

MEDIATION AGREEMENT CASE NO. 13422
BETWEEN PANHANDLE NORTHERN RAILROAD, LLC AND IBT/BLET RAIL
OPERATING EMPLOYEES' COUNCIL

PREAMBLE

This following Agreement between the Panhandle Northern Railway, (PNR) and the IBT/BLET Rail Operating Employees' Council ("BLET") recognizes the unusual principles and conditions existing within the short line railroad industry that are not applicable to the major trunk line railroads.

PNR, BLET, and the employees further recognize that they have a common and sympathetic interest in the railroad industry. Therefore, a working system of harmonious relationships is necessary to maintain a rapport among, PNR, BLET, and the employees and with the customers and public. Continued peace and harmonious relationships will benefit all concerned and the parties further agree that they will use rational, common sense methods to settle any differences between them.

ARTICLE 1
REPRESENTATION AND DEFINITIONS

Section 1.1 PNR recognizes that the BLET represents the engine and train service employees on the PNR. Further, PNR, BLET, and the employees recognize their respective rights and responsibilities under the Railway Labor Act, as amended. This Agreement is non-referable to other negotiations on other properties and is not precedent for any other agreement. PNR and the BLET shall apply the provisions of this Agreement without discrimination based on union membership, race, color, creed, religion, national origin, age, sex or disability.

Section 1.2 Definitions

1.2.1 The term "employee" means all engine and train service employees represented by the BLET.

1.2.2 The term "emergency" means an event that disrupts the normal flow of business on PNR including but not limited to Acts of God, acts of force majeure, train accidents, vandalism, lack of locomotives, lack of qualified personnel to operate trains, and customer needs or requirements.

Section 1.3 The use of such words as "he", "his" and "him" are not intended to restrict the application of this Agreement to a particular gender, but are used solely for the purpose of grammatical convenience.

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ARTICLE 2
SCOPE

Section 2.1 Operating employees shall perform any and all services pursuant to the direction of PNR, including but not limited to steps required for the make up of trains or the movement of cars and trains over and through PNR trackage or trackage over which it is permitted to operate by virtue of trackage rights, operating rights or any other such arrangements with other rail carriers. The primary work of the operating employee is the operation of trains, locomotives, remote control devices used to operate locomotives and any other motive power used for the make up or movement of cars and trains. PNR may, however, use other personnel to move locomotives or trains for repairs, maintenance or testing provided such movements do not involve the movement of revenue traffic.

Section 2.2 It is further recognized that PNR may require operating employees from time to time to perform duties outside their primary duties such as fueling locomotives, changing brake shoes, and conducting repairs to locomotives and cars, coupling and uncoupling cars, inspecting cars and locomotives, throwing switches, locking and unlocking derails, opening and closing gates, coupling and uncoupling air hoses, relieving other employees, servicing and supplying locomotives, assisting in training new operating and engine service employees, receiving train orders and/or track warrants, performing air brake tests, daily inspections of engines, receiving, delivering and/or transmitting waybills, car placement information, bills of lading, switch lists and other data, assisting other employees to clear main line or perform other functions as may be necessary, and other duties as may be assigned .

Section 2.3 All PNR policies, practices, and procedures previously or subsequently issued by PNR—that are not in conflict with this Agreement govern the employees covered by this Agreement.

Section 2.4 PNR management may perform work normally performed by an employee in the event of the unavailability of an employee, when PNR is unable to contact other qualified bargaining unit employees or in the event of work of an urgent or emergency nature.

Section 2.5 In the absence of a qualified operating employee, PNR maintains the right to protect its service in the same manner it did prior this Agreement.

ARTICLE 3
MANAGEMENT RIGHTS

PNR retains the sole and exclusive right to manage the affairs of the business and to direct its work force, subject to the provisions of this Agreement. Such functions of management include, but are not limited to, the right to hire, enforce rules of safety, promote, discharge or discipline (including layoff and recall of employees), and maintain efficiency of employees. PNR has the right to alter, rearrange or change, extend, limit or curtail its operations or any part of it, to decide the number of employees that it assigns to work on any job or shift, the equipment employed in the performance of such work, as well as to determine and set performance levels.

ARTICLE 4
PROBATIONARY PERIOD

PNR shall employ persons hired after the effective date of this Agreement on a probationary basis for a period of one hundred twenty (120) compensated days of actual work. During the probationary period, PNR may dismiss the employee for any non-discriminatory reason and neither the employee nor the BLET shall have any right to grieve or otherwise challenge the dismissal. Falsification by an individual of his application is reason for dismissal of the employee whenever PNR discovers such falsification.

ARTICLE 5
SENIORITY, BIDDING, AND ASSIGNING OF POSITIONS

Section 5.1 PNR will prepare two seniority rosters as of January 1st of each year. One will be one seniority list for qualified engineers and another for qualified conductors. PNR will post the seniority lists in a convenient place on bulletin boards where employees go on/off duty. The roster will show employees in order according to their date of hire. If there are two individuals with the same hire date, their position on the seniority list will be determined by lottery. PNR will provide a copy of such the roster to the BLET. In the event a roster contains any error(s), the BLET must file any appeal to the order of seniority shown or any other material errors noted on the seniority roster within ten (10) calendar days of the date of the posting of the seniority roster.

Section 5.2 An employee who PNR promotes or reassigns outside engine and train service will retain and continue to accumulate seniority. Any such employee who voluntarily or involuntarily leaves the promoted or reassigned position must return to engine and train service within ten (10) days or forfeit all seniority rights. PNR may dismiss that employee at its discretion.

Section 5.3 PNR is not obligated to reinstate an employee who leaves the service of PNR of his own accord and he forfeits all seniority rights.

Section 5.4 New assignments will be bulletined for a period of seven (7) days with bulletins posted at points where employees go on/off duty. Employees desiring such assignments will indicate their preference therefore on the prescribed form within the seven (7) day period. At the close of the bulletin period, PNR will assign the senior qualified employee making application for the position.

Section 5.5 PNR will permit qualified engineers to bid positions as conductors according to their standing on the conductor's seniority roster and, if the senior applicant, PNR will assign him to the position provided all engineer positions are filled with qualified engineers. In the event an engineer position is vacant and no engineer bids the position, PNR will assign the junior engineer working as conductor to the position.

Section 5.6 Employees who have been assigned to a job/assignment for a period of ninety (90) or more days will be permitted to exercise seniority to a different position, seniority permitting.

Section 5.7 When PNR is going to abolish or annul assignments on work days or holidays, it will notify the employees assigned to job during the preceding tour of duty, except in an emergency or an event of Acts of God.

ARTICLE 6 REDUCTION IN FORCE

Section 6.1 If PNR reduces the workforce, it will demote or furlough employees in reverse order of seniority.

Section 6.2 When PNR restores or recalls the workforce, it will restore or recall Employees to service in seniority order. They will retain their original seniority date and standing, provided they report for duty within five (5) days from the date of the recall letter. PNR will provide the BLET copies of the recall letters upon request.

Section 6.3 All Employees must keep PNR informed of their current address. Failure to do so will result in forfeiture of seniority.

ARTICLE 7 VACANCIES

Section 7.1 PNR may abolish a position if it deems the position no longer necessary or redundant.

Section 7.2 Permanent vacancies are defined as newly established positions or positions vacated due to exercise of seniority, retirement, death, dismissal, resignation or reassignment that PNR has not abolished and that it expects to remain open for one year.

Section 7.3 Temporary vacancies are those due to illness, injury, vacation and all other except those referred to in Section 5.2 above. Such vacancies will be filled below:

7.3.1 This work will be offered in seniority order on a rotating basis. If no one volunteers to do the work, PNR may force the junior qualified PNR employee to do the work;

7.3.2 By another qualified PNR employee

ARTICLE 8 WAGES

Section 8.1 PNR will pay each employee a biweekly salary as set forth in Appendix A.

Section 8.2 PNR will pay all regular employees covered by this Agreement in full every two (2) weeks through electronic deposit. Pay shortages will be paid promptly upon notification. PNR will provide each employee with an itemized statement of gross earnings and an itemized statement of all deductions made for any purpose.

ARTICLE 9 **MEAL PERIOD**

PNR recognizes that due to the constraints of service, employees occasionally cannot take their lunch within a tour of duty and may have to forego their meal period. If PNR directs the employee to forego the meal period, it will pay him thirty (30) minutes at the respective straight time rates during each tour of duty.

ARTICLE 10 **QUALIFICATION, CERTIFICATION, AND TRAINING**

Section 10.1 All employees must qualify on PNR operating rules and PNR has the right to qualify or place restrictions on employees. In addition, all operating employees in the bargaining unit may be certified to perform both engineer and conductor duties.

Section 10.2 PNR shall conduct periodic training programs designed to enable the employees to become certified for the engineer and conductor positions. PNR will afford employees who fail the certification test additional training and the opportunity to test a second time.

Section 10.3 Unless PNR and the BLET agree, failure of the second test, or failure to pass the certification tests within twelve (12) months of the effective date of this Agreement or within twelve (12) months of hire (whichever is later), shall result in the forfeiture of seniority rights and dismissal.

ARTICLE 11 **LEAVE OF ABSENCE**

Section 11.1 PNR may grant an employee a leave of absence of up to ninety (90) calendar days at its sole discretion but not for a longer period except by agreement between PNR and BLET or as required by law. An employee granted such leave shall sign a copy of the written authorization for PNR's records.

Section 11.2 Any employee on leave of absence from PNR may not work for another rail carrier unless so approved by PNR and BLET.

ARTICLE 12
GRIEVANCE AND ARBITRATION PROCEDURE

Section 12.1 If the Employee feels he is aggrieved, he must submit a written, detailed grievance within five (5) calendar days from the date of the alleged grievance to the President of PNR. The President must respond in writing within ten (10) days of the date of receipt of the grievance, either allowing or denying the grievance.

Section 12.2 If the Employee is not satisfied with the President's decision, the General Chairman must appeal the decision in writing to the Managing Director of OmniTRAX, Inc., in writing, within thirty (30) calendar days of the date of the President's decision. The Managing Director shall hear and decide the appeal within thirty (30) days of the date of receipt of the appeal.

Section 12.3 If PNR and the BLET fail to settle the grievance, they shall handle the matter in accordance with the Railway Labor Act, as amended, within thirty (30) calendar days after PNR's response in 12.2.

Section 12.4 Any party who fails to comply with any of the time limitations outlined above has abandoned all rights and the decision given by the other party at the last applicable step is final and binding. The parties may agree in writing to waive any of the time limitations outlined above.

Section 12.5 Each party will supply the other with the names of all officers or persons who shall function in its behalf in the grievance procedure.

ARTICLE 13
HEARINGS

Section 13.1 Employees charged with violations that could lead to suspension or termination will be notified in writing via U.S. mail or hand delivered. The notice of hearing will contain information sufficient to apprise the employee of the act or occurrence to be investigated. It will also include the time and location of the investigation. Employees so charged will be given sufficient time to obtain representation, prepare a defense and request witness to testify on their behalf at the investigation. The investigation will be held within ten (10) business days of the date of notification unless postponed for cause by either party. Postponements of investigations will not be unreasonably requested or denied. At the investigation the charged employee or his representative will be permitted to be present for the entire proceeding, to hear all testimony, and to question all witnesses.

Section 13.2 A decision will be rendered within ten (10) business days following the completion of the investigation. The employee will be notified of the decision via U.S. mail or hand delivery. The postmark will be used to determine compliance with this 10-day time limit if mailed. Failure of PNR to issue notice of discipline within this ten (10) business day requirement will negate its right to assess discipline for the relevant matter.

Section 13.3 In the event discipline is assessed, a complete and accurate transcript of the investigation will be provided to the employee and his representative with PNR's decision. The employee or his representative has the right to appeal the decision provided such appeal is filed with the officer or PNR designated to handle appeals within thirty (30) calendar days of the date of the decision. If an appeal is not filed within this time period, the matter is barred from further action or appeal by the BLET unless the parties mutually agree otherwise.

Section 13.4 PNR's designated officer must issue a written decision on the employee's appeal within fifteen (15) business days of the date of receipt of the employee's appeal. If PNR fails to issue such decision within this fifteen (15) day period, the appeal will be sustained in its entirety.

Section 13.5 The decision reached pursuant to Article 13.4 is final and binding unless, within fifteen (15) business days, the General Chairman of the BLET notifies the Managing Director of OmniTRAX that he desires a conference on the matter. The parties will hold such a conference within thirty (30) business days of the date of the General Chairman's request for the conference unless the parties mutually agree to extend the time period. Within fifteen (15) business days of the date of the conference, the Managing Director must issue a final written decision to the General Chairman. Failure to issue a final decision within that time period will result in the appeal being sustained in its entirety.

Section 13.6 The written decision of the Managing Director will be considered final and binding, unless within thirty (30) calendar days from the date of this written decision the General Chairman advises the Managing Director of his intent to list the case for adjudication by a tribunal having jurisdiction to adjudicate the matter.

Section 13.7 If the matter is submitted for arbitration under this Article, the parties agree that the arbitrator shall consider only the dispute or question presented to him in the notice. Further, any decision rendered by the arbitrator is limited to the dispute or questions contained in the request for arbitration. The decision shall not add to, subtract from, modify, rescind or disregard any provision of this Agreement. The arbitrator's decision is final and binding.

Section 13.8 An employee notified to attend an investigation and found to be not guilty, will be paid for all time lost. The hearing will be held at the general offices of PNR.

Section 13.9 If PNR calls an employee to attend an investigation as a carrier witness on their off duty time it will pay him for all time from the time required to report until the time of final release by the investigation officer.

Section 13.10 PNR may offer a charged employee the right to waive the investigation and accept responsibility for the charges. Such a waiver will be in writing, signed by the carrier officer and the employee, witnessed by the local chairman, and contain the specific amount of discipline that will be assessed as a result of the employee waiving his/her rights to an investigation. Offers of waivers that are rejected by the employee will not be referred to by either party in any other forum.

Section 13.11 If, as a result of handling a matter at any stage of this Article, the employee is exonerated, he will be reinstated, if out of service, paid for all time off if any, and will have the relative notation removed from his personal record. The BLET will also not use any such removed notation for any purpose.

Section 13.12 All time limitations set forth in this Article may be extended by mutual agreement of the parties.

ARTICLE 14
HOLIDAYS

Section 14.1 PNR will recognize Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving Day, Christmas Eve Day, Christmas Day, and New Years Day.

Section 14.2 PNR will pay each employee who does not work on a holiday his daily rate of pay for one day. To be eligible for holiday pay, the employee must have worked or available for work on his last regularly assigned work day before the holiday and his first normally assigned work day following the holiday. Employees who are on vacation or bereavement leave when the holiday occurs are considered to have met this requirement.

Section 14.3 If PNR requires an employee to work on a holiday, it will pay him the holiday rate of pay and time and one and one-half (1½) times the daily rate of pay specified in Appendix A except that the employee will not have to work five (5) consecutive days before the holiday to receive the holiday pay.

ARTICLE 15
PAID TIME OFF

Section 15.1 An employee will accrue paid time off ("PTO") pursuant to the following schedule:

Years of Service*	Accrual Rate	Semi-Monthly Days Per Month	Days Per Year	Maximum Days Carry Over
Up to 1	4 hours	1.00	12	6
2 - 3	6 hours	1.50	18	9
4 - 5	8 hours	2.00	24	12
6 - 9	9 hours	2.25	27	13
10 +	10 hours	2.50	30	15

* For purposes of measuring an employee's PTO entitlement, the years of service will be measured from the date of his hiring at PNR:

Section 15.2 An employee may carry over up to fifty percent (50%) of his accrued PTO time at the end of a calendar year but not to exceed six, nine or 12 days, depending on his length of service with PNR. PTO time may be carried over one year and if the employee does not use the carried over amount of PTO by the end of that year, he forfeits it.

Section 15.3 It is the intent of the parties that the employee will normally take PTO in increments of one (1) week or more except that the employee may not take more than two (2) weeks at a time without the written approval of the President of PNR.

Section 15.4 The employee must submit his PTO request on the form supplied by PNR. Those employees with the greater amount of seniority will have priority if PNR receives duplicate requests for the same PTO times. Employees should include at least three (3) choices when submitting requests for weekly increments of PTO in case of duplicate requests.

Section 15.5 PNR reserves the right to grant or deny PTO requests based upon its service or operational needs.

Section 15.6 PNR will pay an employee his accrued but unused PTO upon the termination of the employee's employment with PNR.

ARTICLE 16 **BEREAVEMENT LEAVE**

Section 16.1 Bereavement leave allows an employee time off when a death occurs in the immediate family. PNR will give an employee a leave of up to three (3) days, calculated at the employee's equivalent of hourly rate of pay.

Section 16.2 The definition of an employee's immediate family is the employee's spouse, child, parent, parent-in-law, step-parent, step-child, and employee's brother or sister.

Section 16.3 The days of leave for which PNR shall pay the employee is limited to those days on which the employee is regularly scheduled to work and is unable to work because he is arranging for, traveling to and from or attending the funeral. PNR will not grant pay to employees for this purpose who are already on vacation, leave of absence, lay off or paid holiday.

ARTICLE 17 **JURY DUTY**

Section 17.1 PNR will pay employees who serve jury duty the difference between the amount paid by the court for such service and the amount of their regular earnings at their equivalent hourly rate of pay that they would have otherwise earned for a period of a maximum of thirty (30) days a year. PNR will not grant any jury duty pay to the employee if the employee is on leave of absence, lay-off, vacation or holiday. PNR will not consider hours paid under this provision as time worked when it computes overtime.

Section 17.2 If PNR subpoenas or requests an employee to attend court, coroner's inquest or deposition, it will reimburse him for reasonable expenses. This paragraph does not apply if the employee is under criminal investigation nor is a party to civil suit, unless PNR and the IBT/BLE mutually agree.

ARTICLE 18 GROUP HEALTH BENEFIT PLANS

Section 18.1 PNR covers employees in the PNR Group Health Benefit Plans. Employees must first meet the qualifying criteria as described in the group plan before they are eligible to receive benefits. This insurance is only effective as long as the Employee is eligible for insurance and becomes and remains insured as provided in the Group Policy. An employee will pay one hundred dollars (\$100) less per month for family health care, seventy-five dollars (\$75) less per month for employee plus spouse or employee plus one, and fifty dollars (\$50) less per month for single employee coverage than the amounts for those coverages shown in the group plan policy.

Section 18.2 If the employee fails to qualify for coverage during a calendar month, PNR will afford him the option to continue coverage under the plan by paying the premium cost, if permitted by the insurance carrier.

Section 18.3 PNR retains the right to change insurance companies/programs as long as the new group benefit plan provides reasonably similar benefits and the plan recognizes the employee payment provisions set forth in Section 18.1.

ARTICLE 19 PAYROLL DEDUCTION

Section 19.1 All employees covered by the terms of this agreement will be required to become and maintain membership in the BLET except as otherwise specifically provided herein. Union membership, for purposes of this Agreement, is required only to the extent that employee must pay either: (i) the BLET's initiation fees and periodic dues or (ii) service fees. The service fees shall be equal to the BLET's initiation fees and periodic dues and, in the case of an objecting service fee payer, shall be the proportion of the initiation fees and dues corresponding to the portion of the BLET's total expenditures that support representational activities.

Section 19.2 Subject to the conditions set forth below, PNR will deduct from wages earned by an employee all sums for periodic union dues, initiation fees, and assessments (but not fines and penalties) payable to the BLET upon written and unrevoked authorization of an employee in the form agreed upon by the parties. Deductions for federal, state, and municipal taxes, any amounts due PNR by the employee, and deductions required by law or court order have precedence over union deductions.

Section 19.3 An employee may revoke a payroll deduction authorizing form by executing the form agreed upon by the parties. It is, however, understood that revoking the form will not relieve the employee of the other requirements of this Article.

Section 19.4 The BLET shall reproduce and furnish both authorization and revocation to employees. The BLET is responsible for obtaining the authorization forms from the employees and for delivering such forms to PNR. The employee shall furnish revocation forms directly to PNR. PNR will then send a copy of the revocation form to the BLET.

Section 19.5 PNR will make deductions monthly from the second pay period in each calendar month and PNR will remit to the BLET the total amount of such deduction on or before the twentieth (20th) day of the following month. In the event earnings of an employee are insufficient to permit the full amount of deduction, PNR will not make a deduction for such period and the BLET is responsible for the collection of the same.

Section 19.6 The BLET shall indemnify and hold harmless PNR against any and all claims, demands, suits or other forms of liability that arise out of or by reason of any action taken or not taken by PNR pursuant to this Article.

ARTICLE 20 EQUIPMENT

PNR will provide any required personal protection equipment and PNR shall pay one hundred dollars (\$100) in each calendar year to reimburse an employee for safety boots so long as the employee purchases his boots from a PNR authorized dealer and the boots meet PNR's safety standards.

ARTICLE 21 PHYSICAL EXAMINATION

Section 21.1 Physical examinations will not be more frequent than once a year, unless required by law or unless, in the opinion of PNR, an examination is necessary to determine if the employee is physically able to perform service, and to determine what, if any, reasonable accommodations may be required.

Section 21.2 If PNR's physician disqualifies an employee upon examination and the employee feels such that disqualification is unwarranted, the following procedure will apply:

21.2.1 The employee, at his expense, will select a physician to represent him. PNR, at its expense, will select a physician to represent it. If the two (2) physicians selected concur, their conclusion reached by them is final.

21.2.2 If the two (2) physicians selected disagree as to the physical condition of such employee, they will select a third (3rd) physician, at the joint and equal expense of PNR and the employee, who shall be a practitioner of recognized standing in the medical profession and a specialist in the disease, condition or injury from which the employee is alleged to be suffering. The third (3rd) physician will examine the employee and render a report within a reasonable time not exceeding fifteen (15) calendar days after such examination (unless waiting for test results or laboratory reports) setting forth the

employee's physical condition and the physician's opinion as to the employee's fitness to continue service in his regular employment, including the need for any reasonable accommodations. The opinion of any two (2) such physicians is final.

21.2.3 If PNR holds an employee from service for an examination or alleged impaired physical condition and, upon examination, the physicians find the employee physically fit to resume duty, and then PNR will reinstate him and pay him for lost time.

ARTICLE 22 LIMITATIONS ON STRIKES

Section 22.1 The BLET agrees that it will not direct, participate in or encourage any sympathy or secondary strike, slowdown or stoppage of or interference with either partial or complete work or production ("Strike"). Further, in view of the establishment in this Agreement of an orderly procedure for the settling of disputes and the handling of grievances, the parties agree that prior to the BLET directing, participating in or encouraging any strike, it will follow the process set forth below.

Section 22.2 In instances where the BLET believes a "major" dispute exists on PNR's property under the Railway Labor Act and PNR believes such a dispute is "minor" under the Railway Labor Act, it may request Strike authority from a BLET Vice President. If the BLET Vice President recommends a Strike, it will so notify PNR's President. If he does not so recommend, the BLET and its members may not take any Strike action.

Section 22.3 Before the BLET can take any Strike action, the parties will submit the dispute to expedited arbitration and PNR will cease the practice that is the subject of the "major" dispute under the Railway Labor Act until after the arbitrator's decision. The parties will bear all costs of the arbitration equally. As soon as practicable, the parties will agree on a third party neutral and the procedure to be followed in the arbitration. If, within ten (10) business days, the parties cannot agree on a third party neutral, either party may petition the National Mediation Board for it to appoint the arbitrator. This expedited arbitration process will only be used with the consent of BLET and PNR.

Section 22.4 In any arbitration under this Article, the arbitrator shall consider only the dispute or question presented to him in the notice. Further, any decision rendered by the arbitrator is limited to the dispute or questions contained in the request for arbitration. The decision shall not add to, subtract from, modify, rescind or disregard any provision of this Agreement. The arbitrator's decision is final and binding.

Section 22.5 The above described dispute resolution method is for "major" disputes under the Railway Labor Act emanating between these parties, and awards rendered pursuant to these provisions shall have precedence only in cases involving these parties and the same general facts.

ARTICLE 23
ASSIGNMENTS

PNR will assign all jobs for five (5) and/or (6) days a week unless otherwise agreed by the parties. Five (5) day assignments will have consecutive days off. PNR will bulletin the jobs with an on duty time and location. PNR may set back an assignment up to two (2) hours. The employee must make himself available one (1) hour prior to the assignment for purposes of receiving such a call. PNR will contact the crew no less than one (1) hour prior to the scheduled on duty time to inform them that their assignment has been set back. If the PNR sets back an assignment more than two (2) hours, PNR may set back additional time as far as on duty time (hours of service) but not for pay purposes.

ARTICLE 24
POSTING - BULLETIN BOARDS

Section 24.1 PNR will provide a copy of this Agreement to each covered employee.

Section 24.2 PNR will provide bulletin boards at locations where the crews report that the BLET may use for posting, restricted to notices of BLET business. Neither BLET nor the employees shall post other types of notices without the written permission of PNR.

ARTICLE 25
SEPARABILITY AND SAVINGS CLAUSE; PRECEDENCE

Section 25.1 If any article or section of this Agreement is held invalid by operation of law or by any tribunal of competent jurisdiction or if compliance with or enforcement of any article or section should be restrained by such tribunal pending a final determination as to its validity, the remainder of this Agreement or the application of such article or section shall not be affected thereby. In such event, the parties shall, upon the request of the IBT/BLE, enter into collective bargaining negotiations for the purpose of arriving at a mutually satisfactory replacement for such article or section during the period of invalidity or restraint.

Section 25.2 This Agreement shall in all respects supersede and take precedence over all other agreements and any proposals in pending notices by and between PNR and the BLET.

ARTICLE 26
MORATORIUM

This Agreement made between PNR and the BLET or their successors will become effective on November 1, 2006 and will remain in effect until and unless changed under the provisions of the Railway Labor Act, as amended. The parties to this Agreement will not serve nor progress any notice or proposal for changing any matter contained in this Agreement prior to July 1, 2010

APPENDIX A

<u>Position</u>	<u>Years of Service*</u>	<u>Rates Per Hour</u>			
		<u>11/1/06</u>	<u>11/1/07</u>	<u>11/1/08</u>	<u>11/1/09</u>
Engineer	0 – 5	\$17.00	\$17.51	\$18.04	\$18.58
	6 – 9	\$17.25	\$17.76	\$18.29	\$18.83
	10 +	\$17.50	\$18.01	\$18.54	\$19.08
Conductor	0 – 5	\$16.50	\$17.00	\$17.50	\$18.03
	6 – 9	\$16.75	\$17.25	\$17.75	\$18.28
	10 +	\$17.00	\$17.50	\$18.00	\$18.53
Brakeman	0 – 5	\$15.00	\$15.45	\$15.91	\$16.39
	6 – 9	\$15.25	\$15.70	\$16.16	\$16.64
	10 +	\$15.50	\$15.95	\$16.41	\$16.89
Trainee	N/A	\$12.50	\$12.88	\$13.26	\$13.66

* The pay rates for Years of Service for the Years of Service 6 – 9 and 10+ include additional compensation for years of service with PNR (the "Longevity Pay"). For purposes of measuring the employee's entitlement to Longevity Pay, the Years of Service shall be measured from the date he began service in the operating crafts. Any Longevity Pay increase will take effect on the pay period following the employee's anniversary date.

PNR will pay each employee who was employed by PNR in 2005 and who is still actively working on November 1, 2006, a one-time payment equivalent to the amount of the 2005 bonus payment made pursuant to the bonus program then in effect. PNR will make this payment thirty (30) days after ratification of this Agreement.

Once an employee moves to the top rate for a classification, PNR will pay him that rate without regard to the type work he does.

Ten (10) hours will constitute a basic day. PNR shall pay overtime at the rate of one and one-half (1½) times the regular hourly rate of the employee for all time worked over ten (10) hours.

PNR employees may participate in the company 401(k) plan if they meet the criteria set forth in that plan.