



INDIANA HARBOR BELT RAILROAD COMPANY

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

September 12, 2007

Mr. William J. Cales
General Chairman, BLET
16581 West 135th Street
Lemont, IL 60439

Dear Mr. Cales:

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 2008 vacation allowance utilizing the calculation of 1/52nd through and including 5/52nds of the previous year earnings, which ever is applicable, such Engineer shall receive 1/52nd through and including 5/52nds, which ever is applicable, of such Engineer's backpay total in connection with the July 1, 2007 Agreement between those Carriers represented by the National Carriers' Conference Committee and BLET, in addition to such Engineer's previous year earnings, in order to calculate such Engineer's vacation allowance for the calendar year 2008.

In the event an Engineer is entitled to a 2008 vacation allowance utilizing the basic day, such Engineer shall receive 1/52nd through and including 5/52nds, which ever is applicable, of such Engineer's backpay total in connection with the July 1, 2007 Agreement between those Carriers represented by the National Carriers' Conference Committee and BLET and such backpay payment shall be paid to such Engineer on or prior to October 31, 2007, by separate check.

It is further understood that an Engineer who is not entitled to a 2008 vacation allowance shall receive 1/52nd through and including 5/52nds, which ever is applicable, of such Engineer's backpay total in connection with the July 1, 2007 Agreement between those Carriers represented by the National Carriers' Conference Committee and BLET and such backpay payment shall be paid to such Engineer on or prior to October 31, 2007, by separate check.

Additionally, it is understood that an Engineer who is not entitled to a 2008 vacation allowance due to death, retirement and/or disability who received backpay, shall receive 1/52nd through and including 5/52nds, which ever is applicable, of such Engineer's backpay total in connection with the July 1, 2007 Agreement between those Carriers represented by the National Carriers' Conference Committee and BLET and such backpay payment shall be paid to such Engineer on or prior to October 31, 2007, by separate check.

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

Very truly yours,

M.K. Conley

Director Labor Relations and Human Resources

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

I agree:

W. J. Cales, General Chairman, BLET