

EMPLOYEE'S WORKING AGREEMENT

FOR THE
KYLE RAILROAD COMPANY
(A RailAmerica Subsidiary)

&

THE EMPLOYEES REPRESENTED BY
THE UNITED TRANSPORTATION
UNION

Effective June 25, 2008

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PREAMBLE

The following Agreement between the Kyle Railroad Company and the United Transportation Union recognizes the unusual concept of principles and conditions existing within the Short Line Railroad Industry, which would not be applicable to the major Trunk Line Railroads.

The Company 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 between the Company and the employees, and jointly with the customers and public. All concerned will benefit by continued peace and harmonious relationships, and any differences must be settled through rational common sense methods.

It is understood that this Agreement replaces any and all agreements and understandings that were in place prior to the adoption of this Agreement. 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 gender convenience and clarity.

This Agreement will be applied to the parties signatory hereto, in compliance with state and federal laws and regulations, and without regard to the race, religion, color, creed, national origin, or gender of the individuals covered by the provisions embodied in this Agreement.

Therefore, in consideration of the mutual promises and agreements contained herein, all concerned parties mutually agree as follows:

ARTICLE I

Scope

(A) The term "employee" as referred to herein shall include all employees represented by the United Transportation Union. The term "Company" shall mean the Kyle Railroad Company. The term "Organization" shall mean the United Transportation Union.

ARTICLE 2

Representation Rule

(A) The United Transportation Union, while having representation of Engineers, Conductors, Brakemen, Maintenance of Way Employees, Signalmen, Mechanics, Helpers & Apprentices, Carmen and Welders, holds sole and exclusive bargaining rights governing wages, hours, and working conditions for such employees.

(B) For benefit of this Agreement, crafts will be identified as follows: Engineers, Conductors and Brakemen will have common seniority when qualified to each of these positions and will hereafter be referred to as the Operating Craft. Section Foremen, Machine Operators and Section Laborers will hereafter be known as the craft of Maintenance of Way

Employees. Signal Maintainers and Signal Helpers (Apprentices) shall hereafter be known as the craft of Signalmen. Mechanics, Electricians, Helpers and Apprentices shall hereinafter be known as the craft of Mechanical Department Employees. Welders, Carmen, Helpers, Apprentices, and Laborers shall hereafter be known as the craft of Car Department Employees.

(C) The proper officer of the Company will hear any reasonable complaint, grievance or claim made by the Committee of the Organization duly authorized to represent the above named crafts on the property.

(D) The right of appeal in the case of complaints, grievances, including reinstatements and claims is restricted to employees through the duly authorized official of the Organization.

ARTICLE 3

Seniority Rule

(A) The seniority rights of each employee will date from the time (date) they last entered service in the craft they are working in on the effective date of this Agreement. In the case of employees who are working out of their original craft due to seasonal requirements or reduction in force, their seniority rights will apply to the date they first entered service in the craft for which they were originally hired. All employees certified to be represented by the United Transportation Union will then be shown on one (1) seniority roster in accordance with their original seniority date, as set forth above, designating the craft in which they hold seniority on the effective date of this Agreement. Those permanent employees who are employed on the effective date of this Agreement will hereafter be known as "Prior Rights" employees in their respective craft, and a separate seniority roster for each craft (Operating, Maintenance of Way, Signal and Mechanical Departments) will be maintained until all prior rights employees have retired, resigned or are otherwise severed by natural attrition. In cases where two (2) or more employees have the same seniority date, or first performed service at the exact same time, then their seniority standing will be determined by that presently recognized by employees and the Kyle Railroad. All employees will be considered as having System Seniority. (See Item (F) for Seniority Standing of Newly Hired Employees).

(B) Those employees that have transferred from one craft to another prior to the effective date of this Agreement will have their original seniority date used for determining their vacation requirements, etc., providing there was no break the employee's service as a result of the transfer. However, for their seniority standing in the respective crafts, the time (date) they last entered service in that craft will be used in determining their proper seniority standing. No employee will be permitted to hold prior rights in more than one (1) craft.

NOTE: The parties acknowledge and incorporate the interpretation of this rule as set forth by the UTU General Committee in General Chairman Hazlett's letter of April 21, 2004, which is appended to this agreement as Attachment "C".

(C) After the effective date of this Agreement, employees will be permitted to exercise their seniority in their craft, or any of the other crafts, by bidding or bumping. It is understood, however, that this Agreement will not affect the seniority standing of any employees listed on the seniority roster as "Prior Rights" employees in a given craft. When an employee chooses to exercise his seniority in another craft, he must be qualified to perform service in that craft as stipulated in ARTICLE 7 of this Agreement. Dependent upon the requirements of the service, changes from one craft to another may be deferred until replacements are available, and such deferment will not subject the Company to penalty payments. When an employee elects to change from one craft to another by bidding a job in that craft, he cannot in turn change to another craft for a period of ninety (90) days, unless he is displaced through no fault of his own.

(D) The right to preference of work positions and/or assignments will be governed first by the prior rights in service seniority date. The qualified prior rights employee senior in service will be given preference. If there are no bids from a prior rights employee, then the position and/or assignment will be filled by the senior qualified employee from the common seniority roster making application to such position and/or assignment. If no bids are received from any qualified employee, the junior qualified employee on the System Seniority Roster may be forced to accept the position or assignment.

(E) All employees of the Kyle Railroad Company who are hired after the effective date of this Agreement will establish a common seniority date from the date and time they first perform service for the Company.

(F) For all crafts employees' Social Security Numbers will be used for determining seniority standing when more than one employee is hired on the same day: The last four digits of the employee's Social Security Number will be used in determining their seniority standing against other employees hired on that same date. The employee with the larger number will be placed on the roster first, and so on. In the event there are two or more employees hired on the same date which have the same last four digits in their Social Security Number, the two middle digits will be used to determine their seniority standing.

(G) Maintenance of Way Department ONLY - When an employee is force assigned, away from his home terminal to a Machine Operators position because the posted bid received no bids by a qualified employee, the force assigned employee will receive expenses as described in ARTICLE 20, Items 2 & 3 and may request that the position be immediately placed for bid as a trainee position as outlined below:

1. The request for a trainee position can only be made providing there are unqualified employees their junior working a laborers position.
2. It is understood that when a trainee position receives no bids, the junior laborer on the System Seniority Roster will be force assigned to the trainee position.

3. After another employee is qualified, the force assigned employee may return to his original position or any other position that their seniority and qualification would hold that has been assigned during the time they were force assigned.

ARTICLE 4

Exercise of Seniority and Reporting

(A) Employees displaced account position abolished or displaced by senior employees, may displace employees their junior.

(B) Operating Employees: When a job or assignment goes "no bid" the junior qualified employee on the local Extra Board will be force assigned to the position. If there are no qualified employees at the local Extra Board, the youngest qualified employee on the Extra Board at the next closest terminal will be forced to the position.

(C) Non-Operating Employees: When a job or assignment goes "no bid" the junior qualified employee which normally reports to duty within a 50 mile radius of the job to be filled will be force assigned. If there are no qualified employees within the 50 mile radius specified above, the junior qualified employee within a 100 mile radius may be force assigned, and so on with increases of 50 miles in the radius until an employee is assigned.

(D) Non operating employees choosing to remain in displaced status instead of exercising seniority to another location, will not be given a recall when calling back furloughed employees, and will be permitted to return to work only by placing a bid on an open assignment. Employees who choose to exercise their rights to voluntary furlough must place themselves on an open job within 6 months of their furlough or they will relinquish their seniority standing with Carrier.

(E) All exercise of seniority must take place at least sixteen (16) hours before the starting time of the position to which the seniority is exercised. The Company will notify the employee displaced as promptly as possible, and such employee will have up to forty eight (48) hours to exercise seniority, and designate the junior employee he wishes to displace. If an employee fails to exercise displacement rights within such forty eight (48) hour period the Company may place the displaced employee on the bottom of the protecting extra board which is closest to the assignment from which displaced. Employees who are displaced and exercise seniority to an assignment which is located more than 100 miles from their previous reporting point will be allowed an additional seventy-two (72) hours to physically report for the new assignment.

(F) Regular employees reporting for service after an absence must do so at least sixteen (16) hours in advance of the starting time of their regular assignment.

(G) Employees absent on vacation or leave of absence will be required to report per Paragraph (F) above. Employees returning from vacation or leave of absence will return to their regular assignment, unless they have been displaced by a senior employee during their absence,

in which case they will have an exercise in seniority, or they may exercise their seniority to any assignment that has been bulletined and awarded during their absence.

(H) Operating employee's bidding on a different operating position will be restricted from bidding back to their original position for a period of not less than ten (10) days.

ARTICLE 5

Reduction in Force

(A) When the force shall be reduced, junior employees in the respective crafts shall be demoted or furloughed in their turn in reverse order of seniority.

(B) When force is increased, employees cut off will be recalled in seniority order and will retain their original seniority date and standing provided they report for duty within thirty (30) days from (1) date such notice is received as evidenced by return register receipt, or (2) letter is returned unclaimed to employing officer, in which latter event, the date letter is postmarked at destination will establish date from which the thirty (30) day period will run. Copy of recall notice will be furnished to General Chairman. After an employee has received a recall notice, he/she must notify the Company within three (3) days and state when he/she will return within the thirty (30) day period described above.

(C) Cut off employees are required to keep employing officer currently informed of their address; failure to do so or failure to report for duty within the time designated in the preceding paragraph, will result in forfeiture of their seniority.

(D) When reductions in force become necessary, the Company will make every reasonable effort (consistent with current operational requirements) to provide the senior employees still working, with a forty (40) hour work week.

(E) The Company may use outside contractors to perform service. The use of outside contractors on the Kyle Railroad to perform work that is considered the normal duties of Kyle Railroad employees, that they are trained and equipped to perform, will not result in the furlough, or serve to continue the furlough of Kyle Railroad employees.

ARTICLE 6

Temporary Work

(A) When work conditions or seasonal demands require, the Company may hire employees for temporary work. Temporary work will be considered work not expected to exceed ninety (90) days in duration. Employees performing temporary work will have no rights under ARTICLES 3, 14 and 15.

(B) When temporary employees work more than one hundred and fifty (150) consecutive days, they will be added to the consolidated seniority list and afforded rights under the above listed ARTICLES.

(C) When an employee is hired under this ARTICLE 6, the Company will so notify both the employee and the General Chairman, at that time.

(D) Temporary workers will have no rights under ARTICLE 20, except as provided below:

If assigned to a system work gang, each employee shall receive a meal allowance of \$22.50 per workday. If assigned to a system work gang, hotel rooms will be provided. The hotel rooms will be double occupancy rooms and employees will be required to share the rooms. If assigned to a system work gang and tie up location is changed, employees will be paid a mileage allowance which is equal to the IRS approved mileage rate in effect at the time for actual mileage from the previous tie up location to the new tie up location.

ARTICLE 7

Training Program

All employees will be required to successfully pass rules exams and certification requirements (including re-certification) as set forth in RailAmerica's existing policies, and existing policies of the Kyle Railroad, provided such policies do not conflict with provisions of this Agreement.

1. Maintenance of Way:

(A) Section Foreman: After two (2) years of track maintenance experience, an employee may request to take a promotion test for qualification as Section Foreman. The test will cover the Rules of the Maintenance of Way Department, Safety Rules, FRA Rules and Track Safety Standards, as well as a field evaluation test. An employee who passes all required tests, will be able to exercise seniority as Section Foreman on any future open assignment. An employee who fails any part of the Foreman's exam will be afforded a second opportunity to pass the failed portion of the exam within a thirty (30) day period. If an employee fails on his second attempt, he must wait at least six (6) months for a chance to retake the entire exam.

(B) Machine Operators: Employees who successfully bid on open assignments for machine operators, will be required to train for one (1) week at trackman's rate of pay, unless already qualified on such machine, or can show competence before the end of one (1) week training period. This will apply to all machines with the exception of the Backhoe/Insertor. When an open assignment exists on the Backhoe/Insertor, and there are no qualified applicants bidding on the position, then the senior applicant will be afforded the opportunity to train as per ARTICLE 35 (A).

2. Mechanical Department:

(A) Journeyman Mechanic: Employees who have satisfied the apprentice requirements will be given promotion exams as outlined in the published training program. An employee who failed the required exam will be afforded a second chance to pass the exam within thirty (30) days. An employee who fails a second attempt at passing the exam will be removed from the Mechanical Department and afforded the opportunity to displace where his seniority may permit.

(B) Apprentice/Laborer: An employee who enters the apprentice program, does so for the sole purpose of advancement into a journeyman's position. It will be mandatory that any laborer/apprentice must enter the training program when the opportunities for such training arise.

3. Machine Qualification Roster:

A separate roster will be maintained for the Maintenance of Way Department that will list all track maintenance machines that require a qualification prior to independent operation.

This Machine Operators' Roster is for the sole purpose of showing qualification on track maintenance machines and cannot be used as a seniority roster.

The Machine Operators' Roster will list each machine and each employee qualified on each machine. The roster will be revised January 1st of each year and the revised rosters shall be posted on bulletin boards in convenient places and copies of such roster shall be furnished to the General Chairman of the representatives of the employees.

All appeals from employees not shown as qualified who are qualified shall be limited to sixty (60) days from the date of posting of the roster, except that, if any employee shall be absent on furlough or leave of absence or by reason of sickness, injury or other unavoidable cause at the time the roster is posted, his time to appeal therefrom shall be limited to sixty (60) days after he shall first return to work.

This roster will be used to confirm qualification when positions are being awarded. The Company (Roadmaster) will notify the General Chairman within two (2) weeks after an employee is qualified, with a copy of the qualification letter.

4. Operating Employees:

(A) The Company may train existing employees for train service pursuant to Article 3 of this Agreement or the Company may hire employees from outside sources to train and work in train service. In accordance with Article 3 preference will be given to existing employees pending qualification. Employees hired for such service will be required to successfully pass the conductor's promotional exam following the completion of on-the-job and

classroom training. Employees will be allowed two (2) attempts to successfully pass the required exam. Employees who fail to successfully pass the exam will forfeit seniority, if any.

(B) All operating employees who establish seniority following the effective date of this Agreement are required to accept promotion to engine service. Employees are required to train and successfully pass all written and field examinations for qualification as a locomotive engineer. Such employees will be required to accept qualification in seniority order. Failure to successfully pass promotion to engine service will result in automatic forfeiture of seniority. Employees will be provided two attempts to successfully pass the required examination(s).

(C) Employees will be allowed a minimum of four (4) months training combined with work experience, or prior qualification as a ground service employee prior to entering engine service training. After an employee has entered the engineer's training program the maximum time allowed for an employee to pass the training program for locomotive engineer is twelve (12) months.

(D) Due to the current Federal Railroad Administration requirement for the anticipated remote control equipment to be used by the Kyle Railroad (non computer controlled) it is understood that all remote control operators must be locomotive engineer certified. Following implementation of such remote control operations all trainservice employees who are not engineer certified will be given a one-time opportunity to become a certified locomotive engineer prior to hiring or offering engine service to other existing employees. If the Kyle Railroad should use remote control technology in the future that does not require locomotive engineer certification then all train service employees (conductors and engineers) will be offered such positions in accordance with their existing seniority standing

(E) Prior to implementation of remote control operations on the property the Company will serve a sixty (60) day notice to the General Chairman. During this sixty (60) day notice period the Company and the Organization will discuss the manner in which remote control operations will be implemented including; type of remote control technology; method of operation; and number of jobs to be implemented. If by the end of this sixty (60) day period the parties have not developed an agreement on the manner of implementation the Company will not be restricted from implementing remote control operations on the property, and either party may elect to progress any outstanding issue(s) concerning such implementation to a board of arbitration. The rate of pay when working a remote control job will not be part of the discussions comprehended by this rule, as it is agreed here that employees operating such equipment as part of their assignment will be paid an additional \$25.00 for each tour of duty in addition to all other earnings. This allowance is not subject to future wage increases.

ARTICLE 8

Rules Exams, Classroom Training and **Attending Company Business**

Employees who are required to attend rules classes, rules examination/certification sessions, training programs and seminars, attend safety meetings, give depositions, attend

investigations or other company business will be compensated a minimum one-half (1/2) day's pay at the pro rata rate for attendance requiring one half (1/2) day or less. Employees who are required to attend beyond one half (1/2) day will be compensated a day's pay, or actual time consumed, which ever is greater. Employees who are held off their regular assignment to attend such training will be made whole for their loss of earnings.

ARTICLE 9

Accepting Official Positions

(A) An employee who accepts an official position with the Organization will retain and continue to accumulate seniority in all crafts where seniority is held. Such employee who voluntarily or involuntarily leaves such position and who returns to the Company within seven (7) days thereof will be permitted to exercise seniority in accordance with the provisions of this Agreement.

(B) Failure of an employee to return to service following the expiration of the seven (7) days described in paragraph (A) above, or to make other arrangements with the approval of the General Manager – Kyle Railroad and the General Chairman – United Transportation Union, will be considered a forfeiture of seniority.

(C) An employee who is promoted to and accepts an official position within the Company will not be permitted to retain seniority in any craft after a period of eighteen (18) months in that official capacity or position.

(D) Employees who are chosen and appointed to the position of train dispatcher will retain their seniority in all crafts for which seniority had been established prior to having been appointed a train dispatcher.

ARTICLE 10

Forfeiting Seniority

(A) An employee who shall leave the service of the Company of his own accord, shall forfeit his seniority rights and shall not be reinstated. If he shall be re-employed by the Company, his seniority rights shall date from his first compensated service after re-employment.

(B) An employee who shall be discharged for cause shall forfeit his seniority rights, provided, however, that this Rule shall not operate to prevent upon mutual agreement of the Company and the representatives of the employees, the reinstatement with seniority rights unimpaired of an employee who shall have been discharged for cause, whether or not an appeal shall have been taken under the provisions of ARTICLE 13 hereof.

ARTICLE 11
Approval of Applications

Application for employment will be approved or disapproved within a probationary period of one hundred and eighty (180) days following the day employee first performs service with the Company. An application that is rejected within such period will result in termination of employee's relationship with the Company without disciplinary procedures.

ARTICLE 12
Leave of Absence

(A) Employees may be granted leave of absence in accordance with the leave of absence provisions contained in the RailAmerica, Inc. Employee Handbook in effect on the date of this Agreement.

(B) Employees accepting a supervisory or official position with the Kyle Railroad, RailAmerica, of one of its subsidiary companies or an elective or appointive position with a State Commission or the Interstate Commerce Commission or engaging in UTU Committee or Legislative work including Local, General, or Grand Lodge Officers, will, upon request, describing the nature of their work, be granted leave of absence by letter for period so employed, including a thirty (30) day separation period prior and subsequent to duration of assignment.

(C) Subject to approval of the General Chairman and the General Manager, the same privilege will be granted to employees elected to City, County, State, and Federal offices. For recording purposes, after leave of absence has been granted by letter as set forth in the foregoing, regular leave of absence form will be provided by the Company and signed by the employee.

(D) Any employee on leave of absence from the Company may not work for another Railroad Company, unless so approved by the General Manager and the General Chairman.

(E) Failure of an employee to return to service following the expiration of seven (7) calendar days of the termination of their leave of absence, or to make other arrangements with the approval of the General Manager – Kyle Railroad and the General Chairman – United Transportation Union, following the end of the leave of absence will be considered a forfeiture of seniority.

(F) Employees returning from an authorized leave of absence under this rule, or any other extended absence, shall be permitted to exercise their seniority to any position to which their seniority entitles them under the agreement.

ARTICLE 13

Hearings and Discipline

General:

Employees will not be disciplined without first being given a fair and impartial investigation except as provided below.

Notice:

Within fifteen (15) days of the time the appropriate company officer had first knowledge of an alleged offense, the employee will be given written notice of the specific charges including the date, time and location of the incident or infraction for which charged. The notice will be sent by certified US Mail or hand delivered to the last known address of the employee and a copy of such notice will be provided to the UTU Local Chairman. The notice will state the time and place of the investigation and will be furnished sufficiently in advance to allow the employee an opportunity to arrange for representation by an employee or representative of the Organization, and for witnesses.

Waiver:

Prior to the investigation the parties may agree to arrange for an informal conference to discuss the alleged offense. Such informal conference may be either in person or by telephone. If such informal conference results in a resolution agreeable to both parties, the resolution will be reduced to writing in the form of a waiver, and no further action will be taken.

Investigation:

(A) Postponements of the formal hearing may be requested by either party on reasonable grounds and consent shall not be unreasonably withheld.

(B) The hearing shall be conducted by a designated officer of the company, and only he/she and the employee's designated representative shall be allowed to interrogate principals and witnesses. If practicable to do so, the hearing shall be held at the Home Terminal of the employee involved, or in cases where more than one employee is involved, at the Home Terminal of the majority of the employees.

(C) The employee shall have the right to be represented at the hearing by an employee or representative of the Organization at the employee's own choosing. The employee and/or employee's representative shall have the right to introduce witnesses on the employee's behalf, to hear all testimony introduced, and to question all witnesses. Witnesses will not be permitted to remain in the hearing unless jointly agreed to by both the Organization and the Company.

(D) If the notice is not given within the specific time limits, the employee will not be disciplined, will be paid for all time lost, and no disciplinary entry will be made in the employee's personal service record.

Decision:

(A) If the formal hearing results in assessment of discipline, such decision shall be rendered within twenty (20) calendar days from the date the hearing is concluded, and the employee will be notified in writing of the reason therefore. The notice of discipline will be sent by certified US Mail or hand delivered to the last known address of the employee and a copy of such notice will be provided to the employee's representative.

(B) If the employee is found not at fault, the employee will be paid for all time lost and any notation of the investigation will be removed from the employee's personal record.

Appeals:

(A) If the employee is not satisfied with the decision, the UTU Local Chairman may appeal the decision to the Company's General Manager within thirty (30) days from the date of the decision. If the decision is not appealed within thirty (30) days the matter will be considered closed and barred from any further handling. This shall not be considered as a precedent or waiver of the contentions of the employees as to other discipline cases. The General Manager shall, within thirty (30) days from the date the appeal is received, render a decision in writing on the appeal and, if the appeal is denied, the reasons for such denial shall be given. If no decision is rendered within thirty (30) days, the appeal shall be considered valid and settled accordingly, but this shall not be considered as a precedent or waiver of the contentions of the Company as to other discipline cases.

(B) If a resolution cannot be reached locally, the UTU General Chairman may appeal the decision of the General Manager to the Regional Vice President within sixty (60) days from the date of the General Manager's decision. If not appealed within sixty (60) days the matter will be considered closed and barred from any further handling. This shall not be considered as a precedent or waiver of the contentions of the employees as to other discipline cases. The Regional Vice President shall, within sixty (60) days from the date the appeal is received, render a decision in writing on the appeal and, if the appeal is denied, the reasons for such denial shall be given. If no decision is rendered within sixty (60) days, the appeal shall be considered valid and settled accordingly, but this shall not be considered as a precedent or waiver of the contentions of the Company as to other discipline cases.

(C) If the employee is dissatisfied with the decision, proceedings for final disposition of the case under the Railway Labor Act must be instituted by the employee or his or her duly authorized representative within six (6) months of the date of that decision or the case will be considered closed and the discipline will stand as issued.

Miscellaneous:

(A) If a dispute arises concerning the timeliness of a notice, decision or appeal, the postmark on the envelope containing such document or date of receipt for hand delivery shall be deemed to be the date of such notice or decision. The parties, by mutual agreement may extend the time limits specified in this Agreement at any stage of handling.

(B) Employees attending an investigation as witnesses at the direction of the company will be compensated for all time lost and, in addition, will be reimbursed for actual, reasonable and necessary expenses incurred. When no time is lost, witnesses will be paid for actual time attending the investigation with a minimum of two (2) hours.

(C) Employees may be counseled by their supervisor for a variety of reasons or instances that require corrective action. A follow-up letter may be placed on the employee's personal file, which details the counseling session. Such letter of counsel is not considered formal discipline.

ARTICLE 14 **Employee Benefit Package**

Employee's holidays, vacation, bereavement leave and jury duty will be applied under the provisions set forth in the RailAmerica, Inc. Employee Handbook in effect on the date of this Agreement.

Note: To be eligible for holiday pay an employee must have worked the last regularly assigned work day before the holiday, the day of the holiday (if it is not a scheduled rest day or job annulment by the Company) as well as the first normally assigned workday following the holiday. Employees who do not work must be available the entire calendar day before the holiday, the entire calendar day of the holiday and the entire calendar day following the holiday, to be eligible for holiday pay. Employees on approved vacation, jury duty, flex days, or bereavement leave are considered to have met this requirement, and are eligible for holiday pay. An employee required to work on a holiday will receive the overtime rate at time and one-half, in addition to normal holiday pay, if the qualification requirements for a holiday have been met.

(B) Employees covered under this agreement will be entitled to participate in the Company's 401(k) plan on the same terms as it is applied to other employees. Employees must meet the Plan eligibility requirements to participate.

(C) The Company shall provide health insurance benefits, which are contained in the plans that the Company participates in. These benefits will be applied on the same terms as they apply to other employees of the Kyle Railroad and other subsidiaries and as they may be amended from time to time. A booklet outlining the coverage available can be obtained from the General Manager's office. Employees must meet the qualifying criteria described in the plans before they become eligible to receive benefits. Employees should refer to the plan documents for exact details of their insurance benefits. This insurance is only effective as long as the employee is eligible for insurance and becomes and remains insured as provided in the applicable policy, and benefits and employee contributions may be changed from time to time.

(D) Employees shall accrue vacation on a current basis as set forth in the current RailAmerica Employee Handbook.

1. Operating employees will continue to schedule their vacation time, with choice based on seniority, and such vacation schedule will be submitted to the Company by the Organization during December of each year. The Company and the Organization will make adjustments to the schedule as necessary to allow for a proper utilization of manpower throughout the year.

2. Operating employees will be compensated at 1/52 of the compensation earned by an employee for the preceding calendar year, with not less than forty hours pay at the normal assignment rate, for each week of vacation claimed.

3. Employees will be allowed to take vacation time in single day increments so long as it is without additional cost to the Carrier. Unless otherwise authorized by the supervisor, employees are required to notify their supervisor at least forty-eight (48) hours before the scheduled starting time of their shift to be eligible to receive a single day for vacation. Vacation day requests will be allowed or denied based on the needs of the service.

ARTICLE 15

PERSONAL LEAVE / FLEX DAYS

(A) Personal Leave / Flex Days will be in lieu of sick days as outlined in the RailAmerica, Inc. Employee Handbook in effect on the date of this Agreement. Personal Leave / Flex Days will be accumulated at a rate of .5 days per month. Accrued Personal Leave / Flex Days may be used by an employee to take personal days off for various reasons, provided the employee gives the Company a minimum forty-eight (48) hours advance notice to the designated company officer. Employees shall receive a basic day's pay at the pro rata rate of their assignment for each Personal Leave / Flex Day taken. Employees will be required to take an accumulated Personal Leave / Flex Day, if any, for each day an employee lays off sick.

(B) Personal Leave / Flex Days may be accumulated from one calendar year to the next to a maximum of twelve (12) days at any given time. Further accumulation shall be suspended until the number of days accumulated is reduced to less than twelve through utilization or buy back.

(C) Employees may request a buy back for any number of accumulated days. The request for a buy back must be submitted in writing by employees no later than November 15th (or earlier, in the case of a retiree), with payment to be made on the last payday before the Christmas holiday. The company will buy back Personal Leave / Flex Days at 75% of the employee's basic daily rate for the employee's assignment.

(D) Personal Leave / Flex Days may be granted or denied consistent with the needs of service, at the discretion of the company. Employees are encouraged to schedule Personal Leave / Flex Days with the company sufficiently in advance with the understanding not all employees can be granted the same day off, unless the company shuts down its operation on what would otherwise be a work day or a holiday.

(E) Flex Days will not be considered as days worked for the purpose of computing overtime.

ARTICLE 16

Payroll Deduction

(A) Subject to the conditions set forth, the Company will deduct all sums for periodic union dues, assessments and insurance premiums payable to the Organization by members of the Organization employed by the Company, from wages earned in any services, upon the written and unrevoked authorization of a member, in the form agreed upon by the parties hereto, copy of which is identified as Attachment "A" and made a part hereof.

(B) Payroll deduction authorizing forms may be revoked by executing the form agreed upon by the parties, copy of which is identified as Attachment "B" and made a part hereof.

(C) Both authorization and revocation forms shall be reproduced and furnished to the members by the Organization. The Organization shall be responsible for execution of the authorization forms by the members and for delivering such forms to the Company. In like manner, revocation forms shall be furnished by the member to the Organization, which shall be responsible for its delivery to the Company.

(D) Deductions shall be made by the Company in accordance with a deduction list furnished to the Company by the Treasurer of the Local of which the employee is a member. Such lists, together with authorization and revocation forms shall be furnished the Company on or before the tenth (10th) day of each month in which the deduction or termination of deduction is to become effective. The original lists furnished shall show the member's name and social security number and the amount to be deducted. Thereafter, two (2) lists shall be furnished each month to the Company showing the following:

1. A list showing the amount to be deducted from each member for the current month; also, the names of members from whose wages no further deductions are to be made, which shall be accompanied by revocation forms signed by each member so listed.

2. A list showing additional members from whose wages the Company shall make deduction as herein provided, together with authorizing forms signed by each member so listed. Where there are no such additional members, the list shall so state.

3. Deductions, as provided herein, will be made monthly by the Company from wages due members in the second pay period in each calendar month, and the Company will, subject to Paragraph (E) hereof, remit the Organization the total amount of such deduction on or before the first day of the month following the month in which such deductions are made. With such remittance, the Company will furnish the Treasurer of the Local a statement showing members from whom deductions were made and the amount of deductions.

(E) In the event earnings of a member are insufficient to permit the full amount of deduction, no deduction will be made.

ARTICLE 17

Time Limit on Claims

(A) All claims or grievances must be presented in writing by or on behalf of the employee involved to the Company within fifteen (15) days from the date of the occurrence on which the claim or grievance is based. Should any such claim or grievance be disallowed, the Company shall within fifteen (15) days from the date same is filed, notify the employee and his representative of the reasons for such disallowance. If not so notified, the claim or grievance shall be considered valid and settled accordingly, but this shall not be considered as a precedent or waiver of the contentions of the Company as to other similar claims or grievances.

(B) If a disallowed claim or grievance is to be appealed to the highest officer designated to handle claims or grievances, such appeal must be taken within fifteen (15) days from receipt of notice of disallowance from the first Officer of the Company. Should any such appeal be disallowed, the Company shall within fifteen (15) days from date same is filed, notify the employee or his representative of the reasons for such disallowance. Failing to comply with these provisions, the matter shall be considered closed, but this shall not be considered a precedent or waiver of the contentions of the employees or Company as to other similar claims or grievances.

(C) Decision by the highest officer designated to handle claims and grievances shall be final and binding unless within fifteen (15) days the Company is notified in writing their decision is not accepted. All claims or grievances involved in a decision of the highest officer shall be barred unless within ninety (90) days from the date of said officer's decision, proceedings are instituted by the employee or his duly authorized representative before a tribunal having jurisdiction pursuant to law or agreement of the claim or grievance involved. It is understood, however, that the parties may by agreement in a particular case extend the ninety (90) day period herein referred to.

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

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

ARTICLE 18

Railroad Officials Performing Work

Railroad Officials will be permitted to perform work normally performed by a craft represented by the United Transportation Union, as long as it is only "incidental work," such as

a derailment, emergency, or work that is not considered "routine work" by a specific craft. Such incidental work will not be expected to exceed fifteen (15) minutes and not intended to deprive employees of overtime. Additionally, the incidental work will be performed only when there are no crews or employees on duty within the immediate area qualified to perform the work.

ARTICLE 19

Job Assignments and Bidding Rule

(A) New assignments or vacancies known to exist for longer than thirty (30) days will be bulletined as a permanent position. Regardless of when the position becomes open, bulletins will be posted Mondays. Bids will close at noon on the following Friday. Assignment will be awarded the same day to take effect on the following Monday.

(B) The senior qualified employee making application to a position under bulletin will be assigned. If no bids are received, or if there are no qualified bidders, the junior qualified employee may be assigned to the position,

(C) An employee desiring to be considered for a posted position shall execute the appropriate job bid form, and deliver it to the proper supervisor. All such forms shall then be reviewed, and the position filled as outlined in Paragraph (A) and (B) above.

(D) Assignment to permanent position indicates the desire of the employee as to job preference within the limits of his seniority and qualification. Employees can move from their bid position only by bidding another vacant position, by exercising their seniority if their job is abolished, or if they are displaced by a senior employee exercising his seniority. Regularly assigned employees may elect to relinquish their assignment and have it put up for bid and occupy a position on the extra board.

(E) With the Company's consent, trading off will be permitted where mutually agreeable, between qualified employees for period not exceeding two (2) weeks, and not causing punitive pay. Employees assigned to a regular position may not trade assignments with an employee assigned to the extra board.

(F) Temporary vacancies (vacancies of thirty (30) days or less), caused by leave of absence, sickness, or vacation, will be protected by the extra board. All temporary assignments will cease on the return of the absent employee back to his assignment.

(G) The Company will re-bulletin any assignment where the starting time will be permanently changed more than two (2) hours.

(H) Where from time to time the Company finds it necessary to post Special Bulletins or Memorandums affecting employees' working hours or other provisions of the Rules Agreement, a copy of such Bulletin or Memorandum will be furnished to the Local Chairman, and will be posted on the appropriate bulletin boards. Should a question arise concerning these Bulletins or Memorandums, any protest must be made within thirty (30) days from the date of

posting. In the absence of such a protest, it will be considered that the Union takes no exception to the Bulletin or Memorandum.

ARTICLE 20

Expenses Away from Home & Transportation Expense

1. Operating Expenses:

(A) When operating employees are tied up for rest at points other than the designated home terminal of their assignment for four (4) hours or more, each employee so tied up shall be provided suitable lodging at the Company's expense.

(B) When an employee is tied up at other than his designated home terminal for a period less than twenty-four (24) hours, he shall receive a meal allowance of \$22.50. An employee tied up for a period exceeding twenty-four (24) hours will receive an additional \$22.50 meal allowance for each 24 hour period they are tied up away from their home terminal.

(C) The outlying point must be thirty (30) miles or more from the home terminal of the location where the extra board is maintained. Lodging will be provided only when extra employees are held at the outlying point for more than one (1) tour of duty and will continue to be provided for the periods held for each subsequent tour of duty.

(D) Train crews who are not permitted to observe a meal period during their tour of duty will be allowed a payment of \$16.00. This payment will be paid as a separate payment in addition to the normal increments of the assignment and will not be subject to future general wage increases for the term of this Agreement.

2. Mechanical & Car Department Employees:

When employees are unable to return to their regular assigned location point on any day, they shall be reimbursed for the actual reasonable cost of lodging and meals away from their regular assigned location point.

3. Transportation Expenses:

When an employee is required to work away from his headquarters point, Company will either provide transportation or reimburse the employee for the necessary cost of transportation. Transportation cost will mean the established bus fare or an automobile mileage allowance equal to the IRS approved rate in effect at the time, where an employee's use of his personal vehicle is authorized.

4. Maintenance of Way Employees:

(A) Employees working on a system work gang or out of their assigned work area will receive a meal allowance of \$22.50 per each work day they tie up away from their home

terminal. An employee working a system work gang or out of their assigned work area, which ties up in the hometown or normal on duty location of the employee will receive a meal allowance of \$6.50 per work day. When a system work gang's tie up location is changed mid-week, employees will be paid a mileage allowance equal to the IRS approved mileage rate in effect at the time for driving their personal auto from the previous tie up location to the new one.

5. Lodging:

(A) Company will provide a separate/private hotel room for each employee tied up away from their home terminal, and, a separate/private hotel room for employees assigned to system work gangs. Qualification for private hotel rooms will be based upon the following:

(B) All Operating Department employees qualify for private hotel rooms immediately after employment. All Machinists and Electricians qualify for private hotel rooms. All Section Foremen, Bridge Foremen, Track Machine Mechanics, and Machine Operators qualify for private hotel rooms.

(C) All Laborers will qualify for private hotel rooms providing they qualified for vacation pay the preceding year.

ARTICLE 21

Held Away from Home Terminal

(A) Employees in Road Freight service held at other than home terminal will be paid on a minute basis for the actual time so held after the expiration of sixteen (16) hours from the time relieved from previous duty at a rate per hour of 1/9 of the daily rate paid them for the last service performed. If held sixteen (16) hours after the expiration the first twenty-four (24) hour period from the time relieved, they will be paid for the actual time so held during the next succeeding nine (9) hours, or until the end of the second twenty-four (24) hour period, and similarly for each twenty-four (24) hour period thereafter.

(B) Should an employee be called for service or ordered to deadhead after pay begins, held away from home terminal shall cease at the time pay begins for such service of deadheading.

(C) Payments accruing under this Article shall be paid for separate and apart from pay for subsequent service or deadheading.

ARTICLE 22

Deadheading

(A) Employees who are called to deadhead will be compensated in accordance with the times shown in the matrix in paragraph (D) below. Employees involved in deadheading not

shown in the matrix will be paid actual time consumed, however this time must meet the standard of reasonableness.

(B) A combination of service and deadheading is permissible when the time is computed as continuous, provided that not less than one (1) minimum day's pay is allowed for the combination.

(C) Deadheading resulting from the exercising of seniority will not be paid for.

(D) Mileage Matrix (as agreed to between the parties):

	Beloit	Concordia	Goodland	Limon	Belleville	Salina	Downs	Courtland	Phillipsburg
Beloit	0 0:00	40 0:35	225 4:00	325 5:30	50 1:00	70 1:30	25 0:30	35 0:45	85 1:45
Concordia		0 0:00	250 4:15	350 6:00	20 0:20	58 1:00	65 1:25	35 0:35	110 2:00
Goodland			0 0:00	110 2:00	246 4:30	240 4:30	185 3:30	225 4:15	154 3:00
Limon				0 0:00	355 6:00	345 5:00	315 5:15	345 5:45	250 4:15
Belleville					0 0:00	75 1:20	70 1:20	15 0:30	95 1:45
Salina						0 0:00	95 1:45	85 1:30	155 2:45
Downs							0 0:00	60 1:10	65 1:15
Courtland								0 0:00	80 1:30
Phillipsburg									0 0:00

ARTICLE 23

Pay for Work Other Than Regular Duties

Employees taken from their regular assignment under instructions of the Company to perform any service other than that covered by their regular assignments shall be paid for all time actually worked by them (whether on their regular assignments or in such other service) at the highest of the established rates of pay for the respective classes of service performed by them.

ARTICLE 24

Seniority Rosters

Revised seniority rosters of employees shall be prepared as of January 1st of each year and the revised rosters shall be posted on bulletin boards in convenient places and copies of such rosters shall be furnished to the General Chairman of the representatives of the employees. All appeals from new or revised roster dates shall be limited to sixty (60) days from the date of posting of the seniority roster on which the new or revised date shall first appear, except that, if any employee shall be absent, on furlough or leave of absence or by reason of sickness, injury or other unavoidable cause at the time the roster is posted, his time to appeal therefrom shall be limited to sixty (60) days after he shall first return to work.

ARTICLE 25

Extra Board

(A) An extra board may be established when it appears that there is sufficient work to support one or more employees. Extra board positions are considered a regular assignment, and will be posted for bid and assigned in the same manner as other assignments; however, the extra board may be reduced by the Company at any time business conditions warrant, with 24-hours advance notice to the junior employee who stands to be cut off the board.

(B) When an extra board is established, the Company shall maintain sufficient extra men to protect the service and provide adequate reasonable relief for regular employees. When more than one employee is assigned, the employees will be called on a first-in, first-out basis.

(C) Instructions on Handling Extra Boards:

1. Extra boards will be used to cover any vacancies on regular assignments.

2. Extra boards will be used to protect vacancies on advertised jobs until the advertisements are assigned.

3. When an extra board employee misses a call or marks off he will not be allowed to mark up for a period of at least twelve (12) hours. The Company may however, call the employee before the expiration of the twelve (12) hours and see if he is available for service, providing the extra board is exhausted. There will be no penalty if the Company needs to use an employee before the expiration of the twelve (12) hours.

4. When an extra board employee marks off on call or four (4) hours prior to being called that employee will not be allowed to mark up until the employee filling the vacancy has returned to the terminal. At that time the employee who marked off will be marked up behind the employee filling the vacancy. In the event the assignment is a work train or other job that will not return to the home terminal, the employee who marked off may relieve the employee that accepted the call after the first days work. If an employee elects to relieve the employee covering the vacancy there will be no mileage expense nor time for deadheading allowed. The first employee protecting the vacancy will be paid regular expenses for the trip, including expenses that may be allowed the crew for deadheading.

(D) Instructions governing the use of regular assigned crewmen off their regular assignment when the extra board is exhausted and it becomes necessary to set up.

1. Regular assigned crew members will not be used off their regular assignments except in the following situations:

(a) There are no rested/qualified men on the extra board which normally protects the vacancy. If an extra man is first out and available at another

extra board location (which would require that he be deadheaded to the point of the vacancy), he may be run around and a regular assigned employee at the point set up to protect the vacancy. In such circumstances, if the extra board man so run around does not perform service within the next twelve (12) hours (from call time for the job for which runaround), he shall be paid a basic day's pay and his standing on the extra board will be unaffected.

- (b) The youngest rested/qualified Conductor at the home terminal where the vacancy exists will be set up to cover the Conductor vacancy.
- (c) The youngest rested/qualified Conductor who is also qualified as a Train Service Engineer at the home terminal where an Engineer vacancy exists, will be set up to cover the Engineer vacancy.
- (d) When the extra board is exhausted and no rested crewmen are available at the home terminal where a vacancy exists, the nearest terminal with available crew members will be used as described above.

ARTICLE 26

First-in and First-Out and Runarounds

(A) Employees will run first-in, first-out, of terminals when involved in other than assigned service. When employees are runaround or left unplaced through no fault of their own, they shall be allowed one-half (1/2) days pay for the first occurrence in any calendar month. If a second runaround occurs during a calendar month, one (1) days pay will be allowed for that, and any subsequent occurrence during that month.

(B) An employee who receives one-half (1/2) days pay for a runaround will remain first-out for service. An employee who receives one (1) days pay for a runaround will be placed last out for service.

ARTICLE 27

Called and Not Used - Calling Procedures

(A) When an employee is called and reports for duty, and for any reason other than his own, is not used, he will be allowed one-half (1/2) day's pay at rates specified herein, provided he is not held for service longer than four (4) hours. If held longer than four (4) hours, he will be allowed a day's pay at the applicable rate provided for herein. In cases where the employee receives less than a day's pay, the employee will stand first out for call subject to the hours of service law.

(B) When possible, the Company will provide at least one (1) hour and thirty (30) minute call in advance of the on duty time. However, the Company is not required to call an employee who is *in* assigned service.

ARTICLE 28

Freight Pool

(A) The Company may operate freight pool service for other than assigned yard and switch runs. At locations where freight pools are established, pools will be advertised and crews placed in the service will be identified by number. The crews assigned to such service will protect all unassigned service, i.e., through freight, local, relief service, work and wreck trains.

(B) More than one (1) freight pool may be established on the property. Each freight pool established will have a designated home terminal.

(C) Freight Pools must be called on a "first-in / first-out" basis. Pool Freight crew(s) running through a terminal while operating in either straightaway or turnaround service will not be considered in the determination of the "first-in / first-out calling requirement.

(D) The Company will make every reasonable effort consistent with business needs to allow home terminal crews to handle work originating from their terminal. However, the Company reserves the right to run pool freight crew(s) through an away-from-home terminal in either straightaway or turnaround service. When pool freight crew(s) run through an away-from-home terminal where other pool freight crews are home based such run through crew(s) will be limited to performing not more than two (2) hours work at the run through point if other home based crews are available. This 2-hour limitation is related only to the actual work performed and does not include tie-up, deadheading, etc

ARTICLE 29

Assignment of Non-Operating Employees

(A) Section gangs will be assigned to definite territories. However, it is understood that such assignment will not prohibit the use of employees outside of their assigned territory in their own classification, when, in the opinion of the Company, such work is necessary with the further understanding that employees will be used first, from an adjacent territory. The men will be returned to their assigned territory at the earliest possible time consistent with requirements of the Company. Nothing contained herein will limit the use of these employees on any part of the railroad if their services are needed at other locations, or in the event of an emergency.

(B) Employees who are required to remain away from their normal duty point will be reimbursed for expenses as per ARTICLE 20.

ARTICLE 30
Equipment, Supplies, Ice and Water

(A) The Company will provide the necessary equipment and supplies required by employees during their tour of duty. Non-operating employees will also be provided with waterless hand cleaner.

(B) Sanitary drinking water and cups will be provided to employees while on duty. During warm weather, ice will also be provided.

(C) Employees required to wear safety glasses will be reimbursed half the price of the purchase of the first pair of frames and lenses, and one pair of replacement lenses will be provided annually if needed. Any cosmetic additions to the pair of lenses the Company provides annually will be the employee's responsibility.

(D) Car Department *and* Mechanical Department employees will be reimbursed the cost price of the purchase of up to three (3) pair of replacement lenses, which will be provided annually as needed due to the nature of their work. Additionally, the Company will cover the cost of glass or plastic photo-gray and scratch resistant lenses for such employees.

(E) Employees required to wear steel-toed boots and who also use leather gloves in their assignment will be reimbursed \$150.00 per year toward the purchase of the boots and gloves. Employees must submit an expense form on their anniversary date requesting the allowance. New hire employees will qualify for boot allowance at the expiration of their probationary period.

(F) Employees who work in the Mechanical and Car Shop Departments will be furnished work clothing which is necessary to perform their duties and consistent with seasonal temperatures.

ARTICLE 31
Employee Information and Service Letters

(A) The Company will provide the General Chairman with a list of employees who are hired or terminated, their home addresses, telephone numbers, and social security numbers if available. This information will be limited to the employees covered by the collective bargaining agreement of the General Chairman. The data will be supplied within thirty (30) days after the month in which the employee is hired or terminated. Where the Company cannot meet the thirty (30) day requirement, the matter will be worked out with the General Chairman.

(B) An employee who shall for any reason leave the service of the Company shall, at his request, be given a letter by the proper officer stating his term of service and the capacities in which he was employed.

ARTICLE 32
Physical Examinations

(A) Should employees coming within the scope of this Agreement be required to take physical examinations, such examinations will not be more frequent than once each year, unless in the opinion of their supervisory officer(s), the employee's health or physical condition is such that an examination should be made for the purpose of informing them of the disability or illness, so that proper treatment can be given and to determine if the employee is physically able to perform service.

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

1. The employee involved or his General Chairman, at his expense, will select a physician to represent him, in conducting a further physical examination. If the two (2) physicians selected shall agree, the conclusions reached by them will be final.
2. If the two (2) physicians selected in accordance with (1) above should disagree as to the physical condition of such employee, they will select a third (3rd) physician, at the joint and equal expense of the Company and the employee, who shall be a practitioner of recognized standing in the medical profession and specialist in the disease, or diseases from which the employee is alleged to be suffering. The third (3rd) and neutral physician thus selected 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 his physical condition and the physician's opinion as to his fitness to continue service in his regular employment. The opinion of any two (2) such physicians will be accepted as final.

(C) If an employee is held from service for an examination or alleged impaired physical condition and, upon examination, is found to be physically fit to resume duty, he will be reinstated and paid for time lost.

ARTICLE 33
Work Week (Non-Operating Employees)

(A) The Company will establish a work week of forty (40) hours, consisting of five (5) days of eight (8) hours each, with two (2) consecutive days off in each seven (7).

(B) Subject to the provisions of (A) above, when possible and not interfering with the service of the Company, days off for five day service will be Saturday and Sunday.

(C) The term "work week" for regularly assigned employees shall mean a week beginning on the first day on which assignment is assigned to work (Monday), or the first day following the consecutive rest days.

(D) When, in the opinion of the Company, the service or requirements demand, the forty (40) hour work week may consist of four (4) ten (10) hour days with three (3) consecutive days off in each seven (7). In the event a non-operating employee is placed on a ten (10) hour basic day as provided for herein, the employee will be given five (5) vacation credits (or 40-hours) for each four (4) ten (10) hour days worked.

(E) It is understood, however, that nothing contained in the Article guarantees an employee five (5) days work, or forty (40) hours in any work week.

ARTICLE 34 **Assignment Schedules**

Rates of pay for employees covered by the terms of this Agreement shall be as per the rate table in APPENDIX 1.

1. Non-Operating Departments:

(A) Eight (8) hours or less shall constitute a basic day's pay for which eight (8) hours pay shall be allowed.

(B) All work over forty (40) hours straight time in the daily work week shall be at one and one-half (1 ½) times the daily hourly rate.

(C) All work over eight (8) hours in a scheduled work day will be paid at one and one-half (1 ½) times the daily hourly rate.

(D) Employees notified or called for service on their scheduled rest days or in advance of or following and not continuous with their regular work period shall be allowed a minimum of two (2) hours and 40-minutes at their overtime rate of pay or 4 hours of straight time pay (whichever applies). If the employee is held longer than the 2 hours and 40 minutes on overtime, or 4 hours on straight time, compensation will be for actual time on duty at the applicable rate.

2. Operating Department:

(A) Nine (9) hours or less shall constitute a basic day's pay for which the daily rate of pay in APPENDIX 1 shall be allowed.

(B) All work in excess on nine (9) hours per day shall be at one and one-half (1 ½) times the applicable hourly rate in APPENDIX 1.

3. Mechanical and Car Department Overtime Board Policy:

(A) The first and foremost rule of the overtime board is that if an employee is asked to work and refuses overtime, the employee will be charged time and one-half, there are no exceptions.

(B) If overtime is needed after normal working hours (07:00 to 15:30) an employee will be called by order of the overtime board and allowed ten (10) rings to answer the telephone. If the employee does not answer or answers and refuses the overtime call, the employee will be charged time and one-half (1 ½) on the overtime board.

(C) In the event that a particular job needs to be finished on overtime, (one-half (½) hour or more) this will be considered job continuance and the men previously working on that assignment during normal working hours will finish all required unless they are unable to stay, in which case they will be charged time and one-half, and replacement will be supplied from the overtime board.

(D) Apprentices will be available for overtime only after all journeymen on the overtime board have been given a chance to work.

(E) Employees will not be charged for overtime only under the following circumstances:

1. Under the hours of service.
2. Only one craft needed.
3. On vacation.
4. Absent.
5. Not asked.

(F) Employees may be charged time and one-half on the overtime board if overtime is refused the weekend before the start of vacation, but not the weekend after.

ARTICLE 35

Section Foreman and Machine Operators

(A) The positions of Section Foreman and Machine Operator will be filled by the senior qualified applicant submitting bid on an advertised bulletin for a Section Foreman and/or Machine Operators position. Employees submitting bids for such positions may be given up to ninety (90) days trial period for qualifying purposes.

(B) The Section Foreman shall be allowed the payment of fifteen (15) minutes at the equivalent overtime rate for performing preparatory duties.

ARTICLE 36

Union Shop

(A) It shall be a condition of employment that all employees of the Company covered by this Agreement who are members of the Union, in good standing, on the effective date of this Agreement shall remain members in good standing and those who are not members on the effective date of this Agreement shall, on the thirty-first (31st) day (or such longer periods as the parties may specify) following the effective date of this Agreement, become and remain members in good standing in the Union. It shall also be a condition of employment that all employees covered by this Agreement and hired on or after its effective date, shall on the thirty-first (31st) day following the beginning of such employment become and remain members in good standing in the Union.

(B) The Company will, within three (3) working days after receipt of notice from the Organization, discharge any employee who is not in good standing in the Union as required by Paragraph (A) of this ARTICLE.

ARTICLE 37

Wages for New Hire Employees

(A) Experienced employees such as a qualified Engineer, Conductor, Machinist, Electrician, Machinist Apprentice, Electrician Apprentice, and Section Foreman, etc., will start at eighty percent (80%) of the pay received by employees already working in their respective craft. When it is deemed they are fully qualified by management to work independently on the Kyle Railroad they will receive (100%) of the rate of pay.

(B) Non-experienced employees will receive eighty percent (80%) of the base pay received by comparable employees in the craft in which they are hired, for a period of six (6) months, at which time such employees pay will increase to one hundred percent (100%) of a comparable employee's base pay.

ARTICLE 38

Moratorium

This agreement, signed this 9th day of SEPTEMBER, 2008, will become effective on 1/1, 2008 and will remain in effect through December 31, 2011 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act. No party to this agreement will serve any notice or proposal under the terms of the Railway Labor Act for the purpose of changing the provisions of the collective bargaining agreement prior to October 1, 2011, to be effective no earlier than January 1, 2012. All pending Section 6 Notices between the parties are hereby withdrawn.

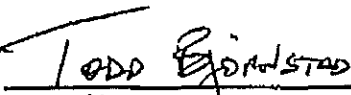
The foregoing will not prevent the parties from agreeing on items of mutual interest.

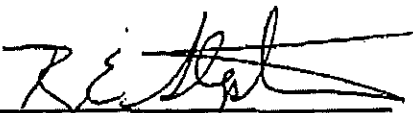
FOR THE EMPLOYEES:


General Chairman - UTU


Local Chairman - UTU

FOR THE COMPANY:


General Manager


Regional Vice President

Appendix 1 - Rates of Pay:

(A) Rates-of-pay for employees covered by the terms of the Agreement shall be increases as follows:

January 1, 2008:	2 %
January 1, 2009:	2 %
January 1, 2010:	2 %
January 1, 2011:	2 %

In addition to the above general wage increases, all employees covered by this agreement are entitled to the benefits set forth in the RailAmerica Incentive Compensation Plan which became effective January 1, 2008. The Incentive Plan shall be applied to employees under this agreement retroactively to January 1, 2008 if this agreement is successfully ratified.

(B) General wage increases will be calculated by multiplying the (GWI) times the rate of pay for the primary position in a Department. The remaining positions in a Department will receive the same pay increase and will remain at the same level or distance from the primary position as stated below.

Departments:

Operating Department:

	Jan. 1, 2008	Jan. 1, 2009	Jan. 1, 2010	Jan. 1, 2011
Engineer/Cond.	\$20.02	\$20.42	\$20.83	\$21.25

- Brakeman will receive \$2.00 per hour less than the wage of an Engineer/Conductor
- Employee in training will receive 80% of the Engineer/Conductor wage

Mechanical Department:

	Jan 1,2008	2009	2010	2011
Journeyman	\$18.81	\$19.19	\$19.57	\$19.96

- Apprentice will receive \$2.00 per hour less than a Journeyman
- Helper will receive \$2.00 per hour less than a Journeyman
- Laborer will receive \$3.20 per hour less than a Journeyman
- Shop Foreman/Leadman wages will be \$1.50 more than a Journeyman.

Maintenance Department:

	Jan. 1, 2008	2009	2010	2011
Section Foreman	\$18.13	\$18.49	\$18.86	\$19.24

- Tamper operator will receive \$0.75 per hour increase over the wage of a section foreman.
- Bridge Foreman will receive \$0.30 per hour increase over the wage of a section foreman
- Machine Operator will receive \$1.40 per hour less than the wage of a section foreman
- Mechanic will receive \$0.50 per hour less than the wage of a section foreman
- Bridge Laborer will receive \$2.20 per hour less than the wage of a section foreman
- Laborer will receive \$2.50 per hour less than the wage of a section foreman

Signal Department:

	Jan. 1, 2008	2009	2010	2011
Maintainer	\$45,922	\$46,840	\$47,777	\$48,733

ATTACHMENT “A”

Wage Deduction Authorization Form

ATTACHMENT “B”

Wage Deduction Revocation Form

ATTACHMENT “C”

April 21, 2004 UTU General Committee Interpretation of
Article 2

Side Letter No. 1

Mr. Dean Hazlett
General Chairman, UTU
5990 SW 28th Street, Suite F
Topeka, KS 66614

Dear Mr. Hazlett:

In reference to the collective bargaining agreement signed today, we discussed the concerns expressed by the Organization regarding the possible future modification of the RailAmerica Incentive Compensation Plan (hereinafter referred to as "the Plan"). In that respect, the Company is agreeable to the following:

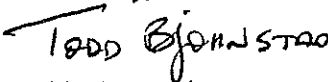
In the event, during the moratorium period of this contract, the Plan is revised by RailAmerica to provide for a reduction in the potential compensation thereunder below six percent (6%) of the employees' gross wages, the Organization may, at its option, serve written notice upon the Company of its intent to discontinue participation in the Plan effective at the beginning of the next quarter. In that event, the rates of pay will be increased by 1% concurrent with discontinuance of Plan participation for the balance of that calendar year. Thereafter, for the balance of the period, the remaining general wage increases provided shall be applied at 3% instead of 2%.

If the foregoing meets with your understanding please signify by signing in the space provided below.

Agreed:


General Chairman

Yours truly,


Todd Bjornstad
General Manager

Side Letter No. 2

Mr. Dean Hazlett
General Chairman, UTU
5990 SW 28th Street, Suite F
Topeka, KS 66614


Dear Mr. Hazlett:

This letter will confirm the parties intention to include the following specifics into the Agreement. Under Article 7, Training Program, Section 2, it is understood that Paragraph (A) refers to Journeyman Mechanic, Electrician, and Carman. Additionally, an employee who fails a second attempt at passing the exam will be removed from the Mechanical Department and Car Department and afforded the opportunity to displace where his seniority may permit. It is also understood that paragraphs (G) and (H) of Article 37 of the 1998 Carmen's Agreement will be incorporated and made a part of Article 34, paragraph 3, "Mechanical and Car Department Overtime Board Policy", of this Agreement.

Agreed:


General Chairman

Yours truly,


Todd Bjornstad
General Manager

Side Letter No. 3

Mr. Dean Hazlett
General Chairman, UTU
5990 SW 28th Street, Suite F
Topeka, KS 66614

Dear Mr. Hazlett:

During our negotiations we discussed a trial agreement to allow existing KYLE employees to take temporary assignments in another craft during peak periods, such as the grain harvest season. The general principles of this trial are as follows:

As an alternative to hiring new temporary workers, the Company may offer temporary work to existing employees in other crafts. Under such circumstances, the Company will post temporary jobs and current employees in other crafts shall have the right to bid for such positions, provided they can be released from their current craft and provided they can qualify for such temporary assignments, based upon their earliest seniority date (hire date) with the company. Such temporary work will not be operated for a period in excess of 150 days, and employees assigned thereto will not establish seniority.

This arrangement is undertaken on a trial basis, and the local parties will meet promptly to discuss and seek to resolve any unforeseen issues that may arise. In any event, if the parties conclude that the trial arrangement is not working as intended, either party may cancel this arrangement by giving the other party 15 days advance written notice.

If the foregoing meets with your understanding please signify by signing in the space provided below.

Agreed:


General Chairman

Yours truly,


Todd Bjornstad
General Manager

Side Letter No. 4

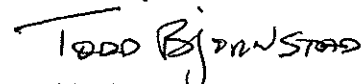
Mr. Dean Hazlett
General Chairman, UTU
5990 SW 28th Street, Suite F
Topeka, KS 66614

Dear Mr. Hazlett:

During our negotiations we discussed the method to be followed in the event employees of the KYLE are offered the opportunity to work as Go-Teamers on another RailAmerica property. The following process will be applied by the Company:

1. A Go-Team pool will be established.
2. When the Company decides to let someone go-team the first out individual or individuals in the pool will be given the opportunity to go.
3. Kyle management retains the right to make the final decision on which trainmen can go depending on manpower at different locations.
4. If someone declines to go they will be put at the bottom of the pool.
5. If the company holds someone from going they will stay first out in the pool for the next opportunity.
6. After an individual returns from go-teaming they will go to the bottom of the pool.
7. Anyone can be added or taken off the pool by letting the AGM or Trainmaster know. Anyone added to the pool goes to the bottom.
8. If unable to contact a trainman on the list in 24 hours the next trainman will be contacted. Trainmen will have 24 hours to decide if they want to go.
9. Go-Teamers will return to their assignment in accordance with Articles 12 and 19 depending upon the length of their absence.
10. This policy will remain in effect as long as it remains mutually beneficial to the Carrier and the employees.

Yours truly,



Todd Bjornstad
General Manager