



INDIANA HARBOR BELT RAILROAD COMPANY

2721 - 161ST STREET, HAMMOND, IN 46323-1099



December 15, 2005

Mr. Donald R. Byrom
General Chairman, BLET
P.O. Box 5031
Chicago, IL 60680-5031

Dear Mr. Byrom:

This shall confirm our understanding reached in our conference at Hammond, Indiana on December 15, 2005, whereby it is mutually agreed and understood that in the event an Engineer is entitled to a 2006 vacation allowance utilizing the calculation of 1/52nd through and including 5/52^{nds} of the previous year earnings, whichever is applicable, such Engineer shall receive 1/52nd through and including 5/52^{nds}, whichever is applicable, of such Engineer's backpay total in connection with the August 1, 2005 Agreement between IHB and BLET, in addition to such Engineer's previous year earnings, in order to calculate such Engineer's vacation allowance for the calendar year 2006.

In the event an Engineer is entitled to a 2006 vacation allowance utilizing the basic day, such Engineer shall receive 1/52nd through and including 5/52^{nds}, whichever is applicable, of such Engineer's backpay total in connection with the August 1, 2005 Agreement between IHB and BLET, and such backpay payment shall be paid to such Engineer on or prior to January 31, 2006, by separate check.

It is further understood that an Engineer who is not entitled to a 2006 vacation allowance shall receive 1/52nd through and including 5/52^{nds}, whichever is applicable, of such Engineer's backpay total in connection with the August 1, 2005 Agreement between IHB and BLET, and such backpay payment shall be paid to such Engineer on or prior to January 31, 2006, by separate check.

Additionally, it is understood that an Engineer who is not entitled to a 2006 vacation allowance due to death, retirement and/or disability who received backpay, shall receive 1/52nd through and including 5/52^{nds}, whichever is applicable, of such Engineer's backpay total in connection with the August 1, 2005 Agreement between IHB and BLET, and such backpay shall be paid to such Engineer on or prior to January 31, 2006, by separate check.

If this correctly sets forth our understanding, please affix your signature in the space provided below.

Very truly yours,

Mary Kay Conley
Director Labor Relations & Human Resources

I agree:

Donald R. Byrom, General Chairman, BLET

cc: D.H. Nelson, General Superintendent, IHB