

MEMORANDUM OF UNDERSTANDING

BETWEEN

MT A METRO-NORTH

And

TRANSPORT WORKERS UNION OF AMERICA

Representing

Carmen, Carmen Helpers and Coach Cleaners

The parties hereby agree to the following amendments and changes to the Collective Bargaining Agreement for the period January 1, 2003, through June 15, 2010.

This Memorandum of Understanding is subject to ratification by the membership of the Transport Workers Union of America and final approval by the Metropolitan Transportation Authority Board of Directors.

THIS AGREEMENT is made this 30th day of March, 2007, by and between Metro-North Commuter Railroad ("Metro-North") and the employees represented by the Transport Workers Union of America.

ARTICLE I - GENERAL WAGE INCREASES

SECTION 1- LUMP SUM PAYMENT FOR 2003

Following membership and MTA . Board ratification, Metro-North will pay a one-time non-recurring lump sum payment of \$1,000 to each employee who meets the eligibility requirements specified below in Section 8.

SECTION 2 - 2004 GENERAL WAGE INCREASE

Effective January 1, 2004, all rates of pay irrespective of the method of payment (hourly, daily, etc.) in effect on December 31, 2003 shall be increased by three percent (3 %).

SECTION 3 - 2005 GENERAL WAGE INCREASE

Effective January 1, 2005, all rates of pay irrespective of the method of payment (hourly, daily, etc.) in effect on December 31, 2004 shall be increased by three percent (3 %).

SECTION 4 - 2006 GENERAL WAGE INCREASE

Effective January 1, 2006, all rates of pay irrespective of the method of payment (hourly, daily, etc.) in effect on December 31, 2005 shall be increased by three percent (3%).

SECTION 5 - 2007 GENERAL WAGE INCREASE.

Effective January 1, 2007, all rates of pay irrespective of the method of payment (hourly, daily, etc) in effect on December 31, 2006 shall be increased by four percent (4%).

SECTION 6 - 2008 GENERAL WAGE INCREASE

Effective January 1, 2008, all rates of pay irrespective of the method of payment (hourly, daily, etc) in effect on December 31, 2007 shall be increased by three and one-half percent (3.5%).

SECTION 7 - 2009 GENERAL WAGE INCREASE

Effective January 1, 2009, all rates of pay irrespective of the method of payment (hourly, daily, etc) in effect on December 31, 2008 shall be increased by three percent (3%).

SECTION 8 - ELIGIBILITY FOR WAGE INCREASES

In order to be eligible to receive the above referenced lump sum payment, the employee must have been on the payroll between January 1, 2003 and December 31, 2003. Employees who were on the payroll during 2003 for less than twelve (12) months (retirees, new hires or otherwise offpay status) for one (1) month or more shall have their lump sum prorated based on the number of months on the payroll over a denominator of twelve (12). Fifteen (15) days or more on the payroll in a month shall constitute a month of service.

Example: An employee retired on September 1, 2003. Such employee had eight (8) months on, the payroll and shall receive 8/12ths of the lump sum amount.

Employees who were terminated and not subsequently reinstated or who voluntarily resigned shall not be entitled to any pro rata share of the lump sum payment.

The retroactive payments commencing on January 1, 2004 shall only be granted to current employees for service performed in 2004, 2005, 2006 and 2007 on a pro-rated basis for employees who since January 1, 2004 have 1) retired, 2) died or 3) were dismissed and subsequently reinstated with full seniority restored.

ARTICLE II - DEFINED BENEFIT PENSION PLAN

Effective with full and final ratification of this Agreement, the Metro-North Defined Contribution Pension Plan for Agreement Employees (also known as the "Vanguard Plan" or "Plan") will be closed and all current employees previously enrolled in the Vanguard Plan, except those employees who exercise the irrevocable option described in paragraph 6 below ("opt-out employees), will be enrolled in Article 12 of the MT A Defined Benefit Pension Plan ("New Program"). Current employees will cease making employee contributions to the Vanguard Plan and Metro-North shall also cease making contributions to the Vanguard Plan. For the purposes of this Article, current employees shall mean employees hired before the date of full and final ratification of the agreement and participants in the New Program shall mean all current employees who do not opt out of the New Program.

All employer contributions attributable to participants in the New Program, including interest, shall be segregated in a Vanguard fund that is specially designated for that purpose; until such time that these assets are transferred into the MT A Defined Benefit Pension Plan.

All participants in the New Program shall have the same terms and conditions as those applicable to non-represented employees of Metro-North in the MT A Defined Benefit Pension Plan except as follows:

1. All participants in the New Program shall receive service credit for service rendered on or after January 1, 1983, based on their date of hire at Metro-North and all employer contributions and the earnings attributable to such contributions credited to such employees in the Vanguard Plan for such service shall be transferred to the MTA Defined Benefit Pension Plan.
2. All participants in the New Program will be able to elect to transfer their employee contributions, and the earnings from these contributions, made to the Vanguard Plan to the employee's account in the MTA Deferred Compensation Program (401(k)Plan).
3. All participants in the New Program shall make three percent (3%) member contributions to the New Program and shall make such contributions effective October 1, 2005, or on their date of hire, whichever is later.
4. All participants in the New Program shall make three percent (3%) member contributions until January 1, 2017, or until they have contributed for ten (10) years from the date of participation in the New Program, whichever is later.
5. Retirement Incentive - All participants in the New Program who attain age sixty (60) prior to or on June 15, 2010, and who are otherwise eligible to retire, shall be eligible to retire under 'the New Program at such age without the early retirement reductions.
6. Metro-North will provide a one (1) time irrevocable option for all current employees to opt-out of participation in the New Program. This election must be made within forty-five (45) days of final ratification and must be made on a form filed with Metro-North's Human Resources Department. Opt-out employees shall become participants of the MTA401(k) Plan and Metro-North shall continue to contribute at the current rates to the 401(k) Plan. Opt-out employees will not be required to contribute 3% towards the New Program.

Opt-out employees will retain the company paid Life Insurance benefit of \$1 00,000.

For opt-out employees, the Vanguard Plan will implement a non-tax transfer of such opt-out employees' employer and employee account balances into the 401(k) Plan. This transfer will take place as soon as practicable after the time of the transfer of the applicable Vanguard Plan assets to the MTA Defined Benefit Pension Plan. The employee and employer contributions shall vest in the MTA 401(k) Plan under the same terms and conditions as under the Vanguard' Plan.

7. All employees hired after full and final ratification of this agreement shall become members in the MTA Defined Benefit Pension Plan under a program the same as

Article 12 of the MTA Defined Benefit Pension Plan as applicable to other Metro-North employees without any provisions for early retirement prior to age 62, including the retirement incentive referred to in paragraph 5 above; and with provision that 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.

ARTICLE III - BENEFITS

Vision Benefits

As soon as practical after full and final ratification, all active employees will be covered by the MTA Management Vision Care Plan subject to future amendment by the MTA. The level of these benefits will not be substantially changed without Union concurrence. The current Vision Care Plan for Agreement Employees will be eliminated.

Life Insurance

Effective upon the full and final ratification of this Agreement, the existing Company paid Life Insurance benefit of \$100,000 will be eliminated for all employees who become participants of the New Program and all employees hired on or after full and final ratification of this agreement. These employees shall be covered by the MTA Defined Benefit Pension Plan's death benefit provisions.

However, for a period of thirty six (36) months after the full and final ratification of this agreement, all participants in the New Program shall receive as a death benefit from the New Program either \$100,000 or the Death Benefit as computed under the current death benefit provision of the New Program, whichever is greater.

ARTICLE IV - WORK RULE CHANGES

Personal Leave

Effective January 1, 2007, the extra Personal Day for employees with thirty (30) or more years of continuous service is eliminated.

Paid Holidays

Effective 2008, the existing holiday provision will be amended, allowing for Good Friday to be replaced with a Choice Holiday. The Choice Holiday will be subject to use, consistent with

Metro-North's needs of service and in accordance with the notice procedures for requesting Personal Days.

ARTICLE V - MORATORIUM

(1) The Agreement shall be effective January 1, 2003 and shall remain in effect through June 15, 2010 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

(2) The parties to this Agreement shall not serve or progress prior to January 1, 2010 (not to become effective before June 16, 2010) any notice or proposal for the purpose of changing agreements.

This Memorandum of Understanding is subject to ratification by the membership of the TWU and final approval by the Metropolitan Transportation Authority Board of Directors.

**FOR TRANSPORT WORKERS UNION
OF AMERICA**

METRO-NORTH

Timothy Grandfield, International
Representative
Transport Workers Union of America

Raymond Burney
Director-Labor Relations

Peter McMahon, President, Local 2001
Transport Workers Union of America

Michael Lynn, President, Local 2055
Transport Workers Union of America

March 30, 2007
Mr. Peter McMahon
President - TWU
570 Taxter Road
Elmsford, NY 10523 .

Re: Pay for Union Business

Dear Mr. McMahon:

This will confirm that Metro-North will examine the legal and practical implications of establishing a procedure wherein active, full time Metro-North employees who are bonafide Union Officials will receive pay from Metro-North while on Union Business and the Union will reimburse Metro-North for all of the payroll costs incurred by . Metro-North. This arrangement will not change the current rules or practices that determine when an active employee who is a Union Official is entitled to receive compensation from Metro-North.

Very truly yours,

Raymond Burney
Director – Labor Relations

March 30, 2007

Mr. Peter McMahon
President - TWU
570 Taxter Road
Elmsford, NY 10523

Dear Mr. McMahon:

This letter will confirm our discussions during the recently completed negotiations for a new collective bargaining agreement regarding the MTA's proposed corporate restructuring. We agree that the proposed restructuring provides potential opportunities for the MTA to operate more efficiently. We also agree that the best way to maximize those efficiencies is through cooperative efforts and good faith discussions which acknowledge the legitimate concerns of the workforce regarding seniority, earnings, job security and the like. We commit to using our best efforts to ensure that these discussions take place in a harmonious atmosphere, and reach a timely and mutually acceptable conclusion.

Very truly yours,

Raymond Burney
Director – Labor Relations

I Concur:

Peter McMahon

March 30, 2007

Mr. Peter McMahon
President - TWU
570 Taxter Road
Elmsford, NY 10523

Re: Pension Plan Formula Amendments

Dear Mr. McMahon:

This letter will confirm our discussions during the recently completed negotiations for a new collective bargaining agreement regarding Chapter 12 of the MTA Defined Benefit Pension Plan ("New Program"). We agree that the MTA will not change, amend or alter the benefit formulas contained in the proposed May 3, 2005 Draft of the New Program, as modified by Article II of the March 30, 2007 Memorandum of Understanding, without the Union's concurrence.

Very truly yours,

Raymond Burney
Director – Labor Relations

March 30, 2007

Mr. Peter McMahon
President - TWU
570 Taxter Road
Elmsford, NY 10523

Re: **Early Retirement Health Benefits**

Dear Mr. McMahon:

This letter shall memorialize the parties understanding with regard to the provision of health benefits to certain retirees. Members of the Transport Workers Union who are participants in the Defined Benefit Retirement Program' for Represented Employees of the Commuter Rails (hereinafter the "MT A DB Plan") who satisfy the minimum age and years of service requirements of the MT A DB Plan for an early retirement benefit (55/10), who receive said benefit from the MTA DB Plan upon retirement, and who have been participants in the New York State Health Insurance Plan for at least six months prior to their retirement date shall be entitled to retiree health benefits until they obtain 65 years of age.

Metro-North Commuter Railroad will provide said health benefits to eligible retirees represented by the TWU. Dependents shall continue to receive health benefits in accordance with the eligibility criteria established under the "Roosevelt Agreement". Nothing contained in this letter agreement shall be construed to change, alter or amend any other aspect of the "Roosevelt Agreement."

Additionally, retirees who qualify for and receive a disability pension as provided for in the MTA DB Plan will be eligible for health benefits until they reach age 65. If the retiree dies before reaching age 65, the retiree's spouse and dependents will continue to receive health benefits until the retiree would have reached age 65.

Very truly yours,

Raymond Burney
Director – Labor Relations

March 30, 2007

Mr. Peter McMahon
President - TWU
570 Taxter Road
Elmsford, NY 10523

Re: **Retirement Incentive**

Dear Mr. McMahon:

This letter will confirm our discussions during the recently completed negotiations for a new collective bargaining agreement regarding the Retirement Incentive for all participants in the New Program referenced in Paragraph 5, Article II of the March 30, 2007 Memorandum of Understanding ("Retirement Incentive").

It is understood by and between the parties that in order to fund a portion of the Retirement Incentive, TWU's Collective Bargaining Agreement has been extended for two and one-half months beginning in 2010. At Metro-North's option, this two and one-half month extension shall terminate on the then existing contract's anniversary date which occurs after June 15, 2014, unless Metro-North determines to continue the Retirement Incentive. In such event, the reversion of the extension shall not occur and Metro-North's option to discontinue the retirement incentive shall expire. .

347 Madison Avenue
New York, NY 10017-3739
212878-7000 Tel

Metropolitan Transportation Authority

State of New York

March 30, 2007

Mr. Joel Parker
Vice President, TCU
3 Research Place
Rockville, MD 20850

Re: Temporary Retirement Incentive & Actuarial Reductions

Dear Mr. Parker:

In the Memorandum of Understanding dated March 30, 2007, Article II, Paragraph 5 provides for a temporary Retirement Incentive for participants in the New Program who attain age 60 prior to or on June 15, 2010.

Regarding participants in the New Program who do not reach age 60 prior to or on June 15, 2010 but who otherwise qualify for early retirement under Article 12 of the MTA Defined Benefit Pension Plan, the actuarial reduction factors in Section 12.3.02(b) remain intact. Simply stated, the early retirement reduction factor is 3% per year. For example, participants in the New Program who retire at age 59 prior to or on June 15, 2010 shall have their pension reduced by 3%. Those who retire during this time period at age 58 shall have their pension reduced by 6% and so on down to age 55.

Very Truly Yours,

Gary Dellaverson
MTA Director, Labor Relations

The agencies of the MTA, Peter S. Kalikow, Chairman

MTA New York City Transit
MTA Metro-North Railroad
MTA Bus Company

MTA Long Island Rail Road
MTA Bridges and Tunnels

MTA Long Island Bus
MTA Capital Construction