

AGREEMENT

Between

MONTANA RAIL LINK, INC.

And Its Employees Represented By The

BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES (BMWE)
BROTHERHOOD OF RAILWAY CARMEN (BRC)
BROTHERHOOD OF RAILROAD SIGNALMEN (BRS)
INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS (IAMAW)
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS (IBEW)
NATIONAL CONFERENCE OF FIREMEN AND OILERS, SEIU (NCF&O)
TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION (TCU)

Effective: October 20, 1987

As amended: December 31, 1990

As amended: August 1, 1991

As amended: April 1, 1997

As amended: January 3, 2002

As amended: January 1, 2006

As amended: November 1, 2012

And, other agreements and understandings

CONSENT RECOGNITION

Upon the effective date of the Agreement between Montana Rail Link, Inc. (the "Company") and the Brotherhood of Maintenance of Way Employes, Brotherhood of Railway Carmen, Brotherhood of Railroad Signalmen, International Association of Machinists and Aerospace Workers, International Brotherhood of Electrical Workers, International Brotherhood of Firemen and Oilers and Transportation Communications International Union (collectively, "the Unions") executed October 20, 1987, the Company hereby recognizes the Unions signatory to that Agreement as the duly authorized representatives of their respective crafts and classes of employees under the Railway Labor Act.

Signed at Washington, DC

This 20th day of October 1987

MASTER AGREEMENT

AS AMENDED AND EFFECTIVE

NOVEMBER 1, 2012

ARTICLE 1

GENERAL PRINCIPLES

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

- B. This Agreement is intended to be based on cooperation and as such is a fundamental restructuring of the long-standing pattern of labor agreements in the railroad industry. Therefore, this Agreement supersedes all prior rail industry agreements and supersedes any awards, decisions, interpretations, understandings, or practices based thereon.

- C. In the event any federal or state legislation, governmental regulations or court decision causes invalidation of any portion thereof this Agreement, such term or provision shall be void and of no effect. All other terms and conditions of this agreement shall remain in full force and effect.

- D. These rules will govern the persons employed in the positions described in Exhibit A.

- E. The right to make and interpret contracts covering rules, rate of pay and working conditions on behalf of employees covered by this Agreement shall be vested in the regularly constituted Union representatives.

- F. Where the term Unions appears herein, it shall be understood to mean, collectively, the duly elected Officers or General Committees of the Brotherhood of Maintenance of Way Employees, Brotherhood of Railway Carmen, Brotherhood of Railroad Signalmen, International Association of Machinists and Aerospace Workers, International Brotherhood of Electrical Workers, National Conference of Firemen and Oilers, Service Employees International Union, and the Transportation Communications International Union. Where the term Applicable Union appears herein, it shall be understood to mean the Union signatory hereto that represents employees in the applicable craft. Where the term Company appears herein, it shall be understood to mean Montana Rail Link, Inc.

- G. The use of such words as "he," "his," and "him," as they appear in this Agreement are not intended to restrict the application of the Agreement or a particular rule to a particular sex, but are used solely for the purpose of grammatical convenience and clarity.

- H. The provision herein shall be applied without discrimination based on union membership, race, color, creed, religion, national origin, age or sex.

- I. This Agreement shall constitute a Labor Agreement between the Company and the Unions and shall be uniformly applied to all employees collectively, except where otherwise specifically provided for herein.

- J. The management of the business; the operation of the railroad; the right to place into effect any and all changes necessary to effect an efficient operation of the business are vested in the Company, subject to the limitations of the Agreement.

ARTICLE 2

RATES OF PAY

Rates of pay for all positions covered by this Agreement shall be set out in Exhibit B.

ARTICLE 3

PROFIT SHARING

The profit sharing plan of the Company is set out in Exhibit C.

ARTICLE 4

SENIORITY RIGHTS

- A. Except as provided in the Implementing Agreement and/or Craft Specific Agreements, the seniority of employees subject to the Agreement shall date from the time they begin their first tour of duty.
- B. The right to work positions and assignments shall be governed by seniority.
- C. Seniority rosters of employees covered by this Agreement showing date of employment, promotion and date of birth shall be posted on bulletin boards at all terminals in January of each year. Union representative shall be furnished a copy.

NOTE: (A statute of limitation of sixty days from date of posting is hereby fixed to take up or appeal a case of seniority. If sixty days have elapsed without any protest having been filed in such case, it cannot be taken up by the Unions or Company.)

- D. Employees leaving the service of the Company shall, upon request, be given a service letter signed by the designated Company Officer showing the time of service and the capacity in which employed.

- E. Employees shall not be permitted to waive their seniority standing and promotional responsibilities, except as provided herein.

- F. For each applicable seniority roster hereunder, the Company's entire railroad system shall constitute a single seniority district over which employees may exercise their seniority to positions, subject to the provisions provided for herein.

ARTICLE 5

FLEXIBLE TIME SYSTEM

- A. The terms of this Article are intended to be in lieu of vacation, holiday, sick leave, supplemental sickness and personal leave arrangements.

- B. (1) In order to fully qualify for flexible time system purposes, employees who were hired before January 1, 2006 must have total gross earnings of \$9,216 or 160 working days during the preceding qualifying year (November 1 to October 31). Such employees with total earnings of \$6,912 or 100 working days shall receive one-half of the applicable time system days. Effective October 31, 2006, and each year thereafter, these dollar threshold amounts shall be increased by the annual percentage general wage increase(s) granted during the previous 12-month period.

For 2011-2016 full flex time qualification, the dollar thresholds shall be as follows:

October 31, 2011	\$11,004
October 31, 2012	\$11,279
October 31, 2013	\$11,764
October 31, 2014	\$12,117
October 31, 2015	\$12,577
October 31, 2016	\$12,954

For half flex time qualification, the dollar thresholds shall be as follows:

October 31, 2011	\$ 8,253
October 31, 2012	\$ 8,459
October 31, 2013	\$ 8,823
October 31, 2014	\$ 9,088
October 31, 2015	\$ 9,433
October 31, 2016	\$ 9,716

Any compensation received from the Company will count toward the total earnings. This qualification requirement applies both to the credits that can be taken in the next succeeding year and to the count of years necessary for incremental credits.

- (2) In order to fully qualify for flexible time system purposes, employees who were hired on or after January 1, 2006 must have 130 working days during the preceding qualifying year (November 1 to October 31). Such employees with 55 or more working days shall receive a pro-rated share of the applicable time system days. (Days worked divided by 130 times the applicable number of flex time days rounded to the closest full day.)

C. Credits to the time bank will be made on each November 1, under the following formula:

After one (1) qualifying year = seventeen (17) days
After two (2) qualifying years = twenty-two (22) days
After eight (8) qualifying years = twenty-eight (28) days
After twenty (20) qualifying years = twenty-nine (29) days
After twenty-one (21) qualifying years = thirty (30) days
After twenty-two (22) qualifying years = thirty-one (31) days
After twenty-three (23) qualifying years = thirty-**three (33)** days
After twenty-four (24) qualifying years = thirty-**four (34)** days

Note: BN service credited under the Implementing Agreement dated October 20, 1987 shall count toward the qualifying years of service.

- D. Additional credits will be made on each November 1, under the following formula, to those who meet the specified criteria:

Completion of a one year period (from November 1 to October 31) without an injury resulting in a reportable injury under Federal Railroad Administration (or its equivalent) guidelines equals three (3) days.

Completion of a one-year period shall mean that the employee maintained an employment relationship with the Company under the Agreement for the full twelve-month period and qualified for flex time under Section B.

NOTE: It is understood that employees who are dismissed, but subsequently return to service, shall not thereby be disqualified from qualifying for the additional credits in the year in which they are returned to service. Such employees shall be eligible for the additional credits, provided they qualify for flex time under Section B.

- E. 1) Generally, requests for flexible time system withdrawals will be granted, contingent upon service requirements on a seniority basis.
- 2) Time system withdrawals for less than a single day will not be permitted. Requests for single-day withdrawals on any national holiday, the day after Thanksgiving, and Christmas Eve must be requested at least two (2) weeks in advance. The Company pledges to make special efforts to honor the maximum feasible number of requests for time off and for flexible time system payments on those dates.
- 3) Single day requests, at other times, may be made upon twenty-four (24) hour notice to an appropriate Company Officer. **However, employees may use up to five (5) days as single day flex for illness or personal business upon less than 24-hour notice, provided they notify the appropriate Company Officer in advance of their scheduled starting time. Granting requests for single day flex time for personal business shall be contingent on service requirements.**

- 4) Requests for extended time system withdrawals (with a one week minimum) made at the beginning of the time credit year will be granted in seniority order consistent with service requirements. Employees shall be notified of the acceptability of such request within thirty days, subject, however, to subsequent modification if service requirements so dictate. Requests made at the beginning of the time credit year will have priority over later requests.
- 5) Payments made under this article will be made at the straight time rate of the employee's regular assignment; if not regularly assigned, at the straight time rate of the position last worked. Payment assumes five work days in each seven day period.

F. Employees will have an option to either:

- 1) Take all of the days in the flexible time system before November 1 of a given year.
- 2) Receive pay for any time not taken at a pay period before Christmas.

ARTICLE 6

JURY DUTY

Employees summoned for jury duty and required to lose time from their assignment as a result thereof, shall be paid for actual time lost with a maximum of one (1) basic day's pay at the pro rata rate of their position for each day lost less the amount allowed them for jury duty service, excepting allowances paid by the court for meals, lodging or transportation, subject to the following qualification requirements and limitations:

- 1) Employees shall furnish the Company with a statement from the court of jury allowances paid and the days on which jury duty was performed.

- 2) The number of days for which jury duty shall be paid is limited to a maximum of sixty (60) days of compensation in any calendar year.
- 3) No jury duty payment shall be allowed for any day or days for which the employee is scheduled and receives pay from his flexible time system.
- 4) Employees shall not be required to work on their assignments on days in which jury duty:
 - a) Ends within four (4) hours of the start of their assignments; or
 - b) Is scheduled to begin during the hours of their assignments or within four (4) hours of the beginning or ending of their assignments.

ARTICLE 7

ATTENDING COURT

- A. Employees attending court, giving depositions, and/or appearing before proper authorities in behalf of or on instructions of the Company, shall be made whole for time lost from their assignments. If required to leave their home terminal employees shall be allowed actual expenses incurred, with the understanding the employees shall furnish a written receipt for such expense before being reimbursed.
- B. If expenses or fees are allowed by the court, the Company shall credit such amount from other payments.

ARTICLE 8

LEAVE OF ABSENCE

- A. An employee desiring to remain away from service shall obtain permission from the designated Company Officer. Employees granted a leave of absence shall keep the designated Company Officer and the Applicable Union advised of their current mailing address.

- B. When the requirements of the service permit, employees, on request, shall be granted leave of absence not to exceed thirty (30) days. Request for leaves of absence for a period in excess of thirty (30) days must be in writing. Initial request for leaves of absence for physical disability in excess of thirty (30) days, as well as extensions of such leaves, must be supported by a statement from the employee's personal physician, which may be verified by an examination by the Company's physician and, if necessary, handled under Article 15.

- C. Except in cases of illness, union work, or as may be required by laws regarding military services, leaves of absence in excess of ninety (90) days in a calendar year will not be granted except by agreement between the parties hereto. Employees will, upon request, be given the necessary leaves of absence for union work, elective or appointive public office or exempt management positions with the Company without impairment of seniority.

- D. Employees who fail to report for duty at the expiration of their leaves of absence shall be terminated and removed from the seniority roster, except where it is determined that failure to report is the result of an unavoidable delay, in which case the leave of absence will be extended to include such delay.

ARTICLE 9

UNION SHOP

- A. In accordance with and subject to the terms and conditions hereinafter set forth, all employees of the Company now or hereafter subject to the rules and working conditions of agreements between the parties hereto, except as hereinafter provided, shall, as a condition of their continued employment subject to such agreements, become members of the Applicable Union party to the Agreement representing their craft or class within sixty (60) calendar days of the date they first perform compensated service as such employees after the effective date of this Article, and thereafter shall maintain membership in such Applicable Union: except that such membership shall not be required of any individual until he has performed

compensated service on thirty days within a period of twelve consecutive calendar months. Nothing in this Article shall alter, enlarge, or otherwise change the coverage of the present or future rules and working conditions agreements.

- B. This Article shall not apply to employees while occupying positions, which are excepted from the bulletining and displacement rules of the individual agreements, but this provision shall not include employees who are subordinate to and report to other employees who are covered by this Article. However, such excepted employees are free to be members of the Applicable Union at their option.

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

 - 2) The seniority status and rights of employees furloughed to serve the Armed Forces or granted leaves of absence to engage in studies under an educational aid program sponsored by the federal government or a state government for the benefit of ex-servicemen shall not be terminated by reason of any of the provisions of this Article but such employees shall, upon resumption of employment, be considered as new employees for the purposes of applying this Article.

- 3) Employees who retain seniority under this Agreement and who, for reasons other than those specified in subsections A and B of this section, are not in service covered by this Agreement, or leave such service, will not be required to maintain membership as provided in Section A of the Article so long as they are not in service covered by such Agreement, but they may do so at their option. Should such employees return to any service covered by this Agreement they shall, as a condition of their continued employment, be required, from the date of return to such service, to become and remain members in the Applicable Union representing their class or crafts.
 - 4) Employees who retain seniority under this Agreement who temporarily perform work in another class of service shall not be required to be members of another Applicable Union party hereto until the date the employees hold regularly assigned positions within the scope of the Agreement covering such other class of services.
- D. Nothing in this Article shall require an employee to become or to remain a member of the Applicable Union if such membership is not available to such employee upon the same terms and conditions as are generally applicable to any other member, or if the membership of such employee is denied or terminated for any reason other than the failure of the employee to tender the periodic dues, initiation fees, and assessments (not including fines and penalties) uniformly required as a condition of acquiring or retaining membership. For purposes of this Agreement, dues, fees and assessments, shall be deemed to be “uniformly required” if they are required of all employees in the same status at the same time in the same organizational unit.
- E. 1) Each employee covered by the provisions of this Article shall be considered by the Company to have met the requirements of the Article unless and until the Company is advised to the contrary in writing by the Applicable Union. The Applicable Union will notify the Company in writing by Registered or Certified Mail, Return Receipt Requested, or by personal delivery evidenced by receipt, of any employee who it is alleged has failed to comply with the

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

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

- 2) The Company shall determine on the basis of the evidence produced at the hearing whether or not the employee has complied with the terms of this Article and shall render a decision within twenty calendar days from the date that the hearing is closed, and the employee and the Applicable Union shall

be promptly advised thereof in writing by Registered or Certified Mail, Return Receipt Requested.

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

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

If the Decision of such appeal is that the employee has not complied with the terms of this Agreement, his seniority and employment under the Agreement shall be terminated within twenty (20) calendar days of the date of said decision unless selection of a neutral is requested as provided below, or unless the Company and the Applicable Union agree otherwise in writing. The decision on appeal shall be final and binding unless within ten (10) calendar days from the date of the decision the Applicable Union or the employee involved request the selection of a neutral person to decide the dispute as provided in Section E.3 below shall operate to stay action on the termination of seniority and employment until not more than ten (10) calendar days from the date decision is rendered by the neutral person.

- 3) If within ten (10) calendar days after the date of a decision on appeal by the highest officer of the Company designated to handle appeals under the Agreement the Applicable Union of the employee involved requests such highest officer in writing by Registered or Certified Mail, Return Receipt Requested, that a neutral be appointed to decide the dispute, a neutral person to act as sole arbitrator to decide the dispute shall be selected by the highest officer of the Company designated to handle appeals under this Agreement or his designated representative, and the employee involved or his representative. If they are unable to agree upon the selection of a neutral person, any one of them may request the Chairman of the National Mediation Board in writing to appoint such neutral. The carrier, the Applicable Union and the employee involved shall have the right to appear and present evidence at a hearing before such neutral arbitrator. Any decision by such neutral arbitrator shall be made within thirty (30) calendar days from the date of receipt of the request for his appointment and shall be final and binding upon the parties. The Company, the employee and the Applicable Union shall be promptly advised thereof in writing by Registered or Certified Mail, Return Receipt Requested. If the position of the employee is sustained, the fees, salary and expenses of the neutral arbitrator shall be borne in equal shares by the carrier and the Applicable Union; if the employee's position is not sustained, such fees, salary and expense shall be borne in equal shares by the Company, the Applicable Union and the employee.
- 4) The time periods specified in this Article may be extended in individual cases by written agreement between the Company and the Applicable Union.
- 5) Provisions of discipline rules contained in the Agreement between a carrier and the Applicable Union will not apply to cases arising under this Agreement.

- 6) The General Chairman of the Applicable Union shall notify the Company in writing of the titles(s) and address(es) of its representatives who are authorized to serve and receive the notices described in this Agreement. The Company shall notify the General Chairman of the Applicable Union in writing of the title(s) and address(es) of its representatives who are authorized to receive and serve the notices described in this Agreement.
 - 7) In computing the time periods specified in this Agreement, the date on which a notice is received or decision rendered shall not be counted.
- F. Other provisions of this Agreement to the contrary notwithstanding, the Company shall not be required to terminate the employment of an employee until such time as a qualified replacement is available. The Company may not, however, retain such employee in service under the provisions of this Article for a period in excess of sixty (60) calendar days from the date of the last decision rendered under the provisions of Section E, or ninety (90) calendar days from date of receipt of notice from Applicable Union in cases where the employee does not request a hearing. The employee whose employment is extended under the provisions of this section shall not, during such extension, retain or acquire any seniority rights. The position will be advertised as vacant under the bulletining rules of the respective agreements but the employee may remain on the position he held at the time of the last decision, or at the date of receipt of notice where no hearing is requested pending the assignment of the successful applicant, unless displaced or unless the position is abolished. The above periods may be extended by agreement between the Company and the Applicable Union.
- G. An employee whose seniority and employment under the Agreement is terminated pursuant to the provisions of this Agreement or whose employment is extended under this Article shall have no time or money claims by reason thereof.

If the final determination under Section E of this Agreement is that an employee's seniority and employment is a craft or class shall be terminated, no liability against the Company in favor of the Applicable Union or other employees based upon an

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

- H. In the event that seniority and employment under the Agreement is terminated by the Company under the provisions of this Agreement, and such termination of seniority and employment is subsequently determined to be improper, unlawful, or unenforceable, the Applicable Union shall indemnify and save harmless the Company against any and all liability arising as the result of such improper, unlawful, or unenforceable termination of seniority and employment; provided, however, that this section shall not apply to any case in which the Company involved is the plaintiff or the moving party in the action in which the aforesaid determination is made or in which case such Company acts in collusion with any employee, provided further, that the aforementioned liability shall not extend to the expense to the Company in defending suits by employees whose seniority and employment are terminated by the Company under the provisions of this Agreement.
- I. An employee whose employment is terminated as a result of non-compliance with the provisions of this Agreement shall be regarded as having terminated his employment relationship for vacation purposes.

- J. In the application of this Article, any employee in service on the effective date of this Agreement who was not a member of the union representing his craft or class and will make affidavit he was a member of a bona fide or recognized religious group on the effective date of this Agreement having scruples against joining a union, and any individual thereafter employed who will make affidavit he was a member of a bona fide or recognized religious group on the date first employed having scruples against joining a union, will, if he would otherwise be required to join a union under the Union Shop Article be deemed to have met the requirements of this Article if he agrees to and does pay initiation fees, periodic dues and assessments to the organization representing his craft or class signatory hereto.

ARTICLE 10

UNION DUES DEDUCTION

- A. Deductions shall be limited to periodic union dues, insurance premiums, initiation fees, and assessments (not including fines and penalties) which are uniformly required as a condition of acquiring and retaining membership and employee contributions to Union Political Action Committees.
- B. No costs shall be charged against the Unions or any individual union or the affected employees in connection with the dues deduction provided for under this Article.
- C. Appropriate written assignment form executed by the employee involved shall be in the hands of the designated Company officer at least thirty (30) days in advance of the first payroll deduction scheduled for that employee.
- D. The Company shall determine the payroll period on which the deductions uniformly shall be made.
- E. The dues deduction includes appropriate priorities in cases where the employee's pay check is insufficient to permit deduction of the full amounts specified on the

deduction lists: federal, state, and municipal taxes; premiums on any life insurance, hospital-surgical insurance, or group accident or health insurance; other deductions required by law, such as garnishment and attachments; and amounts due the Company by the individual.

- F. In the event there are insufficient earnings to permit the full amount of union dues, no deduction shall be made.

- G. The Company shall furnish deductions lists each month. Such lists shall include the employee's name, Social Security number or payroll identification number, and the amount of union dues deducted from the pay of each employee.

ARTICLE 11

NEW EMPLOYEES

- A. Subject to the following provisions, newly hired or rehired employees establishing a seniority date after the date of this Agreement shall be paid as follows:
 - 1) Ninety (90%) percent of the applicable rate shall be paid to such employees until the earliest of the following events occurs:
 - i) The employee performs service on 122 days or completes 6 months of compensated service; or
 - ii) The employee has maintained an employment relationship for twelve (12) calendar months; thereafter, employees shall be paid the applicable rate of the position.

NOTE: A month of compensated service for these purposes shall be a calendar month in which an employee receives compensation on not less than ten (10) days.

- B. Movement of employees from one Company position to another, or from one seniority roster to another shall not disqualify employees from receiving the full amount described in Exhibit B. The entry rates described in paragraph A hereof

shall not apply to fully qualified employees holding positions in pay class B or above. Moreover, new employees that have had prior railroad experience and are hired in the same position with the Company shall receive credit for the qualifying times described in paragraph A hereof, provided such employees are hired within one year of such prior railroad employment.

- C. An employee's seniority date shall govern in application of paragraph A hereof.

ARTICLE 12

CLAIMS OR GRIEVANCES

- A. All claims or grievances must be presented in writing by or on behalf of the employee involved to the officer of the Company authorized to receive same, within sixty (60) days from the date of occurrence on which the claim or grievance is based. Should any such claim or grievance be disallowed, the Company shall within sixty (60) days from the date same is filed, notify the employee or his representative of the reasons for such disallowance. In the event the Company fails to disallow the claim or grievance within the prescribed period, the claim or grievance shall be allowed, but such allowance will not be considered as a precedent or waiver of the Company's position as to any other claims or grievances.
- B. If the claim or grievance is denied under paragraph A., the applicable General Chairman has sixty (60) days to appeal the claim to the Company Officer designated to handle claims or the claim shall be considered waived. The Company Officer must decline the claim within sixty (60) days or the claim will be allowed. Failure to comply with the time limits under this Section will not be considered as a precedent on either party on similar grievances.
- C. If a claim remains denied under paragraph B., the decision is binding unless within six (6) months of the date of this written decision, proceedings are instituted by the organization to a tribunal having jurisdiction to dispose of said claim, pursuant to the Railway Labor Act.

- D. A claim may be filed at any time for an alleged continuing violation of any agreement and all rights of the claimant or claimants involved thereby shall, under this Article, be fully protected by the filing of one claim or grievance based thereon as long as such alleged violation, if found to be such, continues. However, no monetary claim shall be allowed retroactively for more than thirty (30) days prior to the filing thereof. With respect to claims and grievances involving an employee held out of service in discipline cases, the original notice of request for reinstatement with pay for time lost shall be sufficient.
- E. This rule recognizes the right of representatives of the Unions, parties hereto, to file, amend and progress claims and grievances for and on behalf of the employees they represent.
- F. Only claims that are appealed can serve as precedents. No resolution of any kind at the initial level will have any binding effect on either party.
- G. Time limits as defined under this Agreement may be extended at any level by mutual consent of the parties.

ARTICLE 13

DISCIPLINE

- A. Except as provided herein, employees in service more than the applicable Probationary Period, per Article 19, shall not be disciplined or dismissed without just cause and without a fair and impartial fact-finding session, unless they accept discipline to be assessed (other than dismissal) in writing and waive formal fact finding or accept education per section G of this Article. Except for waivers involving drug and/or alcohol violations, the disciplinary action assessed as a result of a request by the employee for a waiver of formal fact-finding session will be removed from an employee's record upon the expiration of not more than thirty-six (36) months, provided that during such period the employee has not been disciplined for any other incident.

Employees may however, in cases management determines to be serious (such as theft, altercation, Rule "G" violations, insubordination, major accidents, serious misconduct, etc.), be held out of service pending fact-finding. It is understood that any employee held out of service under this Article who, as a result of the fact-finding proceeding, is found not to have violated the rules will be reinstated immediately and paid for time lost.

An employee charged with an offense for which a fact-finding is required shall be furnished with a notice within seven (7) days of the date first information is received by the Company stating the precise charge or charges including any rules allegedly violated. Copy of such notice will be furnished to the appropriate local Applicable Union representative. The fact-finding shall be conducted within ten (10) calendar days of receipt of the notice. **The time limits for conducting the fact-finding may be extended by mutual consent, and such consent shall not be unreasonably withheld.**

Subject to the provisions below, employees may be assessed discipline for rule infractions without a fact-finding session. If after review of the incident the Company determines that discipline may be appropriate, the Company will, within seven (7) calendar days of the date first information is received by the Company, issue notification to the employee and the Applicable Union representative of its intention with respect to discipline. At that time, the designated Company Officer and the employee and the Applicable Union representative will communicate to discuss the matter. In the event the discipline proposed by the Company (or other agreed upon discipline) is accepted by the employee, **it must be accepted within ten (10) calendar days from the date the discipline is discussed pursuant to the above. If the discipline is accepted, it will be confirmed in writing and will include a stipulation that the disciplinary action will be removed from the employee's record upon the expiration of twenty-four (24) months, provided that during such twenty-four (24) month period the employee has not been disciplined for a similar incident. If the discipline proposed by the Company is not accepted within the ten (10) calendar day period after the discussion, it shall be considered declined by the employee. When the discipline is declined, the employee will**

be afforded a fact-finding session within ten (10) calendar days of the employee's declination of the proposed discipline.

Upon scheduling of a fact-finding, the discipline proposed shall be void and shall not be considered in the fact-finding session. Any discussion of the discipline prior to a fact-finding session will not be construed as an admission of guilt by the employee or prejudgment by the Company.

- B. Fact-finding sessions will be conducted by a Company supervisor with the employee and his/her duly accredited Union representative, if desired, in attendance. Each of the parties may have witnesses present at the fact-finding session if desired. **The Company will make reasonable efforts to provide the Union with relevant and material documentation it requests in advance of a fact-finding.** Employees attending the fact-finding session during regular assigned hours will be made whole for time lost. Time outside assigned hours will be paid for on a minute basis at straight time rate. If discipline is assessed as result of the fact-finding, a written, complete and accurate transcript of the proceedings shall be prepared and provided by the Company to the Applicable Union representative and the principal(s). The employee and the Applicable Union representative shall be informed of discipline assessed, if any, within thirty (30) days of the fact-finding session. Copy of such notice will be furnished to the appropriate local designated Union representative.

- C. If the applicable General Chairman desires to appeal the discipline assessed, a written appeal will be processed to the highest designated Company Officer within sixty (60) calendar days from the date from the notice of discipline pursuant to paragraph B hereof.

- D. Decision of the highest designated Company Officer shall be made within sixty (60) days from receipt of the General Chairman's appeal. In the event the Company fails to disallow the appeal within the prescribed period, the appeal shall be allowed, but such allowance will not be considered as a precedent or waiver of the Company's position as to any other matters.

- E. If the decision of the highest designated Company Officer is not to reverse the discipline, the applicable General Chairman may request a conference to discuss the case. Such conference request must be made in writing within sixty (60) calendar days of the highest designated Company Officer's denial of the appeal. If the issue is not resolved in conference, the decision is binding unless within six (6) months of the date of the highest designated Company Officer's denial of the appeal proceedings are instituted by the Organization to a tribunal having jurisdiction to dispose of the matter pursuant to the Railway Labor Act.

- F. If it is found that an employee has been unjustly disciplined or dismissed, such discipline shall be set aside and removed from the record. He shall be reinstated with his seniority rights unimpaired, and shall be compensated for loss of wages and/or benefits, if any, suffered by him, resulting from such discipline or suspension, less any amount earned during such period the disciplinary action was in effect.

- G. In a joint effort by management and labor to promote safety and efficiency and to ensure that all employees are well schooled on matters pertaining to compliance with safety and operating rules, the Company has adopted a voluntary educational program which, when appropriate, will serve as an alternative to discipline.

The use of an educational program as an alternative to discipline (deferred days, suspension, dismissal, etc.) shall be at the discretion of the designated Company Officer.

The offer of education will be made in those instances involving an operating rule(s) infraction and the preliminary, fact-finding session indicates that the employee(s) will benefit from classroom instruction and/or on-the-job training.

An employee who is found responsible for violating a Company rule by evidence developed at a formal fact-finding session, or who admits his responsibility and waives fact-finding session may with the approval of the designated Company Officer, participate in the Education Program. Participation will be without

compensation and in lieu of or in conjunction with discipline. Negative entry shall not be made to an employee's personal service record if he shall participate in this program for the first violation of a given rule.

The program, which may consist of classroom instruction, on-the-job training, will concentrate on the rules involved in the violation.

Upon completion of the class, the employee will be required to take and pass a written examination with a minimum test score of 80%. Should an employee fail the examination, he may be required to repeat the class. A second failure will subject the employee to the usual disciplinary procedures.

Employees participating as instructors shall be paid for all time lost and for all expenses incurred while participating in the Discipline/Education Program. They will not be considered as Company Officers nor as non-agreement personnel while serving as instructors.

The Company shall train the instructors and shall assist in developing the program. The Company shall also provide the classroom and office space and equipment necessary to properly administer the program.

NOTE: Time limits contained in this Article may be extended by mutual agreement. Nothing in this Article precludes the applicable Union from bringing forth an employee's claim for reinstatement on a leniency basis without regard to any time limits or board decisions.

- H. If, in the course of supervisory duties, a representative of the Company determines that an interview with an employee is necessary to ascertain facts relating to an incident in question, the employee will have the right to request that a duly authorized representative be present during the interview, if available within fifteen (15) minutes. If that representative is not readily available, the employee will be given a reasonable amount of time (fifteen (15) minutes) to attempt to contact his representative prior to his interview. If the representative is not available, either in person or by telephone, the employee can have another on-site employee of his or her choosing present during the interview.

ARTICLE 14

EXAMINATIONS

- A. Employees may be required to take periodical medical and rules examinations. Medical examinations shall not be more frequent than one (1) each year, unless required for promotion, modification of conditions or return from furlough, Rule G compliance or leave of absence, or, if, in the opinion of the supervisory Company Officer the employee's health or condition is such that an examination should be made for the purpose of informing the employee of any disability.

NOTE: The Company will pay the costs associated with all required medical and Rules examinations. (Article E – Expenses of the Quality of Work Life Agreement shall apply to employees taking such examinations). In addition, when such medical or rules examinations take place outside of an employee's regularly scheduled hours, the employee will be compensated for the actual time required to take such examinations at the time and one-half rate of the last service performed. If the employee fails the first examination and any subsequent examination is required outside of an employee's regularly scheduled hours, the employee will be compensated for the actual time required to take such re-examination at the straight time rate of the last service performed. Such payments are not applicable when an employee elects to take an examination for modification of medical restrictions.

Employees who are required to travel to a facility for a return from furlough examination shall be allowed roundtrip mileage at the IRS rate from the point (i.e., railroad milepost) on the railroad closest to their residence to the facility. In addition, if the employee travels more than eighty (80) miles roundtrip, he will also receive one (1) hour's pay at the straight time rate of the position to which recalled. It is understood that to receive these mileage allowance and travel time payments the employee must pass the return from furlough exam and report for duty in accordance with applicable rules. Such payments shall be made on the employee's first regular payroll check. These payments are

in lieu of Article E - Expenses, except that Article E will continue to apply in instances where the employee is required to stay overnight.

- B. Where applicable, failure to pass a scheduled rules examination will require the employee to present himself a second time within thirty (30) days of such failure of re-examination. If second failure occurs, the employee will be required to take the examination within thirty (30) days of such second failure. At such third examination he may be accompanied by his Applicable Union representative, who will be permitted to review the examination results should the employee fail to pass on the third examination. If a third failure occurs, the employee will be considered out of service and his name shall be removed from the seniority roster. It is understood that these consequences of failure to pass the required examination do not require proceedings under the discipline rule unless such are requested by the employee. Failure to appear for re-examination as required the employee will be considered out of service and his name shall be removed from the seniority roster, unless evidence can be produced by the employee that such failure was due to illness, emergency, or conditions beyond his control.

ARTICLE 15

NEUTRAL MEDICAL AUTHORITY

- A. When an employee and the Company are in dispute over the employee's medical qualifications to perform service as a result of an examination by the Company's physician, the **employee or** applicable General Chairman may make a written request upon the Company for a neutral medical authority to review the case. The request must be accompanied by an opinion from a competent physician that differs from that of the Company's physician as to the employee's condition and fitness to resume service in his regular employment and must be submitted within thirty (30) days of the date the dispute arose.
- B. Within fifteen (15) days of the receipt of such request, the employee (or accredited representative) and the Company shall, by mutual agreement, appoint a neutral medical authority, who shall be expert on and specializing in the disability from

which the employee is alleged to be suffering.

- C. The neutral medical authority so selected will review the employee's case from medical records and opinions furnished by the parties. If the expert considers it necessary, he will make an examination of the employee.
- D. Said medical authority shall then make a complete report of his findings in duplicate, one copy to the Company and one copy to the **employee**, setting forth the employee's condition and an opinion as to his fitness to continue service in his regular employment, which will be accepted as final. In the event the neutral medical authority concludes that the employee is fit to continue in service in his regular employment, such neutral medical authority shall also render a further opinion as to whether or not such fitness existed at the time the employee was withheld from service. If such further conclusion states that the employee possessed such fitness at the time withheld from service, the employee will be compensated for actual loss of earnings and/or benefits during the period so withheld. **In the event the neutral medical authority concludes that the employee is fit to return to duty, but makes no determination as to when the employee was fit to return to duty, the employee will be compensated for actual loss of earnings and/or benefits from the date of examination by the neutral medical authority.** In the event the neutral medical authority concludes that the employee is not fit to continue in service in his regular employment, the **employee** or Applicable Union may, upon presentation of an opinion from a competent physician that the employee's condition has improved, request re-examination by the Company's physician. Such request will not be made for the first ninety (90) days thereafter, nor more often than once in any ninety (90) day period.
- E. The Company and the employee shall each pay one-half of the fee and expenses of the neutral medical authority and any examination expenses which may be incurred, such as hospital, laboratory and x-ray services, **except in cases where the neutral medical authority concludes that the employee is fit for duty. In such cases, the Company shall pay the fees and expenses associated with the neutral**

medical evaluation.

- F. Under this Article, a medical opinion rendered regarding a patient's ability to work requires complete knowledge of the employee's medical history, work history and physical findings. In sum, it is the information leading to diagnosis, treatment and prognosis. This knowledge must be combined with a familiarity with the nature of the job that an individual is to perform. All of the above, taken together, constitutes an informed, competent medical opinion as to the capabilities of an individual to perform his duties.

NOTE: Time limits in this Article may be extended by mutual agreement.

ARTICLE 16

HEALTH AND WELFARE

- A. Upon the effective date of this Agreement or as soon as practicable thereafter, the Company shall provide each employee and their eligible dependents a level of hospital, surgical, medical, prescription, life and dental benefits as provided under a Group Plan. The elements of the Plan are set out in Exhibit D, and provides for the establishment of Preferred Provider Networks.
- B. The Company shall furnish each employee a booklet outlining the benefits under the Plan at no cost to the employee.
- C. The Company shall remit necessary premiums to the Insurance Carrier as may be required to maintain the Plan with the exception that each employee shall be required to make a maximum contribution to the Plan as provided in Exhibit D. **The employee contribution for health care, on a pay period, pre-tax basis, shall be as follows:**

	<u>1/1/13</u>	<u>1/1/14</u>	<u>1/1/15</u>
Employee:	\$35.34	\$38.88	\$42.77
Employee + 1:	\$70.68	\$77.75	\$85.53
Employee + 2 or more:	\$106.02	\$116.63	\$128.30

Effective on January 1, 2016, and on each January 1 thereafter, the employee contribution shall be adjusted upward or downward by the year over year percentage increase or decrease in the per participant cost of the Plan, except that in no event shall the employee contribution rate be adjusted greater or lesser than ten (10) percent of the employee contribution rate in the preceding year.

Beginning January 1, 2016 and each year thereafter, when employee contribution rates are adjusted, the Company shall provide notice to the General Chairmen, with documentation supporting the adjustment.

Furthermore, if no new agreement is in place before January 1, 2017, any change in employee contribution rates to be effective on January 1, 2017 and thereafter, shall be suspended until such time as a new agreement is reached and becomes effective. At that time, any adjustment in the employee contribution rates shall be made retroactive to January 1, 2017, pursuant to the above formula.

- D. The monthly contribution for active employees shall be made through payroll deduction. The monthly contribution for eligible inactive employees shall be paid directly to the Company by money order or certified check.

- E. In case of off-duty injury, sickness, death or disability for which an employee who is eligible for employee benefits under this Plan and may have the right of recovery against the Company, benefits will be provided under the Plan subject to the provisions set forth herein. The parties hereto do not intend that the benefits provided under the plan will duplicate in whole or in part, any amount recovered from the Company for hospital, surgical, medical, dental, disability, death or related expenses or payments of any kind specified in the Plan. The parties intend that benefits provided under the Plan will satisfy any right of recovery against the Company for such benefits to the extent of the benefits so provided. Accordingly, benefits provided under the Plan will be offset against any recovery the employee may have against the Company for hospital, surgical, medical, dental, disability, death or related expenses or payments of any kind specified in the Plan.

F. The Company shall provide the employee benefits equivalent to those described in paragraph A of this Article and Exhibit D of the Labor Agreement in the case of on-duty injuries. (See Note 1 below for a noted exception to receiving Short-Term Disability). Such benefits will be subject to the terms, conditions and guidelines described in the Group Plan applicable to off-duty injuries. The parties to this Agreement intend that the benefits referenced in this paragraph will not duplicate any amount awarded in any suit brought by an employee or his or her personal representative against the Company under the terms of the Federal Employers' Liability Act. The amount of benefits paid shall be offset against the amounts awarded for such benefits to the extent the benefits have been paid. In addition, the parties agree that evidence of payment of benefits and evidence of benefits to be paid in the future may be introduced at trial by the Company subject to the applicable rules of evidence, and further that the Company may assert during the trial the right to an offset of the benefits to be paid in the future against any damages that may be asserted by the plaintiff for any loss which is intended to be compensated by such benefits. Subject to the rules of evidence, nothing herein shall preclude the employee or his or her personal representative from asserting any claim or defense as to the offset of future benefits during trial. When injured on duty, the employee must comply with Article T of the Quality of Work Life Agreement. The parties further agree that employees injured on-duty will be given an opportunity to voluntarily participate in a "wellness" program subject to any medical limitations as defined by the attending physician. The Company will have the right to have a physician of its choice examine the employee as needed to determine the extent of the injury and the limitations restricting work.

NOTE 1:

- 1) In reference to application of the "wellness" program referred to in paragraph F of amended Article 16, employees injured on duty may voluntarily participate in a "wellness" program, which may include the performance of light duty. The Company will have the right to require a participating employee to be examined by a physician of its choice at reasonable intervals. Employees who elect to participate in the "wellness" program will be entitled to receive the benefits of the Short-Term Disability Plan.

However, employees who do not elect to participate shall not be entitled to Short-Term Disability benefits. (Side Letter No. 1, August 1, 1991 Agreement.)

- 2) It is understood and agreed that the intent of paragraph F is there is to be no duplication of benefits and that the court will decide if any such duplication exists and if any offset is due for future benefits to be paid. (Side Letter No. 2, August 1, 1991 Agreement.)

NOTE 2: Side letter number 2 of the January 3, 2002 Agreement provides that 85% of the payroll tax savings generated by the legislation which changed the railroad retirement age to age sixty (60) with thirty (30) years service, would be used to fund insurance coverage to bridge employees from age sixty (60) until age sixty-five (65) or when they become eligible for Medicare coverage.

ARTICLE 17

EMPLOYEE ADMINISTRATION

Assignments, and extra boards may be established, adjusted, changed or abolished by the Company as needed. However, the Company and the Unions, at negotiations under the Quality of Work Life Article, may set standards, criteria, guidelines, goals or timetables for the exercise of those rights.

ARTICLE 18

QUALITY OF WORK LIFE

Montana Rail Link, Inc. recognizes the value of improving the quality of its employees' work life by providing time off, and minimizing time away from home whenever possible, subject to effective manpower utilization. Therefore, the parties have reached agreement on these matters; refer to Quality of Work Life Agreement dated January 1, 2006, attached.

ARTICLE 19

PROBATIONARY PERIOD

Applications for employment may be rejected and employees terminated at any time for any reason, within sixty (60) working days or ninety (90) calendar days after a seniority date is established, whichever occurs first, without application of other provisions of this Agreement. Applications rejected by the Company will be declined in writing to the applicant. After sixty (60) working days or ninety (90) calendar days, whichever occurs first, an employee will not be terminated or disciplined by the Company for furnishing incorrect information in connection with an application for employment or for withholding information there from unless the information involved was of such a nature that the employee would not have been hired if the Company had had timely knowledge of it.

ARTICLE 20

PERSONAL USE OF MOTOR VEHICLES

The Company will provide liability coverage for employees when they are authorized by a Company Officer to use their personal motor vehicles for Company business. It is understood that this coverage shall not apply to employees on mobile gangs using their personal vehicles when changing headquarters points.

The coverage provided by Article XII shall not apply to any loss resulting from or sustained under any of the following conditions:

- 1) Intentionally self-inflicted injuries, suicide or any attempt thereat, while insane;
- 2) Declared or undeclared war or any act thereof;
- 3) Illness, disease, or any bacterial infection other than bacterial infection occurring in consequence of an accidental cut or wound;
- 4) Accident occurring while the employee driver is under the influence of alcohol or drugs, or if an employee passenger who is under the influence of alcohol or drugs in any way contributes to the cause of the accident;
- 5) While an employee is a driver or an occupant of any conveyance engaged in

any race or speed test; or

- 6) While an employee is commuting to and/or from his residence or place of business, except as authorized by a Company Officer.

ARTICLE 21

AUTO INSURANCE ON COMPANY BUSINESS

The Company shall provide employees with collision damage and liability insurance protecting against uninsured and underinsured motorist operation when employees are authorized to use their personal vehicles on Company business or when engaged in the operation of a Company vehicle on Company business. Such liability coverage shall be subject to policy limits, which is currently \$1 million.

ARTICLE 22

BEREAVEMENT LEAVE

In the event of the death of an employee's spouse, child, step-child, parent, **spouse's parent**, brother or sister, or **grandchild** such employee will be allowed paid leave for up to three (3) consecutive workdays to attend the funeral and/or handle personal matters in connection therewith. Employees so excused shall receive a basic day's pay at the rate of service last performed for each day of work missed.

ARTICLE 23

EFFECTIVE DATE AND MORATORIUM

- A. This Agreement is the full agreement of the parties for the full term of this Agreement and shall be effective **November 1, 2012** except as otherwise noted herein, and shall remain in effect until or unless changed under the provisions of the Railway Labor Act, as amended. Except as modified herein, all previous agreements remain in full force and effect.
- B. The parties signatory hereto shall not serve nor progress prior to **April 1, 2016** (not to become effective before **January 1, 2017**) any notice or proposal for the purpose

of changing any provision contained herein, or which deals with matters presented by the parties during negotiations, and any proposals in pending notices relating to such subject matters are hereby withdrawn. Any notice or proposal for changing any provision herein on behalf of the Unions shall be served and progressed on behalf of the undersigned Unions collectively. Except for any proposed changes in provisions relating to specific crafts as negotiated pursuant to the individual Craft Specific provisions attached hereto or Exhibit A hereof; any negotiations hereunder shall be conducted collectively and not severally by the undersigned Unions, and shall be applied uniformly to the undersigned Unions and their members. The labor parties to the agreement, as well as the Company, shall serve a single uniform Section 6 Notice except where the Section 6 Notice applies to the items set forth in Craft Specific provisions which will be served concurrently and may be amended. This provision will not bar the parties from making changes by mutual agreement.

- C. This article will not bar the Company and the Unions from agreeing upon any subject of mutual interest.

Signed this **1st day of November, 2012.**

EXHIBIT A

POSITIONS

- A. Effective **November 1, 2012**, the following positions are classified and shall receive the rate of pay applicable to the pay class specified:

<u>Position</u>	<u>Pay Class</u>
<u>Engineering Department</u>	
MOW Foreman*	A
Structures Foreman	A
Truck Driver*	C
Welder Foreman*	A
Welder-Grinder	B
Machine Operator I*	B
Machine Operator II*	C
Machine Mechanic	Special B
Carpenter	B
Electrician-Communications	Special B
Laborer*	D
Electronic Control Specialist	Special A
Signal Inspector	Special A
Signal Foreman	Special B Monthly
Signal Maintainer	Special B Monthly
Production Crew Mobile Signalman	Special B
Signalman	A
Assistant Signal Maintainer I	B
Assistant Signal Maintainer II	C

* See BMW E Craft Specific

Mechanical Department

Mechanical Leadman	A
Electrician/PE**	Special B
Electrician	B
Machinist	B
Carman	B
Hostler/Laborer	C
Laborer	D

** See IBEW Craft Specific Letter Agreement dated 11/19/01

Clerical

Clerical I	C
Clerical II	D
Clerical III (GREB)	E

- B. Employees in the foregoing positions may perform all work directly or indirectly related to the service performed. Employees may also be assigned to any other work they have the capacity to perform.

- C. It is understood and agreed that the Company may engage contractors to perform work, including work covered by this Agreement. However, the Company will use reasonable efforts to use its employees for work covered by this Agreement, except in cases that Company determines are emergencies, or where the Company determines that it lacks the equipment, manpower or expertise to perform such work in an efficient and timely manner. The parties hereto may agree from time to time to cover additional positions under this Agreement or to partially exempt certain employees from provisions of this Agreement. The parties hereto may also agree from time to time to cover other labor organizations pursuant to the terms hereto, subject the consent of such organizations.

- D. "Special A" classification shall be entitled to the time and one-half overtime rate of pay for hours worked in excess of ten hours beyond the regular straight-time hours assigned to such position in any given calendar month. To determine the overtime rate, the Special A annual rate is divided by twelve to produce the monthly base rate. The monthly base rate is then divided by monthly base hours (183 1/3) to produce the hourly base rate, which is multiplied by one and one-half to yield the overtime rate.

- E. Shop Craft Employees assuming Mechanical Foreman's responsibilities during temporary vacancies will be paid as follows:
- 1) If the Foreman's vacancy is on the selected employee's regular shift, the employee shall receive ten (10) hours pay at the straight-time Class B rate of pay; or
 - 2) If the Foreman's vacancy is not on the selected employee's regular shift, the employee shall receive twelve (12) hours pay at the straight-time Class B rate of pay.
- F. The two partially excepted (PE) clerical positions titled (i) Administrative Assistant to the Chief Engineer and Chief Mechanical Officer and (ii) Administrative Assistant to the Superintendent will receive the rate of pay applicable to pay class "C".
- 1) The Clerical Staff Assistant Receptionist position is a partially excepted position compensated at the "D" rate. This position shall be exempt from displacement provisions of the Labor Agreement unless a senior employee would otherwise be forced into furlough status. In which event, the senior employee may, if he/she desires, displace onto the Clerical Staff Assistant Receptionist position prior to assuming furlough (extra board) status.
 - 2) Administrative Assistant Safety & Rules is a partially excepted position compensated at the "C" rate. The Company will also have a Fully Covered (FC) Administrative Assistant Safety & Rules; compensated at the "D" rate.
 - a) Should there be a reduction of either of the "FC" or "PE" Administrative Assistant positions, the Administrative Assistant position will be converted to "FC".
 - b) In the event confidentiality is no longer required on the duties performed by the "PE" Administrative Assistant position, the position will be immediately converted to Fully Covered.

EXHIBIT B

COMPENSATION

- A. The basic classification of employee shall be covered by this Agreement as follows:

<u>Pay Class</u>	<u>Description</u>
A	Has skill possessed by a secondary school or college graduate and additional technical and leadership skills developed through work experience and training. Performs highly skilled work or leadership functions in engineering mechanical and other areas as assigned.
B	Has skills possessed by a secondary school or college graduate and additional technical skills developed through work experience and training. Performs highly skilled work mechanical, engineering and other areas as assigned.
C	Has skills possessed by a secondary school graduate and additional technical skills developed through work experience and/or training. Performs skilled transportation, mechanical, engineering and other work as assigned. Assists and/or acts as trainee of Journeyman.
D	Has skills possessed by a secondary school graduate. Performs clerical, mechanical, engineering and other work assigned. Assists Technicians and Journeymen.
E	Has skill possessed by a secondary school graduate. Performs non-specialized clerical and other work as assigned.

- 1) The following rates of pay were in effect **12/31/10**:

<u>PAY CLASSIFICATION</u>	<u>HOURLY RATE</u>	<u>DAILY RATE</u>
A	22.58	
B	20.90	
C	19.30	
D	17.52	
E	15.67	
Special A	30.10	(\$62,608 annual salary)
Special B	24.40	
Special B Monthly	26.75	

- 2) Except for salaried or excepted personnel, all time worked in excess of eight (8) hours shall be paid for as overtime on the minute basis, at one and one half (1-1/2) times the hourly rate. Except for salaried or excepted personnel, the basic workweek of employees covered hereby shall be 40 hours.

B. General Wage Increases

Except as otherwise provided in this Agreement, the basic hourly, daily, monthly and annual rates of pay in effect for positions subject to the Labor Agreement, as amended, shall be increased as follows:

- 1. Effective January 1, 2011, such rates of pay in effect on December 31, 2010, shall be increased by two (2) percent.**
- 2. Effective January 1, 2012, such rates of pay in effect on December 31, 2011, shall be increased by two and one-half (2.5) percent.**
- 3. Effective January 1, 2013, such rates of pay in effect on December 31, 2012, shall be increased by four and three-tenths (4.3) percent.**
- 4. Effective January 1, 2014 such rates of pay in effect on December 31, 2013 shall be increased by three (3) percent.**
- 5. Effective January 1, 2015, such rates of pay in effect on December 31, 2014, shall be increased by three and eight-tenths (3.8) percent.**
- 6. Effective January 1, 2016, such rates of pay in effect on December 31, 2015, shall first be increased by twenty cents (\$.20) per hour and then by three (3) percent.**

7. In determining new daily, hourly or annual rates of pay, fractions of a cent shall be disposed of by rounding to the closest full cent (i.e., .5 cent or above will be rounded to the next higher cent).

	Current Rates	Jan. 1, 2011	Jan. 1, 2012	Jan. 1, 2013	Jan. 1, 2014	Jan. 1, 2015	Jan. 1, 2016
SPECIAL A	30.10	30.70	31.47	32.82	33.80	35.08	36.34
SPCL B MNTHLY	26.75	27.29	27.97	29.17	30.05	31.19	32.33
SPECIAL B	24.40	24.89	25.51	26.61	27.41	28.45	29.51
A	22.58	23.03	23.61	24.63	25.37	26.33	27.33
B	20.90	21.32	21.85	22.79	23.47	24.36	25.30
C	19.30	19.69	20.18	21.05	21.68	22.50	23.38
D	17.52	17.87	18.32	19.11	19.68	20.43	21.25
E	15.67	15.98	16.38	17.08	17.59	18.26	19.01
 <u>APPRENTICE RATES</u>							
1ST/122 DAYS	16.64	16.97	17.39	18.14	18.68	19.39	20.18
2ND/122 DAYS	17.37	17.72	18.16	18.94	19.51	20.25	21.06
3RD/122 DAYS	18.07	18.43	18.89	19.70	20.29	21.06	21.90
4TH/122 DAYS	18.75	19.13	19.61	20.45	21.06	21.86	22.72
5TH/122 DAYS	19.44	19.83	20.33	21.20	21.84	22.67	23.56
6TH/122 DAYS	20.18	20.58	21.09	22.00	22.66	23.52	24.43
7TH/122 DAYS	20.90	21.32	21.85	22.79	23.47	24.36	25.30

EXHIBIT C

I. PROFIT PARTICIPATION PLAN

Montana Rail Link, Inc. will establish a Profit Participation Plan whereby a portion of the company's profits will be paid to its employees. The purpose of the program is:

- 1) To motivate employees to become profit-oriented in their actions;
- 2) To share with the employees the risks and rewards of the business, and;
- 3) To provide additional compensation to be used to supplement the 401(k) savings and railroad retirement plans and/or to enhance current life style.

Key elements of the plan are:

Amount: 8% of net income, before tax and profit participation contribution.

Allocation: Pro-rate to all eligible employees based on compensation.

Eligible Employees: **An employee is eligible for profit sharing, without regard to hours worked, provided the individual has performed service (i.e., worked) during the applicable calendar year and has an employment relationship with the Company on December 31 of that year. If an employee retires or becomes disabled, and receives a railroad retirement or disability annuity under the Railroad Retirement Act or succumbs during the year, profit sharing they would have received if they had been employed on December 31 will be paid to them or their survivors as if they had been employed on that date.**

Compensation: **When calculating profit sharing, the term Compensation shall mean payments made by MRL to employees, which shall include base pay, overtime pay, flex pay, bereavement pay, guarantee pay, penalty claim pay, deadhead pay and Wellness Program light duty pay. Compensation for this purpose shall not include payments for Short and Long Term Disability, Wage Continuation pay, bonus pay, severance pay, profit sharing pay, cost reimbursement for tuition, mileage, meals or lodging, or per diem.**

When Paid: 30 to 90 days after the calendar year end.

How Paid: Lump sum.

**MONTANA RAIL LINK
PROFIT SHARING ILLUSTRATION**

ANNUAL EARNINGS		38,000,000
	Add: Profit sharing expense	4,300,000
	DRW foundation expense	420,000
	Earnings before profit sharing and foundation expense	42,300,000
	Less: Profit sharing additives	(950,000)
Profit Sharing Base		41,350,000
	Profit sharing base	41,350,000
	Profit sharing percent	8%
Profit Sharing Amount		3,308,000
	Add: Profit sharing additives	950,000
Total Profit Sharing Expense		4,258,000
Profit Sharing Percentage		
	Profit sharing amount	3,308,000
	Qualifying eligible wages	40,000,000
	Profit sharing percentage	8.27%

Examples:

<u>Name</u>	<u>Annual Compensation</u>	<u>Profit Sharing Percentage</u>	<u>Profit Sharing Paid</u>
Able, Tom	45,000	8.27%	\$ 3,721.50
Brooks, John	28,000	8.27%	\$ 2,315.60
Cook, Dwayne	39,000	8.27%	\$ 3,225.30

II. 401(k) SAVINGS PLAN

Type of Plan	Section (401(k) salary reduction Program
Participation	All employees
Compensation	All direct compensation
Employee Contributions	Voluntary, up to 25% of pay, pre-tax, up to the allowable IRS maximum.
Employer Contribution	50% match of first 8% of pay
Vesting	100% immediate vesting
Distribution	Paid out at retirement (early (55) or normal (65)), death, permanent disability or Company separation.
Forfeiture	None
Taxes	Employee deferral not included in W-2 pay. No federal or state income tax. Subject to Railroad Retirement tax.
Enrollment	Open, effective with next pay period. Six month waiting period following a hardship withdrawal.
Plan Year	Calendar year.
Account Valuation	Participants will receive yearly statement of contributions and investment earnings.
Additional Contributions Limitations	In addition, the highly compensated are limited to the amount deferred by the non-highly compensated as follows: Non-allowable amounts (excess) will be refunded within 2 1/2 months after the plan year-end.

EXHIBIT D

MEDICAL, DENTAL, LIFE, AD & D AND DISABILITY INSURANCE PLAN

SUMMARY

Medical Benefits *

Type of Plan	Comprehensive Medical		
Hospital Room and Board	Paid at 80% after deductible		
Convalescent Room and Board	Paid at 80% after deductible		
Supplemental Accident	\$300		
Annual Deductible		<u>Individual</u>	<u>Family</u>
	1/1/13	\$250	\$500
	1/1/14	\$275	\$550
	1/1/15	\$300	\$600
Co-insurance	80%; 100% after \$5,500 of covered expenses (excluding deductible)		
Outpatient Psychiatric	Payable at 50% of the applicable charge (up to a maximum of \$50 per treatment) with a \$1,000 maximum benefit per year.		
Alcoholism Substance Abuse Treatment	50% up to \$5,000 per year and twice in lifetime		
Vision	80% to a maximum of \$100 per year under medical coverage		
Lifetime Maximum	\$1,000,000.		
Employee Contributions	Paid on a pre-tax basis: Employee: \$35.34/ per pay period Employee +1: \$70.68 /per pay period Employee +2 or more: \$106.02/ per pay period		
	Subject to increase pursuant to Article 16 (C).		

Cost Containment Features

Pre-certification on Hospitalization, Managed care, Preferred provider network

Preventive Benefits

Immunization serum or supplies, including vaccines for polio, measles, diphtheria, tuberculosis, mumps and flu and other serums prescribed by an M.D. that are not experimental.

Routine mammograms to be covered as follows:

Over age 40: once every two years

Over age 50: once every year

If a physician recommends a mammogram be performed due to a patient's family history, these will be covered regardless of age.

Routine PAP tests and related lab handling charges will be covered once a year.

Well-child care will be covered from birth up to age four (4). This coverage includes well-child examinations and lab test recommended for well-child care.

Prostate examinations will be covered for person over age 40. Covered services are digital examination, immunoassay for tumor antigen and prostate specific antigen (PSA).

Bi-annual Physical Exam Benefit

Every two (2) years the Company will pay up to \$500 toward the costs of a physical exam for each employee forty (40) years of age or older. Such payment will be made upon the submission of proper documentation and shall be made without regard to the employee's annual deductible or co-insurance responsibilities.

Prescription Drugs

The Company will provide a prescription drug card program for the benefit of employees and their eligible dependents. The card may be used at participating pharmacies and/or drug stores, and purchases made with the card shall be subject to an employee co-pay of twenty (20) percent of the cost of the prescription drug. Use of the card shall not be subject to any individual or family deductibles under the medical benefit plan; nor shall the co-pay amounts be applied toward such deductibles.

Employees utilizing providers in the Preferred Provider Networks shall receive benefits as set forth in the plan. Employees failing to utilize providers in the Preferred Provider Networks shall be responsible for the difference between the benefit levels established in the Network and the charges incurred, unless there are no Network Providers offering the required services within a thirty (30) mile radius of the employee's' home terminal or

headquarters point. In such instances, benefits will be provided at the usual, reasonable and customary rates, subject to applicable deductibles and co-payments.

Dental Benefits*

Type of Plan	Comprehensive
Annual Deductible	\$50 , but waived for diagnostic and preventative services
Co-insurance	80% for diagnostic, preventative, restorative, and therapeutic expenses. 60% for prosthodontic expenses
Orthodontia	Not covered (In the event the Washington Companies' Benefits Committee adds orthodontia and/or TMJ coverage to its health and welfare benefit plan, such coverage (s) shall concurrently be made part of MRL's health and welfare benefit plan.)
Cost containment features	Required treatment plan for expenses over \$300
Annual Maximum	\$1,500

Group Life Insurance*

Life Insurance	2 x base pay, rounded to the nearest thousand or \$150,000 whichever is greater
AD & D Benefit	Same as life benefits
Dependent Life Insurance	Spouse \$2,000 Child(ren) \$1,000 Children up to 6 mos. \$100.

* The Company will provide one-hundred twenty (120) days of extended medical, dental, vision and life insurance coverage to furloughed employees, provided the employee continues to pay his/her applicable premium contribution. The coverage shall extend one-hundred twenty (120) days beyond the last month in which the employee performed service prior to furlough. If an employee returns to service before the extended benefit period lapses, the employee will have continuous health and welfare coverage without interruption. If an employee is recalled to service after expiration of the extended benefit period, the employee will again be eligible

for health and welfare benefit coverage on the first of the month immediately following his/her return to service, provided that such employee has worked twelve-hundred (1200) hours in the twelve (12) months immediately preceding recall. If the employee does not have the qualifying twelve-hundred (1200) hours, the employee will then be eligible for health and welfare benefit coverage on the first of the month following the first full month of employment following recall.

Short Term Disability Plan

Type of Plan	Salary Continuation
Waiting Period	7 days
Benefit	80% of pay less deductible benefits
Duration	22 weeks or eligible for LTD

The employee must submit medical certification of his disability in order to be eligible to receive Short-Term Disability benefits. It is understood that the Short-Term Disability Plan is a supplemental plan, meaning that Railroad Retirement sickness benefits that the employee is receiving or eligible to receive will be offset against the Short-Term Disability benefit.

Long Term Disability

Benefit	60% of pay
Minimum	\$100 per month
Maximum	\$5,000 per month
Offsets	Primary railroad retirement benefits, and similar income
Duration	
Begin	6 months
End	Age 65 (later if disabled after age 60)

In case of injury, sickness, death or disability for which an employee who is eligible for employee benefits under this Plan and may have the right of recovery against the Company, benefits will be provided under the Plan subject to the provisions set forth herein. The parties hereto do not intend that the benefits provided under the Plan will duplicate, in whole or in part, any amount recovered from the Company for hospital, surgical, medical, dental, disability, death or related expenses or payments of any kind specified in the Plan. The parties intend that benefits provided under the Plan will satisfy any right of recovery against the Company for such benefits to the extent of the benefits so provided. Accordingly, benefits provided under the Plan will be offset against any recovery the employee may have against the Company for hospital, surgical, medical, dental, disability, death or related expenses or payments of any kind specified in the Plan.

MONTANA RAIL LINK, INC.

IMPLEMENTING AGREEMENT

This Agreement, by and between Montana Rail Link, Inc. ("the Company" or "MRL") and the Brotherhood of Maintenance of Way Employees, Brotherhood of Railway Carmen, Brotherhood of Railroad Signalmen, International Association of Machinists and Aerospace Workers, International Brotherhood of Electrical Workers, International Brotherhood of Firemen and Oilers and Transportation Communications International Union (the Unions), is dated as of October 20, 1987. This Agreement is intended to implement certain aspects of the Agreement between the Company and the Unions dated October 20, 1987 (the Labor Agreement). Provisions hereof shall be subject to the provisions of the Labor Agreement.

ARTICLE 1

SENIORITY

- A. Prior to commencement of operations and within sixty (60) days thereof, the Company shall offer preferential hiring in seniority order for positions covered by the Labor Agreement, as such seniority is stated on the current applicable Burlington Northern (BN) - seniority district rosters, as specifically provided herein. The Unions shall provide the Company with lists of BN employees reflecting such seniority (BN Seniority Lists).
- B. BN employees, holding seniority, on the BN Seniority Lists specified in paragraph (a) hereof, who are hired by MRL prior to commencement of operations or within sixty-days (60) thereof shall establish seniority on MRL according to their standing on the applicable BN Seniority Lists.
- C. The Montana Rail Link, Inc. seniority date of former Burlington Northern employees hired prior to commencement of operations or within sixty (60) days thereof shall be deemed to be the day the Company first commences operations. For such employees, on each applicable seniority roster subject to this Agreement and the Labor Agreement, the employee with the earliest Burlington Northern seniority date on the applicable BN Seniority List shall receive a seniority time and date of 12:01

a.m., date of commencement of operations. The employee with the next earliest BN seniority date shall receive a seniority time and date of 12:02 a.m., commencement of operations. The employee with the next earliest BN seniority date shall receive a seniority time and date of 12:03 a.m., commencement of operations date, and so forth. Employees without qualifying Burlington Northern seniority hired prior to commencement of operations shall be awarded a seniority time and date with the Company following that of former Burlington Northern employees, based on the birth date of such employees. Notwithstanding the foregoing, employees without qualifying BN seniority hired pursuant to paragraph (d) hereof shall be awarded a seniority date and time consistent with the provisions thereof.

- D. Although it is the intention of the parties hereto to provide the right of preferential hiring to employees currently on BN seniority rosters, as specified herein, it is recognized that the Company has the right to hire sufficient numbers of employees to fill its minimum operating requirements. If these minimum requirements are not met in a timely fashion from BN rosters specified herein, the Company may hire from other sources. The seniority of such employees shall rank behind employees hired from BN seniority rosters prior to commencement of operations or within sixty (60) days thereof. However, it is understood that the hiring of such employees may eliminate or reduce job openings for otherwise qualified BN employees during such sixty (60) day period.
- E. All employees hired by the Company covered by the Labor Agreement, including former BN employees, shall be required to complete an employment application. The Company reserves the right to reject any applicants who, based on the Company's preemployment screening, fail to meet the Company's employment standards.

ARTICLE 2

ENTRY RATE

Former Burlington Northern employees hired pursuant to paragraph (a) of Article 1 hereof shall be paid the full pay rates for applicable service as described in Exhibit B to the Labor Agreement, without respect to the provisions of Article 11 of such Labor Agreement.

ARTICLE 3

TIME SYSTEM CREDIT

- A. For former Burlington Northern employees hired pursuant to paragraph (a) of Article 1 hereof, qualifying service at Burlington Northern shall be counted in calculating qualifying service pursuant to paragraph C of Article 5.
- B. Former Burlington Northern employees hired pursuant to paragraph (a) of Article 1 hereof and eligible under applicable Burlington Northern agreements for four or five weeks vacation shall be afforded five (5) additional days for time system purposes pursuant to Article 5.

SIGNED OCTOBER 20, 1987

Side Letter No. 1

November 1, 2012

Kelly Gilbertson
National Representative, TCU

Bruce G. Glover
General Chairman, BMWED/IBT

Jim Larreau
General Chairman, NCFO-SEIU

Lee Carter
General Chairman, IAM&AW

Mike D. Dake
General Chairman, BRS

Danny L. Lancaster
National Representative, BRC/TCU

Dale E. Doyle
General Chairman, IBEW
System Council #16

Ladies and Gentlemen:

This has reference to our Agreement of **November 1, 2012**, between Montana Rail Link, Inc. ("MRL") and each of your respective organizations (collectively, the "Unions").

It was understood and agreed that payment of any retroactive wages resulting from the application of Article I - General Wage Increases, paragraphs (A) and (B) shall be made within sixty (60) days of the effective date of our **November 1, 2012** Agreement.

Payment of retroactive wages will be made to all employees, including those who have retired or died, who had an employment relationship during the relevant time period under the existing Labor Agreement between MRL and the Unions who have not resigned or been discharged prior to the effective date of our **November 1, 2012** Agreement.

Please indicate your concurrence with this understanding by signing your name in the space provided below.

Sincerely,

Michael R. Lemm
Vice President Operations
Montana Rail Link, Inc.

I concur:

Kelly Gilbertson
National Representative, TCU

I concur:

Bruce G. Glover
General Chairman, BMWED

I concur:

Jim Larreau
General Chairman, NCFO-SEIU

I concur:

Lee Carter
General Chairman, IAM&AW

I concur:

Mike D. Dake
General Chairman, BRS

I concur:

Danny L. Lancaster
National Representative, BRC/TCU

I concur:

Dale E. Doyle
General Chairman, IBEW
System Council #16

Side Letter No. 2

November 1, 2012

Kelly Gilbertson
National Representative, TCU

Bruce G. Glover
General Chairman, BMWED/IBT

Jim Larreau
General Chairman, NCFO-SEIU

Lee Carter
General Chairman, IAM&AW

Mike D. Dake
General Chairman, BRS

Danny L. Lancaster
National Representative, BRC/TCU

Dale E. Doyle
General Chairman, IBEW
System Council #16

Ladies and Gentlemen:

This has reference to our Agreement of **November 1, 2012**, between Montana Rail Link, Inc. ("MRL") and each of your respective organizations (collectively, the "Unions").

It is understood and agreed that any compensation increases provided to the Brotherhood of Locomotive Engineers and Trainmen and/or the American Train Dispatchers Association (Dispatchers) in their current round of contract negotiations in 2012 that exceed those provided to employees represented by the Unions and that are not associated with productivity gains obtained from those Organizations will be granted to the undersigned Unions.

Please indicate your concurrence with this understanding by signing your name in the space provided below.

Sincerely,

Michael R. Lemm
Vice President Operations
Montana Rail Link, Inc.

I concur:

Kelly Gilbertson
National Representative, TCU

I concur:

Bruce G. Glover
General Chairman, BMWED

I concur:

Jim Larreau
General Chairman, NCFO-SEIU

I concur:

Lee Carter
General Chairman, IAM&AW

I concur:

Mike D. Dake
General Chairman, BRS

I concur:

Danny L. Lancaster
National Representative, BRC/TCU

I concur:

Dale E. Doyle
General Chairman, IBEW
System Council #16

November 1, 2012

Kelly Gilbertson
National Representative, TCU

Bruce G. Glover
General Chairman, BMWED/IBT

Jim Larreau
General Chairman, NCFO-SEIU

Lee Carter
General Chairman, IAM&AW

Mike D. Dake
General Chairman, BRS

Danny L. Lancaster
National Representative, BRC/TCU

Dale E. Doyle
General Chairman, IBEW
System Council #16

Ladies and Gentlemen:

This has reference to our Agreement of **November 1, 2012**, between Montana Rail Link, Inc. ("MRL") and each of your respective organizations (collectively, the "Unions").

During our negotiations, the parties discussed the Company's Wellness Program and the Company reaffirms the following with respect to employees who participate in the Program:

- Employees injured on duty shall receive medical benefits equivalent to those provided under Article 16, paragraph A and Exhibit D of the Labor Agreement in the case of off-duty injuries.
- Employees participating in the Program shall not be required to treat with a doctor designated by the Company. However, the Company will have the right to have a physician of its choice examine the employee as needed to determine the extent of the injury and the limitations affecting work.
- The Company will not request from the treating doctor the employee's medical history or documentation unrelated to his on-duty injury.

- Employees engaged in light duty will not perform duties reserved to craft employees under the Labor Agreement.

Furthermore, pursuant to Company policies, employees engaged in light duty shall be reimbursed for expenses incurred at the request of the Company, except for normal commuting expenses.

It is further understood and agreed that except as provided herein and except to the extent of any existing collective bargaining agreement limitations, the Company reserves the discretion and right to amend its Wellness Program.

Sincerely,

Michael R. Lemm
Vice President Operations
Montana Rail Link, Inc.

I concur:

Kelly Gilbertson
National Representative, TCU

I concur:

Bruce G. Glover
General Chairman, BMWED

I concur:

Jim Larreau
General Chairman, NCFO-SEIU

I concur:

Lee Carter
General Chairman, IAM&AW

I concur:

Mike D. Dake
General Chairman, BRS

I concur:

Dale E. Doyle
General Chairman, IBEW
System Council #16

I concur:

Danny L. Lancaster
National Representative, BRC/TCU

November 1, 2012

Kelly Gilbertson
National Representative, TCU

Bruce G. Glover
General Chairman, BMWED/IBT

Jim Larreau
General Chairman, NCFO-SEIU

Lee Carter
General Chairman, IAM&AW

Mike D. Dake
General Chairman, BRS

Danny L. Lancaster
National Representative, BRC/TCU

Dale E. Doyle
General Chairman, IBEW
System Council #16

Ladies and Gentlemen:

This has reference to our Agreement of **November 1, 2012**, between Montana Rail Link, Inc. ("MRL") and each of your respective organizations (collectively, the "Unions").

It is understood and agreed that the Weekly Average Wage as defined in the Short Term Disability Program and the Wage Continuation and Light Duty provisions of the Wellness Program shall be based only on eligible earnings during the weeks in which the employee actually worked in the 26-week base period. In other words, if an employee only worked in 6 weeks out of the 26-week base period and had earnings of \$4800 during those six weeks, his Weekly Average Wage would be \$800 ($\$4800 \div 6 = \800).

Please indicate your concurrence with this understanding by signing your name in the space provided below.

Sincerely,

Michael R. Lemm
Vice President Operations
Montana Rail Link, Inc.

I concur:

Kelly Gilbertson
National Representative, TCU

I concur:

Jim Larreau
General Chairman, NCFO-SEIU

I concur:

Mike D. Dake
General Chairman, BRS

I concur:

Dale E. Doyle
General Chairman, IBEW
System Council #16

I concur:

Bruce G. Glover
General Chairman, BMWED

I concur:

Lee Carter
General Chairman, IAM&AW

I concur:

Danny L. Lancaster
National Representative, BRC/TCU

Side Letter No. 3 to January 3, 2002 Agreement

January 3, 2002

Richard A. Arndt
General Chairman, TCU

Bruce G. Glover
General Chairman, BMWWE

Roger A. Burrill
President, NCFO

Carl D. Johnson
General Chairman, IAM

Mike D. Dake
General Chairman, BRS

Robert K. Schafer
General Chairman, BRC

Dale E. Doyle
General Chairman, IBEW

Gentlemen:

This has reference to our Agreement of January 3, 2002, between Montana Rail Link, Inc. ("MRL") and each of your respective organizations (collectively, the "Unions").

During negotiations of our agreement, the use of flex time system withdrawals at the employee's option and whether the Company can require an employee to use a flex day when absent from work was discussed. We agreed that flex time system withdrawals will be granted, at the employee's request, contingent upon service requirements on a seniority basis and our negotiations did not result in any change to that provision.

To be absent from work an employee must obtain a leave of absence, or be granted permission to use a flex time day. In such case, the granting of a "leave of absence" will not be unreasonably withheld by the Company so as to force an employee to use a flex time day, but will be granted consistent with the provisions of Article 8 of the labor agreement providing for leaves of absence.

MRL will set up a procedure where the employee tells us when he/she makes the request for time off which option they are using. If they request a flex time day off they will, then and only then, be required to utilize a flex day from their flex bank.

I trust this clarifies this matter for you.

Sincerely,

John L. Grewell
Vice President Operations
Montana Rail Link, Inc.