

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE LONG ISLAND RAIL ROAD COMPANY
AND
BROTHERHOOD OF LOCOMOTIVE ENGINEERS &
TRAINMEN

Representing:

Locomotive Engineers

THIS AGREEMENT made this 14th day of December 2007 by and between the Long Island Rail Road Company ("LIRR") and the employees represented by the Brotherhood of Locomotive Engineers & Trainmen. The provisions of the existing collective bargaining agreement shall continue in effect unless specifically changed by the terms of this Memorandum of Understanding.

This Memorandum of Understanding is subject to ratification by the membership of the Brotherhood of Locomotive Engineers & Trainmen and final approval by the Metropolitan Transportation Authority Board.

ARTICLE I - GENERAL WAGE INCREASES

SECTION 1 - 2007 GENERAL WAGE INCREASE

Effective January 1, 2007, the hourly and daily wage rates and annual salaries in effect on December 31, 2006 shall be increased by four percent (4%).

SECTION 2 - 2008 GENERAL WAGE INCREASE

Effective January 1, 2008, the hourly and daily wage rates and annual salaries in effect on December 31, 2007 shall be increased by three and one-half percent (3.5%).

SECTION 3 - 2009 GENERAL WAGE INCREASE

Effective January 1, 2009, the hourly and daily wage rates and annual salaries in effect on December 31, 2008 shall be increased by three percent (3%).

SECTION 4 - RETROACTIVE WAGES

The January 1, 2007 and January 1, 2008 retroactive payments shall be granted only to current employees for service performed in 2007 and 2008, and on a prorated basis for employees who, during 2007 and 2008: 1) retired; 2) died; 3) resigned while having a vested right to a pension under the Long Island Rail Road Pension Plans; or 4) were dismissed and subsequently reinstated or rehired with seniority restored.

ARTICLE II - PENSION BENEFITS

Employees enrolled in Article 12 of the MTA Defined Benefit Pension Plan (Article 12") shall be subject to the following changes:

1. All employees hired after full and final ratification of this agreement shall become members of a new chapter of the MTA Defined Benefit Pension Plan substantially similar to Article 12, as applicable to certain Long Island Rail Road employees, with the following modifications:

- a. The three percent (3%) member contribution shall be increased to four percent (4%).
- b. Overtime earnings in excess of 20% of regular wages shall not be included in the calculation of any retirement benefit, including, but not limited to death benefits.
- c. The early retirement provisions set forth in paragraph "2" below are not applicable to employees covered by this new chapter of the MTA Defined Benefit Pension Plan.

2. All participants in Article 12 who attain age sixty (60) and who are otherwise eligible to retire, shall be eligible to retire under Article 12 at such age without the early retirement reductions. This provision does not apply to those employees hired after full and final ratification of this agreement as set forth in paragraph "1" above.

ARTICLE III-HEALTH AND WELFARE BENEFITS

The Health and Welfare Benefits Provisions of the applicable Collective Bargaining Agreements shall be amended as follows:

1. Effective January 1, 2008, the Carrier shall increase the current dental benefit schedule by ten percent (10%).
2. Effective January 1, 2008, the Carrier shall increase the current vision benefit schedule by ten percent (10%).

Article IV - Other Terms

1. The January 1, 1995 Stabilization of Force date is moved to January 1, 1998.
2. Unless otherwise specified above, all provisions of this agreement shall become effective upon ratification by the Brotherhood of Locomotive Engineers & Trainmen membership and approval of the MTA Board. The term of this agreement shall be from January 1, 2007 through June 15, 2010.
3. There shall be a moratorium on the service of notice pursuant to Section 6 of the Railway Labor Act until January 1, 2010, not to be effective before June 16, 2010.

Jamaica Station
Jamaica, NY 11435-4380
718 558-5284

Helena E. Williams
President

Steven M. Drayzen
Vice President - Labor Relations



Long Island Rail Road

December 14, 2007

Mr. Michael J. Quinn
General Chairman
Brotherhood of Locomotive Engineers & Trainmen
99 Railroad Stations Plaza, Suite 200
Hicksville, NY 11801

Re: Definition of Regular Wages

Dear Mr. Quinn:

The Memorandum of Understanding dated December 14, 2007, in Article II, Section 1 establishes a modified Defined Benefit Pension Plan for employees hired after the date of final ratification. In this modified Plan, overtime earnings in excess of 20% of "regular wages" are not included for the purpose of calculating retirement benefits.

For Train Service employees, the basic principle in defining "regular wages" will be the earnings of that position as defined by the crew book.

Please indicate your concurrence by signing below.

Sincerely,

S.M. Drayzen
Vice President-Labor Relations

I agree:

Michael J. Quinn, General Chairman
Brotherhood of Locomotive Engineers & Trainmen

Jamaica Station
Jamaica, NY 11435-4380
718 558-8284

Helens E. Williams
President

Steven M. Drayzen
Vice President - Labor Relations



December 14, 2007

Mr. Michael J. Quinn
General Chairman
Brotherhood of Locomotive Engineers & Trainmen
99 Railroad Station Plaza, Suite 200
Hicksville, NY 11801

Dear Mr. Quinn:

This is to confirm our understanding reached during recently concluded collective bargaining sessions.

In the event the Carrier reaches subsequent agreements with other unions, in the current round of bargaining, which provide for superior provisions on the below described subjects, the Carrier will offer an option to the Brotherhood of Locomotive Engineers & Trainmen for equivalent treatment on such matters.

The matters which the option embraces are as follows:

1. Wages
2. Pensions
3. Health and Welfare Benefits
4. Vacations, Holidays, Personal Leave or Sick Leave
5. Stabilization Date beyond January 1, 1998
6. Moratorium Date

As an illustration of the working of the above described arrangement, in the event another Union trades a valuable work rule for equivalent dollars to be added to the pattern wage settlement, the Brotherhood of Locomotive Engineers & Trainmen will be offered the option of trading one of their valuable work rules for its equivalent value in wages.

Sincerely,

S. M. Drayzen
Vice President-Labor Relations

IN WITNESS WHEREOF, THE PARTIES HERETO SIGN THIS AGREEMENT AT
JAMAICA, NEW YORK, THIS 14th DAY OF DECEMBER 2007.

For: Brotherhood of Locomotive
Engineers & Trainmen

For: LIRR

Michael J. Quinn
General Chairman

Helena E. Williams
President

James R. Brown
1st Vice Chairman

Michael Capone
Chief of Staff

Robert M. Olsen
Secretary/Treasurer

S.M. Drayzen
Vice President-Labor Relations

Ralph J. Agritelley
Director, Labor Relations
(Negotiations)

Michael Chirillo
Director, Labor Relations
(Administration)