AGREEMENT

Between

KANSAS CITY SOUTHERN

And

THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES
(including the Kansas City Southern, Louisiana and Arkansas Railway, Joint Agency, and Texas Mexican Railway Company)

Kansas City Southern and its affiliated rail carriers (collectively, “Carrier”) is continually upgrading its heavy track maintenance capability and equipment and desires to operate this equipment with employees capable of safely obtaining maximum performance, production, and utility. One such piece of equipment is the Jordan Ditcher/Spreader, the operation of which is complex and calls for specialized training and, accordingly, a separate system operator classification. The Parties recognize this need, and therefore

IT IS AGREED:

1) The Carrier will develop and establish a program for training employees to test for, qualify on, and become assigned as Jordan Ditcher/Spreader Operators. Employees wanting to test for, qualify on, or become assigned as Jordan Ditcher/Spreader Operator must first satisfactorily complete, or be deemed by the Carrier to have completed, the training program. No employee may be tested, qualified, or assigned as Jordan Ditcher/Spreader Operator without first having satisfactorily completed the training program. Carrier may waive testing and qualification requirements where appropriate.

2) New positions and vacancies will be advertised by bulletin for a period of fourteen (14) days. Bulletin advertisements will be posted in the usual and ordinary location(s) used for such postings on each separate property. During the fourteen (14) day advertisement period the employees may file their application with the official whose name appears on the bulletin. Assignment will be made by bulletin within thirty (30) days from the date advertisement is posted, such bulletin to be posted in the same manner and at the same location as the advertisement, and copies provided local and general chairmen in the usual manner. Jordan Ditcher/Spreader Operator positions governed by this agreement shall be considered promoted positions, and as such, assignments shall be based on ability, merit, and seniority. Ability and merit being satisfactory, in the judgment of the Management, seniority shall prevail.

3) A new common-seniority classification designated “Jordan Ditcher/Spreader Operator” shall be established on the properties referred to in the heading of this agreement. Jordan Ditcher/Spreader Operator seniority shall be established on the first day an employee renders service as Jordan Ditcher/Spreader Operator. Seniority for purposes of assignment as Jordan Ditcher/Spreader Operator shall be determined

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on the basis of each employee's relative standing on the "Jordan Ditcher/Spreader Operator System Bid and Displacement List." Only a qualified senior employee who has been displaced or whose position has been abolished may displace an employee assigned as Jordan Ditcher/Spreader Operator.

4) Jordan Ditcher/Spreader Operators may operate over the properties referred to in the heading of this agreement. All such positions shall be governed by the collective bargaining agreement between the Kansas City Southern Railway Company ("KCS") and the Union revised July 1, 1979, as amended, except as otherwise provided herein.

5) Employees assigned to Jordan Ditcher/Spreader Operator positions will be required to remain in their positions for no less than a one (1) year period. An employee bidding away from such position after the completion of the one (1) year period will be released within thirty (30) calendar days subject to the availability of a qualified employee off the System Bid and Displacement List. An employee assigned as Jordan Ditcher/Spreader Operator may bid to other positions while in his/her one (1) year period as long as the effective date of such position is subsequent to the end of the employees' one (1) year period.

6) Release from the position prior to the completion of the one (1) year period will be allowed for documented hardship reasons that involve the personal health of the employee, the personal health of an immediate family member, or other extenuating reasons. The employee's Director or his designee and the employee's general chairman will have to agree to such a release. An employee granted a hardship release will be released within thirty (30) days subject to the availability of a qualified employee off the System Bid and Displacement List. The released employee will be allowed to exercise seniority rights pursuant to the terms of the collective bargaining agreement.

7) The Jordan Ditcher/Spreader Operator's rate of pay shall be $20.39 per hour subject to general wage increases and cost of living adjustments.

8) Each employee assigned as Jordan Ditcher/Spreader Operator who does not vacate the assignment voluntarily for a period of at least one (1) year (i.e., an employee who remains assigned as Jordan Ditcher/Spreader Operator for one (1) continuous year as measured from the date assigned to the same date the following year) shall be entitled to an annual lump sum payment not exceeding $2,000.00 for each one (1) year period so assigned, and the lump sum(s) shall be paid within 30 days after completion of each one (1) year period. If during any one (1) year assignment period the carrier abolishes the position, the carrier will be responsible for payment of the prorated production incentive earned as of that date. Employees vacating a Jordan Ditcher/Spreader Operator position pursuant to the hardship provisions of Section 6 herein shall be eligible for the prorated portion of the lump sum. Employees promoted to foreman general positions and employees voluntarily leaving the employ of the KCS shall also be eligible for the prorated portion of the lump sum. The proration provided for herein shall be measured as a percentage of the number of continuous calendar days assigned during any one (1) year assignment period divided by 365.

9) The work week of a Jordan Ditcher/Spreader Operator may be established to coincide with the work week of the gang to which assigned, or generally, under a five-eights arrangement, a four-tens arrangement, an accumulated rest day arrangement, or a compressed half arrangement. Other arrangements, as deemed satisfactory between
the Carrier and the Jordan Ditcher/Spreader Operator, may only be established with advice and consent of the general chairman. Changes in the work week cannot be made without four (4) working days notice to the Operator.

10) In regard to the Jordan Ditcher/Spreader Operator classification, the terms and conditions set forth in this Agreement shall supersede conflicting positions in the collective bargaining agreement.

11) In regard to the Jordan Ditcher/Spreader Operator classification, no provision of the Mediation Agreement dated February 7, 1965, as amended, (Feb. 7th) shall operate to divest an employee of his or her Feb. 7th protection. While employees may secure Feb. 7th protected status while employed in this classification, no employee shall be required to exercise seniority to, or otherwise accept employment in, the Jordan Ditcher/Spreader Operator Classification in order to retain Feb. 7th protected status.

12) Counterparts. This agreement may be executed in any number of counterparts and by different parties in separate counterparts. Each counterpart when so executed shall be deemed to be an original and all of which together shall constitute one and the same agreement. Each counterpart may be faxed to the Carrier, with faxed signature sufficient to evidence execution, and original to follow in U.S. mail.

13) This Agreement may be cancelled effective on December 31st of each calendar year provided that notice is received by the other party no later than September 1st. Faxed service of notice will be sufficient to trigger the notice period, with original to follow in U.S. mail. Prior to service of notice, the serving party shall advise the other of the condition or circumstance giving rise to the notice, and, when practicable, the parties shall meet in an effort to resolve the condition or circumstance. Following service of notice, the parties shall meet within thirty (30) days in an effort to resolve the condition or circumstance giving rise to the notice.

14) This Agreement will be effective March 15, 2007. It is without prejudice to the respective positions of either party and will not be referred to in any other forum except as necessary to resolve issues arising out of this Agreement.

FOR THE EMPLOYEES:

Bill R. Palmer  
General Chairman BMWE  
5-23-07  
Date

Jeffrey T. Finch  
General Chairman BMWE

FOR THE CARRIER:

J. G. Albano  
General Director Labor Relations  
5/1/07  
Date