

July 25, 2002

Mr. Robert Vallochi  
General Chairman  
Brotherhood of Locomotive Engineers  
7 Glen Court  
Barnegat, NJ 08005

Dear Sir:

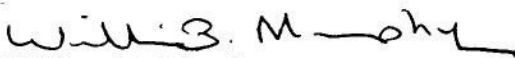
In accordance with our recent discussion relative to the method used in filling day-to-day vacancies in Assistant Engineer positions, it is agreed that such vacancies will first be offered in seniority order to available Assistant Engineers on an overtime basis. In the event the vacancy cannot be filled with an Assistant Engineer, it will then be filled from the Engineers Extra List as provided in Rule 18 of the NJTRO-BLE Agreement. It is understood that an Extra Engineer called for service under Rule 18 to fill an Assistant Engineer position must accept the assignment and will receive two (2) hours pay at the Engineer's pro rata rate in addition to all other compensation for such service.

Further, it is agreed that permanent Assistant Engineer vacancies will be filled from such positions included in future Locomotive Engineer Training Program (LETP) classes. This does not preclude certified Assistant Engineers being considered for employment pursuant to Section II, Rule 31 of the NJTRO-BLE Agreement.

This Understanding will become effective August 1, 2002 and will remain in effect through June 30, 2004. Thereafter, it may be renewed by agreement of the parties.

If the forgoing meets with your approval, please indicate by signing below.

Sincerely,



William B. Murphy  
Assistant General Manager-  
Labor Relations & Administration

I concur: Robert Vallochi  
Robert Vallochi  
General Chairman - BLE

DATE July 26, 2002