



December 11, 2008

Mr. J. R. Cumby
Vice President
United Transportation Union
14600 Detroit Avenue
Cleveland, OH 44107-4250

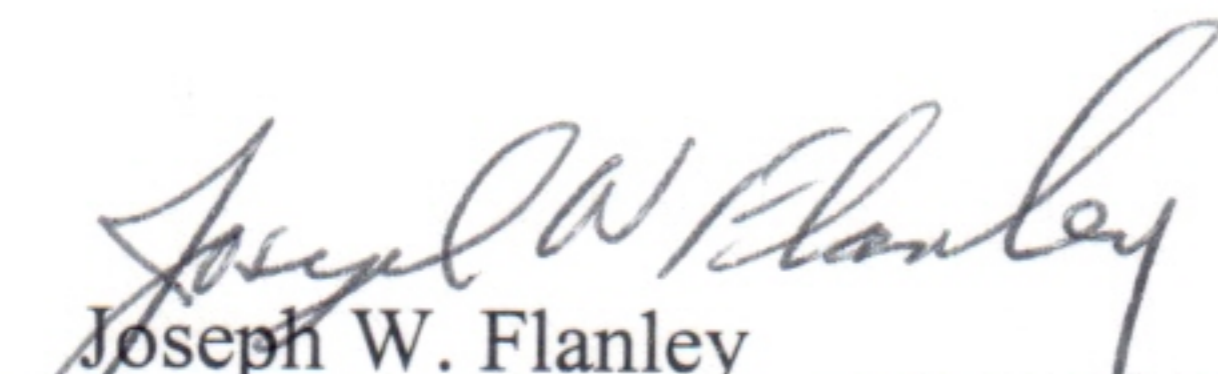
Mr. R. J. Keeley
General Chairman
United Transportation Union
85-62 76th Street
Woodhaven, NY 11421

RE: Conrail-UTU (MS) December 1, 2008 Agreement

Gentlemen:

Enclosed herewith is an original copy of the fully executed Conrail-UTU (MS) December 1, 2008 Agreement.

Sincerely,


Joseph W. Flanley
Senior Director – Labor Relations & Personnel

AGREEMENT

THIS AGREEMENT, made this 1ST day of December 2008, by and between Consolidated Rail Corporation, and its Mechanical Foreman represented by the Yardmasters Department, United Transportation Union, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

Effective July 1, 2005, all standard basic daily rates of pay for employees covered by this Agreement in effect on June 30, 2005 shall be increased by two-and-one-half (2-1/2) percent.

Section 2 - Second General Wage Increase

Effective July 1, 2006, all standard basic daily rates of pay in effect on June 30, 2006 for employees covered by this Agreement shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 3 - Third General Wage Increase

Effective July 1, 2007, all standard basic daily rates of pay in effect on June 30, 2007 for employees covered by this Agreement shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 4 - Fourth General Wage Increase

Effective July 1, 2008, all standard basic daily rates of pay in effect on June 30, 2008 for employees covered by this Agreement shall be increased by four (4) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 5 - Fifth General Wage Increase

Effective July 1, 2009, all standard basic daily rates of pay in effect on June 30, 2009 for employees covered by this Agreement shall be increased by four-and-one-half (4-1/2) percent, computed and applied in the same manner prescribed in Section 1 above.

Section 6 - Application of Wage Increases

Special allowances not included in fixed daily, weekly or monthly rates of pay for all services rendered, and arbitraries representing duplicate time payments will not be increased.

Section 7 - COLA Payments

Any cost-of-living allowance amounts rolled in to basic rates of pay on or after July 1, 2005 pursuant to Article II, Part B of the October 31, 2003 Agreement, as amended by the December 4, 2003 Supplemental Agreement, (or any local counterpart provision), shall be excluded before application of the general wage increases provided for in this Article I and eliminated from basic rates of pay after application of such increases.

ARTICLE II - OPTIONAL ALTERNATIVE COMPENSATION PROGRAM

Section 1

The carrier or organization may propose alternative compensation arrangements for consideration by the other party. Such arrangements may include, for example, stock options, stock grants (including restricted stock), bonus programs based on carrier performance, and 401(k) plans. The proposed arrangement(s) may be implemented only by mutual agreement of the carrier and the appropriate representatives.

Section 2

The parties understand that neither the carrier nor the organization may be compelled to offer any alternative compensation arrangement, and, conversely, neither the carrier nor the organization may be compelled to

