

AGREEMENT

Between

KANSAS CITY SOUTHERN RAILWAY (KCS)

And

AMERICAN RAILWAY AND AIRWAY SUPERVISORS ASSOCIATION
(AR&ASA)

RULE 1.5 BY-PASS AGREEMENT

In a joint effort to provide a safe working environment, and as an alternative method of administering Rule 1.5, the Parties agree to enter into this By-Pass Agreement.

IT IS AGREED:

1. This Agreement applies only to employees with at least one (1) year of KCS or affiliate carrier service (see Section 8).

2. If any AR&ASA-represented employee believes that another such employee may be under the influence of drugs or alcohol, such employee may immediately contact a Carrier officer. If the Carrier officer(s), upon investigation, determines there is an apparent violation of Rule 1.5—i.e., the officer reasonably suspects based on appearance, behavior, speech, or bodily odors that the employee may be under the influence of prohibited substance(s)—the employee shall be removed from service and administered alcohol and drug screens.

It is understood that when a removal from service takes place, transportation will be furnished back to the employee's home or current place of residence. This provision applies only to employees removed from service under the conditions of this Agreement.

3. An employee who has been relieved from duty under paragraph "2" above may contact a Company Employee Assistance Program Counselor within five (5) calendar days of the removal from service. If, within the five (5) calendar day period, the employee contacts the Employee Assistance Program Counselor and agrees to meet with the counselor, the employee will be paid for the full shift on the day the employee was removed from service.

4. If the employee does comply with the requirements set forth in paragraph "3," above, and the Employee Assistance Program Counselor determines that the employee is not in need of counseling, the employee shall be returned to service. In such event, there shall be no claim progressed for any time lost as a result of the removal from service other than as provided in paragraph "3."

5. If the employee does comply with the requirements set forth in paragraph "3" above and the Employee Assistance Program Counselor determines that the employee is in need of counseling, and the employee accepts counseling, the employee shall, subject to a favorable recommendation from the Employee Assistance Program Counselor, be immediately returned to service. There shall be no claim progressed for any time lost as a result of the removal from service other than as provided in paragraph "3."

6. If the employee does not comply with the requirements set forth in paragraph "3," or does not accept counseling as provided in paragraph "5," the employee will remain suspended from service pending a hearing which must be held within sixty (60) calendar days from date removed from service under paragraph "1." At a reasonable time prior to the hearing, the employee shall be apprised of the precise charge. Thereafter, the provisions of the applicable Schedule Agreement discipline rule shall apply. However, during the period of suspension and prior to the hearing, the employee shall not forfeit the benefits of this Agreement if the employee contacts the Employee Assistance Counselor and accepts counseling.

If a formal investigation is held, the employee(s) who originated the action as provided in paragraph "2" will not be called as Company witnesses.

7. This Agreement shall apply one time only to each employee covered by this Agreement. Thereafter, all regular rules and agreements shall apply.

8. This Agreement is applicable to AR&ASA-represented employees covered by the collective bargaining agreements between the Organization and the Kansas City Southern Railway, the Louisiana & Arkansas Railway, the Gateway Western Railway Company and the Midsouth Rail Corporation.


9. This Agreement is effective September 1, 2007, and may be terminated by either party upon service of five (5) days' written notice upon the other party.

Signed this 20 day of August, 2007.

FOR THE AR&ASA:


General Chairman AR&ASA

FOR THE KCS:


General Director Labor Relations

AGREEMENT

Between

KANSAS CITY SOUTHERN RAILWAY
(KCS)

And

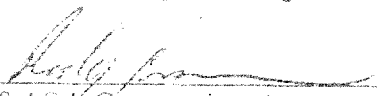
AMERICAN RAILWAY AND AIRWAY SUPERVISORS ASSOCIATION
(AR&ASA)

PREVENTION PROGRAM COMPANION AGREEMENT

The KCS and AR&ASA, jointly recognizing that safety is the paramount concern and, further, that an alcohol and drug free environment is an essential element in maintaining a safe workplace, agree to enter into this Companion Agreement as follows:

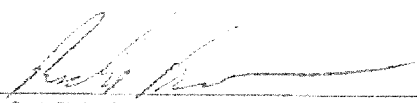
IT IS AGREED:

1. This Agreement applies only to employees with at least one (1) year of KCS or affiliate carrier service (see Section 14).
2. An employee who has been dismissed from service as a result of violating Rule 1.5 may elect to participate in the Rule 1.5 Rehabilitation/Education Program (Rule 1.5 R/E Program or Program), provided:
 - (a) The employee has had no Rule 1.5 offense on his or her record for at least ten (10) years; and,
 - (b) The employee has not participated in the Rule 1.5 R/E Program for at least ten (10) years; and,
 - (c) The incident giving rise to the dismissal did not involve significant rule violations other than Rule 1.5.
3. Participation in the Rule 1.5 R/E program shall, at the discretion of the Employee Assistance Counselor, continue for a period of up to sixty (60) months unless the employee elects to withdraw from the program or fails to follow the course of treatment established by the Employee Assistance Counselor. An employee who participates in the program shall, at the discretion of the Employee Assistance Counselor, be subject to random follow-up drug and alcohol testing for up to a sixty (60) month period as measured from the date of dismissal from service. An employee testing positive in the random, follow-up drug and alcohol testing shall revert to dismissed status and shall not be entitled to a disciplinary investigation under the collective bargaining agreement.



AR&ASA Companion Agt.

4. A letter, notifying the employee of the availability of the Rule 1.5 R/E Program and containing a request form to be completed by the employee, shall be attached to the Notice of Dismissal.
5. The employee may elect to participate in the Rule 1.5 R/E Program by completing and returning the request form to the Carrier Officer who signed the Notice of Dismissal within ten (10) calendar days of receipt of the Notice.
6. The employee must contact the Employee Assistance Counselor within five (5) calendar days of electing to participate in the Rule 1.5 R/E Program.
7. After being contacted, the Employee Assistance Counselor shall evaluate the employee to determine whether or not the employee may safely be returned to service and the course of treatment which the employee should follow.
8. If the evaluation indicates that the employee may safely be returned to service, he or she shall be returned to service on a probationary basis, with all seniority unimpaired. Following return to service, the employee must follow the course of treatment established by the counselor during the remainder of the Program.
9. If the evaluation indicates that the employee may not safely be returned to service, he or she shall continue in the status of a dismissed employee until subsequent evaluation(s) indicates that it is safe to return the employee to service on a probationary basis. The employee must follow the course of treatment established by the counselor while out of service and after return to service during the remainder of the Program.
10. If, at any time during period referred to in paragraph "3" above, the employee fails to follow the course of treatment established by the counselor, the Carrier shall remove the employee from the Program. If the employee has been returned to service, the Carrier shall, without the necessity of further disciplinary proceedings, also remove the employee from service and the employee shall revert to the status of a dismissed employee.
11. An employee may withdraw from the Rule 1.5 R/E Program at any time by notifying, in writing, the counselor and the Carrier Officer who signed the Notice of Dismissal. If the employee has been returned to service, the Carrier shall, without the necessity of further disciplinary proceedings, remove the employee from service and the employee shall revert to the status of a dismissed employee.
12. If the employee successfully completes the Rule 1.5 R/E Program, a notation to that effect shall be placed on the employee's Personal Record and the employee's probationary status shall terminate and all seniority and other rights shall be restored.



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13. No claims shall be progressed by or on behalf of the employee based on time lost as a result of the incident leading to the employee's participation in the Rule 1.5 R/E Program.

14. This Agreement is applicable to AR&ASA-represented employees covered by the collective bargaining agreements between the Organization and the Kansas City Southern Railway, the Louisiana & Arkansas Railway, the Gateway Western Railway Company and the Midsouth Rail Corporation.

15. This Agreement is effective September 1, 2007, and may be terminated by either party upon service of five (5) calendar days' written notice upon the other party.

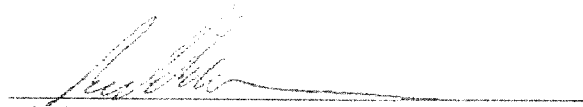
Signed this 30 day of August, 2007.

FOR AR&ASA:


General Chairman AR&ASA

FOR KCS:


General Director Labor Relations


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KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



August 30, 2007

Companion Agt. Side Letter #1

MR RICK BROWN
GENERAL CHAIRMAN AR&ASA
204 LIVE OAK LANE
BURLESON TX 76028

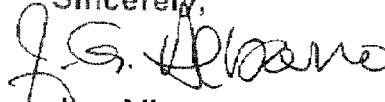
Dear Sir:

This refers to the Rule 1.5 Prevention Program Companion Agreement effective September 1, 2007, and the associated Waiver of Investigation/Notice of Dismissal (Waiver/Dismissal) election format. This also refers to application of Rule 19— Investigation and Discipline under the Schedule Agreement effective July 1, 1979.

As you know, each discipline rule establishes time limits for, among other things, hearing dates and periods within which investigation notices must be served. Because of the time involved in up-front administration of the Companion Agreement, we agreed that time limits under the rules referred to above, as amended herein (but only in connection with Companion Agreement administration), would be triggered by Carrier's receipt of the signal employee's Waiver/Dismissal election. The Carrier will have fifteen (15) calendar days following receipt of the signal employee's Waiver/Dismissal election to serve an investigation notice in connection with the alleged Rule 1.5 infraction under review.

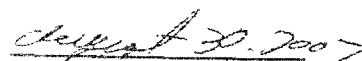
If the above is acceptable, please indicate your concurrence by signing and dating in the space provided below.

Sincerely,


Jim Albano
General Director Labor Relations

CONCUR:


General Chairman AR&ASA


Date

KANSAS CITY SOUTHERN

MAILING ADDRESS: P.O. BOX 219335 • KANSAS CITY, MO 64121-9335



August 30, 2007

Companion Agt. Side Letter #2

MR RICK BROWN
GENERAL CHAIRMAN AR&ASA
204 LIVE OAK LANE
BURLESON TX 76028

Dear Sir:

This refers to the Rule 1.5 Prevention Program Companion Agreement effective September 1, 2007, and the associated Waiver of Investigation/Notice of Dismissal (Waiver/Dismissal) election format.

This is to confirm our understanding about the status of employees who waive their right to an investigation and accept dismissal from service as a condition of entering the Rule 1.5 R/E Program. We agreed that the intent of the Companion Agreement was to maintain, rather than sever, the employment relationship. In this regard, for the purposes of the Companion Agreement, an employee's dismissal from service functions as a suspension until he or she satisfies the conditions contained in the Companion Agreement and associated request form.

If the above is acceptable, please indicate your concurrence by signing and dating in the space provided below.

Sincerely,

Jim Albano
General Director Labor Relations

CONCUR:

General Chairman AR&ASA

August 30, 2007
Date

LETTERHEAD

(Date)

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED
CERT. MAIL # _____

VIA HAND DELIVERY

EMPLOYEE
STREET ADDRESS
CITY, STATE, ZIP

Re: RULE 1.5 R/E PREVENTION PROGRAM COMPANION AGREEMENT
INVESTIGATION WAIVER – NOTICE OF DISMISSAL

Dear Mr./Ms _____:

On (date) you were administered a drug and alcohol screen. On (date), KCS was informed that the screen tested positive for controlled substance(s) identified as _____. The positive screen appears to place you in violation of Rule 1.5—Drugs and Alcohol. Under the KCS Discipline Policy, a violation of Rule 1.5 constitutes a Dismissal Infraction requiring your immediate removal from service.

On your behalf your union has negotiated a Rule 1.5 Rehabilitation and Education Prevention Program Companion Agreement (Companion Agreement) providing for a conditional, one-time-only¹ return to service following dismissal for a Rule 1.5 violation. Participation in the Program is optional and conditional upon your election to waive your collective bargaining right to a disciplinary investigation/hearing and accept dismissal from service. An election format is contained in the following paragraph. Additional conditions governing your return to service and continued employment thereafter are set forth in the attached Rule 1.5 Rehabilitation and Education (R/E) Prevention Program Request Form, which you should review prior to entering your election below.

¹ To participate in the Rule 1.5 R/E Program and conditionally return to service, the Companion Agreement requires that the employee must have had no Rule 1.5 offense on his or her record for at least the prior (10) year period, and further that the employee must not have participated in the Rule 1.5 R/E Program within the same period. Also, the Companion Agreement is not available to employees whose positive drug/alcohol screen arose in connection with another significant rules violation.

ELECTION FORMAT

After carefully reviewing this entire correspondence, including attachments, and addressing any questions to your local union representative, please enter your election below by checking the appropriate box:

I have reviewed this entire correspondence including attachments and had the opportunity to consult with my local union representative. I elect to waive my right to a disciplinary investigation/hearing and accept dismissal from service for having violated Rule 1.5. I also elect to participate in the Rule 1.5 R/E Prevention Program per my completed Request Form, which I've attached.

I *decline* to waive my right to a disciplinary investigation/hearing, and I *decline* to accept dismissal from service for having violated Rule 1.5. I elect instead to proceed to a disciplinary investigation/hearing, and I understand and acknowledge that a formal notice of investigation will be provided me within fifteen (15) days after the KCS receives this completed election format.

I have reviewed this entire correspondence including attachments and I've consulted with my local union representative. I elect to waive my right to a disciplinary investigation/hearing and accept dismissal from service for having violated Rule 1.5. I *decline*, however, to participate in the Rule 1.5 R/E Prevention Program and understand that my dismissal from service is effective immediately without further right to return to KCS employment.

Please acknowledge your election by signing and dating in the space provided below. You should then make a copy of the signed Waiver of Investigation—Notice of Dismissal, retaining the copy for your records, and mailing the signed original within ten (10) calendar days following receipt of this Notice to the undersigned at the following address:

Carrier Officer
Position – KCS
Street Address
City, State, Zip

If you have any questions, please consult your union representative, or you may call the undersigned at _____.

Sincerely,

Carrier Officer
Position – KCS

Acknowledged:

Employee

Date

LETTERHEAD

(Date)

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED
CERT. MAIL # _____

VIA HAND DELIVERY

EMPLOYEE
STREET ADDRESS
CITY, STATE, ZIP

Re: COMPANION AGREEMENT RULE 1.5 R/E PROGRAM
REQUEST FORM

Dear Mr./Ms _____:

As an employee dismissed from service for having violated Rule 1.5, you have indicated on your Waiver of Investigation—Notice of Dismissal letter dated _____ an election to participate in KCS' Rule 1.5 R/E Program administered by KCS' contracted employee assistance professionals/counselors (EAP). As you know, on your behalf your union has negotiated a Rule 1.5 Rehabilitation and Education Prevention Program Companion Agreement providing for a conditional, one-time-only¹ return to service following dismissal for a Rule 1.5 violation. Participation in the Program is optional and, should you elect to participate, this letter is to advise you of the terms and conditions associated with participation in the Program and your responsibilities and obligations in connection with your return to service and continued employment.

First, within five (5) calendar days of the date of your election (the date you signed the Waiver of Investigation—Notice of Dismissal letter), you must contact Employee Assistance Counselor _____ at _____.

¹ To participate in the Rule 1.5 R/E Program and conditionally return to service, the Companion Agreement requires that the employee must have had no Rule 1.5 offense on his or her record for at least the prior (10) year period, and further that the employee must not have participated in the Rule 1.5 R/E Program within the same period. Also, the Companion Agreement is not available to employees whose positive drug/alcohol screen arose in connection with another significant rules violation.

Second, the following terms and conditions will govern your participation in the Program, your return to service, and your continued employment while subject to the Program:

1. Participation in the Rule 1.5 R/E program shall, at the discretion of the Employee Assistance Counselor, continue for a period of up to sixty (60) months unless you elect to withdraw from the program or fail to follow the course of treatment established by the Employee Assistance Counselor. At the discretion of the Employee Assistance Counselor, you will be subject to random follow-up drug and alcohol testing for up to a sixty (60) month period as measured from the date of dismissal from service. If you test positive in a random, follow-up drug and alcohol testing, you shall revert to dismissed status and shall not be entitled to a disciplinary investigation under the collective bargaining agreement.
2. After being contacted, the Employee Assistance Counselor will evaluate you to determine whether or not you may safely be returned to service and the course of treatment which you must follow.
3. If the evaluation indicates that you may safely be returned to service, you shall be returned to service on a probationary basis, with all seniority unimpaired. Following your return to service, you must follow the course of treatment established by the counselor during the remainder of the Program.
4. If the evaluation indicates that you may not safely be returned to service, you shall continue in the status of a dismissed employee until subsequent evaluation(s) indicates that it is safe to return you to service on a probationary basis. Again, you must follow the course of treatment established by the counselor while out of service and after return to service during the remainder of the Program.
5. If, at any time during period referred to in paragraph "1" above, you fail to follow the course of treatment established by the counselor, KCS shall remove you from the Program. If you've been returned to service, the KCS shall, without the necessity of further disciplinary proceedings, also remove you from service and you shall revert to the status of a dismissed employee.
6. You may withdraw from the Rule 1.5 R/E Program at any time by notifying, in writing, the counselor and the Carrier Officer who signed the Notice of Dismissal. If you've been returned to service, the KCS shall, without the necessity of further disciplinary proceedings, remove you from service and you shall revert to the status of a dismissed employee.
7. Once you successfully complete the Rule 1.5 R/E Program, a notation to that effect shall be placed on your Personal Record, your probationary status shall terminate, and all seniority and other rights shall be restored.

By signing and dating in the space provided below, you acknowledge that you have read the above terms and conditions and have had the opportunity to consult with your union representative. Your acknowledgment will constitute your acceptance of those terms and conditions and will function as your request to participate in the KCS Rule 1.5 R/E Program. You should then make a copy of the signed Request Form, retaining the copy for your records, and mailing the signed original within ten (10) calendar days to the undersigned at the following address:

Carrier Officer
Position – KCS
Street Address
City, State, Zip

If you have any questions, please consult your union representative, or you may call the undersigned at _____.

Sincerely,

Carrier Officer
Position – KCS

Acknowledged:

Employee

Date