

MEMORANDUM OF AGREEMENT

Between

ST. LAWRENCE & ATLANTIC RAILROAD COMPANY

And Its Employees Represented By

**BROTHERHOOD RAILWAY CARMEN DIVISION
TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION**

This Agreement, as set forth below, made this 2nd day of September, 2008, by and between St. Lawrence & Atlantic Railroad Company ("Carrier") and its employees represented by the Brotherhood Railway Carmen Division of TCU ("BRC"), amends the Agreement between the Carrier and the BRC signed September 30, 2004 and all prior agreements, and is in full settlement of negotiations between the parties concerning wages, rules and working conditions for employees represented by the BRC in connection with its Section 6 Notice served on July 27, 2007.

ARTICLE I – GENERAL WAGE INCREASES

The hourly wage rates currently in effect, provided for in Article 1 of the September 30, 2004 Agreement, shall be adjusted as follows:

- A. Effective January 1, 2008, the hourly wage rates will increase three percent (3%).
 - Lead Carman: \$ 19.91
 - Carman Class 1: \$ 18.77
 - Carman Class 2: \$ 17.94

- B. Effective January 1, 2009, the hourly wage rates will increase three percent (3%).
 - Lead Carman: \$ 20.51
 - Carman Class 1: \$ 19.33
 - Carman Class 2: \$ 18.48

- C. Effective January 1, 2010, the hourly wage rates will increase three percent (3%).
 - Leads Carman: \$ 21.13
 - Carman Class 1: \$ 19.91
 - Carman Class 2: \$ 19.03
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- D. Effective January 1, 2011, the hourly wage rates will increase three percent (3%).
 - Lead Carman: \$ 21.76
 - Carman Class 1: \$ 20.51
 - Carman Class 2: \$ 19.60

ARTICLE II – PAY PERIODS

On or after January 1, 2008, the Carrier may modify its payroll system to provide for bi-weekly payment of employees. Prior to implementing the change, employees will be notified of the transition date and the methodology for making the change. Once this change is in effect, deduction of union dues and health care contributions will be made on different paychecks to alleviate any hardships.

ARTICLE III – PROBATION PERIOD

Article III – Probation Period of the September 30, 2004 Agreement is revised to read as follows:

All employees shall have a probationary period without seniority status for the first one hundred twenty (120) calendar days after commencing work in the bargaining unit, after which his continuous seniority shall date back to the date of original hire; official qualification as Carman will come after 732 days of compensated employment. During an employee's probationary period, his service may be terminated at the discretion of the Company, without formal investigation.

After the probationary period, an employee will not be terminated or disciplined by the Company for furnishing incorrect information in connection with an application for employment or for withholding information there from unless the information involved was of such a nature that the employee would not have been hired if the Company had had timely knowledge of it.

ARTICLE IV – SAFETY SHOE ALLOWANCE

Commencing in 2008, the Carrier will provide an annual voucher to reimburse employees for the purchase of work boots. The total annual allowance for work boots shall not exceed \$125.00. Employees must provide a receipt to the Carrier which documents the purchase of the work boots.

ARTICLE V – VACATIONS

Article 6 – Vacations, Section B, of the April 12, 1989 Agreement is amended to read as follows:

B. Vacations will be granted as follows:

- One (1) week for One (1) year of Service (120 days for eligibility)
- Two (2) weeks for Three (3) years of Service (110 days for eligibility)
- Three (3) weeks for Five (5) years of Service (100 days for eligibility)
- Four (4) weeks for Ten (10) years of Service (100 days for eligibility)
- Five (5) weeks for Twenty-five (25) years of Service (100 days for eligibility)

ARTICLE VI – HEALTH & WELFARE

Article VI – Health & Welfare of the September 30, 2004 Agreement is revised and replaced as follows:

23.A(1) The Carrier shall provide each full-time employee and their eligible dependents a level of medical and dental benefits under a group plan consistent with the terms and conditions under which such plan is afforded to corporate employees generally. The elements of and benefits provided under the plan may be changed from time to time by the Carrier, provide such changes are applicable to corporate employees generally and the employees are notified by the Carrier of such changes prior to their implementation.

23.A(2) the carrier shall remit premiums as necessary to maintain the plan, except that employees will be required to contribute toward the cost of the plan for family coverage as follows:

Effective Date: January 1, 2008	Effective Date: January 1, 2009	Effective Date: January 1, 2010	Effective Date: January 1, 2011
\$15.00 per week	\$16.00 per week	\$20.00 per week	\$30.00 per week

The Carrier will continue the enrollment of full-time employees in \$20,000 life and AD&D benefits.

The Carrier will continue the early retirement plan to all active employees who were on the seniority roster as of October 31, 2003.

The Carrier will continue for the term of this Agreement the \$300 per year medical reimbursement account that requires enrollment. This will be to repay medical or dental expenses that are not covered by the PPO Plan such as co-pays, coinsurance, orthodonture, etc. If managed care becomes available this provision can be discontinued by the Company prior to the end of this Agreement.

ARTICLE VII – TERM AND EFFECTIVE DATE OF AGREEMENT

- A. This Agreement shall be effective upon its ratification, except as otherwise noted herein, and shall remain in effect until or unless changed under the provisions of the Railway Labor Act, as amended. Except as modified herein, all previous agreements remain in full force and effect.

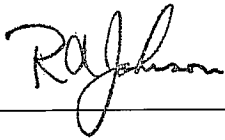
- B. The parties signatory hereto shall not serve nor progress prior to July 1, 2011 not to become effective before January 1, 2012, any notice or proposal for the purpose of changing any provision contained herein, or which deals with matters presented by the

parties during negotiations, and any such proposals in pending notices related to such subject matters are hereby withdrawn.

C. This article will not bar the parties from agreeing upon any subject of mutual interest.

SIGNED AT AUBURN, MAINE THIS 2nd DAY OF SEPTEMBER, 2008.

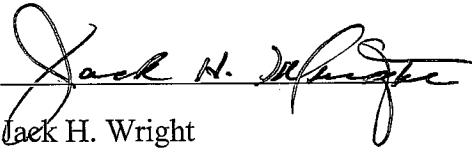
FOR THE ORGANIZATION:



Richard Johnson
General President, BRC



David P. Fancher
Assistant International Representative

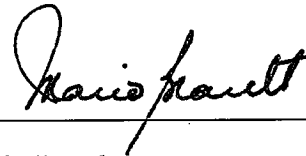


Jack H. Wright
International Representative

FOR THE CARRIER:



Raymond A. Goss
General Manager, St. Lawrence & Atlantic



Mario Brault
President

Side Letter No. 1
September 2, 2008

Mr. David P. Fancher
Assistant International Representative, BRC

This will confirm our discussions relative to the agreement that was entered into this date. During our discussions it was agreed that the parties would make every effort to mutually achieve a recodification of the current collective bargaining so that we may have an up-to-date document that incorporates all the various amendments, and which has all the irrelevant matters removed. Once completed, the Carrier will reproduce copies and distribute to the employees and to the Organization.

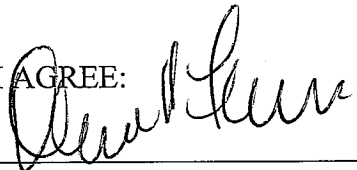
If the foregoing adequately and accurately describes our understanding and agreement, please so indicate by signing in the space provided for that purpose below.

Yours truly,



Raymond A. Goss
General Manager

I AGREE:



David P. Fancher

Side Letter No. 2
September 2, 2008

Mr. David P. Fancher
Assistant International Representative, BRC


This will confirm our discussions relative to Article VI – Health & Welfare of the agreement that was entered into this date. The parties agreed in principle that after the conclusion of the terms of this agreement, employee individual premiums will also become subject to employee contribution. The amount of such contributions will be agreed upon by the parties in the next round of contract negotiations.

If the foregoing adequately and accurately describes our understanding and agreement, please so indicate by signing in the space provided for that purpose below.

Yours truly,



Raymond A. Goss
General Manager

I AGREE: 

David P. Fancher

Side Letter No. 3
September 2, 2008

Mr. David P. Fancher
Assistant International Representative, BRC


This will confirm our discussions relative to Article I – General Wage Increases of the agreement that was entered into this date. It was understood that the wage increase effective January 1, 2008 will be applied retroactively to the employees subject to this agreement. Employees entitled to the retroactive wage settlement are those who had an employment relationship with the Carrier on November 9, 2007, or who have died or retired subsequent to that date. The Carrier will make every effort to make these retroactive payments within sixty (60) days from the date of notification of the successful ratification of this agreement.

If the foregoing adequately and accurately describes our understanding and agreement, please so indicate by signing in the space provided for that purpose below.

Yours truly,



Raymond A. Goss
General Manager

I AGREE: 

David P. Fancher