

EMPLOYEE'S
WORKING
AGREEMENT

Between

ALABAMA GULF COAST RAILWAY

And its Maintenance of Way Employees represented by

The

UNITED TRANSPORTATION UNION

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PREAMBLE

1. The Alabama Gulf Coast Railway (referred to hereinafter collectively as AGR or Company) recognizes the United Transportation Union (referred to herein after as UTU or Organization), as the designated representatives, which are signatory to this Agreement, as bargaining representatives of the Maintenance of Way employees employed by the AGR.
2. This Agreement and the ongoing relationships between the Company, its Employees and the Organization are based on cooperation.
3. The masculine gender whenever used herein shall be construed to include both masculine and feminine, and the singular shall be construed to include both the singular and plural unless the context clearly indicates otherwise.
4. As used in this Agreement, emergency means an event that disrupts the normal flow of business on the AGR such as, but not limited to: Acts of God, train accidents and vandalism.

ARTICLE 1 **SCOPE**

1. The primary duties of employees in the Maintenance of Way Department shall be the construction, maintenance and/or repair of track, roadbed, right of way, bridges, buildings and signals; and to do whatever other work is directly or indirectly related to the service being performed. The rules contained herein shall govern the hours of service, rates of pay and working conditions of all Employees covered by this agreement. It is further recognized that in the event of an emergency, Maintenance of Way employees will from time to time be required to perform duties outside their primary duties as may be prescribed by management.
2. The Carrier may subcontract work, which is not economically feasible to perform at its own facilities, or which is beyond the capacity or capability of the Carrier. The Carrier will make every reasonable effort to perform work now being performed on the property by regularly assigned Maintenance of Way forces. Maintenance of Way employees will not be furloughed by the use of contract/subcontract employees. The Carrier also agrees to provide advance notice to the General Chairman prior to subcontracting covered work in non-emergency situations; however, this will not restrict the Carrier's right to subcontract. Upon request a conference will be arranged to discuss Carrier sub-contracting plans. If the Organization disagrees with the Carrier's basis for contracting, it retains the right to progress a grievance.
3. Nothing in this Agreement shall be interpreted as prohibiting other employees of the Carrier or other RailAmerica companies from performing work covered by this Scope clause on a non-regular basis or on the same basis as they have performed such work in

the past. However; AGR Maintenance of Way employees will not be adversely affected nor furloughed as a result of the use of other Rail America Company Employees. In addition such Rail America Employees will fall under the provisions of this agreement. The Company may request Maintenance of Way Department employees to perform such other jobs as it may have need for, provided that the performance of such work shall be voluntary. However, if such voluntary work is declined, such action will nullify the weekly guarantee for that week. In the event such work is necessary for the operation of the railroad, or in the event of an emergency, the Company may require the Maintenance of Way employees to perform this work.

4. Employees covered by this Agreement shall be governed by all Company rules, policies, practices and procedures previously or hereafter issued or modified by the AGR, and/or RailAmerica, and any prior or future modifications to these issuances, which are not in conflict with the terms and conditions of this Agreement.

ARTICLE 2
RATES OF PAY

1. Rates of pay for employees covered by this Agreement shall be as follows:

AGR MAINTENANCE OF WAY - RATES OF PAY						
Occupation	1/1/2009	1/1/2010	*2010	1/1/2011	1/1/2012	1/1/2013
Track Foreman	\$18.55	\$18.92	\$19.11	\$19.49	\$19.88	\$20.28
Track Inspector	\$19.76	\$20.16	\$20.35	\$20.76	\$21.18	\$21.60
Machine Operator/Welder	\$17.17	\$17.51	\$17.69	\$18.04	\$18.40	\$18.77
Trackman	\$15.67	\$15.98	\$16.14	\$16.46	\$16.79	\$17.13

*Note: A 1% increase will be added on the effective date of the agreement to the 1/1/2010 rates.

In addition to the annual wage increase of two percent (2%) that commenced on January 1, 2009 as set forth above, all employees covered by this agreement are entitled to the benefits set forth in the RailAmerica Incentive Compensation Plan which became effective January 1, 2008.

Notes:

- i. All above rates are per hour straight- time wage.
- ii. Carrier reserves right to appoint Track Foremen.

2. For any work performed under this Agreement, employees will receive the highest pay for which they are qualified. The Carrier and Union representatives will conference to discuss the classification level of employees covered by this Agreement.

3. When an assigned employee is required by management to perform the duties of a higher rated occupation, the higher rate of pay will be allowed for such day.

4. Eight Hour Schedule - Employees on duty four (4) hours or less will be allowed actual time. Employees on duty more than four (4) hours will be allowed actual time with a minimum of eight (8) hours.

Ten Hour Schedule - Employees on duty five (5) hours or less will be allowed actual time. Employees on duty more than five (5) hours will be allowed actual time with a minimum of ten (10) hours.

5. Employees required to remain on call for emergency weekend service will be allowed four (4) hours per day. Should the employee be called out, the time allowed will be applied to the service performed.

6. In any payroll period where a Carrier error results in an under payment of \$250 or more, the Carrier will issue a check for the under-payment within seventy-two (72) hours of the verified claim. For errors under \$250 or where the employee is at fault, the error will be corrected in the subsequent payroll period.

7. New Hire Employees.

(a) Employees hired with no previous experience will receive ninety percent (90%) of the Non-Operating craft rate of pay for a period of one-hundred-twenty (120) days, at which time such employees' pay will increase to one hundred percent (100%) of the rate pay of the position held.

8. Employees will be guaranteed forty (40) straight-time hours pay in a workweek, and will receive one and one-half times their straight-time hourly rate for all hours worked in excess of forty (40) hours per week. For payroll purposes, the workweek will begin on Sunday and employees will be paid on a biweekly basis. A reduction of 8 or 10 hours per calendar day for non-compensated mark-offs will be charged against the weekly guarantee. All weekly guarantees are forfeited if an employee marks-off for more than one (1) non-compensated day per week.

9. Subject to State Laws, all current employees covered by this agreement will be required to sign up for direct deposit of their paychecks no later than sixty (60) days following the effective date of this Agreement.

Any employee who incurs bank charges as the result of the Alabama Gulf Coast failure to make funds available for the direct deposit on payday will be made whole upon presenting documentation to the railroad to verify such charges.

ARTICLE 3 **SENIORITY**

1. An employee subject to this Agreement will acquire seniority on the first day of compensated service in the craft of MOW with the Company. In cases of a tie, placement

to the roster will be based on birth date, earliest first. The entire AGR shall constitute a single seniority district.

2. The Carrier shall maintain an "official" seniority roster for Maintenance of Way employees. The Carrier shall post the roster on bulletin boards at the facilities of the Carrier where such employees are based, or at other locations as may be agreed upon. The "official" roster shall be updated annually on the anniversary of the effective date of this Agreement. A protest of seniority acquired since the preceding year's roster must be filed within 60 calendar days of posting, or it shall be barred. Typographic errors made from a prior roster may be corrected at any time.

3. Seniority will control in determining vacation requests, furloughs, recalls and choice of assignment.

4. Forfeiting Seniority

An employee, who has left the service of the Company of his/her own accord, shall forfeit his/her seniority rights and shall have no right to reinstatement. If he or she is re-employed by the Company, the employee will be treated as a new hire and seniority shall be established in accordance with Paragraph 1 above.

5. Approval of Applications

(a) Employees will be notified in writing within ninety (90) calendar days of the date that they first perform service or training as a Maintenance of Way employee if their application is not approved. An application may be rejected by the Company without a showing of cause or determination.

(b) An application that is rejected within such period will result in termination of the employee's relationship with the Company without disciplinary procedures or appeal by the Organization.

6. Current Address

It is the responsibility of the employee to keep the Designated Carrier Officer and the Organization advised in writing of their current address and telephone number.

ARTICLE 4
REDUCTION IN FORCE

1. When the workforce is reduced, such reduction or furlough shall be offered to employees in seniority order. Should there be insufficient volunteers; junior employees shall be furloughed in reverse order of seniority.

NOTE: Furlough shall be offered in seniority order provided sufficient junior employees are qualified to protect the service requirements. Otherwise, furlough will occur in inverse order of seniority.

2. When forces are increased, furloughed employees will be offered recall in seniority order. A senior employee may request to remain in furlough status and pass the recall opportunity on to the next junior employee. If no junior employee is on furlough, or if all furloughed employees are being recalled, the recalled employee must report for duty within fourteen (14) days from (1); date such notice is received as evidenced by return register receipt or (2); letter is returned unclaimed to employing officer, in which latter event the date letter is postmarked at destination will establish date from which the fourteen (14) day period will run. A copy of the recall notice will be furnished to the General Chairmen. After an employee has received a recall notice, he/she must contact the Company within five (5) days and advise when he/she will return within the fourteen (14) day period described above. The recall notice will include a reference to this five (5) day requirement. Failure of an employee to return to service within this fourteen (14) day period will result in the automatic forfeiture of seniority.

3. Furloughed employees are required to keep the Company currently informed of their address. Failure to do so or failure to report for duty within the time designated in paragraph two (2) above will result in forfeiture of all seniority and job rights.

4. Employees accepting service with the Association of American Railroads, Railroad Retirement Board, National Railroad Adjustment Board, United Transportation Union, RailAmerica or a RailAmerica subsidiary company, National Mediation Board, Surface Transportation Board, Federal Railroad Administration, National Transportation Safety Board, and employees elected to public office, shall be considered on unpaid leave of absence, retaining their employment relationship with the Carrier, including their seniority rights and rank, during the term of such employment, and may subject to Article 4 assert their seniority rights, provided they assert those rights within thirty (30) days after the release from such employment, subject to the policies and regulations governing employment such as, but not limited to: physical examination, drug screen testing, etc.

5. Effective with the signing of this Agreement, all employees promoted subsequent thereto to official, supervisory, or excepted positions from crafts or classes represented by UTU shall be required to maintain their UTU membership or pay an appropriate monthly fee, not to exceed monthly union dues, in order to retain and continue to accumulate seniority. A supervisor whose payments are delinquent shall be given a written notice by the appropriate General Chairman of the amount owed and ninety (90) days from the date of such notice to cure the delinquency in order to avoid seniority forfeiture.

ARTICLE 5

ASSIGNMENTS & BULLETIN PROCEDURES

1. Each bulletin will be numbered consecutively by the issuing officer commencing on January 1st of each year.

2. Each bulletin will contain the following information:

- Date of posting
- Date of expiration
- Type of position
- Location
- Rate of pay
- Assigned hours
- Date position starts work

3. In the event a bulletin covers vacancies for more than one (1) position, the employee must specify his preference by number on his bid slip. In the event an employee fails to specify his preferences on a multi-position bulletin in numerical order, the Carrier will assign the employee to a position listed on the bulletin.

4. When assignment of bulletin is made, notice will be given in similarly numbered bulletin form with the following information:

- Name of successful applicant
- Seniority date of successful applicant

5. Permanent vacancies on regular assignments shall be advertised by bulletin for five (5) calendar days on the bulletin boards. Assignment to such vacancies shall be on the basis of seniority of those bidding.

6. Employees on regular assignments bulletined to work 5 days per week will have two consecutive regular rest days in each work week.

7. Employees on regular assignments bulletined to work four (4) ten (10) hour days per week will have three consecutive regular rest days in each work week consisting of at least one Saturday or one Sunday within such rest days.

8. All AGR MOW assignments will be advertised on October 31st annually for assignments to become effective on the Monday following Thanksgiving. All bids must be received no later than the close of business on the Monday before Thanksgiving. All MOW employees must place a bid with no less than 5 choices on it, ranked in the order of preference.

9. Employees will be allowed up to thirty (30) working days in which to qualify, if disqualified, they will be placed back on the assignment they last held. In such a case, if their former position is held by a senior employee, they will then be given a full displacement to be utilized under the rules established in Article 6. An employee, disqualified from an assignment will be barred from bidding upon or exercising his seniority rights to that assignment or class of work (occupation) for a period of six (6) months from the date of disqualification.

ARTICLE 6
WORK DAY & EXPENSES AWAY FROM HOME

1. Work day shall begin when an employee reports at the designated time and place. The Carrier shall post for the exercise of seniority all jobs, their starting time, place to report, and rest days. Job postings shall be open to the exercise of seniority (subject to qualification) for a period of five (5) calendar days, and the job will be awarded to the most senior qualified employee in the craft bidding within twenty four (24) hours of the close of bids.

2. Displaced (bumped or loss by job abolishment) employees will be given 24 hours from notification of displacement to exercise their seniority to a job for which they are qualified and by seniority can hold. Employees will not be compensated for the time pending exercise of seniority and qualification. An employee must exercise his seniority within 24 hours as defined by this section, failing to do so he will be considered absent without authority. Employees who cannot hold a position account seniority or qualification will be considered furloughed.

3. Employees will be permitted a 30 minute non-paid lunch period during the work day. The employee and the supervisor will determine the appropriate time for the lunch period.

4. Employees required to use a personal vehicle for travel to report directly at an assignment location away from his advertised work location will receive payment, at the pro rata rate, for the actual time consumed in driving. The mileage and time consumed driving will be calculated from his advertised on duty location to the point he is required to report for duty. Employees will also be entitled receive a mileage allowance for the miles driven to/from such assignment. The mileage allowance will be equal to the IRS rate then in effect. The intent of this section is to reimburse the person for expenses incurred in the use of such vehicle. Payment of such driving allowance will not be utilized in the calculation of overtime. Employees will submit the mileage reimbursement claim on Company provided form.

5. The Company will pay for lodging accommodations when Employees covered by this Agreement are required to stay away from home on Company business. The Company in the first instance will make arrangements for direct billing to the Company for such lodging, but in case such direct billing is not available, the Company will reimburse the Employee for his incurred lodging expense (not including food, drink, or other lodging charges, unless approved in advance by the Company).

6. Employees subject to this Agreement will be allowed a \$ 25.00 per day per diem allowance when Company lodges employee away from his home, on business of the Company. The Employee will claim the allowance on a reimbursable expense form as provided by the Company.

ARTICLE 7
EQUIPMENT SUPPLIES ICE & WATER

1. The Company will provide the necessary equipment and supplies required by employees during their tour of duty.
2. The Company will provide suitable drinking water in containers and ice to employees.
3. On duty facilities shall comply with and all Federal, State and/or local statutes applicable to said facility

ARTICLE 8
PHYSICAL EXAMINATIONS

1. Employees covered by this Agreement may be required to take physical examinations at the Company's expense.
2. If such employee is found to be physically disqualified by the examining physician and the Organization is of the opinion that such employee's condition does not justify removal from the service or restriction of his rights to service, appeal will be made to the designated officer of the Company for a joint medical board to be established.
3. The employee involved will select a physician to represent him and the Company will select a physician to represent (who may be the original examining physician) in conducting a further physical examination. If the two (2) physicians thus selected shall agree, the conclusion reached by them as to the employee's physical condition will be final.
4. If the two (2) physicians selected do not agree as to the physical condition of such employee, they will select a third physician to be agreed upon by them, who shall be a practitioner of recognized standing in the medical profession and a specialist in the disease or ailment from which the employee is alleged to be suffering. The three (3) physicians thus selected will examine the employee and render a report with reasonable promptness, setting forth his physical condition and their opinion as to his fitness to continue service in his regular employment, which shall be accepted as final. Should the decision be adverse to the employee, and it later appears through medical findings that his condition has improved, a re-examination by the original examining physician will be arranged after a reasonable interval upon the request of the employees or the Organization.
5. The Company and the employees will each share equally the expenses of the third physician.

6. If for any other reason related to Company service, an employee is required to take a physical examination; the expense of that examination shall be covered by the Company.

Nothing contained in this rule shall prevent the company from its compliance with all applicable Drug and Alcohol regulations.

ARTICLE 9 **LEAVE OF ABSENCE**

1. Employees may be granted leave of absence in accordance with the leave of absence provisions contained in the RailAmerica, Inc. Employee Handbook.

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

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

4. Any employee on leave of absence from the Company may not take on an employment relationship with an outside employer, with the exception of those named in Article 4 of this agreement, unless so approved by the General Manager and the General Chairman.

5. Failure of an employee to return to service following the expiration of fifteen (15) calendar days of the termination of their leave of absence, or to make other arrangements with the approval of the General Manager – AGR and the General Chairman – UTU, following the end of the leave of absence will be considered a forfeiture of seniority.

ARTICLE 10 **ACCEPTING OFFICIAL POSITIONS**

1. An employee who accepts an official position with the Organization or a supervisory or official position with the AGR, RailAmerica, or any of its subsidiary companies will retain and continue to accumulate seniority in all crafts where seniority is held. Such employee who voluntarily or involuntarily leaves such position and who

returns to the Company within fifteen (15) days thereof will be permitted to exercise seniority in accordance with the provisions of this Agreement.

2. Failure of an employee to return to service following the expiration of the fifteen (15) days described in paragraph 1 above, or to make other arrangements with the approval of the General Manager – AGR and the General Chairman – UTU, will be considered a forfeiture of seniority.

ARTICLE 11 **VACATIONS**

1. Employees' vacation will be allowed as shown by the schedule listed herein. Management has in effect a vacation policy that provides employees with full vacation credit on January 1 of each year and requires employees to use vacation in the calendar year in which it is earned, and pursuant to which employees who resign without proper notice forfeit any accrued vacation.

a. Employees eligible for more than five (5) days of annual vacation may, at their option, elect to take the excess days on a single day basis. Unless otherwise agreed to by the management, these single day vacation days must be scheduled at least five (5) days in advance, and are subject to the needs of the service.

2. Employees shall accrue vacation on a current basis as set forth below. Five days accrued will be treated as one calendar week of vacation. MOW Employees will be compensated forty (40) hours pay at the normal assignment rate, for each week of vacation claimed.

3. Should an employee's employment relationship be terminated, all accumulated vacation earned up to the time of such termination will be paid. In the event of death, the payment will be made to the designated beneficiary surviving spouse, or estate in that order.

4. VACATION ENTITLEMENTS

RATE OF ACCRUAL

Length of Maximum Service	Rate of Accrual/ Hrs/Month	Accrual/Year
1-5 yrs (1-60 mos)	6.67 hours	80 hours
6-10 yrs (61-120 mos)	10 hours	120 hours
11-15 yrs (121-180 mos)	11.34 hours	136 hours
16+ yrs (181+ mos)	13.34 hours	160 hours

ARTICLE 12
HOLIDAYS

1. Paid holidays recognized by the Company are as follows:

New Year's Day	Thanksgiving Day
Memorial Day	Friday following Thanksgiving Day
July 4th	Christmas Eve Day
Labor Day	Christmas Day

2. It is the policy of the Company and its subsidiary companies to provide all regular full-time employees with paid days off from work to observe specified national or state holidays.

3. An employee shall be eligible for holiday pay if the employee has worked on the last scheduled workday prior to the holiday, is available during the holiday (excluding rest days) and on the first scheduled day immediately following the holiday. If any of the recognized holidays fall during an eligible employee's scheduled vacation period or approved paid Leave of Absence he or she will be compensated for the holiday.

4. An employee on short-term or long-term leave without pay is not entitled to holiday pay.

5. Holiday pay is calculated using the employee's straight-time pay rate (as of the date of the holiday) times the number of hours the employee would otherwise have worked on that day.

6. Employees shall be paid for actual service performed on recognized holidays at the time and one-half rate of pay.

7. Paid time off for holidays not worked are not counted as hours worked for the purposes of determining overtime.

8. If a recognized legal holiday falls on a Saturday, it will be observed on Friday and if it falls on Sunday, it will be observed on Monday.

ARTICLE 13
ATTENDING COURT

1. Employees taken away from their regular assigned duties at the request of the Carrier to attend court or to appear as witnesses for the Carrier will be allowed their applicable daily rate for each workday, and their applicable daily rate at pro-rata rate for

rest days and holidays. Transportation will be furnished and reasonable and actual expenses allowed while away from headquarters.

ARTICLE 14
BEREAVEMENT LEAVE

1. The purpose of bereavement leave is to provide full-time regular employees with time off from work to attend the funeral of a family member and to handle personal affairs without disrupting their income.

2. An employee should request a bereavement leave of absence as soon as he or she learns of the death of a family member. The employee should return to work on the first regularly scheduled day of work following the end of the approved leave. Substantiation of the reason for bereavement may be required.

Paid Time Off

3. An employee may be granted leave up to five consecutive working days (based on 8 hrs per day) with pay, in the event of the death of an immediate family member. An employee may be granted one day off with pay due to the death of an extended family member. Paid time off for bereavement will not be counted as hours worked for the purposes of determining overtime. Family member categories are defined as:

Immediate Family

Parents (including Step)
Siblings (including Step)
Children (including Step)
Spouse In-Laws
Grandparents
Grandchildren
Domestic Partner

Extended Family

Aunts and Uncles
Cousins
Nieces and Nephews

ARTICLE 15
JURY DUTY

1. Employees called for jury duty will be granted time off with pay for up to a maximum of 60 days in any 2-year period. For each full day absent from their assignment, Employees will receive their applicable daily rate of pay. For absences of less than a full day, pay will be for actual time lost. Carrier will deduct any moneies received from the court for performing jury duty. Receipt of payment for jury duty received from the court must accompany the claim before payment will be made.

ARTICLE 16
PERSONAL LEAVE / FLEX DAYS

1. Personal Leave / Flex Days will be in lieu of sick days as outlined in the current RailAmerica, Inc. Employee Handbook. Personal Leave / Flex Days will be accumulated at a rate of .5 days per month. Accrued Personal Leave / Flex Days may be used by an employee to take personal days off for various reasons, provided the employee gives the Company a minimum forty-eight (48) hours advance notice to the designated company officer unless the company officer is agreeable otherwise due to extenuating circumstances. Flex day requests will be allowed or denied based on the needs of service. Employees shall receive a basic day's pay at the pro rata rate of their assignment for each Personal Leave / Flex Day taken. Employees will be required to take an accumulated Personal Leave / Flex Day, if any, for each day an employee lays off sick.
2. Personal Leave / Flex Days may be accumulated one calendar year to the next to a maximum of twelve (12) days at any given time. Further accumulation shall be suspended until the number of days accumulated is reduced to less than twelve through utilization or buy back.
 - a. For instructions on the buy-back of Personal Leave / Flex Days refer to Appendix E of this Agreement.
3. In addition to the Personal Leave / Flex Days described in Item 1 above, all AGR MOW Employees will receive an additional two (2) Personal Leave days per year.

ARTICLE 17
ATTENDING RULES CLASSES

1. Employees who are required to attend rule, rule recertification or instruction classes on their own time shall be paid for time consumed with a minimum of four (4) hours for each attendance.
2. Employees who are required to attend rule, rule recertification or instruction classes during a normal tour of duty will not be paid additional compensation.
3. Employees who lose time as a result of being required to attend rule, rule recertification, medical or instruction classes shall be paid for all time lost at their regular rate of pay, minus all payments made for class attendance.

ARTICLE 18
HEALTH & WELFARE – MISC.

- 1 (a) The Company shall provide each employee covered by this agreement and their eligible dependents a level of hospital, surgical, medical, prescription, dental, vision, term life, accidental death and dismemberment, supplemental life, short-term disability and long-term disability benefits under Group Insurance Plans on the same terms as they apply to other employees of the AGR and other subsidiaries and as they may be amended

from time to time. The Plan benefits are set out in the Summary Plan Description and or Certificate of Coverage.

(b) The monthly contribution for active employees shall be made through payroll deduction on a pre-tax basis. Employees out of service on a qualified leave of absence can continue their health insurance coverage for up to twelve weeks (Family Medical Leave) by paying the monthly contribution directly to the Company by money order or certified check.

2. Company will make available on the same terms as it does to other employees a 401(k) plan with a company match. Employees covered by this Agreement must meet the Plan eligibility requirements to participate.

3. Employees that are required to wear steel-toed boots and who also use leather gloves in their assignment will be reimbursed \$140.00 per year toward the purchase of the boots. Employees must submit an expense form on their anniversary date requesting the boot allowance. New hire employees will qualify for boot allowance at the expiration of their probationary period.

ARTICLE 19 **MANAGEMENT RIGHTS**

1. It is recognized that the management of the business is vested in the Company, whose discretion and judgment shall control as to the selection of employees, the work and duties to which they are assigned, and the terms and conditions of employment, so long as the same are not in conflict with the provisions of the Agreement, and provided that no action may be taken for the purpose of discrimination against any employee because of his membership with the Union.

ARTICLE 20 **HEARINGS AND DISCIPLINE**

1. General

Train and engine service employees will not be disciplined without first being given a fair and impartial investigation except as provided below.

2. Notice

Within 10 days of the time the appropriate company officer knew or should have known of an alleged offense, the employee will be given written notice of the specific charges against him or her. The notice will be sent by certified US Mail or hand delivered to the last known address of the employee and to the UTU Local Chairman. The notice will state the time and place of the investigation and will be furnished sufficiently in advance to allow the employees the opportunity to arrange for representation by an Organization representative(s) and witnesses. A copy of the notice will be furnished to the UTU representative.

3. Waiver

Prior to the investigation, the parties may agree to arrange for an informal conference to discuss the alleged offense. Such informal conference may be either in person or by telephone. If such informal conference results in the proposed discipline being dropped, no further action will be taken.

4. Investigation

(a) Unless postponed for good cause, with the concurrence of the other party, the investigation will be held no later than 10 days after the date of the notice. Concurrence will not be unreasonably withheld.

(b) When practicable, the investigation will be held at the employee's location of employment. When that is not practicable, the investigation will be held at a location, which will minimize the travel, inconvenience and loss of time for all employees involved. When an employee is required to travel to an investigation at other than his or her place of employment, the employee will be reimbursed for actual, reasonable and necessary expenses incurred.

(c) At the investigation, the employee and/or the UTU representative will be afforded the opportunity to examine or cross-examine all witnesses. Such examination will extend to all matters under investigation.

(d) The investigation will be recorded and transcribed. Copies of transcript will be furnished to the employee and the UTU Local Chairman no later than the date discipline is issued. If the accuracy of the transcript is questioned and the investigation was electronically recorded, the tapes shall be examined and, if necessary, the transcript will be corrected.

5. Decision

(a) A written decision will be issued no later than 10 days after completion of the hearing. The decision will be sent by certified US Mail or hand delivered to the last known address of the employee and to the UTU Local Chairman.

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

6. Appeals

(a) If the employee is not satisfied with the decision, the UTU General Chairman may appeal to the designated carrier officer within 60 days from the date of the decision. If not appealed within 60 days the matter will be considered closed.

(b) The designated carrier officer will respond to the appeal within 60 days from the date of the UTU General Chairman's appeal. If the officer fails to respond within 60 days, the employee will be paid for any time lost and the employee's record will be cleared of the discipline at issue.

(c) If the employee is dissatisfied with the decision, proceedings for final disposition of the case under the Railway Labor Act must be instituted by the employee or his or her duly authorized representative within nine (9) months of the date of that decision or the case will be considered closed and the discipline will stand as issued, unless the time limit is extended by mutual agreement.

7. Miscellaneous

(a) If a dispute arises concerning the timeliness of a notice, decision or appeal, the postmark on the envelope containing such document or date of receipt for hand delivery shall be deemed to be the date of such notice or decision.

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

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

ARTICLE 21 **CLAIM AND GRIEVANCE PROCEDURE**

1. CLAIMS AND GRIEVANCES

Note: The carrier will not furnish copies of corrections made to time and delay reports to the local committee.

(a) All claims or grievances must be presented in writing by or on behalf of the employee involved to the company within thirty (30) days from the date of the occurrence on which the claim or grievance is based. Should any such claim or grievance be disallowed, the company shall within thirty (30) days from the date same is filed, notify the employee and the Local Chairman of the reasons for such disallowance. If not so notified, the claim or grievance shall be considered valid and settled accordingly, but this shall not be considered as a precedent or waive of the contentions of the company as to other similar claims or grievances.

(b) If a disallowed claim or grievance is to be appealed to the highest officer designated to handle claims or grievances, such appeal must be taken within sixty (60) days from receipt of notice of disallowance from the first officer of the company. Should

any such appeal be disallowed, the company shall within sixty (60) days from date same is filed, notify the employee or his/her representative making the appeal, of the reasons for such disallowance. Failing to comply with these provisions, the matter shall be considered closed, but this shall not be considered a precedent or waiver of the contentions of the employees or company as to other similar claims or grievances.

(c) Decision by the highest officer designated to handle claims and grievances shall be final and binding unless within sixty (60) days from the date of disallowance specified in paragraph (b) above the company is notified in writing their decision is not accepted and a conference is requested. If following a conference discussion the claim or grievance remains disallowed the parties will have nine (9) months to commence the process to adjudicate the claim or grievance in accordance with the provisions of the Railway Labor Act, as amended

ARTICLE 22 **UNION SHOP**

1. Employees will become members of the Organization within 90 calendar days of the date they first perform compensated service with the Carrier and will maintain their membership while employed in positions covered by this Agreement.

2. If an Employee fails to pay the required dues or fees to the Organization, the Organization will give the Employee written notice that he has 15 days in which to make the appropriate payment, with a copy of the notice sent to the Carrier. If payment is not made within 15 days, the Organization will notify the Carrier that the Employee has failed to comply with the terms of this Agreement and, therefore, is not entitled to continue in a position covered by the Agreement ("Termination Notice").

3. Within 10 calendar days after receipt of a Termination Notice, the Carrier will notify the Employee concerned that his employment will be terminated in 10 days, unless within that time the Employee provides the Carrier with evidence to show that he has not failed to comply with the Agreement, as asserted by the Organization. A copy of this notice will be provided to the Organization.

4. If the Employee provides the Carrier with evidence to show that he has complied, the Carrier will provide a copy of the documentation to the Organization, which will have 10 days in which to reply to the evidence. If the Organization fails to reply, then the Employee's evidence will be accepted and the action under this rule ended. If the Organization replies, it will furnish a copy of the reply to the Employee.

5. Within 5 days after receipt of the Organization's reply, either the Employee or the Organization may request a hearing. If a hearing is requested, it will be held within 10 days of the request. The Carrier will issue its decision in the matter either (1) 10 days after receipt of the Organization's reply or (2) 10 days after a hearing. No action on the termination of employment will occur until the decision of the Carrier is issued.

6. If the decision is that the Employee has not complied with the terms of this Agreement, his seniority and employment under the Agreement will be terminated within 20 days after the date of the decision, unless the Carrier and the Organization agree otherwise in writing.

7. If either the Employee or the Organization does not accept the decision of the Carrier, they must, within 10 calendar days after the date of termination, request that a neutral be selected to decide the dispute ("Neutral Person"). The Neutral Person will be selected by the President of the Carrier or his designee, the General Chairman of the Organization or his designee, 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 make an appropriate request to the National Mediation Board to appoint a neutral.

8. The Neutral Person will review the positions of each party and issue a decision within 30 calendar days from the date of receipt of the request for his appointment, which will be final and binding upon the parties. If the position of the Employee is sustained, the fees, salary and expenses of the Neutral Person will be paid by the Organization; if the Employee's position is not sustained, such fees, salary and expense shall be borne in equal shares by the Organization and the Employee.

9. The time periods specified in this section may be extended in individual cases by written agreement between the Carrier and the Organization.

10. All notices under this rule will be made by Registered or Certified Mail, Return Receipt Requested, overnight delivery service, personal delivery evidenced by a signed receipt or other verifiable means of delivery.

11. The Carrier will not be required to terminate the employment of an Employee until such time as a qualified replacement is available. The Carrier may not, however, retain the Employee in service for a period in excess of 60 calendar days from the date of the last decision rendered by the Carrier. If the Carrier elects, the position may be advertised as vacant under the bulletining rule of the Agreement, and the Employee may remain on the position pending the assignment of the successful applicant.

12. In the event that a termination is subsequently determined to be improper, unlawful, or unenforceable, an appeal is made of the Neutral Person's decision, or a claim is made in any forum concerning application of this rule, the Organization will indemnify and save harmless the Carrier against any and all liability arising as the result of its actions under this rule (including reasonable attorneys' fees); provided, however, that this section will not apply to any case in which the Carrier is the plaintiff or the moving party in the action or in a case where the Carrier acts in collusion with any Employee.

ARTICLE 23
MORATORIUM AND TERM OF AGREEMENT

1. This Agreement shall remain in effect through December 31, 2013, and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.
2. No party to this Agreement will serve any notice or proposal under the terms of the Railway Labor Act for the purpose of changing the provisions of this Agreement prior to October 1, 2013.
3. All proposals and pending notices served by the Union and the AGR are hereby withdrawn.
4. This article will not bar the AGR or the Union from agreeing upon any subject of mutual interest.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of this 26 day of June, 2010. This Agreement, if ratified, becomes effective at 12:01 A.M., July 1, 2010.

FOR THE COMPANY:

Todd Bjornstad
Todd Bjornstad - RA General Manager

FOR THE UNION:

Doyle Turner
Doyle Turner - UTU General Chairman

Steve Truitt
Steve Truitt - RA Regional Vice President

July 1, 2010

Side Letter No. 1

Mr. Doyle Turner, General Chairman
United Transportation Union

Reference: Article 2 - Rates of Pay


Dear Mr. Turner:

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

In the event, during the moratorium period of this contract, the Plan is revised by RailAmerica to provide for a reduction in the potential compensation there under below six percent (6%) of the employees' gross wages, the Organization may, at its option, serve a 30-day written notice upon the Company of its intent to discontinue participation in the Plan effective at the beginning of the next quarter. In that event, the rates of pay will be increased by 1% concurrent with discontinuance of Plan participation for the balance of that calendar year. Thereafter, for the balance of the moratorium period, the remaining general wage increases provided shall be applied at 3% instead of 2%.

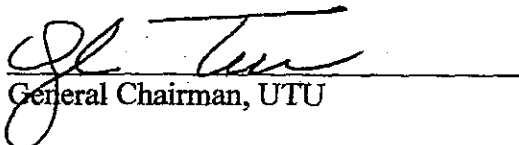
If this accurately sets forth our understanding in this matter, please indicate your concurrence by signing below.

Yours truly,



Todd Bjornstad
General Manager
Alabama Gulf Coast Railway

I AGREE:


General Chairman, UTU

July 1, 2010

Side Letter No. 2

Mr. Doyle Turner, General Chairman
United Transportation Union

Reference: Article 2 -- Rates of Pay


Dear Mr. Turner:

In reference to the collective bargaining agreement signed today, we discussed the application of the one percent (1%) General Wage Increase and agreed it is to be applied to the 1/1/2010 rate of pay, effective on the date that this agreement takes effect in 2010.

The hourly rates of pay shown for the succeeding years on the rate table in Article 2 do reflect the application of the one percent (1%) increase.


If this accurately sets forth our understanding in this matter, please indicate your concurrence by signing below.

Yours truly,



Todd Bjornstad
General Manager
Alabama Gulf Coast Railway

I AGREE:


General Chairman, UTU

July 1, 2010

Side Letter No. 3

Mr. Doyle Turner, General Chairman
United Transportation Union

Reference: Article 18 – Employee Benefit Package

Dear Mr. Turner:

In reference to the collective bargaining agreement signed today, we had discussions concerning the hospital, medical and dental benefits provided by the Company under Article 9, Employee Benefit Package. We agreed that it is in the interests of the parties to continue to provide employees with a competitive benefit structure at the lowest possible out-of-pocket cost to the employees. The current Plan available to employees covered by this Agreement, the same Plan applicable to all RailAmerica employees under the same terms and conditions, accomplishes that goal.

We also recognized that from time to time, it may be necessary to change the terms and conditions of those benefits in order to maintain its competitive and cost effective nature. The company will discuss such changes in advance with the Organization.

The Company also agrees to cooperate with the Organization in the mutual effort to ensure the continued stability and cost effectiveness of the Plan by seeking a consistent approach to a healthcare plan that would apply on other properties with UTU represented employees who are not covered by the Railroad Employees National Health and Welfare Plan.

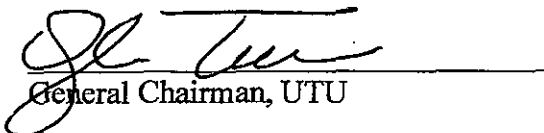
If this accurately sets forth our understanding in this matter, please indicate your concurrence by signing below.

Yours truly,



Todd Bjornstad
General Manager
Alabama Gulf Coast Railway

I AGREE:



General Chairman, UTU

July 1, 2010

Side Letter No. 4

Mr. Doyle Turner, General Chairman
United Transportation Union

Reference: Entitlements

Dear Mr. Turner:

In reference to the collective bargaining agreement signed today, the entitlement schedule contained herein, will not be affected by any future reductions or modifications made to published entitlements in the RailAmerica Handbook. This is applicable to vacations, personal/flex days and holidays.

Should modifications increasing entitlements named above occur in the future, in the RailAmerica Handbook, such changes will become applicable to all AGR MOW employees at the designated date and time that the other RailAmerica properties are affected.

It is the intent of this letter to hold firm the entitlements named above at the levels existing in the RailAmerica Handbook on the date this agreement is signed.

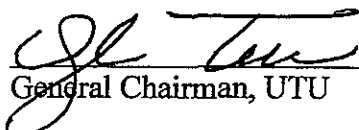
If this accurately sets forth our understanding in this matter, please indicate your concurrence by signing below.

Yours truly,



Todd Bjornstad
General Manager
Alabama Gulf Coast Railway

I AGREE:


General Chairman, UTU

**APPENDIX A
GRIEVANCE/CLAIM FORM**

NAME: _____ **DATE:** _____

ENGINE NUMBER: _____ **JOB NUMBER:** _____

ON-DUTY TIME AND DATE: _____

OFF-DUTY TIME AND DATE: _____

CARRIER OFFICIAL INVOLVED: _____

DESCRIPTION OF CLAIM/REMEDY SOUGHT, RULE CITATION:

Signature of Local Chairman or Aggrieved Employee: _____

DISPOSITION OF CLAIM: PAID: _____ **DECLINED:** _____

IF DECLINED, BRIEF DESCRIPTION OF REASON(S):

Signature of Carrier Official

APPENDIX B DUES DEDUCTION

Subject to the terms of this Agreement, the Carrier will deduct from the wages of individual Employees, initiation fees, assessments (excluding fines and penalties) and union dues, all of which may be required as a condition of the Employees acquiring or retaining membership in the Organization, after receiving their written and un-revoked authorizations.

1. Each individual Employee subject to the Agreement who desires payroll deduction will fill out and sign two copies of the "wage deduction authorization-furnished by the Organization, and mail both copies to the Organization. The Organization will mail the original to the Carrier.

2. Payroll deduction to be effective for a particular month must be in the possession of the Carrier not less than the 15th of the month before the month in which the deduction is to be made.

3. The designated officer of the Organization will notify in writing the designated Carrier official of any special assessments or changes in amounts of fees or dues not less than 30 days prior to the beginning of the payroll period of the deduction.

4. The Organization will furnish to the Carrier a statement showing Employees' names in alphabetical order, social security account number, Employees' number amount of deduction and lodge number. This statement will be furnished before the 15th of the month in which the deductions are made. The same deductions will be made in subsequent months, unless modified by written notice from the Organization, accompanied by appropriate authorization.

5. The Carrier will send the Organization the total amount of deductions promptly and a list showing the names of the Employees for whom deductions were made, the amount of the deduction and the total amount deducted will also be furnished. If earnings of the Employees are insufficient to permit the full amount of the deduction, no deduction will be made for that month. In the event of any excess or shortage in deductions for an individual Employee, adjustments will be made by the Organization and the individual employee.

6. The following payroll deductions will have priority over deductions for union dues:

- A. Federal, state and municipal taxes and/or other deductions required by law or court orders.
- B. Insurance premiums.
- C. Amounts due the Carrier

7. Responsibility of the Carrier will be limited to the amount actually deducted from wages of Employees. The Carrier will not be responsible financially or otherwise for failure to make deductions or for improper or inaccurate deductions. Any questions arising as to the correctness of the amount deducted will be handled between the Employee involved and the Organization.

8. The Organization will indemnify, defend, and save harmless the Carrier from any and all claims, demands, liability, losses or damage resulting from compliance with the provisions of this Rule.

9. The dues deduction may be revocable in writing at any time after the expiration of one year from the date of its execution.

**APPENDIX C
WAGE DEDUCTION AUTHORIZATION**

EMPLOYEE'S NAME: (Print)

Last	First	Middle Initial
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EMPLOYEE'S HOME ADDRESS:

Street and number	City	State	Zip
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SOCIAL SECURITY NUMBER: ____ - ____ - ____ UTU LOCAL _____

Office of Payroll:

I hereby assign to the United Transportation Union that part of my wages necessary to pay periodic dues, assessments, and insurance premiums (not including fines and penalties) as reported to the Carrier by the Secretary-Treasurer of my Local in a monthly deduction list certified by him as provided in the Deduction Agreement, entered into by the Carrier and the Union, and I authorize the Carrier to deduct such sums from my wages and pay it over to the Secretary-Treasurer of the Local of the Union in accordance with the Deduction Agreement.

I understand in accordance with the Deduction Agreement this assignment for deduction of Union dues shall remain in full force and effect throughout the course of my employment.

Signed: _____ Date: ____ / ____ / ____

**APPENDIX D
WAGE ASSIGNMENT REVOCATION**

Mr. _____ (Title) _____
Alabama Gulf Coast Railway

_____ (Location)

Name: _____
Last First Middle Initial

Home Address: _____
Street and number City State Zip

SSA No.: _____ - _____ - _____

Department: _____ City: _____ Occupation: _____

Effective _____, I hereby revoke the Wage Assignment Authorization now in effect assigning to the United Transportation Union, that part of my wages necessary to pay my monthly dues, assessments, and initiation fees (not including fines and penalties) now being withheld pursuant to the Union Dues Deduction Agreements between the Organization and Alabama Gulf Coast Railway, and I hereby cancel the Authorization now in effect authorizing the Alabama Gulf Coast Railway to deduct such monthly dues, assessments and initiation fees from my wages.

_____, 20____
(Date)

(Signature)

**APPENDIX E
FLEX DAY BUY-BACK FORM**

Alabama Gulf Coast Railway

Office of Payroll

Please allow me a payment of _____ of my accumulated Flex Days in the next payroll
No.

period ending on _____, _____, 20____.
(Month) (Day) (Year)

Name: _____
(Last) (First) (Middle Initial)

Home Address: _____
(Street and Number) (City) (State) (Zip)

SSA No.: _____ - _____ - _____

Department: _____ City: _____ Occupation: _____

_____, 20____.
(Date)

(Signature)

Mail to:

RailAmerica
Office of Payroll Accounting
7411 Fullerton Street
Jacksonville, Florida 32256 USA

Fax to:

RailAmerica
Office of Payroll Accounting
904-256-1403