis of one cent equals 0.3 full points. (By "0.3 full points" it is intended that any remainder of 0.1 point or 0.2 point of change after the conversion shall not be counted.)

The cost-of-living allowance in effect on December 31, 2000 shall be adjusted (increased or decreased) effective January 1, 2001 by the whole number of cents produced by dividing by 0.3 the number of points (including tenths of points) change, as limited by paragraph (d), in the CPI during the applicable measurement period. Any residual tenths of a point resulting from such division shall be dropped. The result of such division shall be added to the amount of the cost-of-living allowance in effect on December 31, 2000 if the CPI shall have been higher at the end than at the beginning of the measurement period, and subtracted therefrom only if the index shall have been lower at the end than at the beginning of the measurement period and then, only, to the extent that the allowance remains at zero or above. The same procedure shall be followed in applying subsequent adjustments.

- (f) Continuance of the cost-of-living allowance and the adjustments thereto provided herein is dependent upon the availability of the official monthly BLS Consumer Price Index CPI-W) calculated on the same basis as such Index, except that, if the Bureau of Labor Statistics, U.S. Department of Labor should, during the effective period of this Article, revise or change the methods or basic data used in calculating such Index in such a way as to affect the direct comparability of such revised or changed index with the CPI-W during a measurement period, then that Bureau shall be requested to furnish a conversion factor designed to adjust the newly revised index to the basis of the CPI-W during such measurement period.

Section 2 - Payment of Cost-of-Living Allowances

- (a) The cost-of-living allowance payable to each employee effective July 1, 2000 shall be equal to the difference between (i) the cost-of-living allowance effective on that date pursuant to Section 1 of this Part, and (ii) the lesser of (x) the cents per hour produced by dividing one-quarter of the increase, if any, in the carriers' 1999 payment rate for foreign-to-occupation health benefits under the Plan over such payment rate for 1998, by the average composite straight-time equivalent hours that are subject to wage increases for the latest year for which statistics are available, and (y) one-half of the cost-of-living allowance effective July 1, 2000.
- (b) The increase in the cost-of-living allowance effective January 1, 2001 pursuant to Section 1 of this Part shall be payable to each employee commencing on that date.
- (c) The increase in the cost-of-living allowance effective July 1, 2001 pursuant to Section 1 of this Part shall be payable to each employee commencing on that date.
- (d) The procedure specified in paragraphs (b) and (c) shall be followed with respect to computation of the cost-of-living allowances payable in subsequent years during which this Article is in effect.
- (e) The definition of the carriers' payment rate for foreign-to-occupation health benefits under the Plan set forth in Section 9 of Article I shall apply with respect to any year covered by this Section.
- (f) In making calculations under this Section, fractions of a cent shall be rounded to the nearest whole cent; fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

Section 3 - Application of Cost-of-Living Allowances

The cost-of-living allowance provided for by Section 1 of this Part C will not become part of basic rates of pay. In application of such allowance, each one cent per hour of cost-of living allowance that is payable shall be treated as an increase of 8 cents in the basic daily rates of pay produced by application of Article I. The cost-of-living allowance will otherwise be applied in keeping with the provisions of Section 8 of Article I.

Section 4 - Continuation of Part C

The arrangements set forth in Part C of this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act.

RULE 52

(Article XIII – April 1, 1992 Agreement)

CREW CONSIST

The manning of assignments shall be at the discretion of the Carrier, subject to a minimum crew consist of one engineer. It is understood that the Carrier may implement the use of remote controlled locomotives or motive power at its discretion.

RULE 53

MOVEMENT TO ENGINE SERVICE

(a) Employees moving from train to engine service under the provisions of Rule 19 herein, shall retain their seniority in train service. Such employees shall be permitted to exercise their train service seniority only in the event they are unable to hold a regular position in engine service.

(b) Employees moving to engine service positions shall be subject to applicable agreement rules covering engine service employees.

(c) The movement from train service to engine service or vice versa shall be under applicable agreement rules and shall not be considered to break the continuity of the employee's service, and all rights and benefits earned or granted to employees under combined service shall be maintained.

RULE 54
(April 30, 2000 Agreement)

GENERAL WAGE INCREASES

(a) The purpose of this Agreement is to permit the parties to participate in the year 2000 round of National Handling. Except as otherwise provided herein, this Agreement is effective May 1, 2000, and is in full settlement of the notice dated March 5, 1996, served upon the Company by the Organization. This Agreement shall remain in effect until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

With regard to the specific issue of pay, it is understood that future general wage increases (or decreases) and cost of living adjustments that may be provided for in future national agreements will be applied to MidSouth Rail Corporation rates of pay. The existing pay structure created under Article 7 and Article 50 of the March 31, 1986 Schedule Agreement will be preserved. The so-called mileage basis of pay which exists under current national agreements will not be substituted for the MidSouth Rail Corporation basis of pay created under Articles 7 and 50. Regardless of the outcome of future national agreements, the MidSouth Rail Corporation basis of pay can only be changed by mutual agreement between the parties to this agreement (i.e., BLE and KCS).

It is not the intent of this agreement to effect a retroactive application of any National Agreement made prior to the date of this agreement, or any interpretation, agreed to question and answer, or decision or award in connection therewith.

(b) The hourly or daily rates of pay provided for herein shall be adjusted to reflect the wage increases under paragraph (a) hereof.

(c) In determining new hourly or daily rates, fractions of .5 cent or higher shall be rounded to the next full cent and fractions of less than .5 cent shall be dropped.

(d) In the application of paragraph (a) hereof, it is understood that the scheduled increase shall be an offset to any increase due under the Cost-of-Living Adjustments.

RULE 55
(Article II – April 30, 2000 Agreement)

HEALTH AND WELFARE

Effective July 1, 2000, employees will be covered by The Railroad Employees National Health and Welfare Plan as amended by Article III, IV, and V, of the May 31, 1996 National Agreement governing the Carriers represented by the National Carriers' Conference Committee and employees of such railroads represented by the Brotherhood of Locomotive Engineers.

SIDE LETTER NO. 1

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

Emerson Bouchard
Vice President - Labor Relations

*114 West Eleventh Street
Kansas City, Missouri 64105-1804*

John S. Morse
Director of Labor Relations

Fax: (816) 983-1686
Phone: (816) 983-1294

Kathleen A. Alexander
Director of Labor Relations

April 30, 2000

Mr. J. R. Koonce, General Chairman
Brotherhood of Locomotive Engineers
5050 Poplar Avenue, Suite #508
Memphis, TN 38157

Dear Sir:

This is a follow-up to our several telephone conversations regarding the application of Article II of the May 1, 2000 Agreement which resolved the organization's notice dated March 5, 1996.

We agree the company will arrange to continue the same coverage as afforded to active employees or retirees (without cost to the employee or retiree) under Article II and employees who choose to retire at age 60 with 30 years of service or retirees who retired in the same manner, until the employee or retiree reaches age 65 or becomes Medicare eligible. This understanding applies only to retirees or employees holding seniority on the former MidSouth Rail Corporation on the date the agreement becomes effective on MSRC. This understanding will not apply to anyone hired after the effective date of the agreement.

This will also confirm our understanding that any former MSRC employee, or retiree, who is currently covered under the MSRC health & welfare plan will convert to coverage under the national health & welfare plan pursuant to the provisions of Article II on the date the agreement becomes effective on MSRC or as soon as practicable thereafter.

Yours very truly,

/signed/

Emerson Bouchard
Vice President - Labor Relations

ACCEPTED:

/signed/

J. R. Koonce
General Chairman

QUESTIONS & ANSWERS TO SIDE LETTER NO. 1, dated April 30, 2000

These will constitute agreed upon questions and answers to Health & Welfare attached hereto as Side Letter No. 1.

Q.1. How will an MSRC engineer be treated under Article II of this agreement if that employee chooses to retire at age 60 with 30 years service and was an employee prior to the date of this agreement?

A.1. The engineer (or retired engineer if applicable) would be treated as an "active" employee for insurance purposes until both the engineer and his wife reaches age 65 or becomes Medicare eligible.

Example: The engineer is 60 years of age, his/her spouse is 58 years of age and the engineer takes early retirement. When the engineer becomes 65 or Medicare eligible his/her spouse would still be treated a dependent of an active employee until he/she reached age 65 or became Medicare eligible. The engineer would use Medicare as his primary insurance and active employees Health and Welfare as his secondary insurance. The same rule would apply if the engineer and spouse ages were reversed in this example.

Note: Q-A 1, revised 5/1/00 to conform with applicable Medicare Law.

Q.2. Will MSRC engineers or their wives hired after the date of this agreement be eligible for cost free early retirement?

A.2. No, not unless the engineer had seniority in another craft on the MSRC, such as train service, before the effective date of this agreement.

RULE 56

PILOT SERVICE

In the event foreign-line trains are detoured over the MidSouth Rail Corporation trackage, an engineer standing for service shall be called as pilot and paid under the provisions of Rule 50(a) herein. It is understood that pilots shall not be required on foreign-line trains moving strictly within yard limits or on foreign-line trains moving via trackage rights agreement.

RULE 57

(Article VI – April 30, 2000)

ENGINEER CERTIFICATION

Engineers on MidSouth Rail Corporation who possess FRA Certification will receive an allowance of \$5.00 per road tour of duty worked. This allowance will not be subject to adjustment by cost-of-living adjustments or general wage increases. This certification allowance will provide the engineer no less than \$5.00 in additional compensation per road trip than the compensation earned, exclusive of penalties by any other train crew member.

Side Letter No. 3

April 1, 1992

Mr. Jim McCoy
General Chairman, BLE
5050 Poplar Avenue
Suite 508
Memphis, TN 38157

Dear Mr. McCoy:

This will confirm our understanding reached during negotiation of our April 1, 1992 Agreement.

It is understood and agreed that in the event the UTU negotiates increases in conductor and brakeman basic rates of pay effective August 1, 1996 or beyond, and the BLE has then not yet reached agreement with the carrier on a new contract to be effective August 1, 1996 or beyond, that during the pendency of the BLE's negotiations, the \$4.00 engineer certification allowance provided for in Article IX shall continue in effect until changed pursuant to the Railway Labor Act, but the carrier shall not be required to compensate road engineer \$4.00 more per road tour of duty than the compensation earned by train crew members on such road trip.

Sincerely,

/signed/

Frank K. Turner
President and Chief Executive Officer

I Concur:

/signed/

Jim McCoy
General Chairman, BLE

RULE 58

(Article VI – April 30, 2000 Agreement)

SENIORITY MAINTENANCE RULE

Seniority Maintenance Fee:

Effective the date of this agreement, engineers hired or transferring from train service or any other craft shall be subject to payment of their fair share of the expenses of negotiating and administering the collective bargaining agreement governing their rates of pay, rules and working conditions within the craft of locomotive engineers and in the protection of their continued engineers' seniority as follows:

- A. Engineers transferring to train service will have their engineers' seniority placed in leave of absence status and will continue to accumulate such seniority. This will apply to the period of time that such employees are required to protect their train service seniority. Full dues or service fee payment to the BLE will be required while maintaining and accumulating engineers' seniority.
- B. A service fee will be required of engineers hired or transferring from train service or any other craft who do not hold membership in the BLE in order to defray the cost of negotiating and administering the collective bargaining agreement governing their rates of pay, rules and working conditions and for the maintenance and accumulation of engineers' seniority.
- C. The service fee specified in the preceding paragraphs shall be based upon the costs of negotiating and engaging in all collective bargaining matters but in no event shall exceed the amount of full monthly dues of BLE.

RULE 59
(Article VIII –April 30, 2000 Agreement)

UNASSIGNED POOL FREIGHT SERVICE

The Company may operate engineers in pool freight service subject to the following conditions:

1. The home and away-from-home terminal will be designated by bulletin. There will be only one pool located at each home terminal unless mutually agreed to by the parties signatory to this agreement.

A. The home terminal will be:

- (i) Shreveport or Bossier City
- (ii) Meridian

2. Engineers in this service will operate first in, first out.
3. The rate of pay will be the applicable Express Freight rate and all positions will be bulletined to operate for not less than seven (7) consecutive calendar days per week.
4. Permanent vacancies shall be advertised by bulletin for ten (10) calendar days on carrier bulletin boards stating rate of pay, crew consist, days operated, and on (home terminal) and off-duty point. The bulletin shall state the last day bids are to be received by the Designated Carrier Officer.
5. Temporary Vacancies not filled under applicable rules and Vacancies created by layoffs will be filled by the engineers extra board. There are not any "step-up" provisions in this pool, but, in the event there is a vacancy to be filled from the engineers extra board and the extra board does not have an engineer rested within thirty (30) minutes of listing time or the extra board is exhausted then the next out engineer may be stepped up.

In the event an engineer is stepped up, the following will apply:

- (a) The engineer stepped up will go the bottom of the board after tying up at his home terminal.
 - (b) Engineers marking up from vacation or leave of absence will go the bottom of the board.
6. Make up crew can be used when the first out pool crew is not rested within thirty (30) minutes of listing time.
 7. Extra engineers called in extra emergency or a make-up service will work under the same provisions as provided for regular engineers in this pool. It is understood that the calendar day provision provided for in paragraphs 3, or anywhere herein, only applies to Extra Engineers at the away-from-home terminal.
 8. Engineers in this service will operate in straight away service only.
 - (a) An engineer at the home terminal or away-from-home terminal can be used in turn-around service only if the engineers extra board is exhausted. If so used, this service

will be considered dogcatcher service only and crew will be tied up at the home terminal upon completion of this service.

- (b) An engineer at the away-from-home terminal can be required to make a maximum of one turn-around trip except in case of wreck, washout, or act of God, and then will be deadheaded or worked back to his home terminal as a separate trip.
9. Providing there are sufficient engineers to protect the service, engineers will be allowed to lay off two days after working (or being available) ten (10) straight days. It is understood that laying off will be treated as a voluntary absence.

Note: This rule is to add to, and does not change or modify any rights the engineer has to lay off as provided for in Rule 12 – Laying Off and Reporting.

10. Engineers laying off in the pool will be off for a minimum of eight (8) hours. When marking up the engineer will go the bottom of the board unless the position laying off from did not get out, then the engineer would resume his/her normal position on the board.
11. The Local Chairman with jurisdiction at the pools home terminal and the Carrier will jointly regulate this pool on the 15th and 30th of the month. If the parties cannot agree, the carrier may make the determination. Such decision may be conferenced between the general chairman and carrier's highest officer.
- (a) The pool will be decreased in reverse seniority order.
 - (b) Engineers making seniority moves to this Service will displace the youngest engineer in the pool.
 - (c) Regular engineers in this service will not be allowed to mark to any vacancies within the same pool.
12. Engineers in this pool that are not called in their turn will be allowed one-half (1/2) of a basic day's pay in lieu of Article 18 payments in excess of all other earnings and stand first out.
13. Calling will be as described in Rule 14(b).

RULE 60

(Article X – April 30, 2000 Agreement)

ENGINEERS SCHEDULE

- (a) Within twelve (12) months the Carrier will make every effort to provide a revised copy of the current schedule agreement to each employee subject to this agreement.
- (b) Within twelve (12) months the Carrier will make every effort to provide the General Chairman of the Brotherhood of Locomotive Engineers a revised copy of the current schedule agreement, as described above, along with a computer disk, in Word 7.0 format, of the same.

RULE 61

ENGINEERS IN TRAINING

MEMORANDUM OF AGREEMENT
between
THE KANSAS CITY SOUTHERN (MID SOUTH RAIL CORPORATION)
and
THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS

This Agreement pertains to when the company hires certified locomotive engineer(s) who have not been promoted on the MidSouth Rail Corporation (KCS) and there is an engineer's promotion class already in progression before the newly hired engineer's employment date.

If the newly hired certified engineer(s) makes his/her qualifying student trips and is allowed to mark up and make his/her first tour of duty as outlined in Rule 19 (a) – Seniority; then the date the engineer(s) makes the first tour of duty will establish a seniority date for any engineer(s) in training and the newly hired engineer(s) will fall behind those who were already in training.

EXAMPLE:

How would the following employees be placed on the engineer's seniority roster under the following conditions?

Trainmen Smith, Jones and Brown were placed into an engineer's training program, with their seniority in respective order, on October 1, 2000. On October 30, 2000 the Carrier hired engineer Green who was already a certified locomotive engineer on the UP Railroad. On December 20, 2000 engineer Green completed his qualifying trips and was allowed to work his first tour of duty as a MidSouth Engineer.

Engineer Green would establish a seniority date of December 20, 2000 for trainmen Smith, Jones and Brown and they would be placed on the Seniority Roster as follows:

<u>Employee</u>	<u>Seniority Date</u>
1. Smith	12/20/00
2. Jones	12/20/00
3. Brown	12/20/00
4. Green	12/20/00

It is the intent that this agreement applies only to those that are already in a student engineer program and that only those employees will not be runaround by the Carrier hiring engineers that are already promoted and certified.

This Agreement shall become effective January 23, 2001 and will remain in effect until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

FOR THE BROTHERHOOD OF
LOCOMOTIVE ENGINEERS:

/signed/

J. R. Koonce, General Chairman

FOR THE KANSAS CITY SOUTHERN
RAILWAY COMPANY
(MIDSOUTH RAIL CORPORATION)

/signed/

Emerson M. Bouchard
Vice President, Labor Relations

John S. Morse
Director, Labor Relations

RULE 62
(Article V - April 1, 1992 Agreement)

ENGINEER'S TRAINING

The parties have separately agreed on a Memorandum of Agreement governing engineer's training. By reference and attachment hereto as Appendix C, such Memorandum is incorporated herein and made a part of this agreement.

APPENDIX C

MEMORANDUM OF AGREEMENT
between
MIDSOUTH RAIL CORPORATION
and the
BROTHERHOOD OF LOCOMOTIVE ENGINEERS

WHEREAS, the MidSouth Rail Corporation (hereinafter, "the Carrier") intends to commence a training program for the promotion of trainmen to engineers, and may require Carrier engineers to perform in-service training for those engineer trainees;

WHEREAS, under the provisions of the Working Agreement between the Carrier and the Brotherhood of Locomotive Engineers (hereinafter, "the BLE"), the BLE has the right to make and interpret contracts covering rules, rates of pay and working conditions on behalf of engineers;

THEREFORE, the parties hereby agree to the implementation of an engineer training program according to the following provisions:

SELECTION FOR TRAINING

A. The Carrier shall select locomotive engineers to act as engineer instructors. While performing his normal duties, an engineer-instructor may have a trainee undergoing accelerated or other engineer training assigned to him for one or more tours of duty. The engineer-instructor will act as a field instructor, indoctrinating the trainee in the functions and responsibilities of engineers under actual working conditions.

TRAINING

B. The General Committee of the BLE, and such Local Committees as shall be designated in writing by the General Committee, shall be furnished the name and address of trainmen entering the engineer training program, showing the date each class of one or more trainees commences the program. The committee will also be furnished an outline of the instructions to be given and the requirements for successful completion of the program.

C. An engineer-instructor will be paid \$10.00 for each tour of duty, or portion thereof, that a trainee is assigned to him for training.

D. The engineer-instructor will permit a trainee under his supervision to operate the engine and perform other functions of an engineer.

E. The engineer-instructor will not be held responsible for broken knuckles, damaged drawbars or rough handling when the engine is operated by the trainee. He will, however, be responsible for the safe movement of his train and engine according to the operating rules.

F. An engineer-instructor will complete progress reports on a trainee assigned to him, as may be directed, which will be considered in determining qualifications for promotion to engineer. Incompetence, lack of judgment or other detrimental traits or attitude will be reported.

COMPLETING THE TRAINING PROGRAM

G. Upon successful completion of the training program, the engineer trainee shall be: (1) certified as a qualified locomotive engineer, (2) shall be awarded a certificate so stating. Upon such certification, the Carrier shall supply the BLE General Committee with names of the engineers so certified, and the date of their certification.

H. Any trainee who successfully completes the training program will have his standing on the engineers' seniority roster based on the date he first works as an engineer, provided, however, that if two or more such trainees have graduated from the training program in the same class, they all will be placed on the seniority roster with the earliest date on which any member of the class begins work as an engineer.

This Agreement becomes effective on April 23, 1992. Signed at Jackson, MS, this 23rd day of April, 1992.

FOR THE ORGANIZATION:

/signed/

Jim McCoy
General Chairman
BROTHERHOOD OF LOCOMOTIVE
ENGINEERS

APPROVED:

/signed/

E.L. HAYDEN
Vice President, BLE

FOR THE CARRIER:

/signed/

Hugh I. Salmons
Vice President & Chief
Transportation Officer
MIDSOUTH RAIL CORPORATION

RULE 63
(Article X – April 1, 1992 Agreement)

OVERTIME ON LOCALS

By separate memorandum of agreement the parties have agreed to provide overtime to locals working predominately in yards on phased-in basis. Appendix D attached hereto is a summary illustration of such phased-in agreement and is incorporated herein by reference.

APPENDIX D

Effective on Implementation (e.g., 4/1/92) the daily rate of pay and daily maximum earnings with potential overtime for those locals working predominantly in yards (See Side Letter No. 4 related hereto) shall be:

Effective 4/1/92:	\$184.56 for 11' 20" (plus 40" OT) = \$200.93 daily maximum
Effective 4/1/93:	\$184.56 for 10' 30" (plus 1' 30" OT) = \$224.12 daily maximum
Effective 4/1/94:	\$184.56 for 9' 40" (plus 2' 20" OT) = \$251.29 daily maximum
Effective 4/1/95:	\$184.56 for 8' 50" (plus 3' 10" OT) = \$283.94 daily maximum
Effective 4/1/96:	\$181.84 for 8' (plus 4' OT) = \$318.24 daily maximum

April 1, 1992

Mr. Jim McCoy
General Chairman
Brotherhood of Locomotive Engineers
5050 Poplar Avenue, Suite 508
Memphis, TN 38157

Dear Mr. McCoy:

This will confirm our understanding reached during negotiation of our April 1, 1992 Agreement.

It is understood and agreed that in the application of Article X – Overtime on Locals that local freights "working predominantly in yards" shall be considered those locals that work a majority of their time in yards performing general yard switching (i.e., switching on the lead) during the course of their week's work. At present, locals falling within this criteria are:

- 8:00 a.m. Local at Bossier City, LA
- 6:00 a.m. Local at Monroe, LA
- Job #23 Local at Vicksburg, MS
- 4:00 p.m. Local at Vicksburg, MS
- 5:00 a.m. Local at Jackson, MS
- 5:00 p.m. Local at Jackson, MS

It is further understood and agreed that while Jackson is not a yard pursuant to Rule 22, the locals at Jackson will be paid pursuant to Article X.

It is also understood that the basic rate of pay applicable to these jobs as of April 1, 1992 shall be frozen and not subject to any wage or cost-of-living increases during the life of this Agreement.

Sincerely,

/signed/

Frank K. Turner
President and Chief Executive Officer

I Concur:

/signed/

Jim McCoy
General Chairman, BLE

RULE 64
(Article XI – April 30, 2000 Agreement)

MORTORIUM

It is not the intent of this agreement to effect a retroactive application of any National Agreement made prior to the date of this agreement, or any interpretation, agreed to question and answer, or decision or award in connection therewith.

The parties to this Agreement shall not serve or progress any new notices prior to November 1, 1999 (not to become effective prior to January 1, 2000). In addition, all other pending notices are withdrawn. This article does not bar the parties from discussing or agreeing upon any matters of mutual interest.

**For Brotherhood of Locomotive
Engineers:**

/signed/
J. R. Koonce
General Chairman

Signed: April 30, 2000

**For The Kansas City Southern Railway
Company:**

/signed/
John S. Morse
Director - Labor Relations

/signed/
Emerson M. Bouchard
Vice President - Labor Relations

IMPLEMENTING AGREEMENT

Between

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY
LOUISIANA & ARKANSAS RAILWAY COMPANY
MIDSOUTH RAIL CORPORATION**

And

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

Whereas the Interstate Commerce Commission (hereinafter "ICC"), on June 4, 1993, in its Finance Docket No. 32167, approved Kansas City Southern Industries, Inc. application for common control of The Kansas City Southern Railway Company (including the former Louisiana & Arkansas Railway Company, collectively referred to hereinafter as "KCS"), and the MidSouth Rail Corporation (hereinafter "MRC"), and whereas KCS and MRC served notice May 25, 1993, pursuant to Article I, Section 4 of the "New York Dock" labor protective conditions (hereinafter "NYD", on their employees represented by the Brotherhood of Locomotive Engineers (hereinafter "Organization") of their intent to transfer to KCS forces all switching currently being performed by MRC in the Shreveport – Bossier City, Louisiana area, **IT IS AGREED:**

SECTION I

- (a) On the effective date of this Agreement the switching currently being performed separately by MRC and KCS forces in the Shreveport – Bossier City, Louisiana area, including, but not limited to, classification of cars, train make-up and break-up, industry switching, and interchange work, will be coordinated and three (3) MRC assignments (Job Nos. 9, 32, and 34) at Bossier City will be abolished on such dates.
- (b) Concurrent with the abolishment of the three MRC assignments at Bossier City, two (2) MRC Assignments will be established (designated as Deramus Yard Job Nos. 32 and 34) at KCS's Deramus Yard in Shreveport and will be filled in accordance with the existing collective bargaining agreement between MRC and the Organization and the provisions of this Agreement. MRC Assignments established in accordance with this subsection (b) will be classified as Yard or Road Switcher (it is understood that MRC Road Switcher assignments may perform the same work as KCS and MRC Yard assignments in the coordinated facility). One MRC assignment will be assigned to go on duty between 6:00 AM and 10:00 AM and the other MRC assignment to go on duty between 6:00 AM and 4:00 PM (in the future, should the number of MRC assignments be reduced to only one assignment, it will be assigned to go on duty between 6:00 AM and 10:00 AM).
- (c) Subsequent to the establishment of the MRC assignments specified in subsection (b), above, the number of yard assignments accruing to KCS crews and the number of yard or road switcher assignments accruing to MRC crews, respectively, at the coordinated facility will be based on the ratio of engine hours (with overtime hours countered as straight time hours) paid to KCS yard assignments working at Deramus Yard and to the MRC assignments specified in subsection (a), above, during the period July 1, 1992 through June 30, 1993 (which is attached hereto as Attachment No. 1). Based on the

ratio of engine hours paid for, as specified in this subsection (c), attached hereto (as Attachment No. II) is the table showing the number of yard assignments accruing to MRC crews, respectively, operating in the coordinated facility subsequent to the effective date of this Agreement.

- (d) The total number of yard assignments (including MRC assignments established pursuant to this Agreement) assigned to perform work in the coordinated facility on the effective date of this Agreement will not be reduced to less than twenty (20) assignments (18 KCS assignments and 2 MRC assignments) for a period of one (1) year following the effective date of this Agreement (it is understood that such assignments may be rearranged through the abolishment and re-advertisement process during this one (1) year period).
- (e) Upon the effective date of this Agreement, it will not be a violation of the current collective bargaining agreement between the parties signatory hereto for KCS crews to perform work in the coordinated facility which was performed exclusively by MRC assignments prior to the effective date of the Agreement or for MRC crews to perform work in the coordinated facility which was performed exclusively by KCS crews prior to the effective date of this Agreement.

SECTION II

- (a) Except as otherwise provided herein, KCS employees will fill all permanent and temporary vacancies on KCS assignments and MRC employees will continue to protect all permanent and temporary vacancies on MRC assignments.
 - (1) In the event KCS is unable to fill a temporary vacancy on its yard assignment(s) in the coordinated facility, such vacancy may be filled with an MRC employee and, likewise, should MRC be unable to fill a temporary vacancy on its assignments(s) with an employee headquartered in the coordinated terminal, such vacancy may be filled with a KCS employee. Extra Board employees called to fill temporary vacancies under the provisions of this subsection (a)(1) may not decline such positions. It is understood that KCS and MRC may not use the provisions of this subsection (a)(1) to avoid filling the vacancy with an employee of the railroad who is entitled under the collective bargaining agreement to work the temporary vacancy at the overtime rate.
 - (2) In the event MRC is unable to fill a permanent vacancy on its assignment(s) in the coordinated facility, such permanent vacancy will be assigned to a KCS employee under the provisions of the applicable collective bargaining agreement between KCS and the Organization. Should a KCS employee be assigned to a permanent vacancy on an MRC assignment under the provisions of this subsection (a)(2), such position may be recaptured by an MRC employee who gives twenty-four hours written notice to the person responsible for calling crews of his intent to recapture the position. The right to recapture permanent positions under the provisions of this subsection (a)(2) applies to only those MRC employees who have seniority on the MRC engineer's seniority roster on the effective date of this Agreement.

- (b) Except as provided in Section II(a), above, there will be no commingling of KCS and MRC crews.

SECTION III

Upon the effective date of this Agreement, all MRC yard and road assignments which would have originated or terminated at the MRC yard in Bossier City prior to the effective date of this Agreement may be originated and/or terminated at any location within the coordinated terminal.

SECTION IV

Upon the effective date of this Agreement, interchange between KCS and MRC may be made at any location in the coordinated terminal area.

SECTION V

MRC employees (including KCS employees working temporary vacancies on MRC assignments) working positions on MRC assignments in the coordinated facility will work under the provisions of the collective bargaining agreement between MRC and the Organization and, likewise, KCS employees (including MRC employees working temporary vacancies on KCS assignments) working positions on KCS yard assignments in the coordinated facility will work under the provisions of the collective bargaining agreement between KCS and the Organization. All operations in the coordinated terminal, yard and road, will be under KCS' Operating Rules and supervision.

SECTION VI

- (a) Employees adversely affected as a result of the implementation of this Agreement will be entitled to the protective benefits of the NYD conditions or option to elect benefits existing under other job security or protective conditions as more specifically set out in Article I, Section 3, of the NYD conditions, which are attached hereto as "Attachment No. III", provided the employee complies with the conditions and obligations therein.
- (b) There shall be no duplication of benefits by an employee under this Agreement and any other agreement or protective arrangement. An employee entitled to the protective benefits and conditions referred to in subsection (a), above, and who is otherwise eligible for protective benefits and conditions under other protective agreements or arrangements shall, within thirty (30) days from date affected, be notified in writing, with copy to the General Chairman, of the monetary protective entitlements under the provisions of the attached protective benefits, and such employee will elect, in writing, with copy to the General Chairman, between the protective benefits and conditions attached hereto and the protective benefits and conditions under such other arrangement. Should any employee fail to make an election of benefits during the period set forth in this subsection (b), such employees shall be considered as electing the protective benefits and conditions attached hereto as Attachment No. III.
- (c) The MRC employees assigned to the three MRC assignments specified in Section I (a), above, on the date such assignments are abolished pursuant to this Agreement, will be certified as adversely affected on the date such assignments are abolished as the result of this transaction. Additionally, the senior engineer assigned to the MRC engineer's extra board at Bossier City on the effective date of this Agreement will be certified as

adversely affected on the effective date of this Agreement. It is understood that the employees certified as adversely affected, pursuant to this subsection (c), will not voluntarily place on a job headquartered outside the Shreveport – Bossier City area and, likewise, will not be required to bid to (or place on) a job headquartered outside of the Shreveport-Bossier City area in order to protect their NYD test period earnings, unless their seniority will not permit them to hold an assignment (position) headquartered in the Shreveport-Bossier City area which produces compensation equal to, or greater than, their NYD test period earnings.

SECTION VII

All references herein to the masculine gender are for convenience only and apply equally to the feminine gender.

SECTION VIII

Except as specifically amended by this Agreement, the existing collective bargaining agreement between the parties signatory hereto remain unchanged.

SECTION IX

This Agreement will become effective upon KCS and MRC giving at least thirty (30) days advance written notice to the affected General Chairmen of the Organization, specifying the date this Agreement is to become effective, and this Agreement constitutes the implementing agreement required under the provisions of Article I, Section 4, of the New York Dock Labor Protective Conditions, as imposed by the ICCC in its Finance Docket No. 321167.

Signed in Kansas City, Missouri this 30th day of September, 1993.

FOR THE EMPLOYEES:

/signed/

H. A. Moseley, General Chairman, BLE

/signed/

Jim McCoy, General Chairman, BLE

APPROVED:

/signed/

E. L. Hayden, Vice President, BLE

FOR THE CARRIERS:

/signed/

H. I. Salmons, Vice President – Human
Resources, KCS, MRC

ATTACHMENT NO. I

TOTAL ENGINE HOURS PAID FOR JULY 1, 1992 THROUGH JUNE 30, 1993

	<u>KCS</u>	<u>MRC</u>
July , 1992	4,525' 58"	495' 30"
August, 1992	4,442' 51"	482' 20"
September, 1992	4,289' 39	426' 55"
October, 1992	4,730' 19"	456' 35
November, 1992	4,350' 30"	440' 55"
December, 1992	4,222' 57"	443' 50"
January, 1993	4,552' 41"	586' 51"
February, 1993	4,134' 06"	543' 27"
March, 1993	4,515' 09"	595' 49"
April, 1993	4,485' 15"	789' 29
May, 1993	4,745' 10	784' 28"
June, 1993	<u>4,590' 50"</u>	<u>734' 31"</u>
TOTALS	<u>53,585' 25"</u>	<u>6,780' 40"</u>

RATIO

KCS Engine Hours Paid for	-	53,585' 25"	=	88.767%
MRC Engine Hours Paid for	-	<u>6,780' 40"</u>	=	<u>11.233%</u>
TOTALS	-	<u>60,366' 05"</u>	=	<u>100.000%</u>

ATTACHMENT NO. II

TABLE OF YARD ASSIGNMENTS AT KCS-MRC COORDINATED TERMINAL AT SHREVEPORT, LOUISIANA.

TOTAL NO. ENGINES ASSIGNED	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
KCS-NORTHERN DIV. SHARE OF ENGINES ASSIGNED	1	1	2	2	3	4	4	5	5	5	6	7	7	8	8	9	10	10	11	11	11	12	12	13	14	15	15	16	16	16
KCS-SOUTHERN DIV. SHARE OF ENGINES ASSIGNED		1	1	2	2	2	3	3	4	4	4	4	5	5	6	6	6	7	7	7	8	8	9	9	9	9	10	10	11	11
MRC SHARE OF ENGINES ASSIGNED										1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2	3

All memorandums of agreement, interpretations and letters of understanding in effect at the time of the reprinting of this schedule agreement, shall remain in effect unchanged (unless specifically changed or amended hereby) until cancelled under the Railway Labor Act, as amended, or by agreement between the parties signatory hereto.

Omission of an existing understanding or agreement does not change or eliminate it unless it is changed, amended or cancelled by these revised rules.

AGREEMENT

Between

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

And

Employees of the former SouthRail Corporation represented by the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

ARTICLE I - WAGES

Section 1 - Cost-of-Living Adjustments

The cost of living adjustments provided for under Article 49 of the Schedule Agreement signed March 25, 1988 as modified by Article I, Section 1 of the January 1, 1993 Agreement shall remain in effect until the effective date of this agreement. Thereafter, Article 49 and Article I, Section 1 of the January 1, 1993 Agreement will no longer apply. Any cost of living adjustment produced under Article 49 will be rolled into the basic daily rate effective the date of this Agreement.

Section 2 - Conversion to National Agreement Cost-of-Living

Effective the date of this Agreement, the parties adopt the provision of Article II, Part C, of the May 31, 1996 National Agreement. The first cost of living adjustment payable under this provision shall occur on July 1, 2000. It is further understood that all future cost of living adjustments produced by the application of Article II, Part C of the 1996 National Agreement will be applied to the Rates of Pay contained in Rule 50 of the March 31, 1986 MidSouth Schedule Agreement as modified by the April 1, 1992 Agreement and this Agreement.

Section 3 - Rates of Pay

Effective April 15, 1998 the rates of pay applicable to Article 50 of the March 31, 1986 MidSouth Schedule Agreement as modified April 1, 1992 and April 30, 2000 shall apply to all SouthRail Engineers.

ARTICLE II - HEALTH and WELFARE

Section 1. - National Health and Welfare Plan

Effective the date of this agreement, employees will be covered by The Railroad Employees National Health and Welfare Plan as amended by Article III, IV, and V, of the May 31, 1996 National Agreement governing the Carriers represented by the National Carriers' Conference Committee and employees of such railroads represented by the Brotherhood of Locomotive Engineers.

Section 2. - Side Letter No. 1 dated July 7, 1999 and Questions and Answers attached to Side Letter No. 1.

Side Letter No. 1 and agreed to Questions and Answers pertaining to Health and Welfare are adopted in this agreement, but are modified to reflect SouthRail employees where MidSouth or MSRC employees are referred to.

ARTICLE III - SCHEDULE of COLLECTIVE AGREEMENT

Section 1.

It is the intent of the parties to adopt the all of the provisions, including Implementing Agreements and side letters of the March 31, 1986 MidSouth Schedule Agreement as modified April 1, 1992 and further modified April ~~30~~, 2000, unless specifically amended by this Agreement.

Section 2.

The parties agree that the adoption of certain provisions of the MidSouth Agreement does not represent any intent to treat the MidSouth and SouthRail properties as a single entity for collective bargaining purposes.

ARTICLE IV - AMENDMENTS OF COLLECTIVE AGREEMENT

Section 1. - Rule 57 - Certification Pay

Amend Rule 57 to read:

Engineers on the *SouthRail* Corporation who possess FRA Certification will receive an allowance of \$5.00 per tour of duty worked. This allowance will not be subject to adjustment by cost-of-living adjustments or general wage

increases. This certification allowance will provide the engineer no less than \$5.00 in additional compensation per tour of duty than the compensation earned, exclusive of penalties, by any other train crew member.

Section 2. - Rule 37(a) - Personal Leave Days

Amend Rule 37(a) to read:

Rule 37(a) of the March 31, 1986 Schedule Agreement is revised to provide each employee with *eight (8)* paid personal leave days in each calendar year.

Section 3. - UNASSIGNED POOL FREIGHT SERVICE

Amend Paragraph 1.A.(i)(ii) to read:

1. The home and away-from-home terminal will be designated by bulletin. There will be only one pool located at each home terminal unless mutually agreed to by the parties signatory to this agreement.

A. The home terminal will be:

(i) Meridian

Section 4. - Rule 56 - Pilot Service

Amend Rule 56 to read:

In the event foreign-line trains are detoured over the *SouthRail* Corporation trackage, an engineer standing for service shall be called as pilot and paid under the provisions of Rule 50(a) herein. It is understood that pilots shall not be required on foreign-line trains moving strictly within yard limits or on foreign-line trains moving via trackage rights agreement.

Section 5. - Rule 21 - Deadheading

Amend Rule 21(e) to read:

Employees willing and authorized to use their personal automobile for deadheading shall be allowed *the cents per mile rate allowable by the Internal Revenue Service* for actual highway miles involved in addition to any and all other earnings paid for the trip or tour of duty.

Section 6. - Training Agreement

Appendix A of the January 1, 1993 SouthRail Schedule of Agreements will be incorporated into this agreement.

Section 7. - Side Letter No. 3, dated January 1, 1993

Side Letter No. 3 of the January 1, 1993 SouthRail Schedule of Agreements will be incorporated into this agreement.

Section 8. - Rule - Exercise of Seniority

Amend Rule 20(a) to read:

(a) An employee shall be allowed to exercise seniority from one assignment to another under the following conditions:

- (1) when a permanent vacancy exists
- (2) when a temporary vacancy exists
- (3) when displaced by a senior employee
- (4) when position is abolished
- (5) every *thirty (30)* calendar days

Amend Rule 20(f) to read:

(f) Each employee entitled to exercise his seniority pursuant to paragraph (a) (5) of this rule must provide the Carrier with a ten (10) day notice in writing of his intent to displace under the Rule. Thereafter, beginning *thirty (30)* days after the date of his initial displacement under this provision, and at the expiration of each subsequent *thirty (30)* day cycle, the employee, upon proper notice described above, may again exercise his displacements rights pursuant to paragraph (a) (5).

Section 9. - Rule 25 - Filling of Permanent and Temporary Vacancies

Amend Rule 25 to add New Rule 25(h), (from Memorandum of Understanding dated April 8, 1991)

(h) Engineers will be allowed to mark up on a temporary vacancy the first day if that vacancy is known to be open for more than one day.

Section 10. - Rule 26 - Extra Boards

Amend Rule 26(a) to read:

(a) the Carrier shall maintain a extra board at the following location:

Point of Supply

Artesia

Assignments Originating At or Between:

Artesia, Reform, Mobile, Laurel, Scooba, Okolona, Tuscaloosa, Brookwood, Corinth, Middleton, Louisville, Starkville and Newton.

(b) The Carrier may establish additional extra boards at designated terminals subject to the approval of the General Chairman.

Section 11. - Rule 48 - 401-(k) Plan

Rule 48 of the MidSouth Schedule will be replace with SouthRail Rule 46 as amended by Article III of the January 1, 1993 SouthRail Agreement.

Section 12. Engineers Schedule

- (a) Within twelve (12) months the Carrier will make every effort to provide a revised copy of the current schedule agreement to each employee subject to this agreement.
- (b) Within twelve (12) months the Carrier will make every effort to provide the General Chairman of the Brotherhood of Locomotive Engineers a revised copy of the current schedule agreement, as described above, along with a computer disk, in Word 7.0 format, of the same.

ARTICLE V - MORATORIUM

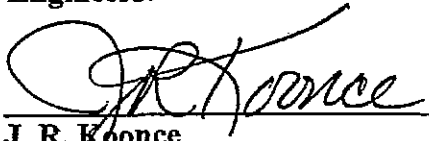
The purpose of this Agreement is to permit the parties to participate in the next round of National Handling. Therefore this Agreement is effective ~~August 1, 2000~~ and is in full settlement of the notice dated April 15, 1998, served upon the Company by the Organization. This Agreement shall remain in effect through December 31, 1999, and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

With regard to the specific issue of pay, it is understood that future general wage increases and cost of living adjustments that may be provided for in future national agreements will be applied to SouthRail Corporation rates of pay. The existing pay structure created under Rules 7 and 48 of the March 25, 1988 SouthRail Schedule Agreement as amended by Rules 7 and 50 of this Schedule Agreement will be preserved. The co-called mileage basis of pay which exists under current national agreements will not be substituted for the SouthRail Corporation basis of pay created under Rules 7 and 48 as amended by Rules 7 and 50 herein. Regardless of the outcome of future national agreements, the SouthRail Corporation basis of pay can only be changed by mutual agreement between the parties to this agreement (i.e., BLE and KCS).

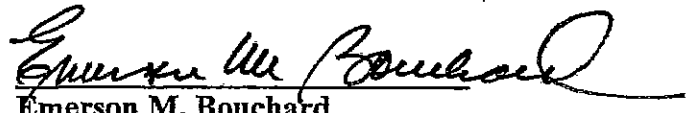
It is not the intent of this agreement to effect a retroactive application of any National Agreements made prior to the date of this agreement, or any interpretation, agreed to question and answer, or decision or award in connection therewith.

The parties to this Agreement shall not serve or progress any new notices prior to November 1, 1999 (not to become effective prior to January 1, 2000). In addition, all other pending notices are withdrawn. This article does not bar the parties from discussing or agreeing upon any matters of mutual interest.

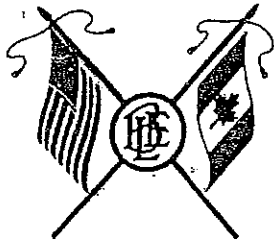
**For the Brotherhood of Locomotive
Engineers:**


J. R. Koonce
General Chairman, BLE

**For the Kansas City Southern
Railway Company (SouthRail):**


Emerson M. Bouchard
Vice President - Labor Relations

Signed: 8-1-00



GENERAL COMMITTEE OF ADJUSTMENT

Brotherhood of Locomotive Engineers

5050 POPLAR AVENUE • SUITE 501
MEMPHIS, TENNESSEE 38157
PHONE (901) 681-9392
FAX (901) 681-0409
E-MAIL: BLEKOONCE@AOL.COM

Canadian National / Illinois Central Pacific
Chicago, Central & Pacific Railroad (CN /
Metra - IC Electric
SouthRail Corporation (KCS)
MidSouth Rail Corporation (KCS)
Gateway Western Railway (KCS)
Paducah & Louisville Railway, Inc.

October 30, 2000

J. R. Koonce
General Chairman

Mr. Emerson Bouchard
Vice President Labor Relations
The Kansas City Southern Railway Company
114 West Eleventh Street
Kansas City, MO 64105-1804

RE: Attachment B of the MidSouth-BLE Agreement effective April 30,
2000 and the SouthRail-BLE Agreement effective August 1, 2000

Dear Sir:

This letter has reference to Article IX - Discipline, which became effective April 30, 2000 for MidSouth Rail Engineers and which also became effective August 1, 2000 for SouthRail Engineers represented by the Brotherhood of Locomotive Engineers.

Article IX - Discipline reads as follows:

Articles 34 and 35 are replaced by the rules contained in Attachment B to this agreement.

There seems to be some minor discrepancies that need to be addressed. Attachment B - Disciplinary Procedures Investigation and Discipline was intended to replace Rule 34 - Investigations and Discipline in its entirety. In order to eliminate any further confusion, it would be my suggestion that the above mentioned part of Attachment B be titled as Rule 34 - Disciplinary Procedures Investigation and Discipline.

Further, that portion of Attachment B, which is labeled Rule 32 Time Limit on Claims should be changed to read Rule 35 - Time Limit on Claims.

For convenience sake, I have taken the liberty of enclosing the "old" Attachment B, as entered in the April 30, 2000 Agreement and a "new" Attachment B, which depicts the proper Rule replacement numbers.

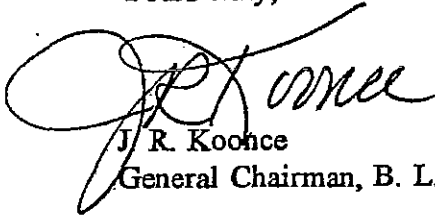
If you are in Agreement with the aforementioned, please sign in the appropriate place as indicated at the end of each rule and retain a copy for your files and return a copy to this office for our files.

Mr. Emerson Bouchard
Page 2

October 30, 2000

Thanking you in advance for your immediate attention to this matter, I remain,

Yours truly,



J. R. Koonce
General Chairman, B. L. E.

JRK:kb

Enclosures

cc: Mr. J. S. Morse, Director Labor Relations, KCS

RULE 34

DISCIPLINARY PROCEDURES
INVESTIGATION AND DISCIPLINE

Section A. General Requirements

1. An employee shall not be discharged, suspended, or otherwise disciplined without just cause and without a fair and impartial hearing, except that an employee may waive a hearing in accordance with Section B(2) of this Rule.
2. An employee shall not be withheld from service pending hearing except in cases Management determines to be serious, such as, but not limited to, theft, altercation, Rule "G" violation, insubordination, major accidents, serious misconduct and major offenses whereby the employee's retention in service could be hazardous.

Section B. Formal Hearing

1. Notice of Hearing:

(a) An employee directed to attend a formal hearing to determine the employee's responsibility, if any, in connection with an occurrence or incident shall be notified in writing by Certified Mail - Return Receipt Requested, to the last known address within a reasonable period of time but not to exceed ten (10) days from date of occurrence, or where the occurrence is of a nature not immediately known to the employee's supervisor(s), from the time they first have knowledge thereof. The notice shall contain a clear and specific statement of the date, time, place, and nature of the occurrence or incident that is to be the subject of the hearing. The notice shall be sent in duplicate in order that the employee may transmit a copy to the employee's representative if the employee desires.

NOTE: This Rule does not preclude delivery of the notice at reasonable times by a Carrier representative. Such delivery at the employee's home shall be made only when other means of delivery are not practicable. Date and time of postmark shall be considered as time of delivery for the purpose of computing time limits.

(b) The notice shall state the date, time, and place the hearing is to be held which shall be not less than five (5) days after the date of notification or more than ten (10) days after the date of notification unless otherwise agreed to.

(c) The Carrier shall have the responsibility of producing sufficient witnesses to develop the facts concerning the incident or occurrence being investigated and the notice of hearing shall include the name of each person receiving the notice and the names of all witnesses

known at the time of the notice that the Carrier intends to have in attendance at the hearing. The employee or the employee's representative may bring witnesses who can provide material facts to the investigation.

(d) The notice shall inform each employee so notified of the right to representation and to being in witnesses.

(e) If an employee who is to receive a notice of hearing shall not be permitted to exercise the option under Section B(2) of this Rule, the notice of hearing shall so specify.

2. Waiver of Hearing:

(a) An employee who has been notified to appear for a hearing shall have the option, prior to the hearing, to discuss with the appropriate Carrier Officer, either personally, through or with the employee's representative(s), the act or occurrence and the employee's responsibility, if any.

If the disposition of the charges is made on the basis of the employee's acknowledgment of responsibility, the disposition shall be reduced to writing and signed by the employee and the official involved and shall incorporate a waiver of hearing and shall specify the maximum discipline which may be imposed for employee's acceptance of responsibility.

(b) No minutes or other record shall be made of the discussions and, if the parties are unable to reach an agreed upon disposition on this basis, no reference shall be made to these discussions by either of the parties in any subsequent handling of the charges under the discipline procedure.

3. Postponements of Hearing:

Consistent with the provisions of Section A.1 for a fair and impartial hearing, postponements of the formal hearing may be requested by either party on reasonable grounds and consent shall not be unreasonably withheld.

4. Conduct of Hearing:

(a) The hearing shall be conducted by an officer of the employing Carrier who may be assisted by other officers. If practicable to do so, the hearing shall be held at the home terminal of the employee involved or in cases where more than one employee is involved at the home terminal of the majority of the employees.

NOTE: When another Carrier is involved, this shall not preclude an officer of that Carrier from conducting the hearing or assisting in the hearing recognizing, in any case, that there shall be only one presiding (hearing) officer.

2. If the hearing does not result in discipline being assessed, any charges related thereto entered in the employee's personal service record shall be voided.

Section E. Compensation for Attending Hearings:

1. Witnesses, as referred to in Section B.1(c), who are directed by the Carrier to attend a hearing, shall be compensated for all time lost and, in addition, shall be reimbursed for actual, reasonable and necessary expenses incurred for each day of the hearing, with a minimum of four (4) hours, to be paid for at the rate of pay applicable to the last service performed. Witnesses summoned by employees shall not be compensated by the Carrier.
2. When an employee involved in a formal hearing is not assessed discipline, the employee shall be compensated for all time lost. In addition, the employee shall be reimbursed for actual, reasonable and necessary expenses incurred for each day of the hearing. Where no time is lost the employee shall be paid for actual time attending the hearing with a minimum of four (4) hours for each day of the hearing, to be paid for at the rate of pay applicable to the last service performed.

Section F. Time Limit on Appeals:

1. When discipline has been assessed as a result of a formal hearing and the decision as rendered by the Carrier is not acceptable to the employee, any appeal shall be presented in writing by or on behalf of the employee involved, to the officer of the Company authorized to receive same, within sixty (60) days from the date of notification of the assessment of discipline. Failing to comply with this provision the decision shall be considered final, but this shall not be considered as a precedent or waiver of the contentions of the employees as to other discipline cases. The Carrier shall, within sixty (60) days from the date the appeal is filed, render a decision in writing on the appeal and, if the appeal is denied, the reasons for such denial shall be given. If no decision is rendered within sixty (60) days, the appeal shall be considered valid and settled accordingly, but this shall not be considered as a precedent or waiver of the contentions of the Carrier as to other discipline cases.
2. The procedure outlined in Paragraph 1 shall govern in appeals taken to each succeeding officer (*). The decision of the Carrier's highest designated officer for handling appeals of claims and grievances, or in any other dispute involving an interpretation of this Agreement, shall be final and binding unless within ninety (90) days, the General Chairman of the Brotherhood of Locomotive Engineers initiates proceedings before a tribunal established pursuant to law or agreement for the final adjudication of such claims, grievances and/or disputes. It is understood that this provision will not restrict the right of an individual from progressing a claim or grievance to the First Division of the National Railroad Adjustment Board. It is further understood that the parties may by agreement in any particular case extend the ninety (90) day period herein referred to.

**NOTE: There shall not be more than two (2) succeeding officers involved in the appeals process. Where there is only one succeeding officer involved in the appeals process, there shall be no change in that procedure by reason of this Section.*

3. With respect to appeals involving an employee dismissed, suspended, or held out of service, the original notice of request for reinstatement with pay for time lost shall be sufficient.

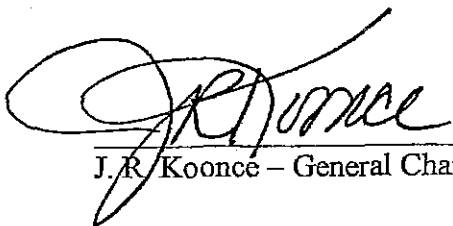
4. If at any point in this appeals procedure or in proceedings before a tribunal having jurisdiction, it is determined that the employee should not have been disciplined any charges related thereto entered in the employee's personal service record shall be voided and, if required to lose time or if held out of service (suspended or dismissed), the employee shall be reinstated with pay for all time lost and with seniority and other rights unimpaired.

5. If discipline assessed is by suspension, time lost by an employee when held out of service shall be deducted from the assessed period of suspension.

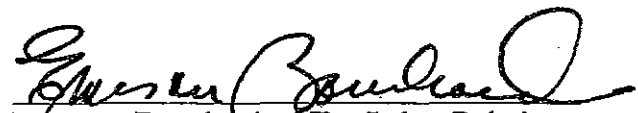
Section G. Effect of Time Limits:

The time limits set forth in this Rule shall govern the discipline procedure to the exclusion of any other rule, practice or agreement to the contrary and such time limits may be extended by mutual agreement in writing.

ACCEPTED:


J. R. Koonce – General Chairman, BLE

ACCEPTED:


Emerson Bouchard – VP – Labor Relation

RULE 35

TIME LIMIT ON CLAIMS

(a) All claims or grievances must be presented in writing by or on behalf of the employee involved to the officer of the Company authorized to receive same, within sixty (60) days from the date of occurrence on which the claim or grievance is based. Should any such claim or grievance be disallowed, the Carrier shall within sixty (60) days from the date same is filed, notify the employee or his representative of the reasons for such disallowance. If not so notified, the claim or grievance shall be considered valid and settled accordingly, but this shall not be considered as a precedent or waiver of the contentions of the Carrier as to other similar claims or grievances.

(b) If a disallowed claim or grievance is to be appealed to the highest officer designated to handle claims or grievances, such appeal shall be taken within sixty (60) days from receipt of notice of disallowance from the first officer of the Carrier. Should any such appeal be disallowed, the Carrier shall within sixty (60) days from date same is filed, notify the employee or his representative of the reasons for such disallowance. Failing to comply with these provisions, the matter shall be considered closed, but this shall not be considered a precedent or waiver of the contentions of the employees or Carrier as to other similar claims or grievances.

(c) The procedure outlined in Paragraphs (a) and (b) shall govern in appeals taken to each succeeding officer. The decision of the Carrier's highest designated officer for handling appeals of claims and grievances, or in any other dispute involving an interpretation of this Agreement, shall be final and binding unless within ninety (90) days, the General Chairman of the Brotherhood of Locomotive Engineers initiates proceedings before a tribunal established pursuant to law or agreement for the final adjudication of such claims, grievances and/or disputes. It is understood that this provision will not restrict the right of an individual from progressing a claim or grievance to the First Division of the National Railroad Adjustment Board. It is further understood that the parties may by agreement in any particular case extend the ninety (90) day period herein referred to.

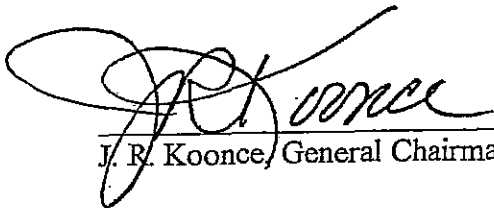
(d) All rights of a claimant involved in continuing alleged violation of agreement shall, under this Rule, be fully protected by continuing to file a claim or grievance for each occurrence (or tour of duty) up to the time when such claim or grievance is disallowed by the first officer of the Carrier.

With respect to claims and grievances involving an employee held out of service in discipline cases, the original notice or request for reinstatement with pay for time lost shall be sufficient.

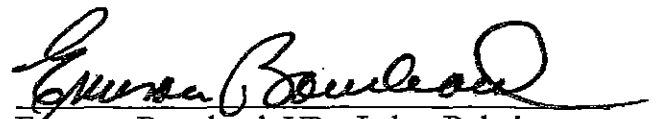
(e) This Rule recognizes the right of representatives of the Organization hereto to file and prosecute claims and grievances for and on behalf of the employees they represent.

(f) This Rule shall not apply to request for leniency.

ACCEPTED:


J. R. Koonce, General Chairman, BLE

ACCEPTED:


Emerson Bouchard, VP - Labor Relations

RULE 32

TIME LIMIT ON CLAIMS

(a) All claims or grievances must be presented in writing by or on behalf of the employee involved to the officer of the Company authorized to receive same, within sixty (60) days from the date of occurrence on which the claim or grievance is based. Should any such claim or grievance be disallowed, the Carrier shall within sixty (60) days from the date same is filed, notify the employee or his representative of the reasons for such disallowance. If not so notified, the claim or grievance shall be considered valid and settled accordingly, but this shall not be considered as a precedent or waiver of the contentions of the Carrier as to other similar claims or grievances.

(b) If a disallowed claim or grievance is to be appealed to the highest officer designated to handle claims or grievances, such appeal shall be taken within sixty (60) days from receipt of notice of disallowance from the first officer of the Carrier. Should any such appeal be disallowed, the Carrier shall within sixty (60) days from date same is filed, notify the employee or his representative of the reasons for such disallowance. Failing to comply with these provisions, the matter shall be considered closed, but this shall not be considered a precedent or waiver of the contentions of the employees or Carrier as to other similar claims or grievances.

(c) The procedure outlined in Paragraphs (a) and (b) shall govern in appeals taken to each succeeding officer. The decision of the Carrier's highest designated officer for handling appeals of claims and grievances, or in any other dispute involving an interpretation of this Agreement, shall be final and binding unless within ninety (90) days, the General Chairman of the Brotherhood of Locomotive Engineers initiates proceedings before a tribunal established pursuant to law or agreement for the final adjudication of such claims, grievances and/or disputes. It is understood that this provision will not restrict the right of an individual from progressing a claim or grievance to the First Division of the National Railroad Adjustment Board. It is further understood that the parties may by agreement in any particular case extend the ninety (90) day period herein referred to.

(d) All rights of a claimant involved in continuing alleged violation of agreement shall, under this Rule, be fully protected by continuing to file a claim or grievance for each occurrence (or tour of duty) up to the time when such claim or grievance is disallowed by the first officer of the Carrier.

With respect to claims and grievances involving an employee held out of service in discipline cases, the original notice or request for reinstatement with pay for time lost shall be sufficient.

(e) This Rule recognizes the right of representatives of the Organization hereto to file and prosecute claims and grievances for and on behalf of the employees they represent.

(f) This Rule shall not apply to request for leniency.

ATTACHMENT B

DISCIPLINARY PROCEDURES INVESTIGATION AND DISCIPLINE

Section A. General Requirements

1. An employee shall not be discharged, suspended, or otherwise disciplined without just cause and without a fair and impartial hearing, except that an employee may waive a hearing in accordance with Section B(2) of this Rule.
2. An employee shall not be withheld from service pending hearing except in cases Management determines to be serious, such as, but not limited to, theft, altercation, Rule "G" violation, insubordination, major accidents, serious misconduct and major offenses whereby the employee's retention in service could be hazardous.

Section B. Formal Hearing

1. Notice of Hearing:

(a) An employee directed to attend a formal hearing to determine the employee's responsibility, if any, in connection with an occurrence or incident shall be notified in writing by Certified Mail - Return Receipt Requested, to the last known address within a reasonable period of time but not to exceed ten (10) days from date of occurrence, or where the occurrence is of a nature not immediately known to the employee's supervisor(s), from the time they first have knowledge thereof. The notice shall contain a clear and specific statement of the date, time, place, and nature of the occurrence or incident that is to be the subject of the hearing. The notice shall be sent in duplicate in order that the employee may transmit a copy to the employee's representative if the employee desires.

NOTE: This Rule does not preclude delivery of the notice at reasonable times by a Carrier representative. Such delivery at the employee's home shall be made only when other means of delivery are not practicable. Date and time of postmark shall be considered as time of delivery for the purpose of computing time limits.

(b) The notice shall state the date, time, and place the hearing is to be held which shall be not less than five (5) days after the date of notification or more than ten (10) days after the date of notification unless otherwise agreed to.

(c) The Carrier shall have the responsibility of producing sufficient witnesses to develop the facts concerning the incident or occurrence being investigated and the notice of hearing shall include the name of each person receiving the notice and the names of all witnesses known at the time of the notice that the Carrier intends to have in attendance at the hearing. The employee or the employee's representative may bring witnesses who can provide material facts to the investigation.

(d) The notice shall inform each employee so notified of the right to representation and to being in witnesses.

(e) If an employee who is to receive a notice of hearing shall not be permitted to exercise the option under Section B(2) of this Rule, the notice of hearing shall so specify.

2. Waiver of Hearing:

(a) An employee who has been notified to appear for a hearing shall have the option, prior to the hearing, to discuss with the appropriate Carrier Officer, either personally, through or with the employee's representative(s), the act or occurrence and the employee's responsibility, if any.

If the disposition of the charges is made on the basis of the employee's acknowledgment of responsibility, the disposition shall be reduced to writing and signed by the employee and the official involved and shall incorporate a waiver of hearing and shall specify the maximum discipline which may be imposed for employee's acceptance of responsibility.

(b) No minutes or other record shall be made of the discussions and, if the parties are unable to reach an agreed upon disposition on this basis, no reference shall be made to these discussions by either of the parties in any subsequent handling of the charges under the discipline procedure.

3. Postponements of Hearing:

Consistent with the provisions of Section A.1 for a fair and impartial hearing, postponements of the formal hearing may be requested by either party on reasonable grounds and consent shall not be unreasonably withheld.

4. Conduct of Hearing:

(a) The hearing shall be conducted by an officer of the employing Carrier who may be assisted by other officers. If practicable to do so, the hearing shall be

Section D. Hearing Decision:

1. If the formal hearing results in assessment of discipline, such decision shall be rendered within fifteen (15) calendar days from the date the hearing is concluded, and the employee shall be notified in writing of the reason therefor by certified or registered U. S. Mail with additional copy provided for the employee representative.

NOTE: This rule does not preclude delivery of the decision at reasonable times by a Carrier representative. Such delivery at the employee's home shall be made only when other means of delivery are not practicable.

2. If the hearing does not result in discipline being assessed, any charges related thereto entered in the employee's personal service record shall be voided.

Section E. Compensation for Attending Hearings:

1. Witnesses, as referred to in Section B.1(c), who are directed by the Carrier to attend a hearing, shall be compensated for all time lost and, in addition, shall be reimbursed for actual, reasonable and necessary expenses incurred for each day of the hearing, with a minimum of four (4) hours, to be paid for at the rate of pay applicable to the last service performed. Witnesses summoned by employees shall not be compensated by the Carrier.

2. When an employee involved in a formal hearing is not assessed discipline, the employee shall be compensated for all time lost. In addition, the employee shall be reimbursed for actual, reasonable and necessary expenses incurred for each day of the hearing. Where no time is lost the employee shall be paid for actual time attending the hearing with a minimum of four (4) hours for each day of the hearing, to be paid for at the rate of pay applicable to the last service performed.

Section F. Time Limit on Appeals:

1. When discipline has been assessed as a result of a formal hearing and the decision as rendered by the Carrier is not acceptable to the employee, any appeal shall be presented in writing by or on behalf of the employee involved, to the officer of the Company authorized to receive same, within sixty (60) days from the date of notification of the assessment of discipline. Failing to comply with this provision the decision shall be considered final, but this shall not be considered as a precedent or waiver of the contentions of the employees as to other discipline cases. The Carrier shall, within sixty (60) days from the date the appeal is filed, render a decision in writing on the appeal and, if the appeal is denied, the reasons

for such denial shall be given. If no decision is rendered within sixty (60) days, the appeal shall be considered valid and settled accordingly, but this shall not be considered as a precedent or waiver of the contentions of the Carrier as to other discipline cases.

2. The procedure outlined in Paragraph 1 shall govern in appeals taken to each succeeding officer (*). The decision of the Carrier's highest designated officer for handling appeals of claims and grievances, or in any other dispute involving an interpretation of this Agreement, shall be final and binding unless within ninety (90) days, the General Chairman of the Brotherhood of Locomotive Engineers initiates proceedings before a tribunal established pursuant to law or agreement for the final adjudication of such claims, grievances and/or disputes. It is understood that this provision will not restrict the right of an individual from progressing a claim or grievance to the First Division of the National Railroad Adjustment Board. It is further understood that the parties may by agreement in any particular case extend the ninety (90) day period herein referred to.

**NOTE: There shall not be more than two (2) succeeding officers involved in the appeals process. Where there is only one succeeding officer involved in the appeals process, there shall be no change in that procedure by reason of this Section.*

3. With respect to appeals involving an employee dismissed, suspended, or held out of service, the original notice of request for reinstatement with pay for time lost shall be sufficient.

4. If at any point in this appeals procedure or in proceedings before a tribunal having jurisdiction, it is determined that the employee should not have been disciplined any charges related thereto entered in the employee's personal service record shall be voided and, if required to lose time or if held out of service (suspended or dismissed), the employee shall be reinstated with pay for all time lost and with seniority and other rights unimpaired.

5. If discipline assessed is by suspension, time lost by an employee when held out of service shall be deducted from the assessed period of suspension.

Section G. Effect of Time Limits:

The time limits set forth in this Rule shall govern the discipline procedure to the exclusion of any other rule, practice or agreement to the contrary and such time limits may be extended by mutual agreement in writing.

April 6, 2001

Mr. Emerson Bouchard
Vice President of Labor Relations
The Kansas City Southern Railway Company
114 West 11th Street
Kansas City, Missouri 64105-1804

Dear Sir:

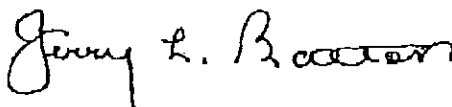
This will confirm our conversations wherein we agreed to amend Rule 19 (a) of the MidSouth and SouthRail Agreements, effective April 6, 2001, to include the provisions of the 1972 UTU National Training Agreement, and Article XIII, Sections (1), (2), (3), and (4) of the 1985 UTU National Agreement.

In the adoption of 1972 UTU Agreement, Article VI (a) "Compensation During Training" is changed to read: Employees accepted into the Engineer Training program shall be paid a minimum of one (1) basic Road Switcher day, at 100% Brakeman Rate, for each classroom day. When Engineer Trainees are required to perform on the job training they will be paid a minimum of (1) basic day, at the 100% Brakeman rate of pay at the applicable rate of pay for the service performed. (road switcher or freight.)

In the adoption of Article XIII, Section 4, paragraphs (1), (2), (3), and (4) of the 1985 UTU National Agreement, it is understood and agreed that only persons that enter the training program subsequent to the date of this agreement, will be governed by the provisions contained in Article XIII.

If the above meets with your concurrence, please sign in the space provided and return to this office.

Yours truly,



Jerry L. Batton
General Chairperson

Agreed:



Emerson M. Bouchard
Vice President-Labor Relations
The Kansas City Southern Railway Company

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



September 19, 2003

L/R File: 140.30-7
140.30-8
1940

Mr. John R. Koonce
General Chairman, BLE
5909 Shelby Oaks Drive, Suite 139
Memphis, TN 38134-7318

Dear Mr. Koonce:

In order to be in compliance with Federal and State regulations, we agreed to amend Rule 19 (c), Seniority Rights, of the former MidSouth and SouthRail basic agreements to read as follows:

(c) Seniority rosters of engineers showing date of employment and promotion date shall be posted on bulletin boards at all designated terminals in January of each year over the signature of the Designated Carrier Officer. The Local and General Chairman shall be furnished a copy.

If the above meets with your concurrence, kindly sign in the space provided and return one copy to the undersigned.

Yours truly,

Kathleen A. Alexander
Director-Labor Relations

I CONCUR:

John R. Koonce
General Chairman, BLE

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



July 22, 2004

L/R File: 340
140.30-7
140.30-8
140.30-24

Mr. John R. Koonce
General Chairman, BLET
5909 Shelby Oaks Drive, Suite 139
Memphis, TN 38134-7318

Dear Mr. Koonce:

This will confirm our conversations regarding the parties' agreement to modify Rule 34 (f) (1) of the former MidSouth agreement, Rule 34 (f) (1) of the former SouthRail agreement and Section (I) of the Agreement dated January 28, 2002 of the former Gateway agreement.

We agreed to modify the process in order to streamline the duplicative handling. Therefore, effective immediately engineers claims that arise as a result of discipline being assessed will be handled in the following manner:

- The general chairman will within 120 days of discipline being assessed appeal the decision to Carrier's highest designated officer.

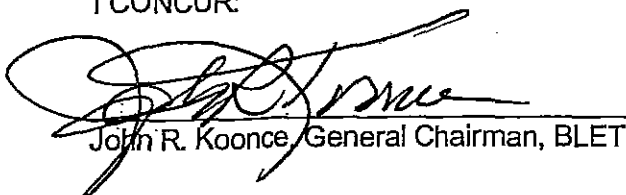
This process eliminates the need for the local chairman to make an initial claim and appeal to the manager of labor relations. The general chairman's appeal as outlined above will fulfill the requirements of the initial appeal.

If the above meets with your approval, kindly sign in the space provided indicating your concurrence.

Yours truly,


Kathleen A. Alexander
Director-Labor Relations

I CONCUR:


John R. Koonce, General Chairman, BLET

May 21 04 10:44a
05/21/2004 10:45

John R. Koonce
816-983-1686

901-385-6213
KCS LABOR RELATIONS

P. 1
PAGE 01/01

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



May 21, 2004

L/R File: 140.30-7
2050

Mr. John R. Koonce
General Chairman, BLET
5909 Shelby Oaks Drive, Suite 139
Memphis, TN 38134-7318

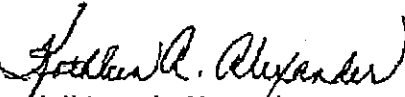
Dear Mr. Koonce:

This is to confirm our understanding reached with the regard to Rule 26 (f) of the former Gateway Western Agreement and Rule 21 (e) of the former MidSouth Agreement as they pertain to the allowance paid employees for driving their own vehicles when deadheading to outlying assignments.

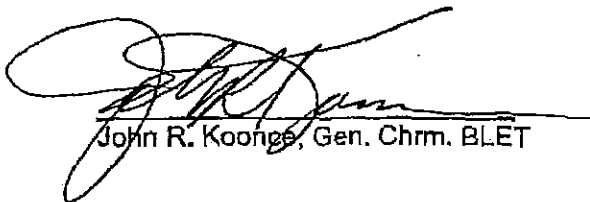
We agreed to amend the rules to provide for the allowance of the IRS rate for reimbursement of auto mileage, rather than the 22 cents per mile presently allowed. These changes to become effective June 1, 2004.

If the above meets with your understanding, kindly sign in the space provided and return to the undersigned.

Yours truly,


Kathleen A. Alexander
Director-Labor Relations

I CONCUR:


John R. Koonce, Gen. Chrm. BLET

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



July 22, 2004

L/R File: 340
140.30-7
140.30-8
140.30-24

Mr. John R. Koonce
General Chairman, BLET
5909 Shelby Oaks Drive, Suite 139
Memphis, TN 38134-7318

Dear Mr. Koonce:

This will confirm our conversations regarding the parties' agreement to modify Rule 34 (f) (1) of the former MidSouth agreement, Rule 34 (f) (1) of the former SouthRail agreement and Section (I) of the Agreement dated January 28, 2002 of the former Gateway agreement.

We agreed to modify the process in order to streamline the duplicative handling. Therefore, effective immediately engineers claims that arise as a result of discipline being assessed will be handled in the following manner:

- The general chairman will within 120 days of discipline being assessed appeal the decision to Carrier's highest designated officer.

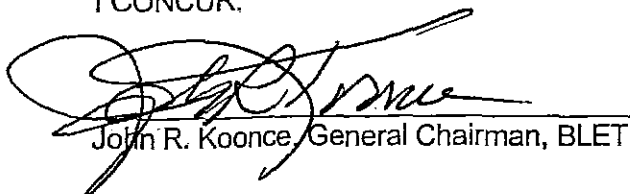
This process eliminates the need for the local chairman to make an initial claim and appeal to the manager of labor relations. The general chairman's appeal as outlined above will fulfill the requirements of the initial appeal.

If the above meets with your approval, kindly sign in the space provided indicating your concurrence.

Yours truly,


Kathleen A. Alexander
Director-Labor Relations

I CONCUR:


John R. Koonce, General Chairman, BLET

Nov 09 04 12:57p
11/08/2004 17:05

John R. Koonce
816-983-1686

901-385-6213
KCS LABOR RELATIONS

P. 1
PAGE 01/01

MEMORANDUM OF AGREEMENT

Between

THE KANSAS CITY SOUTHERN
(former Mid South Rail Corporation)

And

THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS AND TRAINMEN

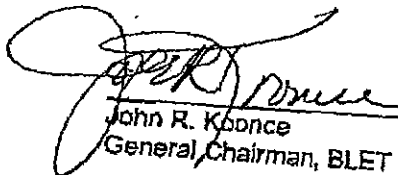
This will constitute an Agreement between the Kansas City Southern and the Brotherhood of Locomotive Engineers and Trainmen (BLET) that allows Kansas City Southern proper engineers to borrow out and work as locomotive engineers on the former MidSouth line between Shreveport, LA and Meridian, MS, under the following conditions:

1. KCS proper engineers who borrow out on the former MidSouth:
 - (a) will not establish seniority as a MidSouth engineer
 - (b) will have their seniority placement (for working purposes) on the MidSouth reflect their relative seniority standing on the KCS proper among each other, but will be considered lower in seniority than any engineer holding MidSouth seniority ~~or any engineer presently in training.~~ *JRK*
 - (c) Will work under the Wage and Rule Agreement between the Kansas City Southern (former MidSouth) and the Brotherhood of Locomotive Engineers and Trainmen effective March 21, 1986, as amended April 1, 1992 and April 30, 2000 - rewritten 2003. *JRK*

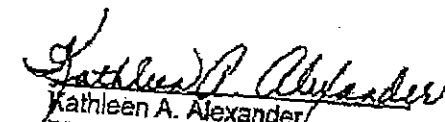
In the event there is a dispute as to the number of engineers on loan at any location, the General Chairman and the Vice President-Labor Relations will meet promptly to resolve the issues.

This Agreement will become effective November 9, 2004 and will remain in effect until such time as either party serves the other with a thirty (30) day notice of automatic cancellation.

FOR THE ORGANIZATION:


John R. Koonce
General Chairman, BLET

FOR THE CARRIER:


Kathleen A. Alexander
Director-Labor Relations


Emerson M. Bouchard
Vice President-Labor Relations

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



FOUNDED 1887

April 30, 2004

L/R File: 140.30-8
2050

Mr. John R. Koonce
General Chairman, BLE
5909 Shelby Oaks Drive, Suite 139
Memphis, TN 38134-7318

Dear Mr. Koonce:

This will confirm the understanding reached regarding SouthRail extra engineers using their personal autos and providing their own transportation between the lodging facilities and their on/off duty points.

Due to the unique circumstances at various outlying locations listed below, Carrier is willing to allow the engineer an allowance of ten (10) miles, at the applicable mileage rate, per date assigned at the outlying point. Locations where this is applicable are:

Louisville, Mississippi
Newton, Mississippi
Meridian, Mississippi
Corinth, Tennessee

Union, Mississippi
Tuscaloosa, Alabama
Tupelo, Mississippi

This understanding is without precedent and may be cancelled by either party by serving a ten (10) day cancellation notice upon the other.

If the above meets with your understanding, kindly sign in the space provided and return to the undersigned.

Yours truly,

Kathleen A. Alexander
Director-Labor Relations

I CONCUR:

BLE GENERAL CHAIRMAN

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



July 22, 2004

L/R File: 340
140.30-7
140.30-8
140.30-24

Mr. John R. Koonce
General Chairman, BLET
5909 Shelby Oaks Drive, Suite 139
Memphis, TN 38134-7318

Dear Mr. Koonce:

This will confirm our conversations regarding the parties' agreement to modify Rule 34 (f) (1) of the former MidSouth agreement, Rule 34 (f) (1) of the former SouthRail agreement and Section (I) of the Agreement dated January 28, 2002 of the former Gateway agreement.

We agreed to modify the process in order to streamline the duplicative handling. Therefore, effective immediately engineers claims that arise as a result of discipline being assessed will be handled in the following manner:

- The general chairman will within 120 days of discipline being assessed appeal the decision to Carrier's highest designated officer.

This process eliminates the need for the local chairman to make an initial claim and appeal to the manager of labor relations. The general chairman's appeal as outlined above will fulfill the requirements of the initial appeal.

If the above meets with your approval, kindly sign in the space provided indicating your concurrence.

Yours truly,

K.A. Alexander
Kathleen A. Alexander
Director-Labor Relations

I CONCUR:

John R. Koonce
John R. Koonce, General Chairman, BLET

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



FOUNDED 1887

July 22, 2004

L/R File: 340
140.30-24

Mr. John R. Koonce
General Chairman, BLET
5909 Shelby Oaks Drive, Suite 139
Memphis, TN 38134-7318

Dear Mr. Koonce:

This will confirm our conversations regarding the parties' understanding to set forth the procedure for handling of claims for New York Dock benefits. We agreed that the only appeal necessary in the handling of these types of claims will be initiated by the general chairman to the Carrier's highest designated officer or his/her designee.

If the above meets with your approval, kindly sign in the space provided indicating your concurrence.

Yours truly,

Kathleen A. Alexander
Director-Labor Relations

I CONCUR:

John R. Koonce, General Chairman, BLET

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



September 19, 2003

L/R File: 140.30-7 ✓
140.30-8
1940

Mr. John R. Koonce
General Chairman, BLE
5909 Shelby Oaks Drive, Suite 139
Memphis, TN 38134-7318

Dear Mr. Koonce:

In order to be in compliance with Federal and State regulations, we agreed to amend Rule 19 (c), Seniority Rights, of the former MidSouth and SouthRail basic agreements to read as follows:

(c) Seniority rosters of engineers showing date of employment and promotion date shall be posted on bulletin boards at all designated terminals in January of each year over the signature of the Designated Carrier Officer. The Local and General Chairman shall be furnished a copy.

If the above meets with your concurrence, kindly sign in the space provided and return one copy to the undersigned.

Yours truly,

Kathleen A. Alexander
Director-Labor Relations

I CONCUR:

John R. Koonce
General Chairman, BLE

KANSAS CITY SOUTHERN

MEMORANDUM

CATHEDRAL SQUARE • 427 WEST 12TH STREET • P.O. BOX 219335 • KANSAS CITY, MISSOURI 64121-9335



FOUNDED 1887

DATE: May 21, 2004

FROM: Kathy Alexander *Kathy*

TO: Mike Chapman
J. R. Thornell
Mike Legg

Attached, please find a copy of an Agreement reached with the BLE General Committee representing the former Gateway and the former MidSouth.

This Agreement raises the mileage allowance paid to engineers for driving their personal autos to the IRS rate. *This is effective June 1, 2004*

If you have any questions, please feel free to give me a call.

cc: Denise Brame
Eleanor Roberts
Lillie Hontz

May 21 04 10:44a
05/21/2004 10:45

John R. Koonce
816-983-1586

901-385-6213
KCS LABOR RELATIONS

P.1
PAGE 01/01

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



May 21, 2004

L/R File: 140.30-7
2050

Mr. John R. Koonce
General Chairman, BLET
5909 Shelby Oaks Drive, Suite 139
Memphis, TN 38134-7318

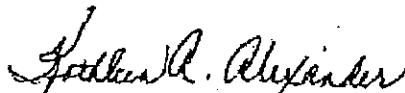
Dear Mr. Koonce:

This is to confirm our understanding reached with the regard to Rule 26 (f) of the former Gateway Western Agreement and Rule 21 (e) of the former MidSouth Agreement as they pertain to the allowance paid employees for driving their own vehicles when deadheading to outlying assignments.

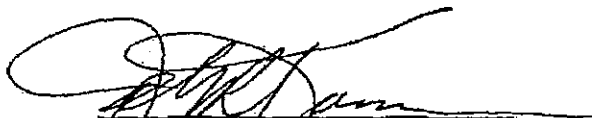
We agreed to amend the rules to provide for the allowance of the IRS rate for reimbursement of auto mileage, rather than the 22 cents per mile presently allowed. These changes to become effective June 1, 2004.

If the above meets with your understanding, kindly sign in the space provided and return to the undersigned.

Yours truly,


Kathleen A. Alexander
Director-Labor Relations

I CONCUR:


John R. Koonce, Gen. Chrm. BLET

KANSAS CITY SOUTHERN

MEMORANDUM

CATHEDRAL SQUARE • 427 WEST 12TH STREET • P.O. BOX 219335 • KANSAS CITY, MISSOURI 64121-9335



FOUNDED 1887

DATE: May 21, 2004

FROM: Kathy Alexander *Kathy*

TO: Mike Chapman
J. R. Thornell
Mike Legg

Attached, please find a copy of an Agreement reached with the BLE General Committee representing the former Gateway and the former MidSouth.

This Agreement raises the mileage allowance paid to engineers for driving their personal autos to the IRS rate. *This is effective June 1, 2004*

If you have any questions, please feel free to give me a call.

cc: Denise Brame
Eleanor Roberts
Lillie Hontz

May 21 04 10:44a
05/21/2004 10:45

John R. Koonce
816-983-1686

901-385-6213
KCS LABOR RELATIONS

PAGE 01/01

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



May 21, 2004

L/R File: 140.30-7
2050

Mr. John R. Koonce
General Chairman, BLET
5909 Shelby Oaks Drive, Suite 139
Memphis, TN 38134-7318

Dear Mr. Koonce:

This is to confirm our understanding reached with the regard to Rule 26 (f) of the former Gateway Western Agreement and Rule 21 (e) of the former MidSouth Agreement as they pertain to the allowance paid employees for driving their own vehicles when deadheading to outlying assignments.

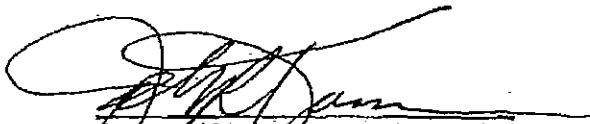
We agreed to amend the rules to provide for the allowance of the IRS rate for reimbursement of auto mileage, rather than the 22 cents per mile presently allowed. These changes to become effective June 1, 2004.

If the above meets with your understanding, kindly sign in the space provided and return to the undersigned.

Yours truly,


Kathleen A. Alexander
Director-Labor Relations

I CONCUR:


John R. Koonce, Gen. Chrm. BLET

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



September 19, 2003

L/R File: 140.30-7
140.30-8
1940

Mr. John R. Koonce
General Chairman, BLE
5909 Shelby Oaks Drive, Suite 139
Memphis, TN 38134-7318

Dear Mr. Koonce:

In order to be in compliance with Federal and State regulations, we agreed to amend Rule 19 (c), Seniority Rights, of the former MidSouth and SouthRail basic agreements to read as follows:

(c) Seniority rosters of engineers showing date of employment and promotion date shall be posted on bulletin boards at all designated terminals in January of each year over the signature of the Designated Carrier Officer. The Local and General Chairman shall be furnished a copy.

If the above meets with your concurrence, kindly sign in the space provided and return one copy to the undersigned.

Yours truly,

Kathleen A. Alexander
Director-Labor Relations

I CONCUR:

John R. Koonce
General Chairman, BLE

KANSAS CITY SOUTHERN

MEMORANDUM

CATHEDRAL SQUARE • 427 WEST 12TH STREET • P.O. BOX 219335 • KANSAS CITY, MISSOURI 64121-9335



FOUNDED 1887

DATE: November 9, 2004

FROM: Kathy Alexander

TO: Mike Chapman
J. R. Thornell
Mark Redd
Joe McDonald
Richard Guy

Attached please find a copy of a Memorandum of Agreement with the BLET on the MidSouth providing for KCS engineers to borrow out on the MidSouth.

If you have any questions, please feel free to call me.

MEMORANDUM OF AGREEMENT
Between
THE KANSAS CITY SOUTHERN
(former Mid South Rail Corporation)
And
THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS AND TRAINMEN

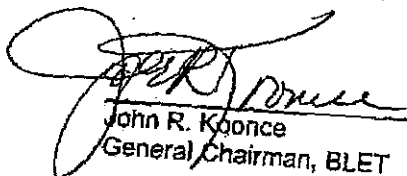
This will constitute an Agreement between the Kansas City Southern and the Brotherhood of Locomotive Engineers and Trainmen (BLET) that allows Kansas City Southern proper engineers to borrow out and work as locomotive engineers on the former MidSouth line between Shreveport, LA and Meridian, MS, under the following conditions:

1. KCS proper engineers who borrow out on the former MidSouth:
 - (a) will not establish seniority as a MidSouth engineer
 - (b) will have their seniority placement (for working purposes) on the MidSouth reflect their relative seniority standing on the KCS proper among each other, but will be considered lower in seniority than any engineer holding MidSouth seniority ~~or any engineer presently in training.~~ *JK*
 - (c) Will work under the Wage and Rule Agreement between the Kansas City Southern (former MidSouth) and the Brotherhood of Locomotive Engineers and Trainmen effective March 21, 1986, as amended April 1, 1992 and April 30, 2000 – rewritten 2003.

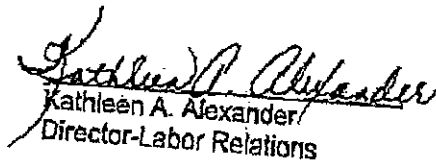
In the event there is a dispute as to the number of engineers on loan at any location, the General Chairman and the Vice President-Labor Relations will meet promptly to resolve the issues.

This Agreement will become effective November 9, 2004 and will remain in effect until such time as either party serves the other with a thirty (30) day notice of automatic cancellation.

FOR THE ORGANIZATION:


John R. Koonce
General Chairman, BLET

FOR THE CARRIER:


Kathleen A. Alexander
Director-Labor Relations


Emerson M. Bouchard
Vice President-Labor Relations



GENERAL COMMITTEE OF ADJUSTMENT

Brotherhood of Locomotive Engineers

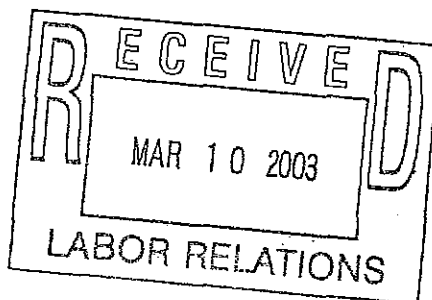
5909 SHELBY OAKS DR. - SUITE #139
MEMPHIS, TENNESSEE 38134-7318
PHONE: (901) 385-7011 • FAX: (901) 385-6213
E-MAIL: BLEKOONCE@AOL.COM

Canadian National / Illinois Central Railroad
Chicago, Central & Pacific Railroad (CN / IC)
Metra - IC Electric
SouthRail Corporation (KCS)
MidSouth Rail Corporation (KCS)
Gateway Western Railway (KCS)

J.R. Koonce
General Chairman

March 5, 2003

Ms. K. A. Alexander
Director Labor Relations
The Kansas City Southern Railway
427 West 12th Street
Kansas City, MO 64105



Dear Ms. Alexander:

As per our telephone conversation of Wednesday, March 5, 2003 at which time I advised you that I had compiled agreements between Kansas City Southern (for both the MidSouth Rail and the SouthRail Corporation) and the Brotherhood of Locomotive Engineers. Enclosed you will find copies of both agreements for your perusal. Under Rule 4 of both Agreements it reads:

RULE 4

COPY OF AGREEMENT

The Carrier at its expense shall furnish each employee, covered by this agreement, a copy of same in booklet form, including any revisions thereto, as soon as practicable after employment.

This rule has been in effect for some time on both the MidSouth Rail Corporation (Article 10 of the April 30, 2000 Agreement) and SouthRail Corporation (Section 12 of the August 1, 2000 Agreement) and the Carrier has not yet complied. In view of the lapse of time, it would be greatly appreciated if you would scrutinize these agreements for accuracy as expeditiously as possible and if they meet with your approval, take appropriate steps to have copies printed in order for our Locomotive Engineers to have a copy of their working agreement.

Thanking you in advance for your immediate attention to this matter, I remain,

Yours truly,

J. R. Koonce
General Chairman, B. L. E.

JRK:kb

Enclosures

cc: Mr. Emerson Bouchard, Vice President - Labor Relations, KCS

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



April 28, 2006

L/R File: 110.60-2.20

Mr. John R. Koonce
General Chairman, BLET
5909 Shelby Oaks Drive, Suite 139
Memphis, TN 38134-7318

Dear Mr. Koonce:

With reference to Carrier's notice of February 28, 2006 under Paragraph 2 of the MidSouth/SouthRail Consolidation Agreement, the Carrier is suggesting the following interim arrangements be placed in effect May 1, 2006 until such time as we finalize agreements covering the original notice:

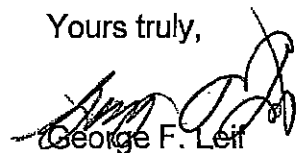
1. Expand the working limits of the existing Meridian-Vicksburg Pool to operate on the Louisville Subdivision between Newton and Louisville, including all intersecting branches and/or industrial tracks. Crews in this service will not be tied up except at the existing home or away-from home terminals. When Pool Crews protecting this service are not available, extra crews may be called at Vicksburg or Meridian to supplement the pool service. For example, when a loaded grain train is operated out of Vicksburg and no Pool Crew is rested at Vicksburg, an Extra Engineer will be called from the Vicksburg Extra Board to operate the train to destination on the Louisville Subdivision and deadheaded back to the original source of supply. When the empty train is ready and there are no rested Pool Crews at Meridian, an Extra Engineer at Meridian will be called to supplement the service.
2. Establish Express Assignments to operate between Artesia and Jackson. Two initial assignments for SouthRail Prior-right employees will have a home terminal at Artesia and away-from-home terminal Jackson. Two initial assignments for MidSouth Prior-right employees will have a home terminal at Jackson and away-from-home terminal Artesia. During our ongoing discussions, we will review the feasibility of negotiating a pool service

agreement. We will also continue to review service requirements that may dictate having assigned or pool crews operate beyond Artesia to Columbus or Aberdeen and then return to Artesia to tie up or continue their service trip.

3. We will not establish service between Louisville and Jackson at this time. Establishment of this service will be part of our ongoing discussions under the original notice.

Please advise if you concur with these interim arrangements.

Yours truly,

A handwritten signature in black ink, appearing to read "George F. Leif", written over a horizontal line.

George F. Leif
Director-Labor Relations

MEMORANDUM OF AGREEMENT

Between

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

And The

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

New York Dock Implementing Agreement Pursuant to Finance Docket
Nos. 32167 and 32405 in settlement of Carrier's Notice dated July 13, 2005.

In order to expand work opportunities and enhance customer service, it is hereby agreed that intra-railroad service may be established between various locations on the former MidSouth and various locations on the former SouthRail, including the former TennRail property. Due to the changing needs of service and in order to meet operational requirements and customer needs, it is recognized that it will be necessary to establish service in an expedient manner. In order to accomplish this, the following will govern in the establishment of any new service between the former territories:

1. Seniority of Engineers on the MidSouth and SouthRail will be combined on a top and bottom basis. Engineers with seniority as such, or in training to become certified as an Engineer on either the MidSouth or SouthRail, as of the effective date of this Agreement will retain prior right seniority subject to the terms below. Engineers establishing seniority thereafter will establish consolidated seniority.
 - (a) Prior right Engineers, as defined by 1. above, will not be forced to locations not part of their pre-existing territory. It is recognized that Meridian, MS is a common point for both prior right districts for purposes of the exercise of seniority. Prior right Engineers working positions assigned to the other prior right district at Meridian will not be considered as having voluntarily exercised seniority off of their prior rights district as provided in Paragraph 1.(b) below.
 - (b) Prior right Engineers may voluntarily exercise seniority to assignments, including extra board service, off of their prior right district using consolidated seniority. Except as provided in paragraph 1. (c) below, Engineers who voluntarily exercise seniority to positions not allocated to their prior rights district will forfeit their

prior rights protection as provided in Paragraph 1. (a) above and benefits in Paragraph 7. of this Agreement.

- (c) Prior right Engineers will have a one-time opportunity to exercise seniority to a position off of their prior rights district for a period of up to thirty (30) days without forfeiture of their prior rights protections afforded in 1.(a) above. Such Engineers choosing to exercise seniority under this Paragraph must submit a bid in writing listing the desired position(s). Upon being notified of being the successful applicant for a position, Engineers must advise the BLET General Chairman (with a copy to the involved Local Chairmen), in writing that the action is to be considered the one time exercise of seniority permitted under this Paragraph 1.(c). In the event such Engineers remain on the awarded position in excess of thirty (30) days from the date first assigned, they shall be considered to have elected the position and will forfeit the prior rights protection as provided in Paragraph 1. (a) above and benefits in Paragraph 7. of this Agreement.
- (d) Consolidated seniority Engineers, including prior right Engineers treated as consolidated seniority Engineers under Paragraphs 1.(b) and (c) above, will be required to exercise seniority throughout the territories covered by MidSouth and SouthRail districts.
- (e) Three seniority zones, as shown on Attachment A, hereto will be established upon the effective date of this Agreement.
 - (1) Pre-existing rules covering the exercise of seniority between train and engine service and the filling of engineer's vacancies are modified to the extent that a displaced engineer may exercise seniority to train service at the point at which they have been displaced provided no junior engineer is working at the point.
 - (2) When it is necessary to fill a no bid engineer's vacancy at a point, the senior demoted engineer at that point will be assigned. If there are no demoted engineers at the point, then the junior demoted engineer from the nearest point (via highway mileage) within the zone will be assigned.
 - (3) When there are no demoted engineers in the zone where an engineer's vacancy exists, then the junior demoted engineer from the nearest point, (via highway mileage) in another zone will be assigned.

2. Carrier shall give at least thirty (30) days written notice to the Organization of its desire to establish service, specifying the service it proposes to establish.
3. Upon serving a notice, the parties will discuss the details of operation, working conditions, and equity arrangements of the proposed run(s) during a period of 30 days following the date of the notice. If they are unable to agree, at the end of the 30-day period, such run(s) will be operated on a trial basis until completion of the procedures referred to below.
 - (a) In the event the Carrier and the Organization cannot agree on the matters provided in Paragraphs 4. and 5. below, the parties agree that such dispute shall be submitted to arbitration under the Railway Labor Act, as amended, within 30 days after arbitration is requested by either party. The arbitration board shall be governed by the general and specific guidelines set forth in Paragraphs 4. and 5. below.
 - (b) The decision of the arbitration board shall be final and binding upon both parties, except that the award shall not require the Carrier to establish service in the particular territory involved in each such dispute but shall be accepted by the parties as the conditions which shall be met by the carrier if and when such service is established in that territory.
4. Reasonable and practical conditions shall govern the establishment of the service covered by notices under Paragraph 2. above, including but not limited to the following:
 - (a) Runs shall be adequate for efficient operations and reasonable in regard to the hours on duty and in regard to other conditions of work.
 - (b) When an Engineer is required to report for duty or is relieved from duty at a point other than the on and off duty points fixed for the service established hereunder, the carrier shall authorize and provide suitable transportation.

Note: Suitable transportation includes carrier owned or provided passenger carrying motor vehicles or taxi, but excludes other forms of public transportation. Freight trains will only be used for transportation under this sub-paragraph when such use will expedite the delivery of crews to the on or off duty point or when other transportation can not be made available in a reasonable period of time.

- (c) When possible, assignments established under this Agreement will be operated in regular assigned service.
- (d) Prior right Engineers working out of locations not on their prior right districts covering equity positions may request and will receive a three (3) hour call out of the home terminal.
- (e) Prior right Engineers working equity positions at a location off of their prior right district may use the lodging facility provided at the home terminal of the assignment in addition to any lodging provided such engineer at the away from home terminal if their residence is more than 30 miles from the home terminal. Any such engineer who elects not to use the lodging facility at the home terminal under this sub-paragraph will be allowed a driving allowance using the IRS mileage standards as the basis. Benefits under this Sub-paragraph will cease one year after the establishment of the service or until the Engineer relocates whichever comes first.
- (f) Unless otherwise agreed, the pre-existing home terminal or supply point extra board or available engineers, in accordance with established calling procedures, will be used to fill all temporary vacancies six (6) days or less and all unfilled temporary vacancies of seven (7) days or more regardless of prior rights.

NOTE: Upon implementation of this Agreement, the Engineer's Extra Board at Meridian will protect vacancies for both prior right districts at Meridian, MidSouth points currently protected by that Board, and SouthRail positions at Newton and Union.

- (g) All provisions of the applicable Collective Bargaining Agreements that are not modified or amended by this Agreement will stay in full force and effect for any assignments established under this Agreement.
5. Equity on assignments established under this Agreement will be divided on a 50-50 basis using the following parameters:
- (a) Equity (or equity recovery) positions will be established at Meridian as far as practicable. Assignments working out of Meridian established prior to this Agreement or established under pre-existing rules may be used for equity recovery.
 - (b) When reducing unassigned pools and extra boards, prior right equity positions will be taken into account.

- (c) All assignments, including extra board positions, established under this agreement will be bulletined identifying the prior right territory to which the assignment belongs.
 - (d) When possible and operating conditions permit, assignments will be bulletined to operate out of the home terminal of the prior right district due the position.
 - (e) Prior right Engineers, other than such Engineers treated as consolidated Engineers under Paragraph 1. above, will not be forced to assignments that have been re-assigned to recapture equity. A position not filled by the prior right district to which it has been allocated will be filled by the other prior right district under the terms of the Collective Bargaining Agreement.
 - (f) The Carrier will make available all necessary data and/or records to provide the opportunity for the BLET Local Chairmen to regulate prior right equity of assignments established under this Agreement. The Local Chairmen of the involved territories will meet periodically, if necessary, to adjust the designation of prior rights on assignments. Unless unusual circumstances exist, changes to the designation of prior rights on an assignment that is split on a 50-50 basis will not change more often than semi-annually.
 - (g) When able to agree on designation changes, the Local Chairmen will jointly notify the Carrier of such changes. If there is a disagreement between the BLET Local Chairmen, then the BLET General Chairman will meet with the Local Chairmen to resolve the differences or make a final and binding decision when necessary. In such cases, the BLET General Chairman will notify the Carrier of the decision and the equity designations will be assigned accordingly.
6. The labor protective conditions, as set forth in the NYD Conditions, which are incorporated herein by reference and attached hereto as "Attachment B" shall be applicable to service, established under this Agreement. Employees who are adversely affected as a result of implementation of service under this Agreement will be protected under the provisions of New York Dock.
7. In the event service is established between points other than the presently recognized terminals of a prior rights district as provided in each respective collective bargaining agreement, and an employee is required to change place of residence, as defined below, as a result of implementation of service under this Agreement, who owns his/her home or is under contract to purchase a home as of the date of Carrier's notice

establishing that service will be afforded one of the following options which must be exercised within thirty (30) days from the dates affected or assigned to a position in this new service:

- Option 1: Accept the moving expense and protection from loss in sale of home benefits provided by the terms of the New York Dock Conditions.
- Option 2: Accept a transfer allowance of \$ 20,000.00 in lieu of any and all other moving expense benefits and allowances provided under terms of the New York Dock Conditions and this Paragraph 6.

The transfer allowance will be paid in installments as follows:

\$5,000.00 -- upon proof of relocation to the new location
\$10,000.00 -- one year after relocation to the new location
\$ 5,000.00 -- two years after relocation to the new location

NOTE: A "change in residence" as used in this Agreement shall only be considered "required" if the reporting point of the affected employee would be more than thirty (30) normal route miles from the employees point of employment at the time affected.

An employee referred to above who does not own a home or is not obligated under contract to purchase a home shall be afforded one of the following options which must be exercised within thirty (30) days from date affected or assigned to a position at the new location:

- Option 1: Accept the moving expense benefits provided by the terms of the New York Dock Conditions.

If an employee holds an unexpired lease of a dwelling occupied as his/her home, the Carrier shall protect such employee for all loss and cost of securing the cancellation of said lease as provided in Sections 10 and 11 of Washington Job Protection Agreement in addition to the benefits provided under this Section.

- Option 2: Accept a transfer allowance of \$ 7,500.00 in lieu of any and all other moving expense benefits and allowances provided under terms of the New York Dock Conditions and Paragraph 6.

The transfer allowance will be paid in installments as follows:

\$2,500.00 -- upon proof of relocation to the new location

\$3,000.00 -- one year after relocation to the new location

\$2,000.00 -- two years after relocation to the new location

An employee who transfers under this Agreement, and who is required to change place of residence and elects the transfer allowance in lieu of any and all other moving expense benefits and allowances, shall be accorded on reporting for assignment a special transfer allowance of \$2,000.00 in consideration of travel and temporary living expenses while undergoing the relocation.

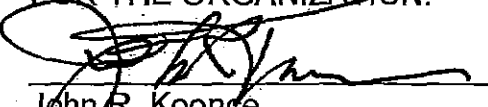
A qualified employee electing a transfer allowance described above will not be permitted to voluntarily exercise seniority to a position outside the new point of employment for a period of two (2) years from date of assignment, except in cases of documented hardship and then only by written agreement between Labor Relations and the General Chairman.

In no event will the number of transfer allowances and/or moving benefits exceed the number of assignments established for which a transfer allowance and/or moving benefit is paid. The Carrier will allow senior employees to volunteer for relocation ahead of forcing junior employees.

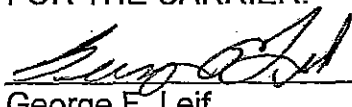
This agreement shall become effective immediately and shall satisfy the requirements of Section 4 of the New York Dock Protective Conditions. Disputes that may arise under this Agreement are subject to resolution under Section 11 of the New York Dock Protective Conditions unless the parties mutually agree to an alternative.

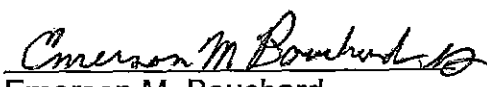
Signed at Kansas City, Missouri, on April 14, 2006.

FOR THE ORGANIZATION:

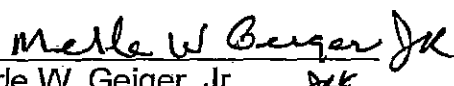

John R. Koonce
General Chairman, BLET

FOR THE CARRIER:


George F. Leif
Director-Labor Relations


Emerson M. Bouchard
Vice President-Labor Relations

APPROVED:


Merle W. Geiger, Jr.
Vice President, BLET

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



April 14, 2006

Side Letter 1
MidSouth and SouthRail Consolidation
Implementing Agreement

Mr. John R. Koonce
General Chairman, BLET
5909 Shelby Oaks Drive, Suite 139
Memphis, TN 38134-7318

Dear Mr. Koonce:

This will confirm our understanding in connection with the Implementing Agreement signed April 14, 2006 in connection with the consolidation of the MidSouth and SouthRail territories and implementing New York Dock II Labor Protective Conditions in settlement of the Carrier's notice dated July 13, 2005, served pursuant to ICC Finance Docket Nos. 32405 and 32167:

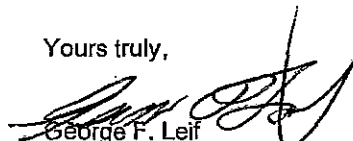
During negotiations it was agreed when new service is established pursuant to the Implementing Agreement, the carrier will identify assignments or positions to be affected in connection with the implementation of the new service established pursuant to the Implementing Agreement. The Carrier will identify and track the engineers displaced having a direct link to the establishment of new service pursuant to the Implementing Agreement and those engineers subsequently displaced as a result of the establishment of new service pursuant to the Implementing Agreement. Such engineers so identified will be certified as "affected" employees under New York Dock II Labor Protective Conditions and considered to have established a valid basis for protective benefits under Paragraph 6 of the Implementing Agreement.

Within thirty (30) days from the date certified as an affected employee the carrier will provide the employee(s) with a statement indicating the average monthly compensation and the average monthly time paid for during the twelve (12) month period (test period) prior to being displaced or dismissed.

The foregoing does not preclude other engineers from claiming adverse affect as a result of the implementation of service pursuant to the implementing agreement; however, such engineers will be required to establish a causal nexus to the transaction (establishment of new service).

If this properly reflects our understanding, please sign below.

Yours truly,

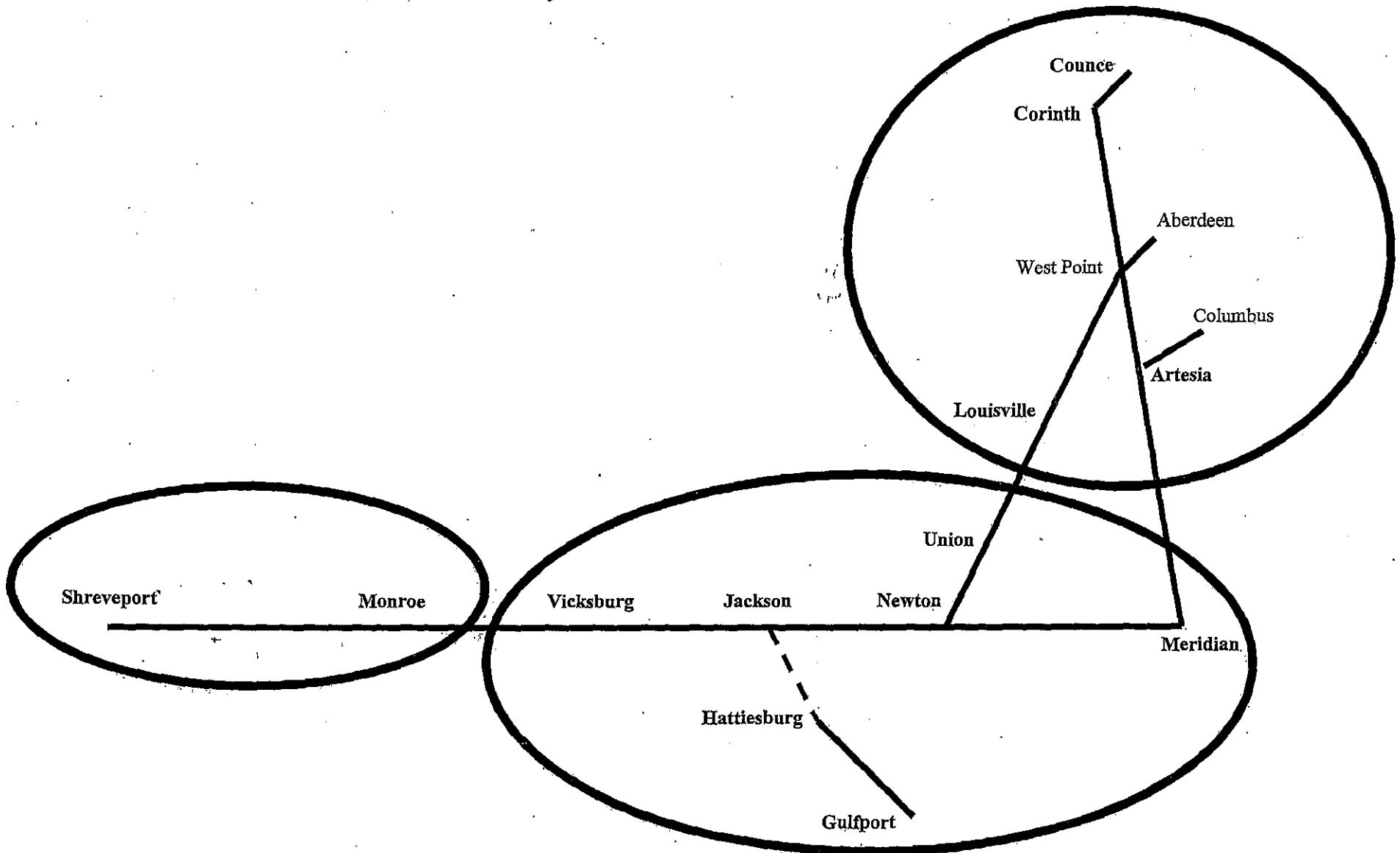

George F. Leif
Director-Labor Relations

I CONCUR:

John R. Koonce
General Chairman, BLET

ATTACHMENT "A"

*Zones for Consolidated
Midsouth/SouthRail Seniority District*



ATTACHMENT B

New York Dock Conditions

ARTICLE I

Labor protective conditions to be imposed in railroad transactions pursuant to 49 U. S. C. 11343 et seq. [formerly sections 5(2) and 5(3) of the Interstate Commerce Act], except for trackage rights and lease proposals which are being considered elsewhere, are as follows:

1. Definitions. - (a) "Transaction" means any action taken pursuant to authorizations of this Commission on which these provisions have been imposed.

(b) "Displaced employee" means an employee of the railroad who, as a result of a transaction is placed in worse position with respect to his compensation and rules governing his working conditions.

(c) "Dismissed employee" means an employee of the railroad who, as a result of a transaction is deprived of employment with the railroad because of the abolition of his position or the loss thereof as the result of the exercise of seniority rights by an employee whose position is abolished as a result of a transaction.

(d) "Protective period" means the period of time during which a displaced or dismissed employee is to be provided protection hereunder and extends from the date on which an employee is displaced or dismissed to the expiration of 6 years therefrom, provided, however, that the protective period for any particular employee shall not continue for a longer period following the date he was displaced or dismissed than the period during which such employee was in the employ of the railroad prior to the date of his displacement or his dismissal. For purposes of this Appendix, an employee's length of service shall be determined in accordance with the provisions of Section 7(b) of the Washington Job Protection Agreement of May 1936.

2. The rates of pay, rules, working conditions and all collective bargaining and other rights, privileges and benefits (including continuation of pension rights and benefits) of the railroad's employees under applicable laws and/or existing collective bargaining agreements or otherwise shall be preserved unless changed by future collective bargaining agreements or applicable statutes.

3. Nothing in this Appendix shall be construed as depriving any employee of any rights or benefits or eliminating any obligations which such employee may have under any existing job security or other protective conditions or arrangements; provided, that if an employee otherwise is eligible for protection under both this Appendix and some other job security or other protective conditions or arrangements, he shall elect between the benefits under this Appendix and similar benefits under such other arrangement and, for so long as he continues to receive such benefits under the provisions

which he so elects, he shall not be entitled to the same type of benefit under the provisions which he does not so elect; provided further, that the benefits under this Appendix, or any other arrangement, shall be construed to include the conditions, responsibilities and obligations accompanying such benefits; and, provided further, that after expiration of the period for which such employee is entitled to protection under the arrangement which he so elects, he may then be entitled to protection under the other arrangement for the remainder, if any, of this protective period under that arrangement.

4. Notice and Agreement or Decision. - (a) Each railroad contemplating a transaction which is subject to these conditions and may cause the dismissal or displacement of any employees, or rearrangement of forces, shall give at least ninety (90) days written notice of such intended transaction by posting a notice on bulletin boards convenient to the interested employees of the railroad and by sending registered mail notice to the representatives of such interested employees. Such notice shall contain a full and adequate statement of the proposed changes to be affected by such transaction, including an estimate of the number of employees of each class affected by the intended changes. Prior to consummation the parties shall negotiate in the following manner.

Within five (5) days from the date of receipt of notice, at the request of either the railroad or representatives of such interested employees, a place shall be selected to hold negotiations for the purpose of reaching agreement with respect to application of the terms and conditions of this Appendix, and these negotiations shall commence immediately thereafter and continue for at least thirty (30) days. Each transaction which may result in a dismissal or displacement of employees or rearrangement of forces, shall provide for the selection of forces from all employees involved on a basis accepted as appropriate for application in the particular case and any assignment of employees made necessary by the transaction shall be made on the basis of an agreement or decision under this section 4. If at the end of thirty (30) days there is a failure to agree, either party to the dispute may submit it for adjustment in accordance with the following procedures:

(1) Within five (5) days from the request for arbitration the parties shall select a neutral referee and in the event they are unable to agree within said five (5) days upon the selection of said referee then the National Mediation Board shall immediately appoint a referee.

(2) No later than twenty (20) days after a referee has been designated a hearing on the dispute shall commence.

(3) The decision of the referee shall be final, binding and conclusive and shall be rendered within thirty (30) days from the commencement of the hearing of the dispute.

(4) The salary and expenses of the referee shall be borne equally by the parties to the proceeding; all other expenses shall be paid by the party incurring them.

(b) No change in operations, services, facilities, or equipment shall occur until after an agreement is reached or the decision of a referee has been rendered.

5. Displacement allowances. - (a) So long after a displaced employee's displacement as he is unable, in the normal exercise of his seniority rights under existing agreements, rules and practices, to obtain a position producing compensation equal to or exceeding the compensation he received in the position from which he was displaced, he shall, during his protective period, be paid a monthly displacement allowance equal to the difference between the monthly compensation received by him in the position in which he is retained and the average monthly compensation received by him in the position from which he was displaced.

Each displaced employee's displacement allowance shall be determined by dividing separately by 12 the total compensation received by the employee and the total time for which he was paid during the last 12 months in which he performed services immediately preceding the date of his displacement as a result of the transaction (thereby producing average monthly compensation and average monthly time paid for in the test period), and provided further, that such allowance shall also be adjusted to reflect subsequent general wage increases.

If a displaced employee's compensation in his retained position in any month is less in any month in which he performs work than the aforesaid average compensation (adjusted to reflect subsequent general wage increases) to which he would have been entitled, he shall be paid the difference, less compensation for time lost on account of his voluntary absences to the extent that he is not available for service equivalent to his average monthly time during the test period, but if in his retained position he works in any month in excess of the aforesaid average monthly time paid for during the test period he shall be additionally compensated for such excess time at the rate of pay of the retained position.

(b) If a displaced employee fails to exercise his seniority rights to secure another position available to him which does not require a change in his place of residence, to which he is entitled under the working agreement and which carries a rate of pay and compensation exceeding those of the position which he elects to retain, he shall thereafter be treated for the purposes of this section as occupying the position he elects to decline.

(c) The displacement allowance shall cease prior to the expiration of the protective period in the event of the displaced employee's resignation, death, retirement, or dismissal for justifiable cause.

6. Dismissal allowances. - (a) A dismissed employee shall be paid a monthly dismissal allowance, from the date he is deprived of employment and continuing during his protective period, equivalent to one-twelfth of the compensation received by him in the last 12 months of his employment in which he earned compensation prior to the date

he is first deprived of employment as a result of the transaction. Such allowance shall also be adjusted to reflect subsequent general wage increases.

(b) The dismissal allowance of any dismissed employee who returns to service with the railroad shall cease while he is so reemployed. During the time of such reemployment, he shall be entitled to protection in accordance with the provisions of section 5.

(c) The dismissal allowance of any dismissed employee who is otherwise employed shall be reduced to the extent that his combined monthly earnings in such other employment, any benefits received under any unemployment insurance law, and his dismissal allowance, exceed the amount upon which his dismissal allowance is based. Such employee, or his representative, and the railroad shall agree upon a procedure by which the railroad shall be currently informed of the earnings of such employee in employment other than with the railroad, and the benefits received.

(d) The dismissal allowance shall cease prior to the expiration of the protective period in the event of the employee's resignation, death, retirement, dismissal for justifiable cause under existing agreements, failure to return to service after being notified in accordance with the working agreement, failure without good cause to accept a comparable position which does not require a change in his place of residence for which he is qualified and eligible after appropriate notification, if his return does not infringe upon the employment rights of other employees under a working agreement.

7. Separation allowance. - A dismissed employee entitled to protection under this Appendix, may, at his option within 7 days of his dismissal, resign and (in lieu of all other benefits and protections provided in this Appendix) accept a lump sum payment computed in accordance with section 9 of the Washington Job Protection Agreement of May 1 936.

8. Fringe benefits. - No employee of the railroad who is affected by a transaction shall be deprived, during his protection period, of benefits attached to his previous employment, such as free transportation, hospitalization, pensions, reliefs, et cetera, under the same conditions and so long as such benefits continue to be accorded to other employees of the railroad, in active or on furlough as the case may be, to the extent that such benefits can be so maintained under present authority of law or corporate action or through future authorization which may be obtained.

9. Moving Expenses. - Any employee retained in the service of the railroad or who is later restored to service after being entitled to receive a dismissal allowance, and who is required to change the point of his employment as a result of the transaction, and who within his protective period is required to move his place of residence, shall be reimbursed for all expenses of moving his household and other personal effects for the traveling expenses of himself and members of his family, including living expenses for himself and his family and for his own actual wage loss, not exceed 3 working days, the exact extent of the responsibility of the railroad during the time necessary for such

transfer and for reasonable time thereafter and the ways and means of transportation to be agreed upon in advance by the railroad and the affected employee or his representatives; provided, however, that changes in place of residence which are not a result of the transaction, shall not be considered to be within the purview of this section; provided further, that the railroad shall, to the same extent provided above, assume the expenses, et cetera, for any employee furloughed with (sic) three (3) years after changing his point of employment as a result of a transaction, who elects to move his place of residence back to his original point of employment. No claim for reimbursement shall be paid under the provision of this section unless such claim is presented to railroad with (sic) 90 days after the date on which the expenses were incurred.

10. Should the railroad rearrange or adjust its forces in anticipation of a transaction with the purpose or effect of depriving an employee of benefits to which he otherwise would have become entitled under this Appendix, this Appendix will apply to such employee.

11. Arbitration of disputes. - (a) In the event the railroad and its employees or their authorized representatives cannot settle any dispute or controversy with respect to the interpretation, application or enforcement of any provision of this Appendix, except section (sic) 4 and 12 of this Article I, within 20 days after the dispute arises, it may be referred by either party to an arbitration committee. Upon notice in writing served by one party on the other of intent by that party to refer a dispute or controversy to an arbitration committee, each party shall, within 10 days, select one member of the committee and the members thus chosen shall select a neutral member who shall serve as chairman. If any party fails to select (sic) its member of the arbitration committee within the prescribed time limit, the general chairman of the involved labor organization or the highest officer designated by the railroads, as the case may be, shall be deemed the selected member and the committee shall then function and its decision shall have the same force and effect as though all parties had selected their members. Should the members be unable to agree upon the appointment of the neutral member within 10 days, the parties shall then within an additional 10 days endeavor to agree to a method by which a neutral member shall be appointed, and, failing such agreement, either party may request the National Mediation Board to designate within 10 days the neutral member whose designation will be binding, upon the parties.

(b) In the event a dispute involves more than one labor organization, each will be entitled to a representative on the arbitration committee, in which event the railroad will (sic) entitled to appoint additional representatives so as to equal the number of labor organization representatives.

(c) The decision, by majority vote, of the arbitration committee shall be final, binding, and conclusive and shall be rendered within 45 days after the hearing of the dispute or controversy has been concluded and the record closed.

(d) The salaries and expenses of the neutral member shall be borne equally by the parties to the proceeding and all other expenses shall be paid by the party incurring them.

(e) In the event of any dispute as to whether or not a particular employee was affected by a transaction, it shall be his obligation to identify the transaction and specify the pertinent facts of that transaction relied upon. It shall than (sic) be the railroad's burden to prove that factors other than a transaction affected the employee.

12. Losses from home removal. - (a) The following conditions shall apply to the extent they an applicable in each instance to any employee who is retained in the service of the railroad (or who is later restored to service after being entitled to receive a dismissal allowance) who is required to change the point of his employment within his protective period as a result of the transaction and is therefore required to move his place of residence:

(i) If the employee owns his own home in the locality from which he is required to move, he shall at his option be reimbursed by the railroad for any loss suffered in the sale of his home for less than its fair value. In each case the fair value of the home in question shall be determined as of a date sufficiently prior to the date of the transaction so as to be unaffected thereby. The railroad shall in each instance be afforded an opportunity to purchase the, home at such fair value before it is sold by the employee to any other person.

(ii) If the employee is under a contract to purchase his home, the railroad shall protect him against loss to the extent of the fair value of equity he may have in the home and in addition shall relieve him from any further obligation under his contract.

(iii) If the employee holds an unexpired lease of a dwelling occupied by him as his home, the railroad shall protect him from all loss and cost in securing the cancellation of said lease.

(b) Changes in place of residence which are not the result of a transaction shall not be considered to be within the purview of this section.

(c) No claim for loss shall be paid under the provisions of this section unless such claim is presented to the railroad within 1 year after the date the employee is required to move.

(d) Should a controversy arise in respect to the value of the home, the loss sustained in its sale, the loss under a contract for purchase, loss and cost in securing termination of a lease, or any other question in connection with these matters, it shall be decided through joint conference between the employee, or their representatives and the railroad. In the event they are unable to agree, the dispute or controversy, may be referred

by either party to a board of competent real estate appraisers, selected in the following manner. One to be selected by the representatives of the employees and one by the railroad, and these two, if unable to agree within 30 days upon a valuation, shall endeavor by agreement within 10 days thereafter to select a third appraiser, or to agree to a method by which a third appraiser shall be selected, and failing such agreement, either party may request the National Mediation Board to designate within 10 days a third appraiser whose designation will be binding upon the parties. A decision of a majority of the appraisers shall be required and said decision shall be final and conclusive. The salary and expenses of the third or neutral appraiser, including the expenses of the appraisal board, shall be borne equally by the parties to the proceedings. All other expenses shall be paid by the party incurring them, including the compensation of the appraiser selected by such party.

ARTICLE II

1. Any employee who is terminated or furloughed as a result of a transaction shall, if he so requests, be granted priority of employment or reemployment to fill a position comparable to that which he held when his employment was terminated or he was furloughed, even though in a different craft or class, on the railroad which he is, or by training or retraining physically and mentally can become, qualified, not, however, in contravention of collective bargaining agreements relating thereto.

2. In the event such training or retraining is requested by such employee, the railroad shall provide for such training or retraining at no cost to the employee.

3. If such a terminated or furloughed employee who had made a request under section 1 or 2 of the article II fails without good cause within 10 calendar days to accept an offer of a position comparable to that which he held when terminated or furloughed for which he is qualified, or for which he has satisfactorily completed such training, he shall, effective at the expiration of such 10-day period, forfeit all rights and benefits under this Appendix.

ARTICLE III

Subject to this appendix, as if employees of railroad, shall be employees, if affected by a transaction, of separately incorporated terminal companies which are owned (in whole or in part) or used by railroad and employees of any other enterprise within the definition of common carrier by railroad in section 1(3) of part I of the Interstate Commerce Act, as amended, in which railroad has an interest, to which railroad provides facilities, or with which railroad contracts for use of facilities, or the facilities of which railroad otherwise uses; except that the provisions of this appendix shall be suspended with respect to each such employee until and unless he applies for employment with each owning carrier and each using carrier; provided that said carriers shall establish one convenient central location for each terminal or other enterprise for receipt of one such application which will be effective as to all said carriers and railroad shall notify such employees of this requirement and of the location for receipt of the

application. Such employees shall not be entitled to any of the benefits of this appendix in the case of failure, without good cause, to accept comparable employment, which does not require a change in place of residence, under the same conditions as apply to other employees under this appendix, with any carrier for which application for employment has been made in accordance with this section.

ARTICLE IV

Employees of the railroad who are not represented by a labor organization shall be afforded substantially the same levels of protection as are afforded to members of labor organizations under these terms and conditions.

In the event any dispute or controversy arises between the railroad and an employee not represented by a labor organization with respect to the interpretation, application or enforcement of any provision hereof which cannot be settled by the parties within 30 days after the dispute arises, either party may refer the dispute to arbitration.

ARTICLE V

1. It is the intent of this appendix to provide employee protections which are not less than the benefits established under 49 USC 11347 before February 5, 1976, and under section 565 of title 45. In so doing, changes in wording and organization from arrangements earlier developed under those sections have been necessary to make such benefits applicable to transactions as defined in article I of this appendix. In making such changes, it is not the intent of this appendix to diminish such benefits. Thus, the terms of this appendix are to be resolved in favor of this intent to provide employee protections and benefits no less than those established under 49 USC 11347 before February 5, 1976 and under section 565 of title 45.

2. In the event any provision of this appendix is held to be invalid, or otherwise unenforceable under applicable law, the remaining provisions of this appendix shall not be affected.

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



December 4, 2006

L/R File: 110.60-2.20

Mr. John R. Koonce
General Chairman, BLET
5909 Shelby Oaks Drive, Suite 139
Memphis, TN 38134-7318

Dear Mr. Koonce:

This is in reference to our conference on December 4, 2006 concerning Carrier's notice of March 8, 2006 under Paragraph 2 of the MidSouth/SouthRail Consolidation Agreement and our interim understanding covering that notice dated April 28, 2006.

The parties desire to finalize the agreement covering the below list operations as follows:

1. When the Carrier needs to operate service on the Meridian and Louisville Subdivisions, such as the Union Grain Trains, extra crews will be used from the Vicksburg Extra Board to operate this service from Jackson or Vicksburg. Such extra crews may be tied up for rest at Union, Philadelphia, or Louisville for return service only. Suitable lodging will be provided in accordance with Rule 23.

The working limits of the existing Meridian-Vicksburg Pool have been expanded to operate on the Louisville Subdivision between Newton and Louisville, including all intersecting branches and/or industrial tracks. When extra crews are not available at Vicksburg, Meridian-Vicksburg Pool crews will be used to protect service covered by this Item 1. However, such crews will not be tied up except at the existing home or away-from-home terminals of the Pool.

2. Establish Express Assignments to operate between Artesia and Jackson. Two initial assignments for SouthRail Prior-right employees will have a home terminal at Artesia and away-from-home terminal Jackson. Two initial

assignments for MidSouth Prior-right employees will have a home terminal at Jackson and away-from-home terminal Artesia. The Carrier will bulletin the assigned territory for the Jackson-Artesia assignments consistent with the provisions of Rule 15(d) to cover the needs of service.

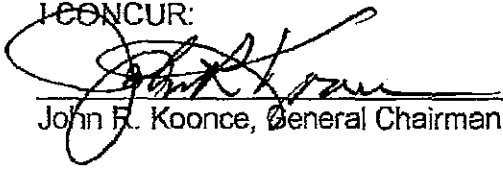
Note: It is understood that the four (4) assignments referred to in Paragraph 2 of this agreement are the same assignments that were established by the Interim Understanding dated April 28, 2006 (L/R file 110.60-2.20).

Please in the space below if you concur.

Yours truly,


George F. Lelf
General Director-Labor Relations

I CONCUR:


John R. Koonce, General Chairmen BLET

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



July 13, 2006

L/R File: 110.60-2.20

Mr. John R. Koonce
General Chairman, BLET
5909 Shelby Oaks Drive, Suite 139
Memphis, TN 38134-7318

Dear Mr. Koonce:

With reference to Carrier's notice of June 5, 2006 under Paragraph 2 of the MidSouth/SouthRail Consolidation Agreement, the Carrier is suggesting the following interim arrangements be placed in effect on or after July 10, 2006 until such time as we finalize agreements covering the original notice:

1. Establish Express Assignments to operate between Union and Vicksburg. Union will be the home terminal and Vicksburg will be the away from home terminal. The initial positions will be bulletined one each to the MidSouth and SouthRail prior right districts. The Union/Vicksburg assignments may be bulletined with assigned territory beyond the tie up points consistent with Rule 15. We will continue to review service requirements that will permit our agreement at a later time to a tie up point at another location on the Louisville Subdivision as track improvements permit.

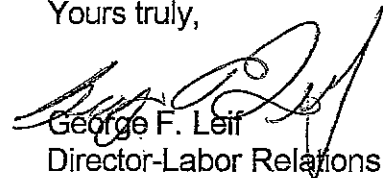
The new assignments will be established on a test basis for a minimum of 30 days as a pool under the terms of Rule 59. It is understood that the Union Grain trains that are currently being handled by the Meridian/Vicksburg Pool under Item 1 of our April 28, 2006 letter covering certain consolidated service will not invoke the Runaround Rule in Rule 59-12 for crews in the Union/Vicksburg Pool.

2. We will hold Item 2, concerning the extra board at Jackson, in abeyance for further discussion.

3. Carrier will establish two new turnaround locals, home terminal Union, to operate on the Louisville and Meridian Subdivisions. The initial positions will be bulletined one each to the MidSouth and SouthRail prior right districts.

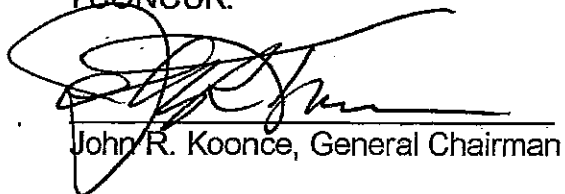
Please advise if you concur with these interim arrangements.

Yours truly,



George F. Leif
Director-Labor Relations

I CONCUR:



John R. Koonce, General Chairman

7-13-06
Date