February 7, 2012

Memorandum of Understanding
KCS/BMWED National Handling Letter re: Travel Allowance Adjustment

In a letter dated November 28, 2011, BMWED and the NCCC agreed to an extension of the thirty day “status quo” period following PEB No. 243’s Report to the President. During this period, BMWED and Kansas City Southern Railroad (“KCS”) met to discuss Away From Home and Travel Expense issues and matters of interest to KCS. This will confirm that during those discussions KCS and BMWED agreed as follows:

1. As it applies to KCS, the travel allowance set forth in Article XIV, Section 1 of the September 26, 1996 National Agreement shall be increased by $4.00 (from $25.00 to $29.00) per hundred miles traveled and the mileage chart in Section 1 shall accordingly be amended to read:

<table>
<thead>
<tr>
<th>Mileage Range</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 100 miles</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>101 to 200 miles</td>
<td>$29.00</td>
</tr>
<tr>
<td>201 to 300 miles</td>
<td>$58.00</td>
</tr>
<tr>
<td>301 to 400 miles</td>
<td>$87.00</td>
</tr>
<tr>
<td>401 to 500 miles</td>
<td>$116.00</td>
</tr>
</tbody>
</table>

Additional $29.00 payments for each 100 mile increments.

   (b) At the start up and break up of a gang, an allowance will be paid after 50 miles, with a payment of $14.50 for the mileage between 51 and 100 miles.”

2. The travel allowance provided for in Section 6(A) of Addendum No. 21 to the KCS Agreement shall be increased from twenty-five cents ($0.25) to twenty-nine cents ($0.29) per mile.

The foregoing increases in travel allowance are contingent upon: (1) the execution of a KCS Mobile System Production Agreement; and (2) ratification of the pending 2012 National Agreement between BMWED and the NCCC. Upon satisfaction of these contingencies, these travel allowance increases shall become effective sixty (60) days after the ratification of the National Agreement.
Signed at Kansas City, Missouri this $7th$ day of February 2012.

FOR THE BMWED:

[Signature]
Freddie N. Simpson
President

For the Employees:

[Signature]
Dennis R. Albers
Dennis Albers, General Chairman
BMWED - Allied Federation

[Signature]
Hayward J. Granier, General Chairman
BMWED - Illinois Central Gulf Federation

APPROVED:

[Signature]
Roger Sanchez, Vice President
BMWED

FOR THE NCCC:

[Signature]
A. Kenneth Gradia
Chairman

For the Carrier:

[Signature]
Tammy Hardge Stephenson
Director Labor Relations

[Signature]
Donald E. Emery
AVP Labor Relations