Peter A. Cannito
President

Metro-North Railroad

LABOR RELATIONS
NOV 2 6 2002
METRO-NORTH

November 6, 2002

Mr. Peter McMahon
President – TWU
129 Main Street
Irvington, NY 10533

Re: **Craft Transfer Agreement**

Dear Sir:

Metro-North, in its continuing effort to establish and maintain a positive and progressive work environment, is interested in modifying the collective bargaining provisions that limit an employee's ability to take advantage of potential advancement opportunities. Our approximately 4,900 employees hold a variety of different positions that vary significantly in scope of responsibility and rate of pay. Metro-North employees have continually requested that the craft transfer process be amended to remove the seniority and wage restrictions that currently exist.

Therefore, in the best interest of Metro-North, our employees, and the Labor Organization that represent them, and in order to provide an employment atmosphere more conducive to advancement, Metro-North proposes that the TWU collective bargaining agreement provisions, past practices and policies that apply be modified by the following provisions:

1. Limited Seniority Protection

All employees who apply for internal craft transfer and are accepted as final candidates by Metro-North for vacancies in a new craft shall have their originating craft seniority protected in the following manner:

A) Employees who are accepted by Metro-North to transfer to a different craft shall have their originating craft seniority protected for the entire length of the training period in their new craft. Additionally, these employees shall have their originating craft seniority protected for a 30-day probationary/qualifying period. This probationary/qualifying period shall begin when the employee is deemed fully qualified by Metro-North and is assigned to a regular (or extra) position in their new craft.

B) During either the training period or the probationary/qualifying period, the employee may not voluntarily elect to return to his/her originating craft. However, should it become evident that the employee will not successfully complete the training program, or will not qualify for the new craft position, the employee may return to his/her former craft.

C) Employees who do not successfully complete training or fail to qualify for the new craft position shall return to their originating craft with their full seniority intact. However, for the initial flow back to the originating craft, the employee will be required to return to either 1) any vacancy or 2) exercise seniority over the most junior person at the facility, location or headquarters. Thereafter, the returning employee will enjoy the full exercise of seniority.

2. Wage Rate

The wage rate of all employees who are accepted as final candidates by Metro-North for vacancies in a new craft shall have their new wage rate determined by the following parameters:

A) The employee's hourly rate of pay and the current percentage step rate in the originating craft position shall be the factors that determine the employees' hourly rate of pay in the new position. The employees' rate of pay in the new position will be the hourly step rate of pay of the new position that most closely approximates the hourly step rate of pay of the originating position.

Example: An employee currently holding a custodian position at the 100% rate of pay, ($18.70/hr) is accepted to transfer to a shop craft electrician position. This employee's new rate of pay as an electrician will be $19.34/hr (90% step rate).

B) If the employee is transferring to a position with a higher hourly rate of pay, and his/her current position hourly rate of pay falls between the step rates of the new position, the employee will receive the higher step rate in the position. If the employee is transferring to a position with a lower hourly rate of pay, the maximum hourly rate of pay the employee will receive in the new position is the 100% rate.

3. It is understood and agreed that Transport Workers Union of America members who transfer to another craft, will continue to accumulate TWU seniority for the duration of the probationary period or apprenticeship period in the new craft, provided that such employee maintain good standing with TWU. If any such employee does not retain good standing with the TWU, such employee will forfeit all TWU craft seniority.

4. Metro-North representatives will be responsible to inform any applicant of the provisions of this craft transfer agreement and thoroughly discuss these provisions with the applicant prior to their signing of any and all transfer requests.

If you are in agreement with implementing these changes, please indicate by signing below.

Very truly yours,

Raymond Burney
Director - Labor Relations

I Agree:

Peter McMahon, President - TWU Local 2001