



UNITED TRANSPORTATION UNION

General Committee of Adjustment - Train, Yard & Engine Service
Union Pacific Western Lines, CCT, ST&E, SJVR, CFNR and ABL&OT Railroads

April 8, 2009

CIRCULAR 2009-11

TO: PAT SPRINGMAN, LOCAL CHAIRPERSON

FROM: J. KEVIN KLEIN, GENERAL CHAIRPERSON

SUBJECT: BALLOT - RAILAMERICA INCENTIVE COMPENSATION PLAN

We have attached a proposed Memorandum of Agreement (SJVR-0010) to modify the SJVR Working Agreement to incorporate the RailAmerica Incentive Compensation Plan which became effective January 1, 2008.

If ratified this Memorandum of Agreement is effective January 1, 2009. Please review the Memorandum of Agreement and the RailAmerica, Inc. Incentive Compensation Plan with your members.

We ask that you mark the enclosed ballot, and return it to our office by April 24, 2009.

If you have any questions regarding the Letter of Agreement, please contact our office.

Circular 2009-11

April 8, 2009

◆◆◆ BALLOT ◆◆◆

YES. .Adopt the Memorandum of Agreement (SJVR-0010)

NO. .Reject the Memorandum of Agreement (SJVR-0010)

Local Chairperson

Local

Date

MEMORANDUM

OF

AGREEMENT

Between the

SAN JOAQUIN VALLEY RAILROAD COMPANY

and

its Operating Employees represented by the

UNITED TRANSPORTATION UNION

The Working Agreement shall be modified to incorporate the following:

ARTICLE 1 – Rates of Pay

a. Rates of pay for employees covered by this agreement shall be as follows:

	1/1/09	01/01/10	01/01/11	01/01/12	01/01/13
Hourly Rate	\$23.09	\$23.55	\$24.02	\$24.50	\$24.99
6 th and 7 th Day Rate	\$28.87	\$29.45	\$30.04	\$30.64	\$31.25
New employee training rate	\$14.28	\$14.57	\$14.86	\$15.16	\$15.46

b. In addition to the annual wage increases set forth above, on January 1, 2009, all employees covered by this agreement are entitled to the benefits set forth in the RailAmerica Incentive Compensation Plan which became effective January 1, 2008. (See Side Letter No. 1)

ARTICLE 2 – Moratorium

a. This agreement modifies the Working Agreement between the parties and will remain in effect through December 31, 2013, and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

b. No party to this Agreement will serve any notice or proposal under the terms of the Railway Labor Act for the purpose of changing the provisions of this Agreement or the Working Agreement prior to July 1, 2013 to be effective no earlier than January 1, 2014.

c. This Article will not bar the parties from agreeing upon any subject of mutual interests.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of this _____ day of _____ 2009.

FOR THE EMPLOYER:

FOR THE UNION:

CALIFORNIA NORTHERN
RAILROAD COMPANY

UNITED TRANSPORTATION
UNION

General Manager

Local Chairman

Regional Vice President

General Chairman

04/07/09 final

Side Letter No. 1

Mr. J. K. Klein
General Chairman, UTU

Reference: ARTICLE 1 – Rates of Pay

Dear Mr. Klein:

In reference to the collective bargaining agreement signed today, we discussed the concerns expressed by the Organization regarding the possible future modification of the RailAmerica Incentive Compensation Plan (hereinafter referred to as “the Plan”). In that respect, the Company is agreeable to the following:

In the event, during the moratorium period of this contract, the Plan is revised by RailAmerica to provide for a reduction in the potential compensation thereunder below six percent (6%) of the employees’ gross wages the Organization may, at its option, serve written notice upon the Company of its intent to discontinue participation in the Plan effective at the beginning of the next quarter. In that event, the rates of pay will be increased by 1% concurrent with discontinuance of Plan participation for the balance of that calendar year. Thereafter, for the balance of the moratorium period, the remaining general wage increases provided shall be applied at 3% instead of 2%.

Please indicate your concurrence by signing below.

Yours truly,

Randy Perry
General Manager

I agree:

General Chairman, UTU

**RAILAMERICA, INC.
INCENTIVE COMPENSATION PLAN**

This plan document sets forth the RailAmerica, Inc. Incentive Compensation Plan (Plan). This Plan supersedes the RailAmerica Inc. Profit Sharing Plan, and any individual Railroad Plan that provided compensation as a "safety incentive" and is effective January 1, 2008. The purpose of this Plan is to enhance the safety and performance of all RailAmerica employees not eligible under another Company bonus or incentive plan, and to attract, retain and motivate those employees.

**ARTICLE I
DEFINITIONS**

Wherever these terms are used in this Plan, they shall have the following meanings:

A. "Administrative Department" means a department that provides a centralized service for the Company's railroads. These departments primarily reside at the Corporate Headquarters in Boca Raton, Florida and San Antonio, Texas, the Dispatching Center in St. Albans, Vermont and the Customer Service Centers.

B. "Affiliate" or "Subsidiary" means (a) any entity that, directly or indirectly, is controlled by the Company, and (b) any entity in which the Company has a significant equity interest.

C. "Company" means RailAmerica, Inc. or any successor corporation or other entity resulting from a merger or consolidation into or with the Company, or a transfer or sale of substantially all of the assets of the Company.

D. "Eligible Employee" means any individual who fulfills the following four (4) criteria:

(i) Is an active, permanent, full-time employee of either:

(a) a Railroad, but specifically excluding Office Managers, Trainmasters, Roadmasters, Chief Mechanical Officers, Assistant General Managers and General Managers, and other employees who may from time-to-time be designated as included in the Company's [Management] Bonus Plan; or

(b) an Administrative Department of the Company, its Affiliate or Subsidiary, but specifically excluding all Company Executive Officers, Managers, Directors, Paralegals, Dispatching Supervisors, and other employees who may from time-to-time be designated as included in the Company's [Management] Bonus Plan;

(ii) Whose terms and conditions of employment are not established by a collective bargaining agreement (unless otherwise agreed to by the Railroad and the appropriate labor organization);

(iii) Who is not covered by any other Company bonus or incentive plan; and

(iv) Who remains "FRA reportable injury free and human failure incident free," as defined herein.

E. "Incentive Payment" means the payment to Eligible Employees pursuant to this Plan. Incentive payments will be up to six percent (6%) of an individual's gross earnings. The exact amount will be determined by the employee's performance as an individual, and the performance of the Railroad and the Company.

F. "Railroad" means an Affiliate engaged in the business of operating a railroad or railroad facility.

G. "FRA Reportable injury free and human failure incident free" means not sustaining a Federal Railroad Administration (FRA) reportable injury as a result of the violation of a Company safety or operating rule, and not causing a human-factor incident or derailment as a result of a violation of a Company safety or operating rule.

H. "Payment Date" means the date, following the end of each calendar quarter (for Eligible Employees of a Railroad), or following the end of the year (for Eligible Employees of an Administrative Department), on which the Incentive Payment is paid to Eligible Employees.

I. "Plan" means the RailAmerica, Inc. Incentive Compensation Plan as set forth herein and as hereinafter amended from time to time.

J. Words in the masculine gender shall include the feminine and the singular shall include the plural, and vice versa, unless qualified by the context. Any headings used herein are included for ease of reference only and are not to be construed so as to alter the terms hereof.

ARTICLE II QUARTERLY INCENTIVE PAYMENT

A. Payment. Subject to the provisions of Articles III and IV, infra, Railroads and Administrative Departments of the Company, its Affiliate and Subsidiaries, will pay, to each Eligible Employee on the Payment Date, an Incentive Payment as calculated in Section II B., subject to appropriate payroll taxes.

B. Calculation. The calculation of the Incentive Payment for each Eligible Employee shall be a percentage of the Eligible Employee's gross wages based on the following factors:

For Eligible Employees of Railroads (calculated quarterly):

(i) Three percent (3%) of the employee's gross wages for the quarter based on the employee remaining FRA reportable injury free and human failure incident free;

(ii) Two percent (2%) of the employee's gross wages for the quarter based on the employee's Railroad remaining FRA reportable injury free and human failure incident free; and

- (iii) One percent (1%) of the employee's gross wages for the quarter based on an improvement of the Railroad's free cash flow as compared to the same period in the prior calendar year.

For Eligible Employees of an Administrative Department (calculated annually):

- (i) Five percent (5%) of the employee's gross wages for the year based on the employee satisfactorily fulfilling his or her duties and responsibilities;
- (ii) One percent (1%) of the employee's gross wages for the year based on an improvement of the Company's free cash flow as compared to the prior year.

Employees receiving less than six percent (6%) and those employees determined not to be Eligible Employees for an Incentive Payment during a particular quarter or year will be notified of the reasons for such determination.

The determinations shall be made by the appropriate General Manager or Department head and approved by the Chief Executive Officer (CEO) of the Company.

C. New Hires. An employee hired during a calendar quarter or calendar year and who remains employed by the Railroad or Administrative Department on the Payment Date shall be paid a pro rata amount based on the number of days worked by the employee compared to the number of workdays in the quarter or year.

D. Retirees. An employee who retires during a calendar quarter or calendar year shall be paid a pro rata amount based on the number of days worked by the employee compared to the total number of work days in the quarter or year.

E. New Union Representation. Upon the certification of any previously unrepresented group of Eligible Employees, the Railroad shall continue to pay Incentive Payments pending the outcome of collective bargaining negotiations.

**ARTICLE III
ADMINISTRATION OF THE PLAN**

A. Administration by the CEO. The Company's Chief Executive Officer shall be responsible for the operation and administration of the Plan.

B. Powers and Duties of CEO. The Chief Executive Officer shall administer the Plan in accordance with its terms and shall have all the powers necessary to carry out the provisions of the Plan. The Chief Executive Officer shall determine all questions arising in the administration, interpretation, and application of the Plan, including, but not limited to, questions of coverage, employee status and determination of benefits. Any such determination by the Chief Executive Officer shall be conclusive and binding on all persons.

**ARTICLE IV
AMENDMENT OR TERMINATION**

A. Amendment or Termination. The Company reserves the right to amend or terminate the Plan at any time for any reason in its sole discretion. This Plan does not create any vested rights for any person. Any amendment or termination of this Plan shall be made pursuant to written action by the Chief Executive Officer.

**ARTICLE V
GENERAL PROVISIONS**

A. No Enlargement of Employee Rights. No employee or other person shall have any right to receive an Incentive Payment under the Plan except in accordance with the terms of the Plan. Establishment of the Plan shall not be construed to give any employee the right to be retained in the service of the Company, any Railroad, or any other Affiliate or successor.

B. Spendthrift Provision. No interest of any person or entity in, or putative right to receive an Incentive Payment under the Plan shall be subject in any manner to sale, transfer, assignment, pledge, attachment, garnishment, or other alienation or encumbrance of any kind; nor may such interest or right to receive an Incentive Payment be taken, either voluntarily or involuntarily for the satisfaction of the debts of, or other obligations or claims against, such person or entity, including claims for alimony, support, separate maintenance and claims in bankruptcy proceedings.

C. Participant's Rights Unsecured. The Plan at all times shall be entirely unfunded and no provision shall at any time be made with respect to segregating any assets of the Company or of any Railroad for payment of any benefit hereunder. Any right of an Eligible Employee to receive a benefit hereunder shall be an unsecured claim and neither the Eligible Employee nor any beneficiary shall have any rights in or against any specific assets of the Company or of any Railroad.

D. Corporate Successors. The Plan shall not be automatically terminated by a transfer or sale of assets of the Company or any Railroad, or by the merger or consolidation of the Company or any Railroad into or with any other corporation or other entity, but the Plan shall be continued after such sale, merger or consolidation only if and to the extent that the transferee, purchaser or successor entity remains an Affiliate or Subsidiary and agrees to continue the Plan.

E. Limitation of Liability. Notwithstanding any other provisions of the Plan, no officer, director, agent or employee of the Company or of any Railroad, or of any Affiliate or successor, shall be liable to any Eligible Employee or any beneficiary or other person for any claim, loss, liability or expense incurred in connection with the Plan.

F. Applicable Law. The Plan shall be construed and administered under the laws of the State of Florida without regard to its choice of law except to the extent preempted by federal law.

John Giles
Chief Executive Officer