



INDIANA HARBOR BELT RAILROAD COMPANY

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



November 14, 2005

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

Dear Mr. Bryom:

This shall confirm our understanding reached during our conference on November 11, 2005, at Hammond, Indiana, wherein it was mutually agreed that ARTICLE III-RATE PROGRESSION-NEW HIRES, as contained in the Agreement dated February 1, 1993, by and between IHB and BLE is intended to include IHB employees in other crafts whereby such employees shall receive monthly credit(s) toward his/her completion of the sixty (60) month period by utilizing every month in which compensated service was performed as an employee in another craft and applying such compensation service toward his/her sixty (60) month period as an Engineer. Therefore, IHB shall apply these months of compensated service in another craft to his/her sixty (60) month period as an IHB Engineer in order to accelerate his/her rate progression.

This understanding shall apply to all IHB employees that transfer to engine service commencing on January 1, 2005 and thereafter. This understanding is not intended to effectuate the provisions of Section 3, as set forth in ARTICLE VI-Service Scale as contained in the Agreement dated August 1, 2005, between IHB and BLET.

In the event an IHB employee in any craft transfers to engine service and is affected by this understanding, such IHB employee shall be compensated for the acceleration effective November 1, 2005, and thereafter, at the applicable and appropriate rate of pay pertaining to an Engineer. Additionally, an IHB employee transferring to engine service from another craft shall carry over any vacation eligibility based upon years of IHB service in that craft.

This understanding is not intended to infringe on Agreements between IHB and UTU.

If the aforementioned correctly sets forth our understanding, please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,

Mary Kay Conley
Director Labor Relations and Human Resources

I agree:

D.R. Byrom, General Chairman, BLET