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**AGREEMENT
BETWEEN
GATEWAY WESTERN RAILWAY COMPANY
AND
BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES**

SCOPE

(a) These Rules govern the hours of service, rates of pay, and work conditions of all employees of the Carrier performing work described in Appendix 1, and other employees of the Carrier who may subsequently be employed to perform such work, represented by the Brotherhood of Maintenance of Way Employees.

This Agreement does not apply to supervisory forces above the rank of Foreman, nor to employees engaged in work of a character properly belonging to classes or employees covered by other collective bargaining agreements.

NOTE: Any new positions created after the effective date of this Agreement to perform the work covered hereby shall be covered by the provisions of this Agreement.

(b) When a position covered by this Agreement is abolished, the work assigned to such position which remains to be performed will be reassigned to other positions covered by this Agreement.

(c) Work covered by this Agreement shall not be removed from the application of the Rules of this Agreement, except as provided in Rule 39 - Subcontracting and/or by mutual agreement between the parties signatory hereto.

(d) An officer or employee of the Carrier not covered by this Agreement shall not be permitted to perform any work covered by this Agreement except work which is linked or incidental to such officer's or employee's regular duties (including work performed as part of a program of instruction or to test equipment, facilities, or systems).

(e) 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.

(f) The term "Department" as used herein, unless specifically defined otherwise, shall mean the Maintenance of Way Department. The term "Subdepartments" referred to herein shall be Mechanics, Welders, Machine Operators, Bridge & Building and Track.

RULE 1

CUSTOMER SERVICE

The parties to this Agreement agree that the fundamental objective of the Railroad, its management and employees, is to provide service to its customers in the most efficient manner. Accordingly, the parties agree that in interpreting and implementing this Agreement, paramount emphasis shall be placed on providing efficient service to customers.

RULE 2

RATES OF PAY

Rates of pay for all positions shall be as set out in Appendix 1.

RULE 3

401(K) Plan

Effective no later than July 01, 1997, the Carrier will establish and maintain at no cost to the employees a 401(K) Plan, for employees subject to this Agreement. Under the Plan, for the first six (6) percent of an employee's salary contributed, the Carrier will contribute \$.50 for each \$1.00 contributed by the employee. The employee may contribute an amount above six (6) percent, up to a maximum of fifteen (15) percent of their compensation with no Carrier participation. Maximums and minimums are subject to Federal and State laws and regulations.

RULE 4

RATES OF POSITIONS

(a) Positions (not employees) shall be rated and the transfer of rates from one position to another shall not be permitted.

(b) Employees temporarily assigned to higher rated positions for at least one (1) hour but less than four (4) hours in a day shall receive the higher rate for four (4) hours. Employees temporarily assigned to higher rated positions for four (4) or more hours in a day shall receive the higher rates for the entire day. Employees temporarily assigned to lower rated positions shall not have their rates reduced.

(c) The wages for new positions shall be in conformity with the wages for positions of similar kind or class. When there are no positions of a similar kind or class, rates of pay fixed by the Carrier shall be subject to protest by the General Chairman as a minor dispute.

RULE 5
ENTRY RATES

*Amended By ART V
of 4-7-03 AGMT*

Employees entering service after the effective date of this Agreement shall be paid as follows:

- (a) (1) First Year - Seventy-five (75) Percent of the applicable rates of pay for the class and craft in which service is rendered;
- (2) Second Year - Eighty-five (85) Percent of the applicable rates of pay for the class and craft in which service is rendered;
- (3) Third Year - Ninety-five (95) Percent of the applicable rates of pay for the class and craft in which service is rendered.

Example: An employee establishing a seniority date of January 1, 1988, shall be entitled to full rates (one hundred (100) percent) effective January 1, 1991.

(b) Any calendar month in which an employee does not render at least ten (10) days compensated service or is not available for at least ten (10) days shall not count toward completion of the twelve (12) month period comprising any years specified in (a) above.

(c) Entry rates described herein will be applicable only to Pay Class III positions as described within Appendix 1, that of Track/Bridge & Building Laborer, Welder Helper, and Light Machine Operator.

NOTE: It is understood that in the event employees who are receiving entry rates are assigned to positions of higher pay class, entry rates shall not be applicable to their service in the higher pay class. Such

employees who subsequently return to a Pay Class III position, shall again receive the applicable entry rate, provided they have not completed the service requirements of paragraph (a) above.

RULE 6

WORKDAY AND WORKWEEK

(a) Except as otherwise provided herein or in Rules 7 - MEAL PERIOD and 20 - SERVICE OUTSIDE OF REGULAR ASSIGNMENTS, eight (8) consecutive hours, exclusive of the meal period, shall constitute a day's work for which eight (8) hours' pay will be allowed. Except as provided in Rules 27 - ATTENDING COURT, 28 - JURY DUTY, 29 - HOLIDAYS, 30 - VACATION, 35 - PERSONAL LEAVE DAYS and 37 - BEREAVEMENT LEAVE, herein, no pay will be allowed for days not worked.

(b) The normal workweek for all employees subject to this Agreement, other than as provided in (c), below, will be forty (40) hours, consisting of five (5) days of eight (8) hours each with two (2) consecutive days off in each seven (7). Insofar as practicable the days off shall consist of or include Saturday and Sunday; however, rest days may be changed when operational requirements dictate. This action may not be taken to avoid overtime.

(c) The normal work week for system gangs will consist either of four (4) consecutive ten (10) hour days or five (5) consecutive eight (8) hour days. Territorial gang members assigned to work with a system gang while such system gang is in their territory may be scheduled to work on the basis of the same workday and workweek applying to the system gang.

1. Employees obtaining a four (4) day, ten (10) hour per day assignment will not be placed in a worse position with respect to holidays and vacations as a result of this rule.
2. Employees assigned to work four (4) day, ten (10) hour workweeks will be allowed the pro rata rate for the ten (10) hour day.
3. For vacation qualifying purposes, employees assigned to this workweek will be allowed credit for one and one-quarter (1.25) days for each day worked in such assignments during the calendar year.
4. Employees absent on vacation for which qualified during the period to which assigned to this workweek, will be

compensated while on vacation on the basis of ten (10) hours per day at the pro rata rate and one and one-quarter (1.25) days charged against the number of vacation days to which entitled, with four (4) such days constituting a vacation week.

5. Employees exercising seniority rights to or from positions within this workweek shall take all the conditions of the assignments they obtain and shall have no claim for loss of compensation or claim for overtime account of working in excess of forty (40) hours or more than five (5) days in their workweek by reason of this exercise of seniority rights.

(d) Regular Relief Assignments -

(1) To the extent reasonably possible, regular relief assignments with five (5) days of work and two (2) rest days will be established by bulletin to do the work necessary on rest days of regular assignments, or to perform relief work on certain days and such types of other work on other days as may be assigned under this Agreement.

(2) Assignments for regular relief positions may on different days include different starting times, duties and work locations for employees of the same class, provided they take the starting time, duties and work locations of the employee or employees whom they are relieving.

(e) Non-consecutive Rest Day -

The typical workweek is to be one with two (2) consecutive days off. However, when customer service so requires, workweeks providing for non-consecutive rest days may be adopted by the parties pursuant to the provisions of Rule 17-BULLETINS. The Carrier generally shall consider the following factors in scheduling non-consecutive rest days:

(1) Regular relief positions established pursuant to paragraph (c) of this Rule.

(2) Possible use of rest days other than Saturday and Sunday, in accordance with other provisions of this Agreement.

(3) Other suitable or practicable plans which may be suggested.

(f) Beginning of Workweek -

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

NOTE: The expressions "positions" and "work" used in this Rule refer to service, duties, and operations necessary to be performed the specified numbers of days per week, and not to the workweek of individual employees.

RULE 7

MEAL PERIOD

(a) Unless otherwise agreed to by the proper officer and duly accredited representative, the assigned meal period shall not be less than thirty (30) minutes nor more than one (1) hour.

(b) If an employee is assigned to a shift consisting of eight (8) consecutive hours or more, then not less than twenty (20) minutes shall be allowed in which to eat, without deduction in pay, during the fourth or fifth hour after the beginning of the job assignment.

(c) When a meal period is allowed as provided in (a), above, it shall be regularly assigned during the fourth or fifth hour after the beginning of the job assignment, unless otherwise agreed to between Management and the duly accredited representative. If the meal period provided for in (a) or (b) above, is not afforded within the assigned period and is worked, the meal period shall be paid for at the overtime rate and twenty (20) minutes with pay in which to eat shall be afforded at the first opportunity.

(d) Employees will not be required to work more than ten (10) hours without being permitted to take a second meal period, and succeeding meal periods will be granted at appropriate intervals of not more than six (6) hours. Time taken for such meal periods will not terminate the continuous service period and will be paid for up to thirty (30) minutes for each such meal period.

(e) The second meal and subsequent meals (if any) under Section (d) shall be furnished by the Carrier, at Carrier expense. The Carrier will make a reasonable effort to insure that such meal will be hot and substantial.

(f) The Carrier will make suitable arrangements for employees to take additional and succeeding meals for which allowance is made pursuant to Section (d) and (e) above, or for meals on rest days and holidays, when the work extends beyond the time of which the employee has been given notice prior to reporting to work.

RULE 8

STARTING TIME

(a) Where work is performed covering the twenty-four (24) hour period, the starting time of each shift will be between the hours of six (6) and eight (8) A.M., two (2) and four (4) P.M., and ten (10) P.M. and midnight.

(b) The starting time of the work period for regular assigned day service will not begin earlier than 6:00 A.M. nor later than 10:00 A.M. Starting times for shifts other than regular day service may be established at the discretion of Management, subject to the provisions of (a) above.

(c) During those periods of the year when time changes are made back and forth from Standard Time to Daylight Savings Time, employees' hours will be adapted to conform to the time changes without penalty to the Carrier.

RULE 9

HEALTH INCENTIVE PLAN

(a) Employees that work each and every day of their regular assignment in a calendar quarter shall receive a health incentive payment equal to sixteen (16) hours pay at the regular rate, provided in each case that the eligible employee files, prior to the close of the next calendar quarter, a claim form with the Payroll Department claiming such incentive pay. Such payment shall be made as part of the employee's regular paycheck as soon after the filing of the claim as reasonably practicable but no later than forty-five (45) days following the filing of the employee's claim.

(b) Employees absent from work because of time lost on account jury duty pursuant to Rule 28 - JURY DUTY, holidays taken pursuant to Rule 29 - HOLIDAYS, vacation pursuant to Rule 30 - VACATION, or personal leave taken pursuant to Rule 35 - PERSONAL LEAVE DAYS, or bereavement leave taken pursuant to Rule 37 - BEREAVEMENT LEAVE, shall not be disqualified from health incentive pay if otherwise eligible pursuant to section (a).

NOTE: Employees absent from work to appear as witnesses for employees at Carrier-held investigations shall not be disqualified from health incentive pay if otherwise eligible pursuant to Section (a).

(c) Employees unavailable for overtime calls shall not be disqualified from health incentive pay when otherwise eligible pursuant to this Rule.

RULE 10

OVERTIME

(a) All time worked in excess of forty (40) hours in a workweek shall be paid for as overtime, at one and one-half (1-1/2) times the hourly rate. Employees instructed to work overtime shall work overtime whether such overtime occurs before or after the regular assignment.

(b) Employees who have worked five (5) days in a workweek (or four (4), ten (10) hour days) shall be paid one and one-half (1-1/2) times the basic straight time rate for work on the sixth or seventh day of their workweek (or on the fifth day in the case of employees working four (4), ten (10) hour days). Employees performing more than five (5) days service per week because of moving from one assignment to another are not entitled to overtime.

(c) All time worked in excess of sixteen (16) hours in a twenty-four (24) hour period (beginning with the time the continuous work period commences) shall be paid for as overtime, at twice (2 times) the hourly rate.

(d) No hours in excess of the regular hours during which the job is bulletined to work shall be worked or permitted except by direction of the proper supervising official except where advance authority is not obtainable.

(e) There shall be no pyramiding of overtime under any provision of this Agreement.

(f) Except to the extent that overtime may be offered to system gangs working on system gang assignments in the territory, overtime in a territory shall go to the regularly assigned employees in the positions in which the overtime is to be worked in the territory. When regular assigned employees are not available, then the closest adjoining assigned employees will be called, on a seniority basis.

AGREED TO QUESTIONS AND ANSWERS

- Q. 1: An employee works 12 hours on Monday and 8 hours each day Tuesday through Friday. How much overtime, if any, is he entitled to receive?
- A. 1: The employee worked 44 hours during the week. He is entitled to 40 hours at straight time and 4 hours at time-and-one-half.
- Q. 2: An employee works 12 hours on Monday, lays off on Tuesday, and works 8 hours each day Wednesday through Friday. How much overtime, if any, is the employee entitled to receive?
- A. 2: The employee has worked 36 hours during the week. He is not entitled to overtime.
- Q. 3: Monday is a holiday which the employee does not work but for which he is paid 8 hours' holiday pay. He works 12 hours on Tuesday and 8 hours each day Wednesday through Friday. How much overtime, if any, is the employee entitled to receive?
- A. 3: The employee actually worked 36 hours during the week. He does not receive overtime, but receives 36 hours' pay at his straight-time rate plus 8 hours holiday pay.

NOTE: These questions and answers do not apply to Rule 20 - SERVICE OUTSIDE OF REGULAR ASSIGNMENTS.

RULE 11

APPLICATIONS

(a) Applications for newly hired employees shall be approved or disapproved within sixty (60) calendar days after the applicant begins work. If the application is not disapproved in writing within the sixty (60) day period, the application will be considered as having been approved.

(b) An employee who has been accepted for employment in accordance with paragraph (a) will not be terminated or disciplined for furnishing incorrect information or withholding information unless Management determines that the information was of such a nature that the employee would not have been hired if the Carrier had had timely knowledge of it.

(c) The Carrier will provide the duly accredited representative with a list of employees covered by this Agreement who are hired or terminated. The list shall indicate the dates the employees were hired or terminated, their home addresses and Social Security Numbers. The dates will be supplied within thirty (30) days after the month in which the employee is hired or terminated.

RULE 12

SENIORITY DATUM

(a) Persons entering the service will establish seniority when they begin compensated service in a position covered by this Agreement. An employee will establish seniority in a group in which seniority has not been previously established as of the effective date of the award to a position in such group, in accordance with agreement rules, provided the employee assumes the position or the employee is not disqualified from said position.

(b) Where two (2) or more employees are assigned on the same day, they shall be ranked in the order of:

- (1) The most seniority in the next successive lower pay class within the Subdepartment.
- (2) The earliest continuous seniority date in the Maintenance of Way Department.
- (3) Date of birth, with the older employee being the senior.

Persons entering the service shall simultaneously acquire seniority in both trackmen and/or bridge laborer positions and/or light machine operator positions, in addition to the position in which hired, pursuant to paragraph (a) above.

Employees shall retain and continue to accumulate seniority in lower positions while serving in a higher position. In the event they have not previously established seniority in lower position, they will establish seniority in all lower positions within the applicable subdepartment (with the exception of B&B tradesmen) from the date they start in higher position.

Engineering subdepartments are as follows:

- (1) Mechanics
- (2) Welders
- (3) Machine Operators
- (4) Bridge & Building
- (5) Track

NOTE: Those employees who are hired upon commencement of operations in the classification of Bridge Tender shall have seniority in the Bridge & Building (B&B) Subdepartment but shall be protected from displacement by any employee who is not a similarly protected Bridge Tender, so long as they hold a Bridge Tender position. This shall not apply to any such employee who bids or bumps out of a Bridge Tender position or to any employee filling a Bridge Tender position, by bid or otherwise, subsequent to the filling of positions on commencement of operations.

(c) Employees now filling or hereafter promoted to excepted or official positions with the Carrier shall retain all their seniority rights and shall continue to accumulate seniority, provided such employees remain members in good standing with the Organization. The General Chairman will notify the employing officer of failure to maintain good standing. If good standing is not regained within thirty (30) days of receipt of such notification, the employee will forfeit his seniority.

NOTE: For purposes of this paragraph (c), the term "Carrier" shall mean the Gateway Western Railway Company and its subsidiaries.

(d) Seniority rights of employees to vacancies or new positions or to perform work covered by this Agreement shall be governed by these Rules.

(e) Employees voluntarily leaving the service will forfeit all seniority, and if they re-enter the service they will be considered as new employees. Employees dismissed from the service due to their failure to comply with the terms of the union shop agreement shall not be permitted to re-enter the service until after two (2) years have elapsed from the date of dismissal, provided that the individual comes into good standing with the Union.

(f) Except as otherwise provided in this Agreement, seniority rights of employees covered by these Rules may be exercised only in case of vacancies, new positions, reduction of forces or memoranda of agreement between the parties signatory hereto

covering special circumstances which in their judgment require such action.

(g) The seniority of an employee covered by this Agreement shall be terminated provided such employee has been furloughed for three (3) consecutive years.

(h) The seniority of any employee covered by this Agreement who has less than three (3) years of seniority with the Carrier shall be terminated provided such employee has been furloughed for three-hundred sixty-five (365) consecutive calendar days.

(i) The seniority of any employee covered by this Agreement who fails to report for work without proper notification to the Carrier of his absence for seven (7) consecutive work days shall be terminated.

NOTE:

- (1) Paragraphs (g) and (h) are applicable only to employees hired after effective date of this agreement.
- (2) Termination under paragraphs (g), (h) or (i) shall be done without benefit of an investigation as provided for in Rule 32.

RULE 13

SENIORITY DISTRICTS

For the employees covered by this Agreement, the entire Gateway Western Railway Company line (as described in Appendix 2 hereto) shall constitute a single seniority district over which employees may exercise their seniority.

RULE 14

SENIORITY ROSTER

(a) A seniority roster showing name, occupation, location, and seniority dates of all employees within the seniority district will be posted within thirty (30) days following the effective date of this Agreement in places accessible to all employees affected. A copy of the roster will be provided to the duly accredited representative at the time it is posted.

(b) The rosters will be revised and posted in January of each year and will be open to protest (for errors associated with the new roster only) for a period of thirty (30) days from date of posting and upon presentation of proof of error by an employee, or his representative, such error shall be corrected.

(c) The provision for annual revision and posting of seniority rosters shall not be construed to mean that the duly accredited representatives of the employees will be denied the right to request and receive a revised roster when reductions in force are contemplated or when, due to turnover in forces, the annual roster does not furnish the information necessary to properly apply the provisions of this Agreement.

(d) An employee returning from leave will have thirty (30) days to protest an error in his seniority which would have direct effect on his seniority rights.

RULE 15

PROMOTIONS, ASSIGNMENTS AND DISPLACEMENTS

Employees covered by these rules shall be in line for promotion. Promotions, assignments and displacements (except for promotion or assignment to excepted or management positions) shall be based on Management's determination of fitness, ability and seniority; if fitness and ability are relatively equal, seniority shall prevail.

RULE 16

WORK ASSIGNMENTS

(a) For each regular position having a specific territorial assignment, the Carrier shall designate a headquarters point such as a depot, tool house, shop, etc. Seven (7) days written notice will be given when designations are changed. A designation to a point outside the assigned territory may not be changed more often than once every six (6) months.

(b) The regular assigned working territory for system gangs will be the entire GWR line. No headquarters point will be established for system gang assignments; instead, employees will be assigned new reporting locations or assembly points as needed as they move throughout the system.

(c) The Carrier shall have sole discretion to establish, change from time to time, and abolish work assignments.

(d) An employee holding a position specified in Appendix 1 may be assigned or required to perform any of the duties of an employee in another position, provided that such duties are incidental to the employee's regular duties.

AGREED TO QUESTIONS AND ANSWERS

- Q. 1. A system employee reports for work at Point A and stops work for the day at Point B. The employee drove his car to work and left it at Point A. How is the employee to be paid, how is his expense entitlement to be determined, and where does he report for work the next day?
- A. 1. The employee is to be paid continuous time until he is returned to Point A at the end of the workday, plus expenses, if applicable. Expenses are to be determined with reference to the distance between Point A and the employee's residence. If the employee has left his machine at Point B, that will be his assembly point for work the next day.
- Q. 2. A system employee is transported by the Carrier to report for work at Point A. He stops work for the day at Point B. How is the employee to be paid, how is his expense entitlement to be determined, and where does he report for work the next day?
- A. 2. The employee is to be paid continuous time until he stops work at Point B, plus expenses, if applicable. Expenses are to be determined with reference to the distance between Point B and the employee's residence. Point B will be the employee's assembly point for work the next day.

RULE 17

BULLETINS

(a) All new positions and vacancies (except those of less than thirty (30) days duration) shall be promptly bulletined in places accessible to all employees affected for a period of at least ten (10) calendar days. Such bulletin will show location, title and description of position, rate of pay, assigned hours of service, assigned meal period, assigned rest days and if, if temporary, the probable or expected duration. The bulletin also will state the latest date when application must be received.

(b) Employees desiring such position will file their applications in writing so that they are received not later 5:00 p.m. on the date specified in the bulletin, sending a copy to the duly authorized representative. A bulletin of assignment, designating the successful applicant, shall be posted for a period of ten (10) calendar days at all places where the position was bulletined.

NOTE: A bulletined position may not be awarded to an employee who has voluntarily vacated that position in the sixty (60) calendar days preceding its award. This provision will not apply to employees who are displaced or whose jobs are abolished, nor will this provision be construed to prevent an employee from returning to a position held prior to a position from which he was disqualified, as provided in Rule 18 - QUALIFYING.

(c) When more than one (1) vacancy or new position exists at the same time, qualified employees shall have the right to bid on any or all, stating their preference. Nothing in this Rule shall be construed to prevent employees from bidding on any or all bulletined positions, irrespective of whether the position sought is of the same, greater or lesser remuneration.

(d) Except in the case of illness or physical disability, employees assigned to positions by the bulletin process must take their positions within five (5) days, unless an extension of time is agreed upon by the Designated Carrier Officer and the Local Chairman.

(e) When an employee bids for, is awarded, and qualifies for a position, his former position, if not abolished, shall be declared vacant and bulletined immediately.

(f) Bulletined positions may be filled temporarily pending an assignment. In the event no applicants are received, the position may be filled by Management by appointment in accordance with existing Rules.

NOTE: Employees absent from service due to sickness or vacation during the bulletin period set forth in paragraph (a) will have ten (10) calendar days from the date of return to service to make application for the position(s) bulletined during their absence, provided such position(s) has not been awarded to an employee with greater seniority.

RULE 18

QUALIFYING

(a) An employee who acquires a position through bidding or displacement rights and fails to qualify within thirty (30) working days will be returned to the position held immediately prior to the position from which he was disqualified. In the event that the employee's position has been abolished or a senior employee has exercised displacement rights thereon, the

disqualified employee will have displacement rights in accordance with Rule 22.

(b) Employees who acquire a position will be given full cooperation by supervisors and other employees in their efforts to qualify.

(c) An employee who is disqualified from a position shall not be eligible to bid for that same position (regardless of gang assignment) for a period of twelve (12) months following his disqualification.

(d) A disqualified employee may request a Rule 32 - DISCIPLINARY PROCEDURE, hearing in writing within fifteen (15) days of the date of written disqualification, such request to be submitted to the Designated Carrier Officer, copy to the General Chairman.

RULE 19

VACATION RELIEF - EXTRA WORK

(a) The Carrier may establish regular assigned vacation relief positions as necessary for vacation relief or other relief work.

(b) Bulletins in accordance with Rule 17 for regular assigned relief positions shall show the territory included in the assignment, headquarters points, and positions to be relieved. The starting time and rest days will be those of the position relieved.

(c) The rate of pay shall be the rate of the position on which service is performed. If compensation is payable under paragraph (d), the rate shall be the rate of the position last worked.

(d) A regular assigned relief employee who has no vacation relief work to perform to fill out his workweek may be used to perform extra work. Except for work on system gangs, the employee shall not be required to commute more than fifty (50) miles from the headquarters point of the position relieved in order to perform such extra work. Such employees may also be required to undergo training with compensation at the rate of the position last worked or to assist other employees at the rate of the employee being assisted.

(e) Newly hired employees who are being trained for positions covered under this Agreement will be compensated at the Classification III rate subject to the provisions of Rule 5 of this Agreement.

RULE 20

SERVICE OUTSIDE REGULAR ASSIGNMENTS

Employees called for duty and reporting outside of regular working hours and not continuous therewith, either in advance of or following, will be paid a minimum of two (2) hours at time and one-half rate for two (2) hours work or less, and if held on duty in excess of two (2) hours, time and one-half will be allowed on a minute basis.

RULE 21

CHANGED DUTIES

When the duties of any position are so changed that Management determines that the occupant cannot satisfactorily perform them, the occupant shall be permitted to exercise his seniority rights to a position held by a junior employee, provided that he can perform the work of that position. This Rule may be invoked when an employee's physical or mental condition (as verified by the Carrier's Chief Medical Officer) becomes such that he can no longer perform his regular duties.

RULE 22

REDUCING FORCES

(a) In reducing forces, seniority rights shall govern. Except as provided in paragraphs (e) and (f) of this Rule, at least five (5) working days advance written notice, including the date of notice, shall be given employees affected in reduction of forces or in abolishing positions. A copy of such notice shall also be posted on bulletin boards. Employees whose positions are abolished may exercise their seniority rights over junior employees; other employees affected may exercise their seniority rights in the same manner. Employees whose positions are abolished or who are displaced, and whose seniority rights entitle them to a position, shall assert such rights within ten (10) working days from the date actually affected. An employee who fails to exercise seniority within the ten (10) day period, must then either displace the junior employee on the seniority roster or bid a bulletined vacancy where such employee holds seniority. During this ten (10) day period, such employee will perform work as assigned. Employees having insufficient seniority to displace other employees will be considered furloughed. If an employee's exercise of seniority right would require a change in his residence he may assume a voluntary furloughed status by complying with paragraph (b).

(b) Employees desiring to protect their seniority rights and to avail themselves of this Rule must, within ten (10) working days from the date actually reduced to the furloughed list, file their names and addresses in writing, both with the proper Officer (the Officer authorized to bulletin and award positions) and the Local Chairman, and advise them promptly of any change in address.

(c) When forces are increased or vacancies occur, furloughed employees shall be returned and required to return to service in the order of their seniority rights, except as otherwise provided in this rule. Such employees, when available, shall be given preference on a seniority basis to all extra work, short vacancies and/or vacancies occasioned by the filling of positions pending assignment by bulletin, which are not filled by rearrangement of regular forces. When a bulletined new position or vacancy is not filled by an employee in service senior to a furloughed employee, the senior furloughed employee will be called to fill the position. Furloughed employees failing to return to service within seven (7) calendar days after being notified (by certified mail or telegram sent to the last address given) or to give reason satisfactory to Management for not doing so, will be considered out of the service.

(d) Furloughed employees desiring to waive their right to return to service on positions or vacancies of less than thirty (30) calendar days duration, or to positions that would require a change in residence may do so by filing written notice with the proper officer as defined above and the General Chairman; such waiver notice may be canceled or terminated in the same manner.

(e) Advance notice to employees shall not be required before abolishing positions under emergency conditions, such as flood, snow storm, hurricane, derailments or train wreck, tornado, earthquake, fire or labor dispute other than as covered by paragraph (f), provided such conditions affect the Carrier's operations in whole or in part. Such abolishments will be confined solely to those work locations directly affected by any suspension of operations. If an employee works any portion of the day he will be paid in accordance with existing rules. When the emergency ceases, all positions abolished must be reestablished, with former occupants returned to their respective positions and said position need not be rebulletined. If the emergency conditions described herein terminate within seven (7) days, employees will be entitled to return to their former positions at their next usual starting time not less than six (6) hours after the emergency terminates; if the emergency conditions extend longer than seven (7) days, employees will be entitled to return to their former positions at their usual starting time within forty-eight (48) hours after the emergency terminates.

(f) Advance notice to employees before positions are abolished shall not be required where any suspension of the Carrier's operations in whole or in part is due to a labor dispute between the Carrier and any of its employees.

(g) Employees will not be furloughed for short periods except as provided in this Rule.

RULE 23

EXPENSES

(a) Except for system gang members whose residence is within fifty (50) miles of the assembly point, employees required to remain overnight at other than their assigned headquarters and system gang members will be provided with suitable lodging at the Carrier's expense and with a meal allowance as set forth in (b), below. The Carrier may designate lodging facilities at which employees must stay in order to qualify for Carrier provided lodging.

(b) Employees covered by (a), above, will be allowed actual and reasonable cost of meals, subject to a maximum of \$ 25.00 per day as supported by the submission of detailed expense forms accompanied by supporting documentation. The foregoing maximum shall be increased by \$1.00 on January 1, 1997, and thereafter on each January 1 following the effective date of this Agreement.

If an employee works four (4) hours or more during his/her normal work day and is authorized to be absent from work by the proper authority, then those employees will receive the full amount of per diem. An employee who works less than four (4) hours during his/her normal work day and is authorized to be absent from work by the proper authority will receive fifty percent (50%) of the full amount of per diem for that day.

(c) Employees who reside within fifty (50) miles of the assembly point who are unable to return home because of ice storm or flood will be entitled to the benefits of paragraphs (a) and (b).

(d) An employee willing and authorized by management to use his automobile on Carrier business shall be paid \$.22 per mile.

(e) A system gang member whose residence is within fifty (50) miles (via the most direct highway route) of the assembly point, will be allowed at his option either:

(1) A maximum of \$ 25.00 per day expense money to account for meals, lodging (if any), and travel; or

(2) A commuter reimbursement allowance at the rate indicated in (d), above, for actual commuter mileage up to a maximum of 100 miles round trip per day;

provided in either case that the claimed expense is supported by the submission of detailed expense forms accompanied by supporting documentation, and provided further that the employee renders a complete workday of compensated service. The maximum set forth in (e)(1) above shall be increased by \$1.00 on January 1, 1997, and thereafter on each January 1 following the effective date of this Agreement.

(f) System gang members whose assembly point on the last day of the workweek is more than two hundred (200) miles from their residence may elect, in lieu of going home, to spend their rest days, at Carrier expense, at Carrier-designated lodging facilities at or near the assembly point while awaiting the beginning of the next workweek. Those system gang members who elect to go home under these circumstances may elect to spend the night before the first workday of the next workweek at said Carrier-designated facilities at Carrier expense. To be eligible for the benefits of this paragraph, employees must notify supervision of their election prior to the end of the workweek and must actually stay in the Carrier-designated facilities provided for them on the nights elected by them, unless actual and prompt notification is given to supervision of a change in plans.

NOTE: See Agreed to Questions and Answers following Rule 16 - WORK ASSIGNMENTS, for information pertaining to application of this Rule 23 - EXPENSES to system gangs.

RULE 24

LEAVE OF ABSENCE

(a) Except in case of injury or illness, an employee desiring to remain away from service must obtain permission from his immediate supervisor. In case of injury or illness, the employee must notify his immediate supervisor of his condition at the first available opportunity.

(b) When the requirements of the service permit, employees, on request, will be granted leave of absence not to exceed thirty (30) days. The Carrier may, in its discretion, extend the leave period up to an additional sixty (60) days. A leave of absence in excess of ninety (90) days in any twelve (12) month period shall not be granted unless by agreement between Management and the duly accredited representatives of the employees.

(c) Except for employees in service for four (4) 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 special arrangements have been made between Management and the General Chairman.

(d) An employee who fails to report for duty at the expiration of leave of absence shall forfeit his seniority rights, except when failure to report on time is the result of unavoidable delay, in which case the leave will be extended to include such delay.

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

(f) An employee retired under the disability provisions of the Railroad Retirement Act shall retain seniority until he attains the age of sixty-five (65) years, but the position vacated by him upon his retirement will be bulletined for permanent appointment, unless abolished. Should he recover sufficiently to resume service prior to attaining the age of sixty-five (65) years, he shall be permitted to exercise seniority over junior employees.

RULE 25

LEAVE OF ABSENCE - EMPLOYEE REPRESENTATIVES

(a) Duly accredited representatives of employees or employees employed exclusively by the Organization shall be granted leave of absence and may return to their former positions or exercise seniority rights within thirty (30) days after release from such employment.

(b) Other duly accredited representatives of the employees shall be granted necessary time off (without pay from the Carrier) or leave of absence (without pay from the Carrier) for investigations, consideration and adjustment of grievances, negotiations, to attend meetings of employees, or other matters connected with the interests of the employees.

RULE 26

RETURNING FROM LEAVE

An employee returning after leave of absence shall return to his former position provided it has not been abolished or a

senior employee has not exercised displacement rights thereon. Upon return or within ten (10) days thereafter such employee may exercise seniority rights on any position bulletined during such absence. In the event the employee's former position has been abolished or a senior employee has exercised displacement rights thereon, the returning employee will be governed by the provisions of Rule 22 - REDUCING FORCES, and may displace a junior employee if such rights are asserted within ten (10) days after his return. Employees displaced by his return shall have the privilege of exercising seniority rights over junior employees in accordance with Rule 22 - REDUCING FORCES.

NOTE: This rule also applies to an employee reporting for duty after vacation, sickness, disability, suspension or after an absence for any other legitimate cause.

RULE 27

ATTENDING COURT

- (a) Employees taken away from their regular assigned duties at the request of Management to attend court or to appear as witnesses for the Carrier at investigations or hearings will be allowed compensation equal to what would have been earned had such interruption not taken place, and, in addition, actual, reasonable and necessary expenses while away from their headquarters.
- (b) Employees attending court or acting as witnesses for the Carrier at investigations or hearings outside of their assigned hours shall be paid for the time devoted to such attendance a minimum of four (4) hours pay for two (2) hours and forty (40) minutes or less, and at the time and one-half rate on a minute basis thereafter.
- (c) Furloughed employees will be allowed eight (8) hours pay for each day used as witnesses with a minimum of eight (8) hours, based on the minimum rate of pay of the position last held, and, in addition, actual, reasonable and necessary expenses while away from headquarters.
- (d) In the event an employee is held away from home station on rest days or holidays, he shall be allowed a minimum of eight (8) hours pay for each day so held.
- (e) Any fee or mileage allowance received by the employee from the court or other tribunal shall be assigned to the Carrier or such amounts shall be deducted as provided under this Rule.

(f) Employees failing to attend court or to appear as witnesses for the Carrier at investigations or hearings if requested to do so may be subject to discipline.

RULE 28

JURY DUTY

When a regularly assigned employee is summoned for jury duty and is required to lose time from his assignment as a result thereof, he shall be paid for actual time lost with a maximum of eight (8) hours pay at the straight time rate of his position for each day lost less the amount allowed him for jury service for each such day, excepting allowances paid by the court for meals, lodging or transportation, subject to the following qualification requirements and limitations:

- (1) An employee must 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 pay shall be paid is limited to a maximum of sixty (60) days in any calendar year.
- (3) No jury duty pay will be allowed for any day as to which the employee is entitled to vacation or holiday pay.
- (4) When an employee is excused from railroad service on account of jury duty, the Carrier shall have the option of determining whether or not the employee's regular position shall be blanked, notwithstanding the provisions of any other rules.
- (5) Except as provided in paragraph (6), an employee will not be required to work on his assignment on days on which jury duty:
 - (a) ends within four (4) hours of the start of his assignment; or
 - (b) is scheduled to begin during the hours of his assignment or within four (4) hours of the beginning or ending of his assignment.
- (6) On any day that an employee is released from jury duty and four (4) or more hours of his work assignment remain, he will immediately inform his supervisor and report for work if advised to do so.

RULE 29

HOLIDAYS

(a) Subject to the qualifying requirements provided herein, each employee shall receive eight (8) hours pay at the applicable rate for each of the following enumerated holidays:

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

(b) A regularly assigned employee shall qualify for holiday pay if the employee performs at least six (6) hours of compensated service on the workdays immediately preceding and following such holiday or if the employee is not assigned to work but is available for service on such days. If the holiday falls on the last day of a regularly assigned employee's workweek, the first workday following his rest days shall be considered the workday immediately following. If the holiday falls on the first workday of his workweek, the last workday of the preceding workweek shall be considered the workday immediately preceding the holiday.

(c) Any other employee shall qualify for the holiday pay if he has worked at least eleven (11) days in the thirty (30) day period immediately preceding the holiday, and if he is available for service on the workday preceding and the workday following the holiday.

NOTE: When any of the above holidays fall on Sunday the day observed by the Nation shall be considered the holiday. When Christmas Day falls on Sunday and is observed on Monday, then Sunday shall be considered the holiday for Christmas Eve.

NOTE: (Special Holiday Qualifying Provisions)

An employee who meets all other qualifying requirements will qualify for holiday pay for both Christmas Eve and Christmas Day if on the "workday" immediately preceding the Christmas Eve holiday he fulfills the qualifying requirements applicable to the "workday" before the holiday, and on the "workday" immediately following the Christmas day holiday he fulfills the qualifying requirement applicable to the "workday" 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.

(d) When a holiday falls or is observed on any day from Monday through Friday, employees assigned to system gangs (and any territorial gang members having the same work schedule as system gang members per Rule 6(c) who are working a four (4) day workweek will work two (2) eleven (11) hour days and one (1) ten (10) hour day. Such employees will be paid at their regular straight-time hourly rate for the thirty-two (32) hours.

(e) When any of the designated holidays falls on a Tuesday, Wednesday, or Thursday, employees assigned to a system gang working a five (5) day workweek may, at the option of the majority of the employees in the gang and, if agreeable to Management, work on the holiday at their regular straight-time hourly rates and, in lieu of the actual holiday, take Friday or the following Monday as the holiday. In the event work is performed on the day substituted for the holiday, the overtime rate will apply.

RULE 30

VACATION

(a) Qualifying employees will be entitled to vacation in accordance with the following schedule:

After one year's service	- One (1) week	(5 work days)
After two years' service	- Two (2) weeks	(10 work days)
After 10 years' service	- Three (3) weeks	(15 work days)
After 15 years' service	- Four(4) weeks	(20 work days)

An employee's vacation will not be extended by reason of any of the recognized holidays enumerated in Rule 29 - HOLIDAYS.

NOTE: A year in which an employee does not qualify for full vacation benefits, but qualifies for pro-rated vacation, shall count as a year of service for purposes of this paragraph.

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

Vacation may be taken from January 1st to December 31st of the calendar year following the year in which the vacation is earned. 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 five (5) days, with the exception that one (1), five (5) day segment may be taken one (1) day at a time in accordance with the provisions of RULE 35 (b) - PERSONAL LEAVE DAYS. Representatives of the Carrier and the Organization will cooperate in assigning vacation days.

If an assigned vacation is to be advanced or deferred by Management, the employee will be given as much advance notice as possible; not less than ten (10) days' notice shall be given except when Management determines that emergency conditions prevent such notice.

(c) Without permission of the Vice President - Engineering, employees may not accumulate vacation from year to year.

(d) Vacation payment to regularly assigned employees will be calculated on the basis of eight (8) hours' pay, at the rate applicable to the assignment, for each day of vacation. Other than regularly assigned employees will be paid on the basis of the average hourly rate paid in the last pay period preceding the vacation in which service was performed.

If an employee cannot be released for vacation and it cannot reasonably be rescheduled, he shall be paid the time and one-half rate for work performed during his vacation period in addition to his regular vacation pay.

(e) Employees must perform one hundred sixty (160) days of compensated service in the ensuing year in any year to qualify for vacation provided under paragraph (a) above. Calendar days on which an employee is on vacation, and calendar days on which an employee is available for service (within the meaning of Rule 22 - REDUCING FORCES) but on which he performs no service (not exceeding thirty (30) such days), will be included in the determination of qualification for vacation. Also, calendar days on which an employee is absent from or unable to perform service because of illness or injury will be included, as follows:

10 days maximum - under 3 years' service
20 days maximum - 3 to 14 years' service
30 days maximum - 15 or more years' service

(f) Employees must perform one hundred sixty (160) days of compensated service in any year to qualify for benefits provided in (a) above. Employees not performing one hundred sixty (160) days' service will be granted vacation pro-rated in proportion to days of compensated service. (Example: With two (2) years accumulated service and eighty (80) days of service in the preceding year, the employee is eligible for five (5) days vacation. Less than full days are dropped in the calculation.)

(g) Absences due to vacation shall not be considered as vacancies in applying the Rules of this Agreement.

(h) The vacation provided for in this Agreement shall be considered to have been earned when the employee has qualified under paragraphs (a), (e) and (f) hereof. If an employee's employment status is terminated for any reason whatsoever, including but not limited to retirement, resignation, non-compliance with a union-shop agreement, or failure to return after furlough he shall at the time of such termination be granted full vacation pay earned up to the time he leaves the service and the vacation for the succeeding year if the employee has qualified therefore under paragraphs (a), (e), and (f). 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.

(i) Former employees of the Illinois Central Gulf who entered the service of the Chicago, Missouri & Western Railway Company within thirty (30) days of the date of commencement of its operations and who have continuous service with the ICG, CMW and the Carrier shall be given credit for ICG and CMW service in applying the schedule in paragraph (a) and the qualification requirements in paragraphs (e) and (f). Former ICG employees having twenty-five (25) or more years continuous service with ICG, CMW and the Carrier will be qualified for an annual vacation of five (5) weeks (25 work days).

RULE 31

HEALTH AND WELFARE

(a) The Carrier shall provide each employee and their eligible dependents a level of hospital, surgical, medical, prescription, life and dental benefits as provided by the Carrier immediately prior to the effective date of this Agreement, subject to the plan changes outlined below. The terms and conditions of the Plan are made a part hereof to the same extent as if included herein. The benefits provided under the Plan shall become effective on the effective date of this Agreement or as soon as practicable thereafter.

(b) The Carrier shall furnish each employee a booklet outlining the benefits under the Plan at no cost to the employee.

(c) The Carrier shall remit necessary premiums to the insurance Carrier as may be required to maintain the Plan with the exception that each employee shall be required to make a maximum

contribution to the Carrier in the amount of thirty-two dollars (\$32.00) per month.

(d) The monthly contribution for active employees shall be made through payroll deduction. The monthly contribution for eligible inactive employees shall be paid directly to the Carrier by money order or certified check.

(e) Individual and family deductibles will be \$150.00 and \$400.00 respectively. Maximum yearly out of pocket expenses will be \$1500.00 and \$2500.00, plus deductible for individual and family respectively.

(f) The Carrier will establish a Medical Bonus Program whereby fifty (50) percent of an employee's premium contribution during the calendar year will be repaid to such employee as a cash bonus, provided the employee and/or his family do not file any medical claims during that calendar year.

(g) Beginning with the effective date of this Agreement or as soon as practicable thereafter, the Carrier may offer optional health and welfare plans. Qualifying employees will have the option of selecting from among the plans. To the extent that the Carrier is able to find and offer a lower cost Health Maintenance Organization (HMO) or Preferred Provided Organization (PPO), or similar arrangement, and the monthly cost to the Carrier is at least \$32.00 per month per employee less than the standard indemnity plan, the plan will be made available to employees at no cost (the employees monthly contribution of \$32.00 will be waived). The current HMO plan offered to employees through MetraHealth is an example of such a qualified low cost plan per the requirements of this rule. Employees may choose among the plans annually.

(h) Employees who retire subsequent to the date of this Agreement may continue the present level of benefits for themselves and their dependents by paying the current employee's contribution rate until age sixty-five (65). When these employees or their dependents reach age sixty-five (65), they must convert to the Blue Cross Blue Shield Medicare Supplement Policy described in paragraph (i) below.

(i) The following paragraphs describe the Supplemental Policy arrangements available to those employees and their dependents who retire after the date of this Agreement and who are eligible to enroll in Medicare coverage.

The Carrier will provide a Blue Cross Blue Shield Medicare Supplement Policy. The benefits will be as described in the Blue Cross Blue Shield Medicare Supplement

Policies for the States of Missouri and Illinois. The retiree will select which plan he or she desires.

The Carrier will provide thirty-five dollars (\$35.00) toward the premium cost and the retiree will contribute the balance of the premium cost, based upon the schedule described in Attachment A.

The Carrier will protect the retiree from any premium increase that exceeds five (5) percent, per annum.

RULE 32

DISCIPLINARY PROCEDURE

(a) Except as provided for in Rule 12, Seniority Datum, employees in service more than sixty (60) calendar days shall not be disciplined or dismissed until after a fair and impartial investigation, unless they shall accept discipline to be assessed (other than dismissal) in writing and waive formal investigation. Employees may, however, in cases Management determines to be serious (such as use of intoxicants, misappropriation of Company property, insubordination, or vicious conduct, etc.) be held out of service pending such investigation.

(b) An employee charged with an offense shall be furnished with a letter stating the precise charge or charges against him. No charge shall be made that involves any matter of which the employing officer has had knowledge fifteen (15) days or more, except that in cases where an employee is subject to trial in the courts, the employing officer may, if he elects, withhold making a charge on the offense for which the employee is tried until not more than fifteen (15) days after the court's determination of the employee's innocence or guilt.

(c) The investigation shall be held within ten (10) days from the date or the notice of the alleged offense, unless additional time is requested by the Company, employee, or his representative. A decision will be rendered within ten (10) days after completion of the investigation.

(d) Investigations shall be held when possible at the home terminal of the employee involved, unless otherwise agreed between representatives of the parties. Employees shall have a reasonable opportunity to secure the presence of representatives and/or necessary witnesses.

(e) Employees may be accompanied by one or more duly accredited representatives of the Organization, who shall be permitted to be present during the entire investigation and ask questions as might develop facts pertinent to the case.

(f) If disciplinary action is taken, a record of the evidence taken at the investigation will be furnished to the employee and his duly accredited representative. Appeals from the decision may be made in accordance with the provisions of Rule 33 - GRIEVANCE PROCEDURE., except that four (4) months shall apply instead of the nine (9) month period.

(g) If charges against the employee are not sustained, they shall be stricken from the records. If withheld from service, suspended, or discharged, the employee shall be returned to service and paid for all time lost, less any amount earned in other employment.

RULE 33

GRIEVANCE PROCEDURE

(a) All claims or grievances must be presented in writing by or on behalf of the employee involved, to the officer of the Carrier authorized to receive same, within sixty (60) days from the date of the occurrence on which the claim or grievance is based. If not filed within this time limit, the claim or grievance shall be considered as "waived" and may not be processed or considered further. Should any such claim or grievance be disallowed, the Carrier shall, within sixty (60) days from the date same is filed, notify whoever filed the claim or grievance (the employee or his duly accredited representative) in writing of the reasons for such disallowance. If not so notified, the claim or grievance shall be allowed as presented, 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, such appeal must be in writing and must be taken within sixty (60) days from receipt of notice of disallowance, and the representative of the Carrier shall be notified in writing within that time of the rejection of his decision. Failing to comply with this provision, the matter shall be considered closed, but this shall not be considered as a precedent or waiver of the contentions of the employee as to other similar claims or grievances. It is understood, however, that the parties may, by agreement, at any stage of the handling of a claim or grievance on the property, extend the sixty (60) day period for either a decision or appeal, up to and including the highest officer of the Carrier designated for that purpose.

(c) The requirements outlined in paragraphs (a) and (b), pertaining to appeal by the employee and decision by the Carrier, shall govern in appeals taken to each succeeding officer, except in cases of appeal from the decision of the highest officer designated by the Carrier to handle such disputes. All claims or grievances involved in a decision by the highest designated officer shall be barred unless within nine (9) months from the date of said officer's decision, proceedings are instituted by the employee or his duly authorized representative before the appropriate division of the National Railroad Adjustment Board or a system, group or regional board of adjustment that has been agreed to by the parties hereto as provided in Section 3, Second of the Railway Labor Act. It is understood, however, that the parties may by agreement in any particular case extend the nine (9) month period herein referred to.

(d) A claim may be filed at any time for an alleged continuing violation of any agreement and all rights of the claimant or claimants involved thereby shall, under this rule, be fully protected by the filing of one claim or grievance based thereon as long as such alleged violation, if found to be such, continues. However, no monetary claim shall be allowed retroactively for more than sixty (60) days prior to the filing thereof. With respect to claims and grievances involving an employee held out of service in discipline cases, the original notice of request for reinstatement with pay for time lost shall be sufficient.

(e) This rule recognizes the right of representatives of the Brotherhood to file and prosecute claims and grievances for and on behalf of the employees it represents.

(f) This agreement is not intended to deny the right of the employees to use any other lawful action for the settlement of claims or grievances provided such action is instituted within nine (9) months of the date of the decision of the highest designated officer of the Carrier.

(g) Discipline imposed and agreed to in accordance with Rule 32(a) shall be final with no right of appeal.

(h) This rule shall not apply to requests for leniency.

(i) The time limits specified in this Rule may be extended by agreement in writing or confirmed in writing between the parties.

RULE 34

DULY ACCREDITED REPRESENTATIVE

Where the term "duly accredited representative" appears in this Agreement, it shall be understood to mean the regularly constituted committee and/or the officers of the Brotherhood of Maintenance of Way Employees of which such committee or officers is a part.

RULE 35

PERSONAL LEAVE DAYS

(a) Effective with the first full calendar year (January 1 - December 31) after commencement of operations, the Carrier shall provide each employee six (6) paid personal leave days in each calendar year, to be compensated on the basis of eight (8) hours' pay, at the rate of last service performed, for each personal leave day.

(b) Personal leave day or days may be taken upon forty-eight (48) hours notice to the proper officer of the Carrier, subject to the Carrier's service requirement. If employees are not permitted to take one (1) or more personal leave days during the calendar year, each such day shall be paid at the rate, specified in (a), above, during the month of January of the following year,

(c) Personal leave days granted herein must be taken within the calendar year with respect to which such day or days are earned.

(d) Employees taking personal leave days will not thereby be disqualified for holiday pay or health incentive pay, except that a personal leave day taken immediately prior to or after the holiday shall not qualify as a "workday" for purposes of meeting the qualification requirements of Rule 29 - HOLIDAYS.

(e) A new employee who is hired during the calendar year will receive personal leave days in the following prorated manner for the calendar year in which he is hired:

January-February	6
March-April	5
May-June	4
July-August	3
September-October	2
November-December	0

AGREED TO QUESTION AND ANSWER

Question: Monday is a holiday. The employee takes the preceding Friday, with Carrier permission, as a personal leave day. What are the qualifying requirements?

Answer: The employee must work (at least 6 hours) on the Thursday immediately preceding the personal leave day and on Tuesday (the day after the holiday), assuming that both such days are scheduled work days for the employee.

RULE 36

COPY OF AGREEMENT

The Carrier shall provide employees with a copy of this Agreement and amendments thereto without cost, and employees will acknowledge receipt in writing.

RULE 37

BEREAVEMENT LEAVE

(a) Bereavement leave, not in excess of three (3) calendar days, following the date of death will be allowed in case of death of an employee's brother, sister, parent, child, stepchild, spouse or spouse's parent. In such cases, eight (8) hours' pay at the rate of the last service rendered will be allowed for the number of working days lost during bereavement leave. Employees involved will 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 will have the following options in deciding when to take bereavement leave:

(a) three (3) 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 (3) consecutive calendar days, ending the day of the funeral service; or

(c) three (3) 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 (3) days for each separate death; however, there is no pyramiding where a second death occurs within the three (3) day period covered by the first death.

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

* * * * *

Q. 3: Will a day on which eight (8) hours' pay is allowed account bereavement leave serve as a qualifying day for holiday pay purposes?

A. 3: No; however, the parties are in accord that bereavement leave non-availability should 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, should be considered as the qualifying day for holiday purposes.

* * * * *

Q. 4: Would 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. 4: Yes as to half-brother, half-sister or stepchild, 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. 5: Would bereavement leave be applicable during an employee's vacation period?

A. 5: No.

* * * * *

- Q. 6: 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. 6: No. The employee would be entitled to only one basic day's pay.

RULE 38

COST-OF-LIVING ADJUSTMENTS

(a) Effective January 1, 1996 and on January 1 of each calendar year thereafter, the Carrier shall provide a cost-of-living adjustment produced under the Consumer Price Index for Urban Wage Earners and Clerical Workers - All Cities (1982-84 = 100) as published by the Bureau of Labor Statistics, U.S. Department of Labor. The maximum upward cost-of-living adjustment of each employee's straight-time hourly rate of pay shall be five (5) percent per annum. Cost-of-living adjustments shall be based on the change in the BLS Consumer Price Index during the Measurement Periods as indicated in the following example for the first adjustment:

<u>Measurement Periods</u>		<u>Effective Date</u>
<u>Base Month</u>	<u>Measurement Month</u>	<u>of Adjustment</u>
(1)	(2)	(3)
September, 1994	September, 1995	January 1, 1996

(b) Formula: The number of points change in the BLS Consumer Price Index during a Measurement Period will be converted into cents on the basis of one (1) cent equals 0.3 full point. (By "0.3 full point" it is intended that any remainder of 0.1 point or 0.2 point of change after the conversion will not be counted.)

(c) The cost-of-living wage adjustments shall apply to the hourly rate of pay, overtime, and to all other wage allowances (except bonuses) in the same manner as basic wage adjustments would apply.

(d) The cost-of-living wage adjustments provided for herein shall be rolled-in and made a permanent part of the rates of pay on December 31 of each calendar year, commencing January 1, 1996.

RULE 39

SUBCONTRACTING

(a) The Carrier may contract out maintenance of way work (except that of bridge tender positions) without serving notice as provided in paragraph (b) below, as long as the Carrier maintains a sufficient number of maintenance of way positions, as described in the provisions of subparagraph (1) below. However, in the event the work force falls below the required number of maintenance of way positions for a period of sixty (60) consecutive calendar days, the provisions in paragraphs (b) and (c) below will become effective until such time as the number of maintenance of way positions is again equal to or greater than the required number.

NOTE: It is understood that nothing in this Agreement precludes the Carrier from remote controlling bridges and reassigning bridge tenders in accordance with the rules.

It is further understood that the sixty (60) day period referred to above is intended to allow the Carrier sufficient time to fill positions with qualified applicants.

(1) The intent of paragraph (a) is to afford an element of protection to certain employees appearing on maintenance of way rosters as of the effective date of this Agreement. The required number of maintenance of way positions necessary to afford the intended protection shall be established at thirty-three (33) and will include at least six (6) foremen, eight (8) heavy machine operators, one (1) welder and one (1) mechanic. These positions shall be subject to future adjustment as follows:

(i) The thirty-three (33) positions required by this rule shall be subject to reduction on an attrition basis to no less than twenty-nine (29) positions. As each employee who, as of the effective date of this Agreement, is active in a maintenance of way position covered by this Agreement retires, resigns, dies, becomes disabled or whose employment in the maintenance of way craft is otherwise terminated, the number of maintenance of way positions required shall be reduced by one (1), subject to the twenty-nine (29) position minimum.

(ii) The number of required positions shall also be reduced in the event an active employee whose name appears on the maintenance of way roster as of the

effective date of this Agreement assumes or remains in voluntary furlough status pursuant to Rule 22. For each such employee who assumes or remains in voluntary furlough status when there are positions available, the number of maintenance of way positions required shall be reduced by one (1), and such reductions shall not be subject to the twenty-nine (29) position minimum referenced above.

(iii) The number of required positions may be subject to increase (up to a maximum of six (6) additional positions) in the event any or all of the six (6) rostered employees who currently occupy management positions are terminated from such positions and forced to exercise their seniority to positions covered by this Agreement. For each such employee so terminated who exercises his seniority to a maintenance of way position, the number of required maintenance of way positions in effect at that time shall be increased by one (1).

(b) In the event the Carrier plans to contract out work not otherwise permitted by paragraph (a) above, it shall notify the General Chairman in writing as far in advance of the date of the contracting transaction as is practicable and in any event, not less than fifteen (15) days prior thereto. Such notification shall clearly set forth a description of the work to be performed and the basis on which the Carrier has determined it is necessary to contract out such work.

(c) If the General Chairman, or his representative, requests a meeting to discuss matters relating to the said contracting transaction, the Designated Carrier Officer shall promptly meet with him for that purpose and the parties shall make a good faith effort to reach an agreement setting forth the manner in which the work will be performed. If no agreement is reached, the Carrier may nevertheless proceed with said contracting and the Organization may file and progress claims in connection therewith.

(d) Nothing herein contained shall be construed as restricting the right of the Carrier to have work customarily performed by employees included within the Scope of the Agreement from being performed by contract in emergencies that prevent the movement of traffic when additional force or equipment is required to clear up such emergency condition in the shortest time possible. In such instances, the Carrier shall promptly notify the General Chairman of the work to be contracted and the reasons therefor, same to be confirmed in writing within (15) days of the date that such work commences.

RULE 40

Machines

When the Carrier requires an employee to use mechanical devices and other equipment and supplies (other than personal, hand-held tools) in the performance of service for the Carrier, said articles shall be furnished and maintained by the Carrier without expense to the employee.

RULE 41

WATER AND ICE

The Carrier will furnish employees with an adequate supply of water while on duty. During hot weather months (generally, April 1 through October 31), ice or another method of keeping water cool will be provided to employees.

RULE 42

GENERAL WAGE INCREASES

- (a) Effective July 1, 1995, all basic rates of pay in effect on June 30, 1995, shall each be increased by three (3) percent.
- (b) Effective July 1, 1996, all basic rates of pay in effect on June 30, 1996, shall each be increased by three (3) percent.
- (c) Effective July 1, 1998, all basic rates of pay in effect on June 30, 1998, shall each be increased by three (3) percent.
- (d) In determining new hourly or minute rates, fractions of a cent shall be disposed of by applying the next higher quarter of a cent.

RULE 43

RATE MAINTENANCE

Former Illinois Central Gulf employees who entered the service of the Chicago Missouri and Western Railway Company (CMW) on the date operations commenced on the CMW or within thirty (30) days thereafter, and who have been continuously employed by GWWR (listed on the attached Appendix 6) shall receive not less than ninety percent (90%) of the applicable rates set forth in Appendix 6, provided in each case that the employee continues to occupy a position which is in the same pay class that his

**EFFECTIVE DATE
AND
TERM OF AGREEMENT**

- (a) This Agreement shall become effective on Oct 7, 1996 except where expressly provided otherwise, and shall remain in effect until and unless changed under the provisions of the Railway Labor Act, as amended, or by mutual consent of the parties signatory hereto.
- (b) The parties signatory hereto shall not serve nor progress prior to January 1, 1999, (not to become effective prior to July 1, 1999) any notice or proposal for changing any provision contained herein, or which deals with matters presented by the parties during negotiations, and any proposals in pending notices relating to such subject matters are hereby withdrawn.
- (c) The provisions under paragraph (b) above shall not bar the Carrier and the Organization from agreeing upon any subject of mutual interest.
- (d) The parties to this Agreement understand and agree that all Agreements, Letters of Understanding, Side Letters and Memorandums in effect will remain in full force and effect subject to its terms unless specifically incorporated into, changed and/or modified by this Agreement.

Signed this 07 day of OCT., 1996, at Fairview Heights, IL.

FOR THE BROTHERHOOD OF
MAINTENANCE OF WAY EMPLOYEES:

FOR GATEWAY WESTERN
RAILWAY COMPANY:

Richard A. Lau
Vice President

Paul Jetterman
Vice President, Engineering

J. Francis
General Chairman

position fell in at the time of initial employment with CMW. If the employee voluntarily occupies a position in a lower pay class, then his pay scale shall be reduced proportionately, or he shall receive the rate for the class as set forth in Appendix 1, whichever is greater. If through action of the Carrier or by operation of the Agreement, an employee is forced to accept a position in a lower rated class, he shall continue to maintain his rate at a level not less than he received at the time of initial employment with CMW; however, an employee shall be expected to exercise his seniority so as to accept the highest position available to him (other than one requiring a change in headquarters point) in order to be entitled to the benefit of this rate-maintenance provision. The parties agree that the foregoing does not restrict the right of the GWWR to reduce forces or discharge employees as provided for in this Agreement.

**EFFECTIVE DATE
AND
TERM OF AGREEMENT**

(a) This Agreement shall become effective on _____, except where expressly provided otherwise, and shall remain in effect until and unless changed under the provisions of the Railway Labor Act, as amended, or by mutual consent of the parties signatory hereto.

(b) The parties signatory hereto shall not serve nor progress prior to January 1, 1999, (not to become effective prior to July 1, 1999) any notice or proposal for changing any provision contained herein, or which deals with matters presented by the parties during negotiations, and any proposals in pending notices relating to such subject matters are hereby withdrawn.

(c) The provisions under paragraph (b) above shall not bar the Carrier and the Organization from agreeing upon any subject of mutual interest.

(d) The parties to this Agreement understand and agree that all Agreements, Letters of Understanding, Side Letters and Memorandums in effect will remain in full force and effect subject to its terms unless specifically incorporated into, changed and/or modified by this Agreement.

Signed this ____ day of _____, 1996, at Fairview Heights, IL.

FOR THE BROTHERHOOD OF
MAINTENANCE OF WAY EMPLOYEES:

FOR GATEWAY WESTERN
RAILWAY COMPANY:

President

Vice President, Engineering

General Chairman

APPENDIX - 1

Agreement Positions - Maintenance-of-Way

<u>Position</u>	<u>Pay Class</u>	<u>Rate Per Hour</u>
Track Foreman	V	\$15.84
Bridge & Building Foreman	V	\$15.84
Road Equipment Mechanic	V	\$15.84
Welder	V	\$15.84
Assistant Foreman	IV	\$14.60
Bridge Tender	IV	\$14.60
Bridge & Building Tradesman	IV	\$14.60
Heavy Machine Operator (HMO)	IV	\$14.60
Light Machine Operator (LMO)	III	\$13.65
Track/Bridge & Building Laborer	III	\$13.65
Welder Helper	III	\$13.65

(Rates shown are effective July 1, 1996, and incorporate the 3% increases effective July 1, 1995 and July 1, 1996, and the \$.12 per hour COLA effective January 1, 1996.)

Consistent with the other provisions of this Agreement, employees included within the Scope of this Agreement shall perform all work in connection with the construction, maintenance, repair and dismantling of tracks, roadbeds, structures, facilities and appurtenances related thereto, located on the right-of-way and used in the operation of the Carrier in the performance of common Carrier service.

NOTE: For purposes of establishing pay class, a "heavy machine" is one used for installation or removal of track components which is incapable of being placed on or removed quickly from the track without mechanical aid. The term "heavy machine" also includes off-track machines such as dozers, front-end loaders, motor graders, backhoes, earth-moving equipment, etc. A heavy machine normally is equipped with a seat.

A "light machine" is one which can be placed on or removed quickly from the track without mechanical aid, such as a bolt machine or a rail saw. A "light machine" is any machine other than a heavy machine.

APPENDIX 2

DESCRIPTION OF RAIL LINE

<u>Kansas City Line</u>	<u>Approx.</u> <u>Miles</u>
KC Jct. (AI) 187.83 to Murrayville (AI) 221.71	33.83
Jacksonville (AD) 216.28 to Murrayville (AD) 226.76	10.48
Murrayville (AD) 226.76 to Roodhouse (AD) 240.00	13.23
Roodhouse (AD) 240.00 to IL/MO Line (AD) 274.49	34.49
IL/MO Line (AD) 274.49 to Slater (AD) 393.00	118.49
Slater (AD) 393.00 to Kansas City MP (AD) 488.02	95.02
Godfrey (AG) 27.90 to Roodhouse (AG) 68.10	40.07
Mexico (AE) 0.04 to (AE) 0.18	0.14
Mexico (AE) 0.19 to Fulton, MO (AE) 24.25	24.06

APPENDIX 3

UNION SHOP AGREEMENT

Section 1.

In accordance with and subject to the terms and conditions hereinafter set forth, all employees of the Carrier now or hereafter subject to the Rules and Working Conditions Agreements between the parties hereto, except as hereinafter provided, shall, as a condition of their continued employment subject to such agreements, become members of the Organization party to this agreement 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 such Organization; except that such membership shall not be required of any individual until he has performed compensated service on thirty (30) days within a period of twelve (12) consecutive calendar months. Nothing in this agreement shall alter, enlarge or otherwise change the coverage of the present or future Rules and Working Conditions Agreements.

Section 2 (Not Applicable)

Section 3

(a) Employees who retain seniority under the Rules and Working Conditions Agreements governing their class or craft and who are regularly assigned or transferred to full time employment not covered by such agreements, or who, for a period of thirty (30) days or more, are (1) furloughed on account of force reduction, or (2) on leave of absence, or (3) absent on account of sickness or disability, will not be required to maintain membership as provided in Section 1 of this agreement so long as they remain in such other employment or furloughed or absent as herein provided, but they may do so at their option. Should such employees return to any service covered by the said Rules and Working Conditions Agreements and continue therein thirty (30) calendar days or more, irrespective of the number of days actually worked during that period, they shall, as a condition of their continued employment subject to such Agreements, be required to become and remain members of the Organization representing their class or craft within thirty-five (35) calendar days from date of their return to such service.

(b) The seniority status and rights of employees furloughed to serve in the Armed Forces or granted leaves of absence to engage in studies under an educational aid program sponsored by the federal government or a state government for the benefit of ex-servicemen shall not be terminated by reason of any of the provisions of this agreement but such employees shall, upon

resumption of employment, be considered as new employees for the purposes of applying this Agreement.

(c) Employees who retain seniority under the Rules and Working Conditions Agreements governing their class or craft and who, for reasons other than those specified in subsections (a) and (b) of this section, are not in service covered by such Agreements, or leave such service, will not be required to maintain membership as provided in Section 1 of this agreement so long as they are not in service covered by such Agreements, but they may do so at their option. Should such employees return to any service covered by the said Rules and Working Conditions Agreements they shall, as a condition of their continued employment, be required, from the date of return to such service, to become and remain members in the Organization representing their class or craft.

(d) Employees who retain seniority under the Rules and Working Conditions Agreements of their class or craft, who are members of an Organization signatory hereto representing Working Conditions Agreement of that class or craft temporarily performing work in another class of service shall not be required to be members of another Organization party hereto whose agreement covers the other class of service until the date the employees hold regularly assigned positions within the scope of the agreement covering such other class of service.

Section 4.

Nothing in this Agreement shall require an employee to become or to remain a member of the Organization if such membership is not available to such employee upon the same terms and conditions as are generally applicable to any other member, or if the membership of such employee is 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 acquiring or retaining membership. For purposes of this agreement, dues, fees, and assessments, shall be deemed to be "uniformly required" if they are required of all employees in the same status at the same time in the same organizational unit.

Section 5.

(a) Each employee covered by the provisions of this Agreement shall be considered by a Carrier to have met the requirements of the Agreement unless and until the Carrier is advised to the contrary in writing by the Organization. The Organization will notify the Carrier in writing by Registered or Certified Mail, Return Receipt Requested, or by personal delivery evidenced by receipt, of any employee who it is alleged has failed to comply with the terms of this Agreement and who the Organization

therefore claims is not entitled to continue in employment subject to the Rules and Working Conditions Agreement. The form of notice to be used shall be agreed upon by the Carrier and the Organizations involved and the form shall make provision for specifying the reasons for the allegation of non-compliance. Upon receipt of such notice, the Carrier will within ten (10) calendar days of such receipt, so notify the employee concerned in writing by Registered or Certified Mail, Return Receipt Requested, or by personal delivery evidenced by receipt. Copy of such notice to the employee shall be given the Organization. An employee so notified who disputes the fact that he has failed to comply with the terms of this agreement, shall within a period of ten (10) calendar days from the date of receipt of such notice, request the Carrier in writing by Registered or Certified Mail, Return Receipt Requested, or by personal delivery evidenced by receipt, to accord him a hearing. Upon receipt of such request the Carrier shall set a date for hearing which shall be held within ten (10) calendar days of the date of receipt of request therefor. Notice of the date set for hearing shall be promptly given the employee in writing with copy to the Organization, by Registered or Certified Mail, Return Receipt Requested, or by personal delivery evidenced by receipt. A representative of the Organization shall attend and participate in the hearing. The receipt by the Carrier of the request for a hearing shall operate to stay action on the termination of employment until the hearing is held and the decision of the Carrier is rendered.

In the event the employee concerned does not request a hearing as provided herein, the Carrier shall proceed to terminate his seniority and employment under the Rules and Working Conditions Agreement not later than thirty (30) calendar days from receipt of the above described notice from the Organization, unless the Carrier and the Organization agree otherwise in writing.

(b) The Carrier shall determine on the basis of the evidence produced at the hearing whether or not the employee has complied with the terms of this Agreement and shall render a decision within twenty (20) calendar days from the date that the hearing is closed, and the employee and the Organization shall be promptly advised thereof in writing by Registered or Certified Mail, Return Receipt Requested.

If the decision is that the employee has not complied with the terms of this Agreement, his seniority and employment under the Rules and Working Conditions Agreement shall be terminated within twenty (20) calendar days of the date of said decision except as hereinafter provided or unless the Carrier and the Organization agree otherwise in writing.

If the decision is not satisfactory to the employee or to the Organization it may be appealed in writing, by Registered or Certified Mail, Return Receipt Requested, directly to the highest officer of the Carrier designated to handle appeals under this Agreement. Such appeals must be received by such officer within ten (10) calendar days of the date of the decision appealed from and shall operate to stay action on the termination of seniority and employment, until the decision on appeal is rendered, the Carrier shall promptly notify the other party in writing of any such appeal by Registered or Certified Mail, Return Receipt Requested. The decision on such appeal shall be rendered within twenty (20) calendar days of the date the notice to appeal is received, and the employee and the Organization shall be promptly advised thereof in writing by Registered or Certified Mail, Return Receipt Requested.

If the decision on such appeal is that the employee has not complied with the terms of this Agreement, his seniority and employment under the Rules and Working Conditions Agreement shall be terminated within twenty (20) calendar days of the date of said decision unless selection of a neutral is requested as provided below, or unless the Carrier and the Organization agree otherwise in writing. The decision on appeal shall be final and binding unless within ten (10) calendar days from the date of the decision the Organization or the employee involved requests the selection of a neutral person to decide the dispute as provided in Section 4(c) below. Any request for selection of a neutral person as provided in Section 4(c) below shall operate to stay action on the termination of seniority and employment until not more than ten (10) calendar days from the date decision is rendered by the neutral person.

(c) If within ten (10) calendar days after the date of a decision on appeal by the highest officer of the Carrier designated to handle appeals under this Agreement the Organization or the employee involved requests such highest officer in writing by Registered or Certified Mail, Return Receipt Requested, that a neutral be appointed to decide the dispute, a neutral person to act as sole arbitrator to decide the dispute shall be selected by the highest officer of the Carrier designated to handle appeals under this Agreement or his designated representative, the Chief Executive of the Organization or his designated representative, and the employee involved or his representative. If they are unable to agree upon the selection of a neutral person any one of them may request the Chairman of the National Mediation Board in writing to appoint such neutral. The Carrier, the Organization and the employee involved shall have the right to appear and present evidence at a hearing before such neutral arbitrator. Any decision by such neutral arbitrator shall be made within thirty (30) calendar days from the date of receipt of the request for his appointment and

shall be final and binding upon the parties. The Carrier, the employee, and the Organization shall be promptly advised thereof in writing by Registered or Certified Mail, Return Receipt Requested. If the position of the employee is sustained, the fees, salary and expenses of the neutral arbitrator shall be borne in equal shares by the Carrier and the Organization; if the employee's position is not sustained, such fees, salary and expenses shall be borne in equal shares by the Carrier, the Organization and the employee.

(d) The time periods specified in this Section may be extended in individual cases by written agreement between the Carrier and Organization.

(e) Provisions of investigation and discipline rules contained in the Rules and Working Conditions Agreement between the Carrier and the Organization will not apply to cases arising under this agreement.

(f) The General Chairman of the Organization shall notify the Carrier in writing of the title(s) and address(es) of its representatives who are authorized to serve and receive the notices described in this Agreement. The Carrier shall notify the General Chairman of the Organization in writing of the title(s) and address(es) of its representatives who are authorized to receive and serve the notices described in this Agreement.

(g) In computing the time periods specified in this Agreement, the date on which a notice is received or decision rendered shall not be counted.

Section 6.

Other provisions of this Agreement to the contrary notwithstanding, the Carrier shall not be required to terminate the employment of an employee until such time as a qualified replacement is available. The Carrier may not, however, retain such employee in service under the provisions of this section for a period in excess of sixty (60) calendar days from the date of the last decision rendered under the provisions of Section 4, or ninety (90) calendar days from date of receipt of notice from the Organization in cases where the employee does not request a hearing. The employee whose employment is extended under the provisions of this section shall not, during such extension, retain or acquire any seniority rights. The position will be advertised as vacant under the bulletining rules of the respective agreements but the employee may remain on the position held at the time of the last decision, or at the date of receipt of notice where no hearing is requested pending the assignment of the successful applicant, unless displaced or unless the position

is abolished. The above periods may be extended by agreement between the Carrier and the Organization involved.

Section 7.

An employee whose seniority and employment under the Rules and Working Conditions Agreement is terminated pursuant to the provisions of this Agreement or whose employment is extended under Section 5 shall have no time or money claims by reason thereof.

If the final determination under Section 4 of this Agreement is that an employee's seniority and employment in a craft or class shall be terminated, no liability against the Carrier in favor of the Organization or other employees based upon an alleged violation, mis-application or non-compliance with any part of this Agreement shall arise or accrue during the period up to the expiration of the sixty (60) or ninety (90) day periods specified in Section 5, or while such determination may be stayed by a court, or while a discharged employee may be restored to service pursuant to judicial determination. During such periods, no provision of any other agreement between the parties hereto shall be used as the basis for a grievance or time or money claim by or on behalf of any employee against the Carrier predicated upon any action taken by the Carrier in applying or complying with this Agreement or upon an alleged violation, mis-application or non-compliance with any provision of this Agreement. If the final determination under Section 4 of this Agreement is that an employee's employment and seniority shall not be terminated, his continuance in service shall give rise to no liability against the Carrier in favor of the Organization or other employees based upon an alleged violation, mis-application or non-compliance with any part of this Agreement.

Section 8.

In the event that seniority and employment under the Rules and Working Conditions Agreement is terminated by the Carrier under the provisions of this Agreement, and such termination of seniority and employment is subsequently determined to be improper, unlawful, or unenforceable, the Organization shall indemnify and save harmless the Carrier against any and all liability arising as the result of such improper, unlawful, or unenforceable termination of seniority and employment; provided, however, that this Section shall not apply to any case in which the Carrier is the plaintiff or the moving party in the action in which the aforesaid determination is made or in which case the Carrier acts in collusion with any employee; provided further, that the aforementioned liability shall not extend to the expense to the Carrier in defending suits by employees whose seniority

and employment are terminated by the Carrier under the provisions of this Agreement.

Section 9.

An employee whose employment is terminated as a result of non-compliance with the provisions of this Agreement shall be regarded as having terminated his employment relationship for vacation purposes.

APPENDIX 4

UNION DUES DEDUCTION AGREEMENT

Section 1.

(a) The Carrier shall, subject to the terms and conditions of this agreement, periodically withhold and deduct sums for monthly membership dues and assessments (not including fines and penalties) uniformly required as a condition of retaining union membership, due the Brotherhood from the wages due and payable to employees working under agreements between the Carrier and the Brotherhood, who are members of the Brotherhood, and who have so authorized the Carrier by signed authorizations.

(b) The Brotherhood shall assume the full responsibility for the procurement and proper execution of said authorization forms, and for delivery of said forms to the Carrier no later than the first day of the second payroll period of the month from which the deductions are to be made. Likewise, revocation of authorization forms shall be delivered by the Brotherhood to the Carrier not later than the first day of the second payroll period of the month in which termination of deductions is to take place.

Section 2.

(a) Deductions, as provided herein, shall be made by the Carrier in accordance with a master deduction list prepared by the General Secretary-Treasurer of the Brotherhood, listing each affected employee in employee number order. Such list, together with authorization forms, shall be furnished to the Carrier on or before the first day of the month preceding the month in which deductions are to take effect under the provisions of this Agreement.

(b) Thereafter, any deletions or additions to the master deduction list, or any changes in the amounts to be deducted from the wages of employees, shall be furnished to the Carrier not later than the first day of the second payroll period of the month in which such changes are to be made, such information to be accompanied by the proper authorization or revocation forms. Any changes shall be given to the Carrier not later than the first day of the second payroll period of the month on a copy of the list the Carrier will furnish the General Secretary-Treasurer, which is referred to in Section 4 of this Agreement.

Section 3.

(a) Deductions will be made from the wages earned in the second payroll period of the month in which the aforementioned certified statements are furnished to the Carrier.

(b) The following payroll deductions will have priority over deductions in favor of the Brotherhood as covered by this agreement:

1. Federal, state, and municipal taxes.
2. Deductions required by law and court orders, including garnishments, liens, and other wage assignments which the Carrier must respect.
3. Amounts due the Carrier.
4. Group insurance premiums.

(c) If the earnings of any employee, after all deductions having priority have been made, are insufficient to remit the full amount of deductions authorized by the employee, no deduction for union dues or assessments shall be made by the Carrier from the wages of the employee and the Carrier shall not be responsible for such collection. In cases where no deduction is made from the wages of an employee due to insufficient earnings, or for other reasons, the amounts not deducted shall not be added to the deduction lists nor will that deduction be made for the employee in any subsequent payroll Period.

(d) Responsibility of the Carrier under this Agreement shall be limited to remitting to the Brotherhood amounts actually deducted from the wages of employees pursuant to this Agreement. The Carrier shall not be responsible financially or otherwise for failure to make deductions or for making improper or inaccurate deductions. Any questions arising as to the correctness of the amounts deducted shall be handled between the employee involved and the General Chairman, and any complaints against the Carrier in connection therewith shall be handled with the Carrier by the General Chairman. Nothing herein shall be construed as obligating the Carrier to collect any dues or assessments from employees who leave its service, or who give up membership in the Brotherhood for any reason, or whose wages shall be involved in any claim or litigation of any nature whatsoever.

Section 4.

The Carrier will remit to the union official designated by the General Chairman the amounts due the Brotherhood deducted

from the wages of members, making such remittances not later than the last day of the month following the month from which the deductions are made. The Carrier will, at the time of such remission, furnish the designated union officer a list of the employees, in employee number order, from whom deductions were made, showing the amount of such deductions.

Section 5.

Except for remitting to the Brotherhood monies deducted from the wages of employees, as described in Section 4 hereof, the Brotherhood shall indemnify, defend and save harmless the Carrier from and against any and all claims, demands, liability, loss or damage resulting from entering into this Agreement or arising or growing out of any dispute or litigation from any deductions made by the Carrier from the wages of its employees for or on behalf of the Brotherhood.

Section 6.

(a) This Agreement is subject to the provisions of the applicable federal and state laws now in existence or enacted in the future.

(b) This Agreement is subject to immediate cancellation by written notice to the General Chairman of the Brotherhood if the Carrier is required by federal law or the law of any state in which it operates, to change its pay date or payroll procedures in such a manner as to make dues deduction an unreasonable burden.

(c) This Agreement shall be automatically terminated as of the date official notification is received from the National Mediation Board of a change in the representation of employees now represented by the Brotherhood signatory to this Agreement, or upon termination of the Rules and Working Conditions Agreement between the parties.

Section 7.

No part of this Agreement shall be used in any manner whatsoever directly or indirectly as a basis for a grievance (except as provided in Section 3(d)) or time claim by or on behalf of an employee.

APPENDIX 5

PHYSICAL DISQUALIFICATION

For those employees who are physically disqualified by the Chief Medical Officer and who disagree with the findings, the following procedure is established:

(1) When an employee is found by the Chief Medical Officer to be physically disqualified, he shall be notified in writing by the Chief Medical Officer of the specific medical reasons for the findings. If the employee questions the findings he or his representative shall, within (30) thirty days of his notification of physical disqualification, notify the highest officer of the Carrier designated to handle claims and grievances in writing of an appeal and submit to the Chief Medical Officer a statement of medical evidence from the physician of the employee's choice attesting to his meeting the Carrier's physical standards with respect to those matters on which he was found disqualified. Should the Chief Medical Officer continue of the opinion that the employee does not meet the Carrier's physical standards, he shall notify the employee in writing within fifteen (15) days. If the Chief Medical Officer agrees that the employee met the Carrier's physical standards at the time of disqualification, the employee will be made whole for wages lost.

(2) Should the employee disagree with the Chief Medical Officer's decision following the latter's review of the medical evidence presented, he or his representative may, provided he does so within fifteen (15) days after receipt of the decision, request a three-doctor panel, which shall be established as promptly as possible after receipt of his request. The panel shall be composed of a doctor of the employee's choice, a doctor of the Carrier's choice and a third doctor selected by the other two. The partisan doctors may present to the third doctor any evidence bearing on the dispute they consider pertinent. The panel shall determine within thirty (30) days of its establishment whether the employee's physical condition meets the Carrier's standards. A majority decision shall govern.

(3) Expenses involved in the application of the rule will be handled by the Carrier paying its doctor, the employee paying the doctor of his choice, and the expenses of the third doctor including such x-rays, laboratory examinations, as he may require being divided equally between the Carrier and the employee involved.

(4) An employee returned to service on the basis of the decision of the three-doctor panel will be made whole as to wages lost due to disqualification in the event the three-doctor panel concludes his condition did not warrant disqualification at the time of disqualification.

(5) Should the three-doctor panel find the employee physically disqualified, the employee may, when he considers his physical condition warrants, invoke again the procedures outlined hereinbefore except that he shall not do so earlier than 120 days after the decision of the three-doctor panel. If the employee's physical condition has improved to the extent he is found to meet the Carrier's standards, he will be physically qualified to return to work but will not be made whole for loss of earnings incurred during the period of disability.

(6) In the event the employee or his representative does not appeal the Chief Medical Officer's decision within the time limit specified herein, he shall be considered as having accepted the decision until the time he again presents himself for examination by the Carrier doctor, in which event the procedure described hereinabove shall be followed.

NOTE: If the Carrier does not appoint a Chief Medical Officer, the doctor designated by the Carrier shall function under this Appendix.

APPENDIX 6

LIST OF EMPLOYEES/RATE MAINTENANCE

<u>Last Name</u>	<u>MI</u>	<u>Employee Number</u>	<u>Protected Rate</u>
Anthony	JN	4000	\$ 15.84 <i>for em.m</i>
Caskey	RL	6008	\$ 15.84
Current	LD	6511	\$ 14.13
Dossett	BE	7204	\$ 14.60
Dougherty	JM	6512	\$ 14.13
Given	Rj	6505	\$ 14.60 <i>HMO</i>
Hatcher	RL	7208	\$ 14.60
Johnessee	BJ	7207	\$ 14.60
Kelly	CW	7202	\$ 14.60
Keyton	RE	6509	\$ 14.13
Kratz	GW	6714	\$ 16.18
Lett	AL	6507	\$ 15.32
Meyer	JD	6014	\$ 15.84
Murry	DE	6506	\$ 14.13 <i>labour</i>
Prater	RW	6519	\$ 15.60
Prater	VJ	6521	\$ 14.13
Robinson	R	6005	\$ 15.64
Robinson	GL	6527	\$ 14.13
Scott, Jr	CA	6500	\$ 15.60
Smith	GE	6510	\$ 14.13
Snyder	JL	6513	\$ 14.13
Thoman	JA	6306	\$ 15.60

(Rates shown are effective July 1, 1996, and incorporate the 3% increases effective July 1, 1995 and July 1, 1996, and the \$.12 per hour COLA effective January 1, 1996.)

HUGH

BLE

Facsimile Cover Sheet

To: Ron Holden
Company: KCS
Phone: (816) 983-1178
Fax: (816) 983-1108

From: Doug Banks
Company: Gateway Western Railway
Phone: (618) 624-4715 or 4704
Fax: (618) 624-4731

Date: 03/25/97

Pages including this cover page: 11

*Eric
Since they have
a match in their program
I believe we would have
to amend ours. Therefore
it appears that the two
Ho-K programs may have to
remain separate for the
time being
Ron
3/25/97*

Comments: Ron, here for your reference in your discussions with Eric are several documents that relate to Gateway Western's upcoming Union 401(k) enrollment. Should you and/or Eric have any questions or wish to discuss, please don't hesitate to call me. Documents accompanying this cover:

1. An example of the letter that was mailed to the TCU, BLE & BMW General Chairmen.
2. A cost/benefit comparison between fund providers. We have eliminated Vanguard for now due to minimum account balance requirements.
3. 6 pages of the notices that will be mailed with enrollment kits.
4. Copies of the Articles that cover 401(k) plans from the BLE, TCU and BMW Agreements.

GATEWAY WESTERN

Railway

15 Executive Drive
Fairview Heights, IL 62208
(618) 624-4700
FAX 618-624-4731

March 24, 1997

Mr. Hayward Granier
General Chairman
Brotherhood of Maintenance of Way Employees
302 E. Broadway, P.O.Box 329
Mayfield, KY 42066

Dear Sir:

The current Collective Bargaining Agreement between Gateway Western Railway and your Organization contains a provision for establishing a 401(k) Plan for your members by July 1, 1997. We will make one plan available for all collective bargaining employees who are eligible to participate in a 401(k) by that date.

Prior to our selecting a plan for your members, however, we would appreciate your input. Our management employees currently participate in a 401(k) plan provided by Principal Financial. We are offering you an opportunity to express your preference between the Principal plan and one additional plan from Fidelity.

I have enclosed performance reports and fund descriptions for each plan provider. These materials describe the funds that are available, their investment objectives and risk and return characteristics. After you have had a chance to review this information, please give us your recommendation for the one Plan Provider that your organization would prefer. We will select a single plan provider based upon the responses we receive.

It will be beneficial to have your response by no later than April 15, 1997. We will then begin the process of obtaining and distributing enrollment kits and brochures. If you have any questions, or wish to discuss this matter with me, please call. I can be reached at (618) 624-4715.

Sincerely,


Douglas A. Banks
Director of Corporate Services

Distribution:
Robert Davis, TCU
John Koonce, BLE
Hayward Granier, BMW



MAR 25 '97 11:29 FR GATEWAY WESTERN RR 618 624 4731 TO 918169831108 P.03/12

CURRENT COUNT OF ELIGIBLE EMPLOYEES

MANAGEMENT	50
BMW	41
TCU	25
BLE	47
	<hr/>
	163

Tom
 This does not go with
 the letter, but is for
 our reference in
 comparing funds.

	Brad Mathis (800) 543-4015 x87178	Ben Helm (800) 448-0539	Jim Gilligan (610) 888-0172
	<u>PRINCIPAL</u>	<u>FIDELITY</u>	<u>VANGUARD</u>
TAKEOVER EXPENSE	NA	\$ 1,500.00	\$1,200 plus 20 per member
FUNDS AVAILABLE	13	Choose 7-10 from 38	Choose 6 from 50
PERFORMANCE PUBLISHED?	NO	YES	YES
FREQUENCY OF CHANGE	DAILY 1-800	DAILY 1-800	DAILY 1-800
STATEMENTS	QUARTERLY	QUARTERLY	QUARTERLY
STATEMENTS MAILED TO	OFFICE	HOMES	OFFICE
ANNUAL ADMINISTRATION FEE	\$ 1,187.00	\$ 6,500.00	NA
RECORD KEEPING FEE	\$ 2,360.00	INCLUDED	NA
ASSET CHARGES	1.25% + 1,400	INCLUDED	NA
TOTAL ANNUAL COST	\$ 4,947.00	\$ 6,500.00	\$3,500 plus 25 per member
LOANS AVAILABLE	NO	NO	NO
SIGNATURE READY 5500	YES	YES	YES, \$500
SERVICE FOR EXITING EMPLOYEES	YES	YES	YES
NON-DISCRIMINATION TESTING	YES	YES	YES, \$1,000 for 2 tests

Contacts:
 Ron Holden, KCS (816) 983-1178
 Mary Kroll, Vanguard (610) 669-4962
 Jim Pupard, Vanguard (610) 669-4382

GATEWAY WESTERN RAILWAY COMPANY
15 EXECUTIVE DRIVE
FAIRVIEW HEIGHTS, ILLINOIS 62208

DRAFT

In accordance with your Collective Bargaining Agreement, Gateway Western Railway is offering you the opportunity to participate in the Gateway Western Railway's 401(k) Plan. Through the Plan, you may start saving for your retirement now so that you can have the income you'll need after you stop working.

The Plan permits you to contribute money to your Plan account through convenient payroll deduction. Your qualifying elective deferral contributions, and all earnings on your account are not subject to current federal income tax (or, where applicable, state or local taxes) until you take them out of the Plan. With these advantages, the Plan is a great way to build retirement savings for your future.

The Plan is intended to be an ERISA Section 404(c) plan. This simply means that you "exercise control" over the investments in your Plan account. You will choose which investments to put your money in now and you can modify those investment choices as your needs change or as you so desire. This allows you to invest in the way that best meets your personal goals. The Company and other fiduciaries of the Plan may be relieved of liability for any losses that your account may experience as a result of your investment choices.

As a Plan participant, you may request certain information from the 404(c) Contact named below. This information includes: annual operating expenses of the Plan investments, copies of prospectuses, financial statements, reports, or other materials relating to Plan investments provided to the Plan; a list of assets contained in each Plan investment portfolio; the value of those assets and fund units or shares; and the past and current performance of each Plan investment.

There are many benefits to participating in the Plan. Now is the time to start saving for your future. This Plan gives you the opportunity to put money away today so that you'll have the money you need to secure a comfortable retirement. To help you better understand the Plan, carefully read the accompanying information.

Plan Administrator
Gateway Western Railway Co
15 Executive Drive
Fairview Heights, IL 62208

Plan's 404(c) Contact
Doug Banks
Gateway Western Railway
15 Executive Drive
Fairview Hts, IL 62208

Sincerely,

Douglas A. Banks
Director of Corporate Services

GATEWAY WESTERN RAILWAY COMPANY
15 EXECUTIVE DRIVE, FAIRVIEW HEIGHTS, IL 62208

DRAFT

NOTICE TO ALL GATEWAY WESTERN UNION EMPLOYEES
Covered by a 401(k) Agreement Rule

The enclosed materials contain important information concerning the new Gateway Western Railway 401(k) Plan effective July 1, 1997. Contained in this packet you should find.

- ◆ Information Letter
- ◆ Summary of Union 401(k) Plan
- ◆ Employee Enrollment Form
- ◆ Designation of Beneficiary Form
- ◆ Participant Notice Regarding Participant Directed Investments
- ◆ Summary Fund Descriptions
- ◆ This Notice

We encourage you to review this information carefully and respond by the deadline if you wish to participate in the Plan. You are eligible if:

1. You are a permanent union employee as of July 1, 1997, of any of the following crafts:

The Transportation Communications International Union (Clerks);
The Brotherhood of Locomotive Engineers
The Brotherhood of Maintenance of Way Employees
2. You complete and return the Enrollment Form to D. A. Banks' office no later than June 16, 1997.
3. You select at least one Fund on the Enrollment Form.
4. You complete and return the Designation of Beneficiary Form.

PLEASE NOTE: Incomplete enrollment forms will be returned and may delay your participation in the Plan.

Other important information you should keep in mind.

- ◆ You may contribute up to 15% of your pay. However, if you are considered a "highly-compensated employee" as defined by the IRC, the amount you may contribute may be limited to a lesser percentage of pay. This will be determined in part by the total number of individuals participating in the plan and the overall amount contributed to the Plan as a percentage of payroll. You will be notified from time to time if adjustments are required.
- ◆ For 1997, the IRS limit on how much you can contribute is \$9,500. The maximum amount of pay that can be considered under the plan is \$160,000.

If any of the items are missing from your enrollment packet or you have questions concerning the Plan, please contact Doug Banks at Fairview Heights.

DRAFT

SUMMARY OF GATEWAY WESTERN RAILWAY UNION 401(k) PLAN

The Plan document is the controlling document governing Plan provisions.

- ◆ All current union permanent employees in the crafts listed in the Notice are eligible to make salary reduction contributions beginning July 1, 1997.
- ◆ You can contribute from 1% up to 15% of your W-2 compensation up to a maximum contribution of \$9,500 for 1997. Savings contributions are your before-tax contributions. These are also called "elective deferrals" or "401(k) contributions." Under the plan, for the first six (6) percent of an employee's elective deferral, the Company will contribute \$.50 for each \$1.00 contributed by the employee. Maximums and minimums are subject to Federal and State laws and regulations.
- ◆ Your contributions and Company-provided contributions will always be 100% vested.
- ◆ You choose how to invest your contributions among a group of funds provided under the Plan. You will be able to change your investments daily.
- ◆ You can withdraw your own contributions (but not the earnings) if you have a financial hardship to buy a new house, to prevent foreclosure or eviction, or to pay medical expenses or certain education expenses for you and your dependents.
- ◆ You can withdraw your contributions and earnings on those contributions at any time after you reach age 59-1/2.
- ◆ If you terminate employment, you can rollover your vested account balance to an Individual Retirement Account ("IRA") or a qualified plan of your new employer which accepts rollovers or take a distribution 30 days after the end of the calendar quarter in which you terminate. All distributions under the Plan will be in the form of a lump sum.
- ◆ If you have an account balance in a qualified plan of your former employer, you can rollover your account balance into this Plan at any time after you become eligible to make contributions.
- ◆ You will receive a quarterly statement showing the amount of your contribution and earnings thereon credited to your account.

DRAFT

SUMMARY OF GATEWAY WESTERN RAILWAY UNION 401(k) PLAN

PARTICIPANT NOTICE REGARDING PARTICIPANT DIRECTED INVESTMENTS

To each Participant and Beneficiary of the Gateway Western Railway Company Union 401(k) Plan ("Plan"): Please read the enclosed information carefully.

The Plan permits you to direct the investment of your account balance.

As a general rule, the Plan's Trustee is responsible for investing the Plan's assets. If the Plan qualifies as a "404(c) plan," however, Department of Labor regulations allow the Trustee and other Plan "fiduciaries" to be relieved of at least part of this responsibility. A 404(c) plan permits participants to direct the investment of their respective plan assets according to the rules of section 404(c) of the Employee Retirement Income Security Act of 1974 and Title 29 of the Code of Federal Regulations, section 2550.404c-1.

The Plan intends to qualify as a 404(c) plan. As a result, the Plan's fiduciaries should not be liable for losses which are a direct and necessary result of investment instructions received from you. The Plan Administrator is responsible for providing you this information. The Gateway Western Railway Company as Plan Administrator of the Plan, is responsible for carrying out the Plan's procedures for investment direction. The last page of this notice includes the name of the person you may contact as the representative of the Plan Administrator.

I. The Investment Options Available to You.

The investment options available to you are the following funds:

- ...
- ...
- ...
- ...

For a description of the funds and their investment objectives and risk and return characteristics, please see the attached fund profiles.

II. When, How and to Whom You May Give Investment Directions.

1. Initially, you must deliver your investment instructions to the Plan Administrator in writing. You must use the forms the Plan Administrator provides. Copies of these forms are enclosed with this notice. The Plan Administrator cannot accept an incomplete or incorrect form.
2. The instructions you give to the Plan Administrator as part of your enrollment form for participants enrolling before July 1, 1997, will be effective July 1, 1997. You will be able to change your investments daily, by phone. Instructions on how to give investing instructions will be provided by, the Plan's Trustee. Your most recent instructions will remain in effect until you submit new instructions in accordance with these and the forthcoming investment direction rules.

3. You may designate as many funds as you prefer for your current payroll deduction contributions. The minimum percentage of your contribution allocated for each fund selected must be 1 percent, and allocations must be in multiples of 1 percent of your contribution.

4. If you wish to change the investment of your prior contributions, you must specify as many funds as you prefer without limit as to minimum investment percentage in any one fund, except such allocation of investments to any one fund must be in multiples of 1 percent of your account balance.

5. Under the terms of the Plan, all voting, tender, or other similar rights (if any) attendant on your ownership of an interest in any investment option will be exercised by the Plan Trustee.

III. Fees Associated With Your Purchase or Sale of an Interest in any Investment Alternative

There are no transaction fees (e.g., commissions, sales, loads, deferred sales charges, redemption or exchange fees) or other expenses that affect your account balance when you purchase or sell an interest in an investment alternative. Please note, however, annual fund operating expenses are charged to the respective funds and such expenses reduce the new asset value of each fund.

IV. Disclosures to You

When you initially invest in an alternative subject to the Securities Act of 1933, the Plan Administrator will give you a copy of the most recently received prospectus. However, if you received a copy of the prospectus from the Plan Administrator immediately before you invested, the Plan Administrator is not required to give you a second copy.

V. Review of Investments

At this time, the Plan Administrator has not designated any independent investment manager to oversee the selection and performance of investment alternatives.

VI. Additional Information You May Request

Additional information is available from the Plan Administrator upon your request. The information will be based on the latest information available to the Plan. Available information includes:

- (a) a description of the annual operating expenses of each investment alternative and the amount of these expenses expressed as a percentage of the average net assets of the designated investment alternative;
- (b) the most recent prospectuses, financial statements, reports and other materials received by the Plan for the investment options;
- (c) share value and the past and current investment performance of each investment alternative; and
- (d) the value of each designated investment alternative held in your account.

In addition, daily valuation of your account will be available.

Please address any question you have regarding this notice to the following representative of the Plan.

CONTACT:

Doug Banks
Gateway Western Railway Company
15 Executive Drive
Fairview Heights, Illinois 62208
(618) 624-4715

COPY

MEMORANDUM OF AGREEMENT

BETWEEN

GATEWAY WESTERN RAILWAY COMPANY

AND

ITS EMPLOYEES REPRESENTED BY THE

BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES

IT IS HEREBY AGREED:

The Agreement between the Chicago, Missouri & Western Railway Company (CMW) and its Employees represented by the Brotherhood of Maintenance of Way Employees dated February 24, 1987, as modified by subsequent Memorandum of Agreement between the CMW Acquisition Corporation (Gateway Western Railway-GWWR) and the Employees of CMW represented by the Brotherhood of Maintenance of Way Employees dated December 31, 1989, is hereby amended as provided for herein.

It is understood and agreed that all references to CMW in such Agreement that establish rights or obligations of CMW shall be changed to read GWWR.

ARTICLE 1

Effective with calendar year 1996, RULE 3 - BONUS, as described in APPENDIX 2 and Exhibit C of the Memorandum of Agreement dated December 31, 1989, is hereby eliminated, and replaced with the following new RULE 3 - 401(K) PLAN:

Effective no later than July 1, 1997, the Carrier will establish and maintain at no cost to the employees a 401(K) Plan, for employees subject to this Agreement. Under the Plan, for the first six (6) percent of an employee's salary contributed, the Carrier will contribute \$.50 for each \$1.00 contributed by the employee. The employee may contribute an amount above six (6) percent, up to a maximum of fifteen (15) percent of their compensation with no Carrier participation. Maximums and minimums are subject to Federal and State laws and regulations.

MEMORANDUM OF AGREEMENT

between the

GATEWAY WESTERN RAILWAY

and the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

IT IS HEREBY AGREED:

ARTICLE I - WAGES (Rules 9, 11)

Section 1 - First General Wage Increase

Effective July 1, 1995, all basic rates of pay in effect on June 30, 1995, shall be increased in the amount of two (2) percent on Terminal Freight (switch engines) and four (4) percent on Road Freight Assignments.

Section 2 - Second General Wage Increase

Effective July 1, 1996, all basic rates of pay in effect on June 30, 1996 shall be increased in the amount of three (3) percent.

Section 3 - Third General Wage Increase

Effective July 1, 1998, all basic rates of pay in effect on June 30, 1998 shall be increased in the amount of three (3) percent.

ARTICLE II - 401 (K) PLAN (Rule 56) New

(A) Effective no later than July 1, 1997, the Carrier will establish and maintain a 401(K) Plan for employees subject to this Agreement. Under the Plan, for the first six (6) percent of an employee's salary contributed, the Carrier will contribute \$.50 for each \$1.00 contributed by the employee. The employee may contribute an amount above six (6) percent, up to a maximum of fifteen (15) of their compensation with no Carrier participation.

(B) Gateway Western Railway shall be responsible for all cost of establishing and administering the Plan, 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.

<u>Base Month</u>	<u>Measurement Period Measurement Month</u>	<u>Effective Date of Adjustment</u>
(1)	(2)	(3)
September, 1994	September, 1995	January 1, 1996

(B) Formula: The number of points change in the BLS Consumer Price Index during a Measurement Period will be converted into cents on the basis of one (1) cent equals 0.3 full point. (By "0.3 full point" it is intended that any remainder of 0.1 point or 0.2 point of change after the conversion will not be counted.)

(C) The cost-of-living wage adjustments shall apply to the hourly rate of pay, overtime, and to all other wage allowances (except bonuses) in the same manner as basic wage adjustments would apply.

(D) The cost-of-living wage adjustments provided for hereof shall be rolled-in and made a permanent part of the rates of pay on December 31 of each calendar year, commencing January 1, 1996.

ARTICLE III - 401(K) PLAN

Effective no later than July 1, 1997, the Carrier will establish and maintain a 401(K) Plan for employees subject to this Agreement. Under the Plan, for the first six (6) percent of an employee's salary contributed, the Carrier will contribute \$.50 for each \$1.00 contributed by the employee. The employee may contribute an amount above six (6) percent, up to a maximum of fifteen (15) percent of their compensation with no Carrier participation. Maximums and minimums are subject to Federal and State laws and regulations.

ARTICLE IV - BONUS

Effective with the calendar year of 1996, the Profit Participation Plan (Bonus) is hereby eliminated from the Agreement.

ARTICLE V - APPLICATIONS

Amend Rule 10, Paragraph (A) to read one hundred twenty (120) days instead of ninety (90) days.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

Emerson Bouchard
Vice President - Labor Relations

114 West Eleventh Street
Kansas City, Missouri 64105-1804

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

John S. Morse
Director of Labor Relations

Kathleen A. Alexander
Director of Labor Relations

James D. Freeman
Director of Labor Relations

December 7, 2000

Mr. Richard Lau
Vice President – BMW
114 North Main Street
Mt. Holly, NC 28120-1768

Dear Sir:

This will confirm that former MidSouth (MSRC), Gateway Western (GWWR), and Southrail (SR) employees will convert to coverage under the National Health and Welfare plan effective January 1, 2001. The following principles will apply to the changeover:

❖ **Full Health & Welfare, including Vision Care, and Dental**

Employees covered by the National Health and Welfare Plan includes dental, life, Accidental Death and Dismemberment (AD&D), vision coverage as well as any benefit that may be added in the future.

❖ **Employee Contributions**

The present contribution paid by the employee will be eliminated December 31, 2000. However, should the National Health and Welfare Plan include a cost sharing provision, such provision would be applicable to the employee.

❖ **Members go into comprehensive plan with option to change PPO**

Under the National Health & Welfare Plan new entrants that live in an area where a managed medical care network is available must be enrolled in the Managed Medical Care Program (MMCP). KCS has obtained an exemption for participants to be automatically enrolled in the Comprehensive Health Care Benefit (CHCB.) At any time participants' can elect MMCP.

❖ **Pre-existing conditions must be covered from day one**

There is no language in the legal documents of the National Health & Welfare Plan that excludes pre-existing conditions

❖ **All claims pending must be paid**

Included in KCS' agreement with Benmark Insurance Company are provisions governing the payment of run-out claims. KCS will send a letter to all former Eastern Division Benefit Plan members to ensure all claims incurred on/before December 31, 2000, must be submitted for payment no later than March 31, 2001.

❖ **Age 60 with 30 years or early retirees**

The company will arrange to provide coverage (without cost to the employee) under Article II to employees who choose to retire at age 60 with 30 years of service until the retiree reaches age 65 or becomes Medicare eligible. This understanding will apply only employees holding seniority on the former MidSouth Rail Corporation (MSRC) and SouthRail (SR) Corporation on January 1, 2001. This provision will not apply to anyone hired after January 1, 2001.

Very truly yours,



Emerson M. Bouchard
Vice President - Labor Relations

cc: Hayward Granier

140,30-17-(5)

MEMORANDUM

KANSAS CITY SOUTHERN 427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



DATE: April 8, 2003
FROM: Kathy Alexander *dh*
TO: Ron Poulsen
Oliver Waltman
Danny Cox
Greg Davis
Gerald Green
Rick Reddington
John Thoman
Richard Puterbaugh
Jerome Tebbe
Charles Wright

Attached is a signed copy of the Maintenance of Way Agreement applicable on the former Gateway. There are some significant changes to the application of expenses that will be explained in detail below. The Agreement provides the following:

WAGES – effective April 1, 2003, they will receive a raise that is equal to 1/3 the difference between their current rate of pay and the average rate for the same classification on the KCS.

On January 1, 2004, they will receive a raise that is equal to 1/2 the difference between their current rate of pay and the average rate for the same classification on the KCS.

On January 1, 2005 they will equalize with the KCS. After that they will receive COLA's from the national agreement.

EXPENSES – effective April 1, 2003, employees on mobile gangs will have 2 choices for meals. We will still furnish lodging. They can either:

- Receive an allowance of \$21.25 for each day worked without furnishing receipts.
- Receive an allowance of \$32.00 maximum for each day worked – **receipts required.**

The above concerning meals applies to mobile gang members whether or not their home is more or less than 50 miles from the work site.

The Travel Allowance Option is eliminated

ENTRY RATES – the National Agreement was adopted – 90% for the first year and 95% the second year.

OVERTIME – employees will now be paid overtime before and after their normal shift. This is the same rule that is in effect on the KCS and MidSouth.

If there are any questions, especially with regard to expenses or the rates of pay, please feel free to call me on 1368 in Kansas City.

cc: Jerry Heavin
Ron Ellifrits
Dawn Flenker
Steve Mead
Joni Squiers
John Corum

AGREEMENT

between

KANSAS CITY SOUTHERN

and its employees represented by the

**BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES
(former Gateway Western Railway)**

Article I – Wages

Section 1 – First General Wage Increase

On the first day of the month following notification of ratification, hourly rates of pay of positions covered by this agreement will be increased as described herein. The hourly rate of pay of each such position shall be increased by the amount equal to one-third (1/3) of the difference between such rate of pay and the average hourly rate of pay applicable on that date to the same job classification on the KCS.

Section 2 – Second General Wage Increase

On January 1, 2004, hourly rates of pay of positions covered by this agreement will be increased as described herein. The hourly rate of pay of each such position shall be increased by the amount equal to one-half (1/2) of the difference between such rate of pay and the average hourly rate of pay applicable on that date to the same job classification on the KCS.

Section 3 – Third General Wage Increase

On January 1, 2005, hourly rates of pay of positions covered by this agreement will be increased as described herein. The hourly rate of pay for each such position shall be increased by the amount needed to equalize such rate of pay with the average hourly rate of pay applicable as of that date to the same job classification on the KCS. Concurrently, Rule 43-Rate Maintenance, is eliminated.

Section 4 – Conversion to National Agreement Wage Adjustments

It is the intent of this agreement to allow rates of pay for former Gateway (GWWR) job classifications to converge with the average rate of pay applicable to the same job classification on the Kansas City Southern (KCS). Effective July 1, 2005 and thereafter, the May 31, 2001, BMWWE National Agreement cost-of-living adjustment offsets will apply.

Section 5 – Cost-of-Living

Upon the effective date of this Agreement, Rule 38 of the basic agreement shall be eliminated.

Article II – Optional Alternative Compensation Program

Section 1

A carrier may offer employees, by notice addressed to their designated representative(s), alternative compensation arrangements. Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401 (k) plans. The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate representatives.

Section 2

The parties understand that no carrier may be compelled to offer any alternative compensation arrangement, and conversely, the organization cannot be compelled to agree to any carrier proposal made under this Article.

Article III – Expenses

Rule 23 – Expenses is modified to read as follows:

(a) Expect for mobile gang members who residence is within fifty (50) miles of the assembly point, employees required to remain overnight at other than their assigned headquarters, and mobile gang members, will be provided with suitable lodging at the Carrier's expense and with a meal allowance as set forth in (b) below. The Carrier may designate lodging facilities at which employees must stay in order to qualify for Carrier provided lodging.

(b) (1) Employees covered by (a) above, will be allowed a per diem allowance for meals in the amount of \$21.25 for each day worked. It will not be necessary that supporting documentation be provided in order to be eligible for this allowance. This allowance is subject to future increases as provided for in national agreements, or

(b) (2) Employees covered by (a) above, will be allowed actual and reasonable cost of meals, subject to a maximum of \$32.00 per day as supported by the submission of detailed expense form accompanied by supporting documentation.

If an employee works four (4) hours or more during his/her normal work day and is authorized to be absent from work by the proper authority, then those employees will receive the full amount of per diem. An employee who works less than four (4) hours

during his/her normal work day and is authorized to be absent from work by the proper authority, will receive fifty (50%) percent of the full amount of per diem for that day.

(c) Employees who reside within fifty (50) miles of the assembly point who are unable to return home because of an ice storm or flood, will be entitled to the benefits of paragraphs (a) and (b).

(d) An employee willing and authorized by management to use his automobile on Carrier business shall be paid the maximum allowable IRS mileage rate currently in effect.

(e) A mobile gang member whose residence is within fifty (50) miles (via the most direct highway route) of the assembly point, will be allowed the per diem allowance described in (b) (1) above provided the employee renders a complete workday of compensated service.

(f) Mobile gang members whose assembly point on the last day of the work week is more than two hundred (200) miles from their residence may elect, in lieu of going home, to spend their rest days, at Carrier expense, at Carrier-designated lodging facilities at or near the assembly point while awaiting the beginning of the next work week. Those mobile gang members who elect to go home under these circumstances may elect to spend the night before the first work day of the next work week at said Carrier-designated facilities at Carrier expense. To be eligible for the benefits of this paragraph, employees must notify supervision of their election prior to the end of the work week, and must actually stay in the Carrier-designated facilities provided for them on the nights elected by them, unless actual and prompt notification is given to supervision of a change in plans.

NOTE: See agreed to Questions and Answers following Rules 16-Work Assignments, for information pertaining to application of this Rule 23-Expenses to mobile gangs.

Article IV – Health & Welfare

Effective January 1, 2001, employees will be covered by the Railroad Employees National Health and Welfare Plan (Articles V, VI, VII, IX and X) as amended below by the Mediation Agreement dated September 26, 1996, between the Carriers represented by the National Carriers' Conference Committee and employees of such railroads represented by the Brotherhood of Maintenance of Way Employees.

Further, the parties agree that the amendments to the Railroad Employee National Health and Welfare Plan contained in the May 31, 2001 BMW National Agreement will also be applicable

Any former Gateway Western employee, retiree, who is currently covered under the Gateway Western health & welfare plan will convert to coverage under the National Health and Welfare Plan pursuant to the provisions of this Article.

Article V – Entry Rates

Section 1

Article III of the October 17, 1986 National Agreement (as amended), including all applicable Side Letters, and all other local rules governing entry rates are amended to provide that covered employees shall be paid at 90 percent of the applicable rates of pay (including COLA) for the first twelve (12) calendar months of employment and shall be paid at 95 percent of the applicable rates of pay (including COLA) for the second twelve (12) calendar months of employment for all service performed on positions by an agreement with the organization.

Section 2

Employees covered by the aforementioned Article III or local rules governing entry rates on the date of this Agreement shall be credited, for purposes of the application of Section 1, for all calendar months of employment rendered as of the effective date of this Article.

Section 3

This Article shall be effective ten (10) days after the effective date of this Agreement.

Article VI – Seniority Retention

Employees shall not be required to file their names and addresses with the carrier when furloughed to protect seniority. However, employees have the obligation to keep the carrier advised as to their current address and telephone numbers.

Article VII – Direct Deposit

Employees will be paid on the 15th and 30th of each month. All payments will be made by direct deposit with the Carriers' direct deposit program outlined in Attachment A to this agreement.

Article VIII – Overtime

Rule 10 – Overtime is abrogated and replaced by the following:

(a) Time worked preceding or following and continuous with the regular work hours, shall be computed on the actual minute basis and paid for at time and one-half rates, with double time computed on an actual minute basis after 16 continuous hours of work in any 24-hour period, computed from the time the work period commences,

except that all time during the employees regular shift will be paid for at the pro rata rate.

(b) There shall be no overtime on overtime.

(c) Overtime on a territory shall go to the regularly assigned employees of such territory on a seniority basis. When the regularly assigned employees are not available, then the closest adjoining assigned employee will be called on a seniority basis.

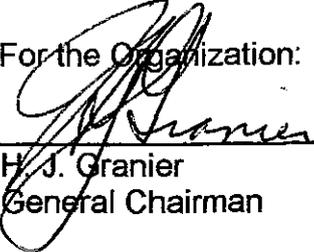
Article IX – Moratorium

(a) The purpose of this Agreement is to fix the general level of compensation during the period of the Agreement, and to settle the disputes growing out of the notice dated July 12, 1999. This Agreement shall remain in effect through December 31, 2005 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

(b) Neither party to this Agreement shall serve, prior to November 1, 2005 (not to become effective before January 1, 2006) any notice or proposal for the purpose of changing the subject matter of the provisions of this Agreement or which proposes matters covered by the proposals of the parties, and any proposals in pending notices related to such subject matters are hereby withdrawn.

(c) This Article will not bar management and the organization from agreeing upon any subject of mutual interest.

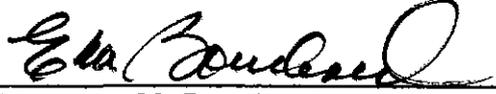
Signed at Genevieve City, MO this 7th day of April, 2003.

For the Organization:

H. J. Granier
General Chairman

For the Carrier:

Kathleen A. Alexander
Director – Labor Relations


Vice President


Emerson M. Bouchard
Vice President – Labor Relations

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1887

March 25, 2003

Side Letter # 1

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This has reference to the Agreement dated April 7, 2003 between the parties.

As a result of this Agreement, the parties realize that pursuant to Rule 43 and Appendix 6 of the GWWR Agreement, the only employee that would be adversely affected by the changes in the rates of pay would be J. N. Anthony. Therefore, Mr. Anthony will be "grandfathered" and protected under the terms of Rule 43 at the rate of \$17.24 per hour until such time as the KCS bridge tender rate of pay is more than \$17.24 per hour, as long as he remains on the position of Bridge Tender.

Please indicate your concurrence in the space provided below.

Yours truly,

Emerson M. Bouchard
Vice President-Labor Relations

AGREED:

Hayward J. Granier
General Chairman, BMW

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1887

February 25, 2003

L/R FILE NO: 140.30-17 (5)
810.30
810.80

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This will confirm our discussions concerning the letter of December 7, 2000 which converted employees of the former MidSouth, Gateway Western and SouthRail to coverage under the National Health and Welfare plan.

The final paragraph of that letter pertains to coverage provided to employees who retire at age 60 with 30 years of service. The paragraph as written, only mentioned MidSouth and SouthRail employees. This is to acknowledge and confirm that there was a typographical omission and employees of the former Gateway Western should have been included in that paragraph.

Yours truly,

Kathleen A. Alexander
Director-Labor Relations

cc: Richard Spears
Cathie Bacca

MEMORANDUM

KANSAS CITY SOUTHERN 427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1887

DATE: March 13, 2003

FROM: Kathy Alexander 

TO: Ron Poulsen
Oliver Waltmann
Rick Bruce
Danny Cox
Greg Evans
Charles Wright
Ron Ellifrits
Dawn Flenker
Joni Squiers
Reggie Reynolds
Steve Mead

CC: Jerry Heavin
Emerson Bouchard

Attached are five (5) Agreements that were reached with the BMW E covering the territories of the MidSouth, SouthRail and Gateway Western. The Agreements provide for the following:

Brushcutting - a gang consisting of a minimum of three (3) machines will be able to be dedicated to perform brushcutting anywhere on the MidSouth, SouthRail or Gateway without having to be re-bulletined when crossing a seniority line.

Tie/Rail renewal - we can have two (2) gangs, each consisting of twenty (20) employees that is highly mechanized and mobile, to be dedicated to performing tie and rail renewal anywhere on the MidSouth, SouthRail or Gateway without having to be re-bulletined when crossing a seniority line. These gangs are identical in principle to the "Super Gangs" (gangs 501 and 506) that are presently working on the KCS. These gangs may not go on the KCS, but may cover the rest of the territory. The present "Super Gangs" (501 and 506) may still perform work on the MidSouth.

Cranes - three (3) gangs consisting of two (2) employees each may operate burro and/or locomotive cranes anywhere on the MidSouth, SouthRail or Gateway without having to be re-bulletined when crossing a seniority line.

Surfacing – one (1) gang consisting of at least ten (10) machines will be able to perform surfacing functions anywhere on the MidSouth, SouthRail or Gateway without having to be re-bulletined when crossing a seniority line.

Crossing construction – one (1) gang consisting of at least eight (8) employees will be able to be dedicated to crossing construction anywhere on the MidSouth, SouthRail or Gateway without having to be re-bulletined when crossing a seniority line.

All of the above gangs will work under the KCS/L&A agreement just like the “Super Gangs”, and at the same rates of pay as the “Super Gangs”, including per diem and travel allowance.

Charles Wright has already developed the “bid” lists, so gangs may be bulletined and established at anytime in the future.

We anticipate receiving these same type of Agreements for the KCS/L&A in the very near future.

If you have any questions, please call me on 1368 in Kansas City.

AGREEMENT

Between

KANSAS CITY SOUTHERN

And

THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES

(former MidSouth Rail Corporation, SouthRail, and the Gateway Western Railway Company)

The purpose of this Agreement is to expand work opportunities to all employees of the former MidSouth, SouthRail and Gateway Western. Therefore, it is agreed:

1. The Carrier shall have the right to operate one (1) maintenance of way gang without regard for existing maintenance of way seniority district boundaries, to perform brushcutting. Each gang will consist of at least three (3) machines unless otherwise agreed to by the parties.
2. The maintenance of way gangs identified in Paragraph 1 above, shall be governed by the collective bargaining agreement between the Kansas City Southern Railway Company ("KCS") and the Union revised July 1, 1979, as subsequently amended, which is currently in effect on the KCS, except as otherwise provided below:
 - a. The rates of pay for positions established in the gangs shall be the highest rate of pay applicable under the agreement between the BMW/KCS CBA.
 - b. Seniority for purposes of assignment to positions and other exercises of seniority within the gangs shall be determined on the basis of each employee's relative standing on the "System Bid and Displacement List" (hereafter "the List"). The List shall be created as follows:
 1. The seniority rosters of the involved seniority districts will be dovetailed for the purpose of establishing the "List" to be used solely to administer bids and displacements to the Gangs established under this Agreement
 2. Positions on the Gangs established under this Agreement will be advertised to all seniority districts. Employees on the "List" shall be

awarded positions based on seniority, qualifications being sufficient.

3. Employees on the "List" that apply for positions on Gangs established under this Agreement in a class in which they have no seniority, will, if qualifications are sufficient, be awarded the position and will acquire seniority in that class on their home seniority district roster.

An employee who establishes seniority in a classification on his/her home seniority district will have his/her name and seniority in that classification placed on the "List" concurrent with the establishment of the new seniority.

4. Except as otherwise provided, an employee may exercise seniority to a position for which he/she is qualified in a gang established under this Agreement based upon his/her relative ranking on the "List".
 5. The "List" will be published and distributed to all employees subject to this Agreement on its effective date and every January 1 thereafter.
- c. Whenever a Gang established under this Agreement enters a previously separate seniority district, employees holding seniority rights in that territory who do not hold assignments in the Gang may, within fifteen (15) days of the Gang entering the territory, exercise seniority to displace a junior employee from another territory in the Gang occupying a position in the classification in which the displacing employee holds seniority. Displacements will be governed by the overall ranking on the "List".
 - d. The work week of a Gang established under this Agreement will be established under either a Four-Ten Hour Day work week, a Five-Eight Hour Day work week, or an Accumulated Rest Day work arrangement to be agreed upon by the parties.

Changes in the work week of gangs working a four or five day work week cannot be made without four (4) working days notice to the employees. An employee working in the Gang who receives such notice, if requested within five (5) calendar days, will be given a cut-off letter allowing him/her an exercise of seniority.

Changes in the work week of gangs working an Accumulated Rest Day arrangement may only be made within the last five (5) working days of the cycle.

- e. Each employee assigned to a gang established under this Agreement who does not leave the gang voluntarily for a period of at least six (6) months shall be entitled to a lump sum payment annually equal to five percent of his/her compensation earned during the calendar year on that gang. Such

compensation shall not exceed \$1,000 and, it shall be paid within 30 days of the completion of the employee's service on the gang. If the Carrier disbands the gang in less than six (6) months, the Carrier will be responsible for payment of the production incentive earned as of that date.

1. Except as otherwise provided herein, this Agreement makes no change to existing agreements between the Carrier and the Union, nor shall this Agreement be construed to change existing seniority district boundaries except as expressly provided herein.

This Agreement will become effective March 16, 2003, and will remain in effect until amended or changed in accordance with the Railway Labor Act, as amended.

Signed this 6th day of March, 2003, at Kansas City, Missouri.

FOR THE EMPLOYEES:

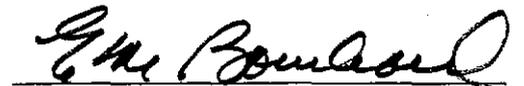


Hayward J. Granier
General Chairman, BMW

FOR THE CARRIER:

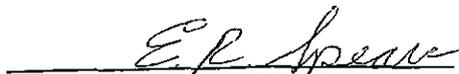


Kathleen A. Alexander
Director of Labor Relations



Emerson M. Bouchard
Vice President of Labor Relations

APPROVED:



Vice President, BMW

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1887

February 25, 2003

Side Letter #1

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated March 6, 2003. Paragraph d of the agreements allows the work week of the gang(s) established to be under a Four-Ten hour work week, a Five-Eight hour work week or on an Accumulated Rest day basis.

It is agreed that the provisions of the July 1, 1979 basic agreement and Article X of the July 29, 1991 National Agreement will apply to paragraph d when gangs are working on either a Four-Ten hour work week or a Five-Eight hour work week.

Please indicate your concurrence in the space provided below.

Yours truly,

Emerson M. Bouchard
Vice President-Labor Relations

I CONCUR:

Hayward J. Granier
General Chairman

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



February 25, 2003

Side Letter #2

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated March 6, 2003. We agreed that an employee who is entitled to protection under the terms of the February 7, 1965 Agreement, as amended, may:

1. Elect to not exercise seniority to other than his/her home territory. If an employee elects not to exercise seniority, that employee's entitlements under the upgraded Feb. 7 Agreements are suspended until such time as the employee voluntarily returns to service, is recalled to service, or there is no position the employee could hold in the normal exercise of seniority on his expanded work district(s).
2. Nothing in paragraph 1 above diminishes the obligation of employees to exercise their seniority in accordance with the particular employee's collective bargaining agreement.

Please indicate your concurrence in the space provided below.

Yours truly,

Emerson M. Bouchard
Vice President-Labor Relations

I CONCUR:

Hayward J. Granier

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1887

February 25, 2003

Side Letter #3

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated March 6, 2003. Paragraph e of the agreements provides for a \$1,000.00 bonus if certain conditions are met. We agreed in the application of this rule that the following will also apply in order for employees to qualify for the bonus

1. An employee displaced from a system gang position who exercises seniority within this gang or on any other system gang will remain eligible for the incentive bonus (upon satisfaction of the six continuous months of service) computed from the first day the employee reported to his initial assignment on a system gang.
2. Employees with less than six months continuous of service on a system gang who are displaced and no longer able to hold a position on any system gang, will be eligible for a pro rated incentive bonus earned up to the date of displacement from the system gang.

Please indicate your concurrence in the space provided below.

Yours truly,

Emerson M. Bouchard
Vice President-Labor Relations

I CONCUR:

Hayward J. Granier
General Chairman

AGREEMENT

Between

KANSAS CITY SOUTHERN

And

THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES

(former MidSouth Rail Corporation, SouthRail, and the Gateway Western Railway Company)

The purpose of this Agreement is to expand work opportunities to all employees of the former MidSouth, SouthRail and Gateway Western. Therefore, it is agreed:

1. The Carrier shall have the right to operate two (2) maintenance of way gangs without regard for existing maintenance of way seniority district boundaries, to perform tie or rail renewal functions. Each gang must be heavily mechanized and mobile, continuously performing specific programmed major repair and replacement work. Each gang will consist of at least twenty (20) employees unless otherwise agreed to between the parties.
2. The maintenance of way gangs identified in Paragraph 1 above, shall be governed by the collective bargaining agreement between the Kansas City Southern Railway Company ("KCS") and the Union revised July 1, 1979, as subsequently amended, which is currently in effect on the KCS, except as otherwise provided below:
 - a. The rates of pay for positions established in the gangs shall be the highest rate of pay applicable under the agreement between the BMW/KCS CBA.
 - b. Seniority for purposes of assignment to positions and other exercises of seniority within the gangs shall be determined on the basis of each employee's relative standing on the "System Bid and Displacement List" (hereafter "the List"). The List shall be created as follows:
 1. The seniority rosters of the involved seniority districts will be dovetailed for the purpose of establishing the "List" to be used solely to administer bids and displacements to the Gangs established under this Agreement

2. Positions on the Gangs established under this Agreement will be advertised to all seniority districts. Employees on the "List" shall be awarded positions based on seniority, qualifications being sufficient.
3. Employees on the "List" that apply for positions on Gangs established under this Agreement in a class in which they have no seniority, will, if qualifications are sufficient, be awarded the position and will acquire seniority in that class on their home seniority district roster.

An employee who establishes seniority in a classification on his/her home seniority district will have his/her name and seniority in that classification placed on the "List" concurrent with the establishment of the new seniority.

4. Except as otherwise provided, an employee may exercise seniority to a position for which he/she is qualified in a gang established under this Agreement based upon his/her relative ranking on the "List".
 5. The "List" will be published and distributed to all employees subject to this Agreement on its effective date and every January 1 thereafter.
- c. Whenever a Gang established under this Agreement enters a previously separate seniority district, employees holding seniority rights in that territory who do not hold assignments in the Gang may, within fifteen (15) days of the Gang entering the territory, exercise seniority to displace a junior employee from another territory in the Gang occupying a position in the classification in which the displacing employee holds seniority. Displacements will be governed by the overall ranking on the "List".
 - d. The work week of a Gang established under this Agreement will be established under either a Four-Ten Hour Day work week, a Five-Eight Hour Day work week, or an Accumulated Rest Day work arrangement to be agreed upon by the parties.

Changes in the work week of gangs working a four or five day work week cannot be made without four (4) working days notice to the employees. An employee working in the Gang who receives such notice, if requested within five (5) calendar days, will be given a cut-off letter allowing him/her an exercise of seniority.

Changes in the work week of gangs working an Accumulated Rest Day arrangement may only be made within the last five (5) working days of the cycle.

- e. Each employee assigned to a gang established under this Agreement who does not leave the gang voluntarily for a period of at least six (6) months

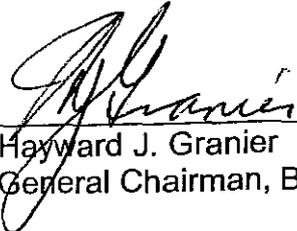
shall be entitled to a lump sum payment annually equal to five percent of his/her compensation earned during the calendar year on that gang. Such compensation shall not exceed \$1,000 and, it shall be paid within 30 days of the completion of the employee's service on the gang. If the Carrier disbands the gang in less than six (6) months, the Carrier will be responsible for payment of the production incentive earned as of that date.

1. Except as otherwise provided herein, this Agreement makes no change to existing agreements between the Carrier and the Union, nor shall this Agreement be construed to change existing seniority district boundaries except as expressly provided herein.

This Agreement will become effective March 16, 2003, and will remain in effect until amended or changed in accordance with the Railway Labor Act, as amended.

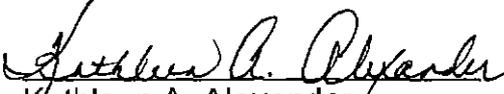
Signed this 6th day of March, 2003, at Kansas City, Missouri.

FOR THE EMPLOYEES:

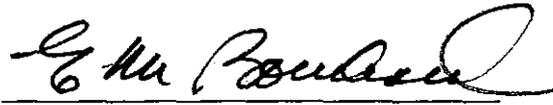


Hayward J. Granier
General Chairman, BMW

FOR THE CARRIER:

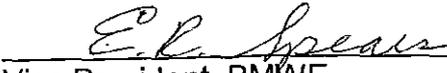


Kathleen A. Alexander
Director of Labor Relations



Emerson M. Bouchard
Vice President of Labor Relations

APPROVED:



E. L. Spears
Vice President, BMW

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1887

February 25, 2003

Side Letter #1

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated March 6, 2003. Paragraph d of the agreements allows the work week of the gang(s) established to be under a Four-Ten hour work week, a Five-Eight hour work week or on an Accumulated Rest day basis.

It is agreed that the provisions of the July 1, 1979 basic agreement and Article X of the July 29, 1991 National Agreement will apply to paragraph d when gangs are working on either a Four-Ten hour work week or a Five-Eight hour work week.

Please indicate your concurrence in the space provided below.

Yours truly,

Emerson M. Bouchard
Vice President-Labor Relations

I CONCUR:

Hayward J. Granier
General Chairman

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1887

February 25, 2003

Side Letter #2

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated March 6, 2005. We agreed that an employee who is entitled to protection under the terms of the February 7, 1965 Agreement, as amended, may:

1. Elect to not exercise seniority to other than his/her home territory. If an employee elects not to exercise seniority, that employee's entitlements under the upgraded Feb. 7 Agreements are suspended until such time as the employee voluntarily returns to service, is recalled to service, or there is no position the employee could hold in the normal exercise of seniority on his expanded work district(s).
2. Nothing in paragraph 1 above diminishes the obligation of employees to exercise their seniority in accordance with the particular employee's collective bargaining agreement.

Please indicate your concurrence in the space provided below.

Yours truly,

A handwritten signature in cursive script, appearing to read "Emerson M. Bouchard".

Emerson M. Bouchard
Vice President-Labor Relations

I CONCUR:

A handwritten signature in cursive script, appearing to read "Hayward J. Granier".

Hayward J. Granier

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1887

February 25, 2003

Side Letter #3

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated March 6, 2003. Paragraph e of the agreements provides for a \$1,000.00 bonus if certain conditions are met. We agreed in the application of this rule that the following will also apply in order for employees to qualify for the bonus

1. An employee displaced from a system gang position who exercises seniority within this gang or on any other system gang will remain eligible for the incentive bonus (upon satisfaction of the six continuous months of service) computed from the first day the employee reported to his initial assignment on a system gang.
2. Employees with less than six months continuous of service on a system gang who are displaced and no longer able to hold a position on any system gang, will be eligible for a pro rated incentive bonus earned up to the date of displacement from the system gang.

Please indicate your concurrence in the space provided below.

Yours truly,

A handwritten signature in cursive script, appearing to read "Emerson M. Bouchard".

Emerson M. Bouchard
Vice President-Labor Relations

I CONCUR:

A handwritten signature in cursive script, appearing to read "Hayward J. Granier".

Hayward J. Granier
General Chairman

AGREEMENT

Between

KANSAS CITY SOUTHERN

And

THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES

(former MidSouth Rail Corporation, SouthRail, and the Gateway Western Railway Company)

The purpose of this Agreement is to expand work opportunities to all employees of the former MidSouth, SouthRail and Gateway Western. Therefore, it is agreed:

1. The Carrier shall have the right to operate three (3) maintenance of way gangs without regard for existing maintenance of way seniority district boundaries, to operate burro and locomotive cranes. Each gang will consist of at least two (2) employees unless otherwise agreed to by the parties.
2. The maintenance of way gangs identified in Paragraph 1 above, shall be governed by the collective bargaining agreement between the Kansas City Southern Railway Company ("KCS") and the Union revised July 1, 1979, as subsequently amended, which is currently in effect on the KCS, except as otherwise provided below:
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awarded positions based on seniority, qualifications being sufficient.

3. Employees on the "List" that apply for positions on Gangs established under this Agreement in a class in which they have no seniority, will, if qualifications are sufficient, be awarded the position and will acquire seniority in that class on their home seniority district roster.

An employee who establishes seniority in a classification on his/her home seniority district will have his/her name and seniority in that classification placed on the "List" concurrent with the establishment of the new seniority.

4. Except as otherwise provided, an employee may exercise seniority to a position for which he/she is qualified in a gang established under this Agreement based upon his/her relative ranking on the "List".
5. The "List" will be published and distributed to all employees subject to this Agreement on its effective date and every January 1 thereafter.

- c. Whenever a Gang established under this Agreement enters a previously separate seniority district, employees holding seniority rights in that territory who do not hold assignments in the Gang may, within fifteen (15) days of the Gang entering the territory, exercise seniority to displace a junior employee from another territory in the Gang occupying a position in the classification in which the displacing employee holds seniority. Displacements will be governed by the overall ranking on the "List".
- d. The work week of a Gang established under this Agreement will be established under either a Four-Ten Hour Day work week, a Five-Eight Hour Day work week, or an Accumulated Rest Day work arrangement to be agreed upon by the parties.

Changes in the work week of gangs working a four or five day work week cannot be made without four (4) working days notice to the employees. An employee working in the Gang who receives such notice, if requested within five (5) calendar days, will be given a cut-off letter allowing him/her an exercise of seniority.

Changes in the work week of gangs working an Accumulated Rest Day arrangement may only be made within the last five (5) working days of the cycle.

- e. Each employee assigned to a gang established under this Agreement who does not leave the gang voluntarily for a period of at least six (6) months shall be entitled to a lump sum payment annually equal to five percent of his/her compensation earned during the calendar year on that gang. Such

compensation shall not exceed \$1,000 and, it shall be paid within 30 days of the completion of the employee's service on the gang. If the Carrier disbands the gang in less than six (6) months, the Carrier will be responsible for payment of the production incentive earned as of that date.

1. Except as otherwise provided herein, this Agreement makes no change to existing agreements between the Carrier and the Union, nor shall this Agreement be construed to change existing seniority district boundaries except as expressly provided herein.

This Agreement will become effective March 16, 2003, and will remain in effect until amended or changed in accordance with the Railway Labor Act, as amended.

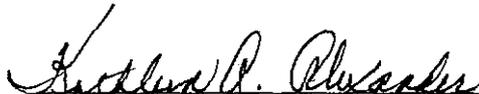
Signed this 6th day of March, 2003, at Kansas City, Missouri.

FOR THE EMPLOYEES:

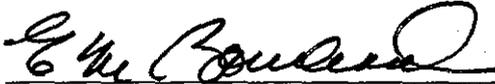


Hayward J. Granier
General Chairman, BMW

FOR THE CARRIER:



Kathleen A. Alexander
Director of Labor Relations



Emerson M. Bouchard
Vice President of Labor Relations

APPROVED:



Vice President, BMW

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1887

February 25, 2003

Side Letter #1

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated March 6, 2003. Paragraph d of the agreements allows the work week of the gang(s) established to be under a Four-Ten hour work week, a Five-Eight hour work week or on an Accumulated Rest day basis.

It is agreed that the provisions of the July 1, 1979 basic agreement and Article X of the July 29, 1991 National Agreement will apply to paragraph d when gangs are working on either a Four-Ten hour work week or a Five-Eight hour work week.

Please indicate your concurrence in the space provided below.

Yours truly,

A handwritten signature in black ink, appearing to read "Emerson M. Bouchard".

Emerson M. Bouchard
Vice President-Labor Relations

I CONCUR:

A handwritten signature in black ink, appearing to read "Hayward J. Granier".

Hayward J. Granier
General Chairman

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1887

February 25, 2003

Side Letter #2

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated March 6, 2003. We agreed that an employee who is entitled to protection under the terms of the February 7, 1965 Agreement, as amended, may:

1. Elect to not exercise seniority to other than his/her home territory. If an employee elects not to exercise seniority, that employee's entitlements under the upgraded Feb. 7 Agreements are suspended until such time as the employee voluntarily returns to service, is recalled to service, or there is no position the employee could hold in the normal exercise of seniority on his expanded work district(s).
2. Nothing in paragraph 1 above diminishes the obligation of employees to exercise their seniority in accordance with the particular employee's collective bargaining agreement.

Please indicate your concurrence in the space provided below.

Yours truly,

A handwritten signature in cursive script, appearing to read 'Emerson M. Bouchard'.

Emerson M. Bouchard
Vice President-Labor Relations

I CONCUR:

A handwritten signature in cursive script, appearing to read 'Hayward J. Granier'.

Hayward J. Granier

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1887

February 25, 2003

Side Letter #3

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated March 6, 2003. Paragraph e of the agreements provides for a \$1,000.00 bonus if certain conditions are met. We agreed in the application of this rule that the following will also apply in order for employees to qualify for the bonus

1. An employee displaced from a system gang position who exercises seniority within this gang or on any other system gang will remain eligible for the incentive bonus (upon satisfaction of the six continuous months of service) computed from the first day the employee reported to his initial assignment on a system gang.
2. Employees with less than six months continuous of service on a system gang who are displaced and no longer able to hold a position on any system gang, will be eligible for a pro rated incentive bonus earned up to the date of displacement from the system gang.

Please indicate your concurrence in the space provided below.

Yours truly,

A handwritten signature in cursive script, appearing to read "Emerson M. Bouchard".

Emerson M. Bouchard
Vice President-Labor Relations

I CONCUR:

A handwritten signature in cursive script, appearing to read "Hayward J. Granier".

Hayward J. Granier
General Chairman

AGREEMENT

Between

KANSAS CITY SOUTHERN

And

THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES

(former MidSouth Rail Corporation, SouthRail, and the Gateway Western Railway Company)

The purpose of this Agreement is to expand work opportunities to all employees of the former MidSouth, SouthRail and Gateway Western. Therefore, it is agreed:

1. The Carrier shall have the right to operate one (1) maintenance of way gang without regard for existing maintenance of way seniority district boundaries, to perform surfacing functions. Each gang will consist of at least (ten) 10 machines unless otherwise agreed to by the parties.
2. The maintenance of way gangs identified in Paragraph 1 above, shall be governed by the collective bargaining agreement between the Kansas City Southern Railway Company ("KCS") and the Union revised July 1, 1979, as subsequently amended, which is currently in effect on the KCS, except as otherwise provided below:
 - a. The rates of pay for positions established in the gangs shall be the highest rate of pay applicable under the agreement between the BMW/KCS CBA.
 - b. Seniority for purposes of assignment to positions and other exercises of seniority within the gangs shall be determined on the basis of each employee's relative standing on the "System Bid and Displacement List" (hereafter "the List"). The List shall be created as follows:
 1. The seniority rosters of the involved seniority districts will be dovetailed for the purpose of establishing the "List" to be used solely to administer bids and displacements to the Gangs established under this Agreement
 2. Positions on the Gangs established under this Agreement will be advertised to all seniority districts. Employees on the "List" shall be

awarded positions based on seniority, qualifications being sufficient.

3. Employees on the "List" that apply for positions on Gangs established under this Agreement in a class in which they have no seniority, will, if qualifications are sufficient, be awarded the position and will acquire seniority in that class on their home seniority district roster.

An employee who establishes seniority in a classification on his/her home seniority district will have his/her name and seniority in that classification placed on the "List" concurrent with the establishment of the new seniority.

4. Except as otherwise provided, an employee may exercise seniority to a position for which he/she is qualified in a gang established under this Agreement based upon his/her relative ranking on the "List".
5. The "List" will be published and distributed to all employees subject to this Agreement on its effective date and every January 1 thereafter.

- c. Whenever a Gang established under this Agreement enters a previously separate seniority district, employees holding seniority rights in that territory who do not hold assignments in the Gang may, within fifteen (15) days of the Gang entering the territory, exercise seniority to displace a junior employee from another territory in the Gang occupying a position in the classification in which the displacing employee holds seniority. Displacements will be governed by the overall ranking on the "List".
- d. The work week of a Gang established under this Agreement will be established under either a Four-Ten Hour Day work week, a Five-Eight Hour Day work week, or an Accumulated Rest Day work arrangement to be agreed upon by the parties.

Changes in the work week of gangs working a four or five day work week cannot be made without four (4) working days notice to the employees. An employee working in the Gang who receives such notice, if requested within five (5) calendar days, will be given a cut-off letter allowing him/her an exercise of seniority.

Changes in the work week of gangs working an Accumulated Rest Day arrangement may only be made within the last five (5) working days of the cycle.

- e. Each employee assigned to a gang established under this Agreement who does not leave the gang voluntarily for a period of at least six (6) months shall be entitled to a lump sum payment annually equal to five percent of his/her compensation earned during the calendar year on that gang. Such

compensation shall not exceed \$1,000 and, it shall be paid within 30 days of the completion of the employee's service on the gang. If the Carrier disbands the gang in less than six (6) months, the Carrier will be responsible for payment of the production incentive earned as of that date.

1. Except as otherwise provided herein, this Agreement makes no change to existing agreements between the Carrier and the Union, nor shall this Agreement be construed to change existing seniority district boundaries except as expressly provided herein.

This Agreement will become effective March 16, 2003, and will remain in effect until amended or changed in accordance with the Railway Labor Act, as amended.

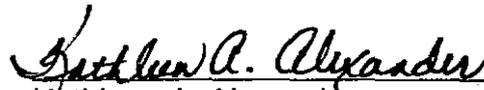
Signed this 6th day of March, 2003, at Kansas City, Missouri.

FOR THE EMPLOYEES:

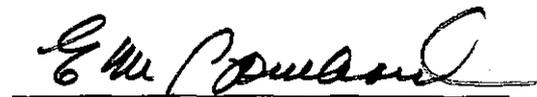


Hayward J. Granier
General Chairman, BMW

FOR THE CARRIER:



Kathleen A. Alexander
Director of Labor Relations



Emerson M. Bouchard
Vice President of Labor Relations

APPROVED:



Vice President, BMW

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1887

February 25, 2003

Side Letter #1

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated March 6, 2003. Paragraph d of the agreements allows the work week of the gang(s) established to be under a Four-Ten hour work week, a Five-Eight hour work week or on an Accumulated Rest day basis.

It is agreed that the provisions of the July 1, 1979 basic agreement and Article X of the July 29, 1991 National Agreement will apply to paragraph d when gangs are working on either a Four-Ten hour work week or a Five-Eight hour work week.

Please indicate your concurrence in the space provided below.

Yours truly,

Emerson M. Bouchard
Vice President-Labor Relations

I CONCUR:

Hayward J. Granier
General Chairman

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1887

February 25, 2003

Side Letter #2

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated March 6, 2002. We agreed that an employee who is entitled to protection under the terms of the February 7, 1965 Agreement, as amended, may:

1. Elect to not exercise seniority to other than his/her home territory. If an employee elects not to exercise seniority, that employee's entitlements under the upgraded Feb. 7 Agreements are suspended until such time as the employee voluntarily returns to service, is recalled to service, or there is no position the employee could hold in the normal exercise of seniority on his expanded work district(s).
2. Nothing in paragraph 1 above diminishes the obligation of employees to exercise their seniority in accordance with the particular employee's collective bargaining agreement.

Please indicate your concurrence in the space provided below.

Yours truly,

Emerson M. Bouchard
Vice President-Labor Relations

I CONCUR:

Hayward J. Granier

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1887

February 25, 2003

Side Letter #3

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated March 6, 2003. Paragraph e of the agreements provides for a \$1,000.00 bonus if certain conditions are met. We agreed in the application of this rule that the following will also apply in order for employees to qualify for the bonus

1. An employee displaced from a system gang position who exercises seniority within this gang or on any other system gang will remain eligible for the incentive bonus (upon satisfaction of the six continuous months of service) computed from the first day the employee reported to his initial assignment on a system gang.
2. Employees with less than six months continuous of service on a system gang who are displaced and no longer able to hold a position on any system gang, will be eligible for a pro rated incentive bonus earned up to the date of displacement from the system gang.

Please indicate your concurrence in the space provided below.

Yours truly,

A handwritten signature in black ink, appearing to read 'Emerson M. Bouchard'.

Emerson M. Bouchard
Vice President-Labor Relations

I CONCUR:

A handwritten signature in black ink, appearing to read 'Hayward J. Granier'.

Hayward J. Granier
General Chairman

AGREEMENT

Between

KANSAS CITY SOUTHERN

And

THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES

(former MidSouth Rail Corporation, SouthRail, and the Gateway Western Railway Company)

The purpose of this Agreement is to expand work opportunities to all employees of the former MidSouth, SouthRail and Gateway Western. Therefore, it is agreed:

1. The Carrier shall have the right to operate one (1) maintenance of way gang without regard for existing maintenance of way seniority district boundaries, to perform crossing construction work. Each gang will consist of at least eight (8) employees unless otherwise agreed to by the parties.
2. The maintenance of way gangs identified in Paragraph 1 above, shall be governed by the collective bargaining agreement between the Kansas City Southern Railway Company ("KCS") and the Union revised July 1, 1979, as subsequently amended, which is currently in effect on the KCS, except as otherwise provided below:
 - a. The rates of pay for positions established in the gangs shall be the highest rate of pay applicable under the agreement between the BMW/KCS CBA.
 - b. Seniority for purposes of assignment to positions and other exercises of seniority within the gangs shall be determined on the basis of each employee's relative standing on the "System Bid and Displacement List" (hereafter "the List"). The List shall be created as follows:
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awarded positions based on seniority, qualifications being sufficient.

3. Employees on the "List" that apply for positions on Gangs established under this Agreement in a class in which they have no seniority, will, if qualifications are sufficient, be awarded the position and will acquire seniority in that class on their home seniority district roster.

An employee who establishes seniority in a classification on his/her home seniority district will have his/her name and seniority in that classification placed on the "List" concurrent with the establishment of the new seniority.

4. Except as otherwise provided, an employee may exercise seniority to a position for which he/she is qualified in a gang established under this Agreement based upon his/her relative ranking on the "List".
5. The "List" will be published and distributed to all employees subject to this Agreement on its effective date and every January 1 thereafter.

- c. Whenever a Gang established under this Agreement enters a previously separate seniority district, employees holding seniority rights in that territory who do not hold assignments in the Gang may, within fifteen (15) days of the Gang entering the territory, exercise seniority to displace a junior employee from another territory in the Gang occupying a position in the classification in which the displacing employee holds seniority. Displacements will be governed by the overall ranking on the "List".
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Changes in the work week of gangs working a four or five day work week cannot be made without four (4) working days notice to the employees. An employee working in the Gang who receives such notice, if requested within five (5) calendar days, will be given a cut-off letter allowing him/her an exercise of seniority.

Changes in the work week of gangs working an Accumulated Rest Day arrangement may only be made within the last five (5) working days of the cycle.

- e. Each employee assigned to a gang established under this Agreement who does not leave the gang voluntarily for a period of at least six (6) months shall be entitled to a lump sum payment annually equal to five percent of his/her compensation earned during the calendar year on that gang. Such

compensation shall not exceed \$1,000 and, it shall be paid within 30 days of the completion of the employee's service on the gang. If the Carrier disbands the gang in less than six (6) months, the Carrier will be responsible for payment of the production incentive earned as of that date.

1. Except as otherwise provided herein, this Agreement makes no change to existing agreements between the Carrier and the Union, nor shall this Agreement be construed to change existing seniority district boundaries except as expressly provided herein.

This Agreement will become effective March 16, 2003, and will remain in effect until amended or changed in accordance with the Railway Labor Act, as amended.

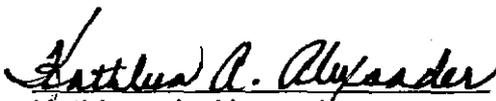
Signed this 6th day of March, 2003, at Kansas City, Missouri.

FOR THE EMPLOYEES:



Hayward J. Granier
General Chairman, BMWWE

FOR THE CARRIER:



Kathleen A. Alexander
Director of Labor Relations



Emerson M. Bouchard
Vice President of Labor Relations

APPROVED:



Vice President, BMWWE

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1867

February 25, 2003

Side Letter #1

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated March 6, 2003. Paragraph d of the agreements allows the work week of the gang(s) established to be under a Four-Ten hour work week, a Five-Eight hour work week or on an Accumulated Rest day basis.

It is agreed that the provisions of the July 1, 1979 basic agreement and Article X of the July 29, 1991 National Agreement will apply to paragraph d when gangs are working on either a Four-Ten hour work week or a Five-Eight hour work week.

Please indicate your concurrence in the space provided below.

Yours truly,

A handwritten signature in cursive script, appearing to read "Emerson M. Bouchard".

Emerson M. Bouchard
Vice President-Labor Relations

I CONCUR:

A handwritten signature in cursive script, appearing to read "Hayward J. Granier".

Hayward J. Granier
General Chairman

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1887

February 25, 2003

Side Letter #2

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This is in reference to the system agreements dated March 6, 2003. We agreed that an employee who is entitled to protection under the terms of the February 7, 1965 Agreement, as amended, may:

1. Elect to not exercise seniority to other than his/her home territory. If an employee elects not to exercise seniority, that employee's entitlements under the upgraded Feb. 7 Agreements are suspended until such time as the employee voluntarily returns to service, is recalled to service, or there is no position the employee could hold in the normal exercise of seniority on his expanded work district(s).
2. Nothing in paragraph 1 above diminishes the obligation of employees to exercise their seniority in accordance with the particular employee's collective bargaining agreement.

Please indicate your concurrence in the space provided below.

Yours truly,

A handwritten signature in cursive script, appearing to read "Emerson M. Bouchard".

Emerson M. Bouchard
Vice President-Labor Relations

I CONCUR:

A handwritten signature in cursive script, appearing to read "Hayward J. Granier".

Hayward J. Granier

KANSAS CITY SOUTHERN

427 WEST 12TH STREET • KANSAS CITY, MISSOURI 64105



FOUNDED 1887

February 25, 2003

Side Letter #3

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

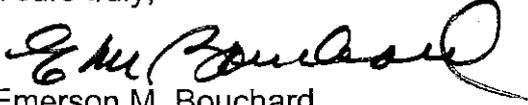
Dear Sir:

This is in reference to the system agreements dated March 6, 2003. Paragraph e of the agreements provides for a \$1,000.00 bonus if certain conditions are met. We agreed in the application of this rule that the following will also apply in order for employees to qualify for the bonus

1. An employee displaced from a system gang position who exercises seniority within this gang or on any other system gang will remain eligible for the incentive bonus (upon satisfaction of the six continuous months of service) computed from the first day the employee reported to his initial assignment on a system gang.
2. Employees with less than six months continuous of service on a system gang who are displaced and no longer able to hold a position on any system gang, will be eligible for a pro rated incentive bonus earned up to the date of displacement from the system gang.

Please indicate your concurrence in the space provided below.

Yours truly,


Emerson M. Bouchard
Vice President-Labor Relations

I CONCUR:


Hayward J. Granier
General Chairman

KANSAS CITY SOUTHERN

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



August 13, 2003

Mr. H. J. Granier
General Chairman, BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This will confirm our several discussions concerning the proper application of Rule 19 of the GWWR agreement as it applies in conjunction with Article VIII (c) of the Agreement effective April 1, 2003. In order to clarify the application of the two (2) rules, it is agreed:

1. A person holding a vacation relief assignment pursuant to Rule 19 will be used to fill all vacation vacancies for the duration of the vacancy, including one-day-at-a-time vacation vacancies, ahead of senior persons on the territory.
2. A person holding a vacation relief assignment who is not working a vacation vacancy, will be used ahead of a senior person on the territory to fill any type of vacancy.
3. When the person assigned to a vacation relief assignment is filling a vacation vacancy, any subsequent vacancies will be filled by the senior person(s) on the territory.

In the application of paragraphs 1, 2 and 3 above, listed below are examples of the proper application of our understanding:

Paragraphs 1 and 3 – a vacation vacancy of five (5) days exists at the bridge at Pearl. The person assigned to the vacation relief assignment will be used to fill all five (5) days of the vacation. If during that five (5) day period, another

vacancy arises, regardless of the cause, the vacancy will be filled on an overtime basis by the senior person on the territory where the vacancy exists.

Paragraph 2 – (a) there are no vacations scheduled during the entire work week. The vacation relief person will be used to fill any and all vacancies ahead of a senior person on the territory.

(b) there are three (3) one-day-at-a-time vacation vacancies scheduled on the territory. The person assigned to the vacation relief assignment will be used to fill those vacancies. He/she will then be used ahead of senior persons to fill vacancies of any other nature to fill out the 40 hours for the week.

If you concur with the above applications and illustrations, kindly sign in the space provided and return to me.

Yours truly,



Kathleen A. Alexander
Director-Labor Relations

I CONCUR:



H. J. Granier
General Chairman, BMWWE

KANSAS CITY SOUTHERN

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



FOUNDED 1887

January 2, 2004

File: 1920.30-3
1820.35

Mr. Hayward Granier
General Chairman – BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

Attached for your records is a copy of the January 1, 2004 rates of pay for the Gateway Western Railroad.

Please advise my office if the rates differ from your calculations.

Very truly yours,

A handwritten signature in cursive script that reads "John S. Morse".

John S. Morse
Director – Labor Relations

**GWWR BMWWE
1/1/04 INCREASES**

DESCRIPTION	RATE CODE	OLD GW RATE	ICC	AVERAGE KCS RATE	JOB KCS DESCRIPTION	1/2 DIFF OF KCS AVG RATE LESS GW RATE	NEW GW RATE
Machine Operator	13	16.8661	314	19.1483	Machine Operator	\$ 1.14	18.0072
Section Foreman	11	17.7234	311	19.1910	Foreman	\$ 0.73	18.4572
Section Laborer	17	15.5397	313	17.1290	Trackman	\$ 0.79	16.3344
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Section Foreman	11	17.7234	311	19.1910	Foreman	\$ 0.73	18.4572
Welder	15	17.7526	307	19.2477	Welder	\$ 0.75	18.5002
Welder Helper	16	15.7226	308	17.6778	Welder Helper	\$ 0.98	16.7002
Machine Operator	13	16.8661	314	19.1483	Machine Operator	\$ 1.14	18.0072
Machine Operator	13	16.8661	314	19.1483	Machine Operator	\$ 1.14	18.0072
Section Foreman	11	17.7234	311	19.1910	Foreman	\$ 0.73	18.4572
Welder Helper	16	15.7226	308	17.6778	Welder Helper	\$ 0.98	16.7002
Welder	15	17.7526	307	19.2477	Welder	\$ 0.75	18.5002
Equipment Mechanic	12	17.6479	307	18.9337	Equip Mech	\$ 0.64	18.2908
B&B	14	16.1930	308	17.1290	Bridge Tender	\$ 0.47	16.6610
B&B	14	16.1930	308	17.1290	Bridge Tender	\$ 0.47	16.6610
B&B	14	16.1930	308	17.1290	Bridge Tender	\$ 0.47	16.6610
B&B	14	16.1930	308	17.1290	Bridge Tender	\$ 0.47	16.6610
B&B	14	16.1930	308	17.1290	Bridge Tender	\$ 0.47	16.6610
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B&B	14	16.1930	308	17.1290	Bridge Tender	\$ 0.47	16.6610
B&B	18	17.2400	308	Rate frozen until KCS Bridge tender rate is > \$17.24 /hr.			

KANSAS CITY SOUTHERN

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



January 20, 2004

File: 1920.30-3
140.30-17(5)

Mr. Hayward Granier
General Chairman – BMW
302 E. Broadway, Suite B
Mayfield, KY 42066

Dear Sir:

This has reference to our discussions surrounding revisions made to Rule 23 in Gateway Western Agreement.

This will confirm it was the Carrier's intent to apply Article VI, Section 1(b) of the May 31, 2001 National Agreement when the parties amended Rule 23(b)(1) in the April 7, 2003 Gateway Western Agreement.

Therefore, effective January 12, 2004, the meal allowance provided for in Rule 23(b)(1) will be increased to \$23.00 for each day worked.

Very truly yours,

A handwritten signature in cursive script that reads 'John S. Morse'.

John S. Morse
Director – Labor Relations