

January 1, 2008

Agreement between the

INDIANA HARBOR BELT RAILROAD COMPANY

And its Maintenance of Way Employees

Represented by the

THE AMERICAN RAILWAY AND AIRWAY SUPERVISORS ASSOCIATION

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

On July 1, 2005, all hourly, daily, weekly, and monthly rates of pay of employees covered by this Agreement in effect on June 30, 2005 shall be increased in the amount of two-and-one-half (2 ½) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

(a) **Disposition of Fractions**

Rates of pay resulting from application of the paragraph above, which end in fractions of a cent shall be rounded to the nearest whole cent, fraction less than one-half cent shall be dropped, and fractions of one-half cent or more shall be increased to the nearest full cent.

(b) **Application of Wage Increase –**

The increase in wages provided for in this Section 1 shall be applied in accordance with the wage or working conditions agreement in effect between the IHB and its employees represented by ARASA. Special allowances not included in fixed hourly, daily, weekly or monthly rates of pay for all services rendered, and arbitraries representing duplicate time payments, will not be increased. Overtime hours will be computed in accordance with individual schedules for all overtime hours paid for.

(c) **COLA Payments**

Any cost-of-living allowance amounts rolled in to basic rates of pay on or after July 1, 2005 pursuant to Article II, Part B of the September 1, 2004 local agreement shall be excluded before application of the general wage increases provided for in this Article 1 and eliminated from basic rates of pay after application of such increases.

Section 2 - Second General Wage Increase

On July 1, 2006, all hourly, daily, weekly, and monthly rates of pay of employees covered by this Agreement in effect on June 30, 2006 shall be increased in the amount of three (3) percent applied so as to give effect to this increase in pay irrespective of the method of payment. The increase provided for in this Section 2 shall be applied in the same manner as provided for in Section 1 thereof.

Section 3 - Third General Wage Increase

On July 1, 2007, all hourly, daily, weekly, and monthly rates of pay of employees covered by this Agreement in effect on June 30, 2007 shall be increased in the amount of three (3) percent applied so as to give effect to this increase in pay irrespective of the method of payment. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Section 1 thereof.

Section 4 – Fourth General Wage Increase

Effective July 1, 2008, all hourly, daily, weekly, and monthly rates of pay of employees covered by this Agreement in effect on June 30, 2008 shall be increased in the amount of four (4) percent applied so as to give effect to this increase in pay irrespective of the method of payment. The increase provided for in this Section 3 shall be applied in the same manner as provided for in Section 1 thereof.

Section 5 – Fifth General Wage Increase

Effective July 1, 2009, all hourly, daily, weekly, and monthly rates of pay of employees covered by this Agreement in effect on June 30, 2009 shall be increased in the amount of four and one-half (4 1/2) percent applied so as to give effect to this increase in pay irrespective of the method of payment. The increase provided for in this Section 4 shall be applied in the same manner as provided for in Section 1 thereof.

ARTICLE II – OPTIONAL ALTERNATIVE COMPENSATION PROGRAM

Section 1

The Carrier or organization may propose alternative compensation arrangements for consideration by the other party. 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 neither the carrier nor the appropriate representatives may be compelled to offer any alternative compensation arrangements, and, conversely, neither the carrier nor the organization may be compelled to agree to any proposal made under this Article.

ARTICLE III-COST-OF-LIVING PAYMENTS

Any provision in existing agreements between ARASA and the IHB that provides for payment of cost-of-living allowances to employees on and after July 1, 2005 shall be eliminated effective on the date of this Agreement.

ARTICLE IV- HEALTH AND WELFARE

Part A – Plan Changes

Section 1 – Continuation of Plans

The Railroad Employees National Health and Welfare Plan (“the Plan”), the Railroad Employees National Dental Plan (“the Dental Plan”), and the Railroad Employees National Vision Plan (“the Vision Plan”), modified as provided in this Article with respect to employees represented by the organization and their eligible dependents, will be continued subject to the provisions of the Railway Labor Act.

Section 2 – Plan Benefit Changes

- (a) The Plan’s Managed Medical Care Program (“MMCP”) will be offered to all employees in any geographic area where the MMCP is not currently offered and United Healthcare, Aetna, or Highmark BlueCross Blue Shield has a medical care network (“white space”). For purposes of this subsection, such “network” shall mean a “point-of-service” network in the case of United Healthcare and Aetna, and a preferred provider network in the case of Highmark BlueCross BlueShield. Employees who live in a white space may choose between coverage under MMCP or the Comprehensive Health Care Benefit, subject to subsection (b) below.
- (b) The parties, may, by mutual agreement and subject to such evaluation and conditions as they may deem appropriate, designate specific geographic areas within the white space as mandatory MMCP locations. Employees who live in mandatory MMCP locations shall not have a choice between CHCB and MMCP coverage, but shall be enrolled in the MMCP.
- (c) United Healthcare and Aetna, respectively, shall apply “nationwide market reciprocity” to employees and their dependents who are enrolled in MMCP. The term “nationwide market reciprocity” is intended to mean, by way of example, that a person enrolled in MMCP with UHC in market A is permitted to get in-network MMCP benefits from a UHC point-of-service network provider in market B.
- (d) The current Hearing Benefit provided under the Plan shall be made available to employees covered by this Agreement (and their Eligible Dependents).
- (e) The Plan life insurance benefit for active employees shall be increased to \$20,000, and the Plan’s maximum accidental death and dismemberment benefit for active employees shall be increased to \$16,000.
- (f) In addition to the Plan’s existing coverage for cochlear implants, such implants for diagnosis and treatment of hearing loss will be a Covered Health Service under the CHCB and MMCP.
- (g) This section shall become effective with respect to employees covered by this Agreement on January 1, 2008 or as soon thereafter as practicable.

Section 3 – Vision Care

The benefits provided under the Vision Care Plan shall be changed from the Select to the Standard arrangement as soon as practicable.

Section 4 – Design Changes to Contain Costs

(a) The Plan's MMCP shall be revised as follows:

- (1) The Office Visit Co-Payment for In-Network Services shall be increased to \$20.00 for each office visit to a provider in general practice or who specializes in pediatrics, obstetrics-gynecology, family practice or internal medicine, and \$35.00 for each office visit to any other provider;
- (2) The Urgent Care Center Co-Payment for In-Network Services shall be increased to \$25.00 for each visit;
- (3) The Emergency Room Co-Payment for In-Network Services shall be increased to at least \$50.00 for each visit, but if the care received meets the applicable Plan definition of an Emergency, the Plan will reimburse the employee for the full amount paid for such care, except for \$25.00 if the visit does not result in hospital admission. For purposes of this Paragraph, the phrase "at least" shall be interpreted and applied consistent with practice under the Plan preceding the date of this Agreement;
- (4) The Annual Deductible for Out-of-Network Services shall be increased to \$300.00 per individual and \$900.00 per family;
- (5) The Annual Out-of-Pocket Maximum for Out-of-Network Services shall be increased to \$2,000 per individual and \$4,000 per family.

(b) The Plan's Comprehensive Health Care Benefit shall be revised as follows:

- (1) The Annual Deductible shall be increased to \$200.00 per individual and \$400.00 per family;
- (2) The Annual Out-of-Pocket Maximum shall be increased to \$2,000 per individual and \$4,000 per family.

(c) The Plan's Prescription Drug Card Program co-payments to In-Network Pharmacies per prescription are revised as follows:

- (1) Generic Drug – increase to \$10.00;
- (2) Brand Name (Non-Generic) Drug On Program Administrator's Formulary – increase to \$20.00;
- (3) Brand Name (Non-Generic) Drug Not On Program Administrator's Formulary – increase to \$30.00;
- (4) Brand Name (Non-Generic) Drug on Program Administrator's Formulary that is not ordered by the patient's physician by writing "Dispense as Written" on the prescription and there is an equivalent Generic Drug-increase to \$20.00 plus the difference between the Generic Drug and the Brand Name (Non-Generic) Drug;
- (5) Brand Name (Non-Generic) Drug Not On Program Administrator's Formulary that is not ordered by the patient's physician by writing "dispense as Written" on the prescription and there is an equivalent Generic Drug-increase to \$30.00 plus the difference between the General Drug and the Brand Name (Non-Generic) Drug.

- (d) The Plan's Mail Order Prescription Drug Program co-payments per prescription are revised as follows:
- (1) Generic Drug – increase to \$20.00;
 - (2) Brand Name (Non-Generic) Drug On Program Administrator's Formulary – increase to \$30.00;
 - (3) Brand Name (Non-Generic) Drug Not on Program Administrator's Formulary – increase to \$60.00.
- (e) For purposes of the Plan, the term "children" as used in connection with determining "Eligible Dependents" under the Plan, shall be defined as follows:
- "Children include:
- Natural children,
 - Stepchildren,
 - Adopted children (including children placed with you for adoption), and
 - Your grandchildren, provided they have their legal residence with you and are dependent for care and support mainly upon you and wholly, in the aggregate, upon themselves, you, your spouse, scholarships and the like, and government disability benefits and the like."
- (f) The definition of the term "children", as used in connection with determinations of "Eligible Dependents" under the terms of the Dental Plan and the Vision Plan, respectively, shall be revised as provided in subsection (e) above.
- (g) Blue Cross Blue Shield programs that are currently available under the Plan will be made available for selection by employees covered by this Agreement who choose coverage under the MMCP in all areas where the MMCP is made available under the Plan and throughout the United States for selection by such employees who choose coverage under the CHCB.
- (h) Plan Participants and their beneficiaries who live in an area where, as of the date of this Agreement, they may choose between MMCP and CHCB coverage shall no longer have a choice, but shall be enrolled in the MMCP. This subsection is not intended to have any application to employees covered by this Agreement who reside in any geographic area where MMCP is not offered as of the date of such Agreement. Mandatory enrollment in MMCP for such employees shall be governed exclusively by Part A, Section 2(b) of this Article.
- (i) The design changes contained in this Section, with the exception of subsection (h) above, shall become effective on the date of this agreement. Subsection (h) shall become effective as soon thereafter as practicable.

Part B – Employee Sharing of Cost of H&W Plans

Section 1 – Monthly Employee Cost-Sharing Contributions

- (a) Effective January 1, 2008, each employee covered by this Agreement shall contribute to the Plan, for each month that the IHB is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents, a monthly cost-sharing contribution in an amount equal to 15% of the IHB's Monthly Payment Rate for 2008.

- (b) Effective January 1, 2009, for each month that the IHB is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents, a monthly cost-sharing contribution in an amount equal to 15% of the IHB's Monthly Payment Rate for 2009.
- (c) Effective January 1, 2010, the employee monthly cost-sharing contribution amount shall be adjusted to be the lesser of:
 - 1. 15% of the IHB's Monthly Payment Rate for 2010, or
 - 2. \$200.
- (d) For purposes of subsections (a) through (c) above, the "IHB's Monthly Payment Rate" for any year shall mean the sum of what the IHB's monthly payments to –
 - 1. the Plan for foreign-to-occupation employee and dependent health benefits, employee life insurance benefits and employee accidental death and dismemberment insurance benefits,
 - 2. the Dental Plan for employee and dependent dental benefits, and
 - 3. the Vision Plan for employee and dependent vision benefits, would have been during that year, per non-hospital association road employee, in the absence of any employee contributions to such Plans.
- (e) The IHB's Monthly Payment Rate for 2008 has been determined to be \$1108.34 and the Employee Monthly Cost-Sharing Contribution Amount for 2008 has been determined to be \$166.25.

Section 2 – Pre-Tax Contributions

Employee cost-sharing contributions made pursuant to this Part shall be made on a pre-tax basis pursuant to the existing Section 125 cafeteria plan to the extent applicable.

ARTICLE V – SUPPLEMENTAL SICKNESS

The March 29, 1979 Supplemental Sickness Benefit Agreement, as amended by Article V of the January 23, 2003 Arbitrated BRC-Division of TCU Agreement pursuant to the Award of Arbitrated No. 579 (Sickness Agreement), shall be further amended as provided in this Article.

Section 1 – Adjustment of Plan Benefits

- (a) The benefits provided under the Plan established pursuant to the Sickness Agreement ("SSB Plan") shall be adjusted as provided in paragraph (b) so as to restore the same ratio of benefits to rates of pay as existed on December 31, 2004 under the terms of that Agreement.

(b) Section 4 of the Sickness Agreement shall be revised as follows:

	<u>Per Hour</u>	<u>Per Month</u>
Class I Employees Earning (as of 12/31/2004)	\$20.99 or more	\$3,652 or more
Class II Employees Earning (as of 12/31/2004)	\$17.33 or more but less than \$20.99	\$3,015 or more but less than \$3,652
Class III Employees Earning (as of 12/31/2004)	Less than \$17.33	Less than \$3,015

Basic and Maximum Benefit Amount Per Month

<u>Classification</u>	<u>Basic</u>	<u>RUIA</u>	<u>Maximum</u>
Class I	\$1,189.00	\$1,218.00	\$2,407.00
Class II	\$932.00	\$1,218.00	\$2,150.00
Class III	\$712.00	\$1,218.00	\$1,930.00

Combined Benefit Limit

<u>Classification</u>	<u>Maximum Monthly Amount</u>
Class I	\$2,582
Class II	\$2,304
Class III	\$2,068

Section 2 – Further Adjustment of Plan Benefits

Effective December 31, 2009, the benefits provided under the Plan shall be adjusted so as to restore the same ratio of benefits to rates of pay as existed on the effective date of this Article.

Part B – Notice of Disability

Existing agreements and practices regarding the time within which notices of disability must be filed under the SSB Plan, and the consequences of failure to file within the time period, shall be modified as set forth below.

Section 1 – Notification

A SSB Plan participant shall give the vendor administering claims under the Plan notice of disability, solely with respect to disabilities beginning on or after the date of this Agreement, within sixty (60) days after the start of the disability, unless failure to do so is due to a serious physical or mental injury or illness suffered by the participant, in which case the notice of disability must be given to the vendor as soon as amelioration of such serious physical or mental illness or injury reasonably permits. All claims with regard to which a notice of disability is not given in compliance with this time limitation shall be denied whether or not the SSB Plan has been prejudiced by such noncompliance or the claim is otherwise valid and payable.

Section 2 – Appeals

All final (second-level) appeals from claim denials under the SSB Plan that are pending on the date of this Agreement or are thereafter filed, where disposition of the claim required medical judgment that involved the participant's eligibility for SSB Plan benefits, his or her physical condition, the cause of his or her disability, or the date his or her disability started, will be considered and determined by a Disputes Committee consisting of one or more individuals selected by MCMC, LLC, an independent review entity, or such successor as may be mutually selected by the parties. In the event of a disagreement between the parties regarding selection of a successor, such dispute shall be resolved in the same manner as provided for in the existing arrangements governing disposition of deadlocks on matters brought before the Joint Plan Committee of the National H&W Plan.

ARTICLE VI – SICK DAY BUY BACK

Section 1(A) of Side Letter No. 12 of the November 16, 1997 agreement by and between the IHB and its employees represented by ARASA shall be revised as follows:

If less than 50% of accumulated sick days are used as sick days, then all or part of the accumulated unused days can be bought back at 75% of their value. All other provisions of Side Letter No. 12 of the November 16, 1997 agreement between the IHB and ARASA remain in full force and effect.

ARTICLE VII – EFFECT OF THIS AGREEMENT

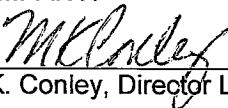
- (a) This Agreement, shall become effective January 1, 2008, and shall remain in effect through December 31, 2009 and thereafter, until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.
- (b) No party to this Agreement shall serve or progress, prior to November 1, 2009 (not to become effective before January 1, 2010), any notice or proposal.
- (c) This Article will not bar IHB management and the organization from agreeing upon any subject of mutual interest.

SIGNED AT HAMMOND, INDIANA, THIS 18th DAY OF MARCH, 2008.

FOR THE AMERICAN RAILWAY AND AIRWAY
SUPERVISORS ASSOCIATION

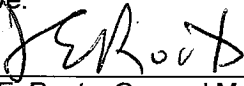
FOR THE INDIANA HARBOR BELT RAILROAD
COMPANY:


S. Narine, General Chairman


M.K. Conley, Director Labor Relations and Human Resources

I approve:

Joseph J. Derillo, Sr., International Representative

I approve:

James E. Roots, General Manager



INDIANA HARBOR BELT RAILROAD COMPANY
2721-161ST STREET, HAMMOND, IN 46323-1099



January 1, 2008

1

Mr. Sukhram Narine
President and General Chairman
The American Railway and Airway
Supervisors Association
23630 Rolf Road
Plainfield, IL 60544

Dear Mr. Narine:

This confirms our understanding with respect to the general wage increase provided for in Article I, Section 1, 2, and 3 of the Agreement of this date.

The IHB will make all reasonable efforts to pay the retroactive portion of such general wage increases as soon as possible and no later than sixty (60) days after the date of this Agreement.

If the IHB finds it impossible to make such payments by that date, the IHB shall notify you in writing explaining why such payments have not been made and indicating when the payments will be made.

Very truly yours,

Mary Kay Conley

Director Labor Relations and Human Resources



INDIANA HARBOR BELT RAILROAD COMPANY
2721-161ST STREET, HAMMOND, IN 46323-1099



January 1, 2008

2

Mr. Sukhram Narine
President and General Chairman
The American Railway and Airway
Supervisors Association
23630 Rolf Road
Plainfield, IL 60544

Dear Mr. Narine:

This refers to the increase in wages provided for in Sections 1, 2 and 3 of Article I of the Agreement of this date.

It is understood that the retroactive portion of those wage increases shall be applied only to employees who have an employment relationship with the IHB on the effective date of this Agreement or who retired or died subsequent to June 30, 2005.

Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,

Mary Kay Conley
Director Labor Relations and Human Resources

I agree:

S. Narine



INDIANA HARBOR BELT RAILROAD COMPANY

2721-161ST STREET, HAMMOND, IN 46323-1099

January 1, 2008

3

Mr. Sukhram Narine
President and General Chairman
The American Railway and Airway
Supervisors Association
23630 Rolf Road
Plainfield, IL 60544

Dear Mr. Narine:

This confirms our understanding regarding Article IV, Part B of the Agreement of this date.

If the initial deduction from an employee's wages for his monthly cost-sharing contribution pursuant to Article IV, Part B, Section 4 is scheduled to be made at the same time as the payroll deduction for the employee's union dues, the union dues deduction may be made on a subsequent date mutually agreeable to the parties.

Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,

Mary Kay Conley
Director Labor Relations and Human Resources

I agree:

S. Narine



INDIANA HARBOR BELT RAILROAD COMPANY
2721-161ST STREET, HAMMOND, IN 46323-1099



January 1, 2008

4

Mr. Sukhram Narine
President and General Chairman
The American Railway and Airway
Supervisors Association
23630 Rolf Road
Plainfield, IL 60544

Dear Mr. Narine:

This confirms our understanding regarding Article V, Part B of the Agreement of this date.

All claims for SSB Plan benefits (a) for disabilities beginning before the date of this Agreement, (b) that were denied for failure to provide timely notice of disability, and (c) appeal from the denial of which is now pending, shall be promptly reevaluated.

1. If the vendor administering claims under the Plan determines through that reevaluation that, apart from when the notice of disability was given, the claim is otherwise valid and payable, the claim shall be allowed and processed.
2. If the vendor determines that the claim shall be denied for reasons other than a failure to give timely notice of disability, the claim shall be denied, which (said) denial shall be treated as an initial denied (denial) of the claim that (which) may be appeal (appealed) in accordance with Plan procedures.

Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,

Mary Kay Conley
Director Labor Relations and Human Resources

I agree:

S. Narine



INDIANA HARBOR BELT RAILROAD COMPANY
2721-161ST STREET, HAMMOND, IN 46323-1099



January 1, 2008
5

Mr. Sukhram Narine
President and General Chairman
The American Railway and Airway
Supervisors Association
23630 Rolf Road
Plainfield, IL 60544

Dear Mr. Narine:

This confirms our understanding regarding the Agreement of this date.

The parties concur that the hypothetical example set forth in Attachment A to this letter describes the methodology concerning (i) computation of gross retroactive pay that shall be utilized by the IHB in determining the net retroactive amount payable to a covered employee under the terms of this Agreement, and (ii) determination of the hourly rate of pay produced by application of the general wage increases provided for in Article I of this Agreement.

Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,

Mary Kay Conley
Director Labor Relations and Human Resources

I agree:

S. Narine