

MEMORANDUM OF AGREEMENT
BETWEEN THE
DELAWARE AND HUDSON RAILWAY COMPANY, INC. (D&H)
AND THE
UNITED TRANSPORTATION UNION – YARDMASTER

Article I – PAY ADJUSTMENTS

During the term of this Agreement, the following adjustments in pay for the UTU-Y represented employees will be provided.

General Wage Increases

1. Effective April 1, 2008, the basic hourly wage will be increased by 1.5%.
2. Effective July 1, 2009, the basic hourly wage will be increased by 4 %.

Note: The retroactive wage payment will be made within 60 days of notification of ratification of this Agreement.

Article II – HEALTH AND WELFARE

The parties agree to continue to apply the Health and Welfare benefits, including the cost sharing provisions, as negotiated between the Yardmaster and National Carrier's Conference Committee (NCCC).

Article III COST OF LIVING ALLOWANCE

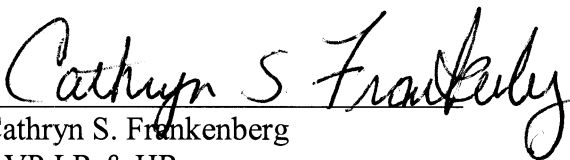
- (a) Article I, paragraph (b) of the between the D&H/UTU Agreement, initialed May 30, 2006, shall be eliminated on the effective date of this Agreement.
- (b) Subsequent to December 31, 2009, cost of living allowance adjustments will be made in accordance with Article II of the National Carrier's Conference Committee (NCCC)/UTU-Y National Agreement dated July 1, 2008.

Article IV - GENERAL


It is understood that this Agreement resolves any request under section 6 of the Railway Labor Act for modifications to wages, benefits, or work rules that could be made pursuant to Article 28.2 of the November 14, 2007 Agreement between UTU-Y and D&H.

Initialed this 23rd day of April 2009

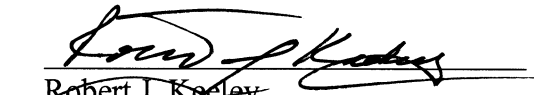
For the Delaware and Hudson

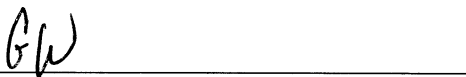

Cathryn S. Frankenberg
AVP LR & HR

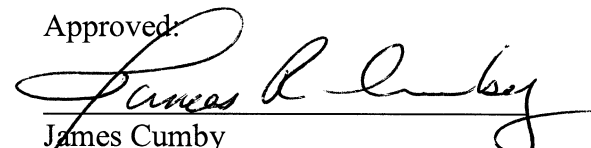

Anthony Stillittano
Manager Labor Relations


A.J. Troccia
Manager Operations

For the United Transportation Union
UTU-Y


Robert J. Kaeley
General Chairman UTU-Y


George Wolter
Local Chairman

Approved:

James Cumby
Vice President

Side Letter No. 1

April 23, 2009

Mr. Robert J. Keeley
General Chairman
85-62 76th St.
Woodhaven, NY 11421

Dear Mr. Keeley:

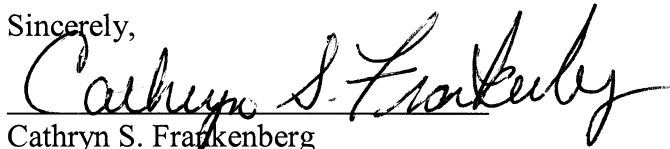
The parties hereby commit that the terms of the settlement between the National Carrier's Conference Committee (NCCC) and the United Transportation Union-Yardmaster Division (UTU-Y) that resolves the Section 6 notices exchanged on or after November 1, 2009, between UTU-Y and rail carriers that are represented by the NCCC pursuant to Article VIII, Section 2, Subsection (c) of the July 1, 2008, NCCC/UTU-Y Agreement will be incorporated into and become part of the D&H/UTU-Y agreement.

Within 30 days of the effective date of the National settlement, the parties will meet and work out the details of implementation.

Neither party to this Agreement shall serve or progress any notice or proposal prior to the expiration of the moratorium in the aforementioned NCCC/UTU-Y Agreement.

Please indicate your concurrence by signing below.

Sincerely,



Cathryn S. Frankenberg
AVP LR & HR – US

I concur:



Robert J. Keeley
General Chairman UTU-Y