

April 20, 2011

Ms. Mary Kay Conley
Director-Labor Relations
Indiana Harbor Belt Railroad Co.
2721 - 161st Street
Hammond, IN 46323-1099

Dear Ms. Conley:

This will confirm our understanding in connection with the Carrier's letter dated April 1, 2011 wherein it notified BMWWE of its desire to contract out certain work in connection with a major track construction project at the South Yard in IHB's Gibson terminal.

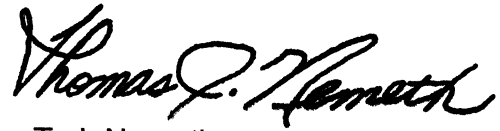
Your April 1st letter was served as formal notification under the Scope Rule of IHB's desire to contract out dirt work, demolition of three bridges and demolition of various concrete scale and building foundations in connection with a major track construction project in the South Yard at Gibson terminal. During our discussion, the Carrier acknowledged that all work in connection with construction and demolition of tracks, buildings and other structures used in the operation of the Carrier in the performance of common carrier service was reserved to BMWWE-represented employees and could not be contracted out without the consent of BMWWE. However, the Carrier also pointed out that expediting the initial stage of this construction project by supplementing the Carrier's own forces with the use of outside contractors to perform the preliminary work identified in your April 1st letter would ultimately create substantial work opportunities for BMWWE-represented employees in the subsequent stages of the project. Consequently, BMWWE agreed that the dirt and demolition work identified in your April 1, 2011 notice could be contracted out under the following conditions:

1. All BMWWE-represented employees will be afforded the opportunity to remain fully employed in their craft and class during the time outside contractor forces are engaged in performing the dirt and demolition work identified in your April 1, 2011 letter.
2. BMWWE-represented IHB employees will be used to operate a JD 100 trackhoe and a JD 644J FE loader as indicated in your April 1, 2011 letter.

3. An additional BMW-represented IHB employee will be used in conjunction with the unloading of stone which will be unloaded from gondolas with a contractor crane and clam bucket and placed into various piles for use during the construction of these new tracks. The distribution of this stone will be done by BMW-represented IHB employees once the project commences into building of the sub-grade portion of the project.
4. IHB will make good-faith efforts to use unionized contractors to perform the work that IHB may contract out pursuant to this letter of agreement.
5. BMW-represented IHB employees will perform the new track construction, which shall include all tangent tracks, all switches, turnouts, dumping of stone, tamping, lining, regulating and equalizing of these new tracks.
6. The Carrier's BMW-represented employees will perform all maintenance & inspection of the new tracks, switches, turnouts, etc., upon completion of the new construction and placement into operation, in accordance with the Scope Rule of the IHB agreement.
7. During any calendar week that some or all of the contractor forces identified in your April 1st letter work more than forty hours, an equivalent work opportunity is to be afforded among BMW-represented employees who occupy existing maintenance positions. The equivalent work opportunity may be afforded in the same week as, or in the week following, the calendar week in which the contractor employees worked more than forty hours. In lieu of affording the equivalent work opportunity, the Carrier may instead, for any week, compensate the referred to employees by paying each at their respective straight time rates for an equal proportionate amount of the man hours that comprised the equivalent work opportunity.

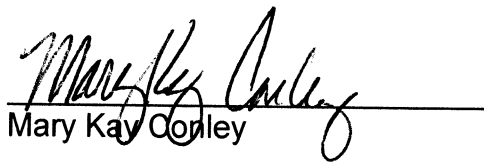
If this properly reflects our understanding in this matter, please so indicate by affixing your signature in the space provided below.

Sincerely,

A handwritten signature in black ink that reads "Thomas J. Nemeth". The signature is written in a cursive style with a large initial 'T'.

T. J. Nemeth
General Chairman
Consolidated Rail System Federation

I CONCUR:

A handwritten signature in black ink that reads "Mary Kay Conley". The signature is written in a cursive style with a large initial 'M'. A horizontal line is drawn across the signature.

Mary Kay Conley



INDIANA HARBOR BELT RAILROAD COMPANY
2721 - 161ST STREET, HAMMOND, IN 46323-1099

April 26, 2011

Mr. Thomas J. Nemeth
General Chairm CRSF
Brotherhood of Maintenance of Way Employees Division
International Brotherhood of Teamsters
58 Grand Lake Drive, Suite 2
Port Clinton, OH 43452-1450

Dear Mr. Nemeth:

Enclosed please find one (1) signed copy of the Agreement with regard to contract out certain work in connection with a major track construction project at the South yard in IHB's Gibson Terminal. I am returning this copy to you for your records.

Sincerely,

Mary Kay Conley
Director Labor Relations and Human Resources

Enclosure

cc: R.C. Grover (with enclosure)