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Labor Relations  
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October 9, 2015

DHA-IA-BMWED

Dale E. Bogart Jr., General Chairman-NESF  
Brotherhood of Maintenance of Way Employees Division  
3321 Vestal Parkway East  
Vestal, New York 13850

Dear Mr. Bogart:

This refers to previous correspondence and our recent discussions with regard to the NSR's acquisition of the D&H South Lines, which was approved by the STB on May 15, 2015, and was effected on September 19, 2015. The parties entered into an Implementing Agreement dated April 6, 2015, to provide for the incorporation of the D&H South Lines and certain D&H employees into the NSR agreements and seniority rosters effective the date that NSR commences operation of the D&H South Lines. A subsequent June 4, 2015, letter set forth some clarifications with respect to the application of the Implementing Agreement, in particular to former D&H District 1 and District 2 on the D&H South Lines. The further clarification of those provisions regarding prior rights designation, and the special conditions regarding exercise of seniority between sub-departments for former D&H employees who enter service on NSR pursuant to the April 6, 2015 Implementing Agreement, including its Side Letter No.1, are set forth below.

#### PRIOR RIGHTS DESIGNATION

Among other items, the June 4, 2015, letter provided that D&H employees "who are offered and accept positions with NSR pursuant to the terms of the parties' April 6, 2015 Implementing Agreement" will receive a "prior rights" designation that corresponds to their existing D&H District 1 or District 2 seniority. With respect to entering service on NSR, the April 6, 2015 Implementing Agreement, in its Side Letter No. 1, provided a list of positions to be offered to former D&H employees upon the date NSR commenced operation of the D&H South lines, and also for D&H employees who applied but were unable to obtain one of the initially offered positions to be placed on a list for notification when new positions or vacancies on the D&H South Region or on a DPG need to be filled. This will confirm that former D&H employees who, as a result of their placement on this "Extra List," subsequently enter service on NSR on a D&H South Region position

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or on a DPG position will at that time receive a "prior rights" designation on the NSR D&H South Region seniority roster that corresponds to their existing D&H District 1 or District 2 seniority. This will also confirm that any employee's "prior rights" designation on the NSR D&H South Region seniority roster applies only to the exercise of seniority to positions established with a fixed headquarters (no facilities furnished). The "prior rights" designation does not restrict where an employee or position may perform work within the D&H South seniority region.

#### SENIORITY IN TRACK AND B&B SUBDEPARTMENTS

Former D&H employees who enter service on NSR pursuant to the April 6, 2015 Implementing Agreement, either on "Day One" positions or from the Extra List, are credited for each classification for which they possessed seniority on the former D&H, and as a result, may be listed on Track Sub-department and B&B Sub-department rosters upon establishing seniority on NSR. Unlike other employees who enter service on the D&H South roster, these particular employees ("Grandfathered D&H") will be allowed to exercise seniority between their respective sub-departments while retaining their seniority in both the Track Sub-department and B&B Sub-department. However, upon obtaining a D&H South Region position by bid or displacement right, such employee may not bid to a D&H South position in a different sub-department for thirty days, unless the new position has a higher rate of pay.

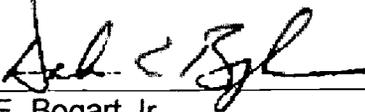
Please indicate your concurrence in these matters by signing in the space provided below and returning a signed copy to me for our records.

Very truly yours,



D. L. Kerby  
Assistant Vice President  
Labor Relations

Agreed:



D. E. Bogart Jr.  
General Chairman, BMWED