

SECTION 10706 AGREEMENT

(SECTION 10706 Application No. 7)

A G R E E M E N T

**BETWEEN AND AMONG RAILROADS
UNDER SECTION 10706
OF THE
INTERSTATE COMMERCE ACT
RELATING TO PROCEDURES FOR THE
ESTABLISHMENT AND MODIFICATION
OF COMPENSATION FOR THE USE OF FOREIGN
LINE AND NON-SHIPPER FURNISHED
FREIGHT CARS AND OTHER TRANSPORTATION
EQUIPMENT, AND FREIGHT CARS AND OTHER
TRANSPORTATION EQUIPMENT
FURNISHED BY SHIPPERS,
AND RULES AND REGULATIONS PERTAINING THERETO**

April 16, 1986; Amended January 29, 1988

AGREEMENT
UNDER SECTION 10706
OF THE
INTERSTATE COMMERCE ACT

It is hereby agreed, between and among the several railroad companies subscribing hereto or to a counterpart hereof (hereinafter collectively called the "subscribers") that the organizations and procedures for joint consideration, initiation or establishment, including general increases, decreases or adjustments from time to time, of (a) the rates of compensation applicable nationwide for the use of foreign line and non-shipper furnished freight cars, and other transportation equipment, (b) rates, allowances or charges applicable nationwide for the use of freight cars and other transportation equipment furnished by shippers, and (c) rules and regulations pertaining to such rates, allowances or charges, shall be in accordance with the provisions of this agreement. A general increase, decrease or adjustment under this agreement is a uniform change which is applicable to all or substantially all subscribers or shippers on a nationwide or territorial basis.

I

The Plan of Organization of the Association of American Railroads (a copy of which is attached hereto as a part hereof) provides, in Article 10 thereof, that the Association shall be organized into departments, severally, under the supervision of a Vice President; including, inter alia, an Operations and Maintenance Department. There is established within the Operations and Maintenance Department a Transportation Division which consists of two major committees and various subordinate committees and sections. The committees which will function under this agreement are the Operating-Transportation (O-T) General Committee and its subordinate Committee on Car Hire and Committee on Car Ownership Costs, the Committee on Compensation and its subordinate Committee on Car Ownership Costs and such other subordinate committees or study groups as the said General Committee or the said Committee on Compensation may from time to time authorize or establish, which committees or groups may be composed of representatives of members of the Association, Association staff members, and other interested parties.

The O-T General Committee consists of the chief operating officers, or their designees, of major railroads in the United States which are represented on the AAR Board of Directors, a representative of The American Short Line Railroad Association, and the chief operating officers, or their designees, of the two major Canadian railroads and the National Railways of Mexico, all elected for a term of one year. The Committee on Compensation consists of a traffic officer appointed by The American Short Line Railroad Association, and the chief traffic officers, or their designees, of the same railroads that are represented on the O-T General Committee. For the purposes of this agreement, the said General Committee and Committee on Compensation shall be so constituted and elected.

II

The said General Committee, upon its own initiative, or upon recommendation of the Board of Directors of said Association, a subordinate committee or study group authorized or established by said General Committee, a subscriber, or any interested person, shall from time to time consider the desirability of change of current rates of compensation payable for the use of foreign line and non-shipper furnished freight cars or other transportation equipment, or of any rule or regulation pertaining to such rates. Following such consideration the said General Committee shall, in accordance with its judgment, as determined by a majority vote of its members, determine what, if any proposal shall be submitted to letter ballot vote of the subscribers, and shall prepare a report in support of its recommendations. Any minority of the General Committee may submit to the subscribers a report of its views.

The said Committee on Compensation, upon its own initiative or upon recommendation of the Board of Directors of said Association, a subordinate committee or study group authorized or established by said Committee on Compensation, a subscriber, or any interested person, shall from time to time consider the desirability of change of rates, allowances, or charges for the use of freight cars or other transportation equipment furnished by shippers, or of any rule or regulation pertaining thereto. Following such consideration the said Committee shall, in accordance with its judgment, as determined by a majority vote of its members, determine what, if any, proposal shall be submitted to letter ballot vote of the subscribers, and shall prepare a report in support of its recommendations. Any minority of the Committee may submit to the subscribers a report of its views.

The said Committee on Compensation shall consider proposals for change in allowances, or charges for the use of freight cars or other transportation equipment furnished by shippers, or rules or regulations pertaining thereto, submitted by duly designated committees of interested shipper organizations and owners of freight cars or other transportation equipment furnished by shippers, and such proposals shall be handled in accordance with the procedures provided for in this agreement.

Additionally, the said Committee on Compensation shall designate a committee[s] to meet, at such times and under such circumstances as the said Committee shall determine, with representatives of interested shipper organizations or owners of freight cars or other transportation equipment furnished by shippers concerning proposals for change in rates, allowances, or charges for the use of freight cars or other transportation equipment furnished by shippers or rules or regulations pertaining thereto, and to receive suggestions from individual shippers, and make recommendations to the said Committee with respect to changes in rates, allowances, or charges for the use of freight cars or other transportation equipment furnished by shippers, or rules and regulations pertaining thereto.

In the course of considering the desirability of change, or any proposal for change, of any current rate, allowance, or charge, or any rule or regulation pertaining to such rates, allowances, or charges, the said General Committee or the said Committee on Compensation may rely upon the subordinate committees, or upon any study group authorized or established, for assistance. Each subordinate committee or study group may deliberate about and study all

reasonably available facts and information relating to the desirability of changes in the current rates, allowances, or charges, or any rule or regulation pertaining to such rates, allowances, or charges, and may prepare written reports (including specific recommendations or proposals) for consideration by the said General Committee or the said Committee on Compensation. Said Committees, subcommittees, and study groups, and the Association and its employees may provide confidential, expert analysis and technical assistance to a subscriber or a shipper in developing or evaluating proposals. However, employees of the Association shall not initiate proposals. In addition, the Board of Directors may, under this agreement, deliberate about and make recommendations or proposals for changes in current rates, allowances, or charges, or any rule or regulation pertaining to such rates, allowances, or charges, to the General Committee or the Committee on Compensation.

III

The General Committee or Committee on Compensation in submitting any such proposal to letter ballot vote of the subscribers, shall transmit to each such subscriber for its information pertinent reports and recommendations made by the General Committee or the Committee on Compensation, and any minority thereof. The affirmative vote of subscribers owning a majority of the revenue freight cars owned by all subscribers shall constitute approval of any change so submitted to the subscribers.

IV

In the event of failure or refusal of the General Committee or the Committee on Compensation to submit to subscriber vote any such proposal, any subscriber or interested persons submitting a proposal under Article II, may in writing request that such proposals be submitted to subscriber vote, the proposed change to be specific in such request, whereupon the General Committee or Committee on Compensation shall transmit the request, accompanied by any supporting statement furnished by the proponent, together with the Committee's recommendation to the subscribers, and call for a letter ballot vote. The vote shall be counted as provided in Article III.

V

Following approval by the subscribers, as herein provided, of any proposed change in rates, allowances, or charges, or in the rules and regulations pertaining thereto, the said Association shall cause the same to be made effective through tariff publication or otherwise, as may be appropriate, and take all proper steps to that end.

VI

Anything herein to the contrary notwithstanding, the said General Committee or Committee on Compensation, following consideration of proposed changes in rules and regulations (as distinguished from changes in the rates to which such rules and regulations pertain) may, upon the affirmative vote of

three-fourths of its membership, give notice in writing to the subscribers that as of a day named, not less than fifteen (15) days subsequent to the date of the notice, or as soon thereafter as may be, a change or changes in said rules and regulations, or any of them, will be made effective unless objection thereto be made in writing addressed to the Secretary of the Transportation Division of said Association prior to the day so named by subscribers owning not less than 20% of the revenue freight cars owned by all subscribers. In the event of such objection by subscribers owning 20% or more of the revenue freight cars owned by all subscribers, the recommended change or changes in such rules or regulations shall be submitted to the subscribers for letter ballot vote in accordance with the provisions of Article III hereof. In the absence of such objection the proposed change or changes shall be made effective in accordance with said notice and Article V hereof.

VII

Notice by first class mail of all proposals received by the said General Committee and Committee on Compensation shall be given to all subscribers and interested persons within five (5) days of receipt thereof. Subscribers and interested persons may submit comments upon the proposals to the appropriate committee within fifteen (15) days after such notice is given, except as otherwise provided. The General Committee or Committee on Compensation shall act upon such proposals and report its recommendations to subscribers, as provided in Article II of this agreement, within eighty (80) days after the date such proposals are docketed. Formal minutes and transcripts or sound recordings shall be maintained for all committee, Board of Directors, subordinate committee, or study group meetings held under this agreement. Records shall be kept of votes. Transcripts, recordings, and voting records are confidential but will be made available to the Commission and other federal agencies upon request. All sound recordings shall include adequate identification of speakers.

All proposals handled under Article III for letter ballot vote shall be submitted to subscribers within ten (10) days after Committee action. All proposals handled under Article IV for letter ballot vote shall be submitted to subscribers within ten (10) days after receipt of the request for subscriber action. The subscribers shall vote upon all proposals submitted under this agreement within a stated period which shall not be less than twenty (20) days after the submittal date.

Final disposition of any rate, allowance, charge or rule proposal docketed with the General Committee or Committee on Compensation shall be made within one-hundred twenty (120) days after such proposal is initiated.

VIII

In addition to the procedures contained in Article VII, whenever the said Committee on Compensation has under consideration pursuant hereto the question of a change in rates, allowances, or charges for the use of freight cars or other transportation equipment furnished by shippers, or rules and regulations pertaining thereto, it shall give notice within ten (10) days of a

Committee decision to progress a proposal by publication in the Western Railroad Traffic Association Traffic Information Digest to all owners of the equipment furnished by shippers, used in interchange, or to all shippers and other interested parties, as appropriate, and invite submission in writing within a stated period not less than fifteen (15) days of data or views deemed by such owners, shippers or interested parties to be pertinent, and the Committee shall consider the data and views so furnished. Upon request by any such owner, shipper or interested party, public hearing shall be held on notice of not less than ten (10) days, by publication in the Western Railroad Traffic Association Traffic Information Digest, and reasonable opportunity afforded for expression of views. The Committee on Compensation may elect to give notice in another publication of general circulation in the event it is unable to do so through the Western Railroad Traffic Association Traffic Information Digest.

Notice by like publication shall be given of the final disposition made of any proposal and shall contain the reasons for the action taken.

No tariff publication shall be made of any proposal adopted which is broader in territorial or commodity scope than the original proposal upon which it is based, unless preceded by notice to the public published in the same manner as the original proposal and a reasonable opportunity is afforded for the expression of views on the broadened proposal by any interested party.

IX

The following special procedure, in addition to the other procedures specified in this agreement (except those contained in the third and fourth paragraphs of Article II and those in Article VIII), will govern the processing and disposition of proposals under Section 10721 of the Interstate Commerce Act pertaining to rates, allowances, or charges or rules and regulations pertaining thereto.

Section 10721 proposals may be made by a subscriber or Section 10721 shipper. Proposals so made shall be submitted in writing to the Committee on Compensation, and each such proposal shall be accompanied by a concise statement of facts relied upon to justify the Section 10721 quotation. Notice of the proposal will be given to the subscribers and interested shipper within five (5) days of receipt thereof. In the case of an emergency proposal the notice shall provide that the proposal will be handled on an expedited basis. An "emergency proposal" is one which is of such character that the customary procedure as provided herein cannot reasonably be followed because of competitive conditions, lack of existing rates, allowances, or charges, or defense requirements.

Within fifteen (15) days after notice of a customary proposal, and within five (5) days after notice of an emergency proposal, an interested subscriber or Section 10721 shipper may file written representations with the Committee on Compensation and such representations shall be considered before final disposition. The Committee may in its discretion also hold a conference with the interested subscriber or shipper concerning the proposal.

No voting or other action shall be taken by the Committee on Compensation on a Section 10721 proposal until fifteen (15) days after the date of such notice, except in the case of an emergency proposal which may be finally disposed of within ten (10) days after notice. In the event of failure or refusal of the Committee on Compensation to submit to subscriber vote any such proposal, the provisions of Article IV will govern.

After a Section 10721 proposal is voted upon by the subscribers, only the subscribers and the interested shipper will be notified of the action taken. If the proposal is approved by the subscribers, the quotation will be issued and submitted in writing to the Interstate Commerce Commission.

X

The subscribers hereby adopt, and agree to continue in effect until changed pursuant to the procedures herein provided, the existing rates, allowances, charges, rules and regulations, subject, however, to the right of withdrawal, independent action, or of recourse to the Interstate Commerce Commission, hereinafter provided for.

XI

Any common carrier by railroad subject to the Interstate Commerce Act may at any time become party hereto by subscribing to a counterpart hereof and delivering the same to the Secretary, Transportation Division, of the Association of American Railroads. Any subscriber hereto may at any time withdraw from this agreement by written notice to said Secretary.

XII

Nothing herein shall be construed to prevent or limit recourse to the Interstate Commerce Commission by any subscriber for any relief (in pending proceedings, or otherwise) accorded by law in respect of any of the matters covered hereby.

XIII

There is hereby accorded to all subscribers the free and unrestrained right to take independent action either before or after any determination arrived at through the procedures herein provided for. When a subscriber announces independent action and requests that tariff publication be made pursuant to this agreement, notification thereof will be given promptly to the same extent and in the same manner that notice of actions proposed are given under collective action procedures of Article VIII in this agreement. Any expert analysis or technical assistance provided by the Association or its employees must be kept confidential. There shall be no discussion of any pending rate, allowance, or charge announced through independent action except there may be reference to such rate, allowance, or charge after it has been filed with the Commission. Joint action to protest or otherwise seek suspension of any rate, allowance or charge filed by one or more railroad

carriers, where such rate, allowance or charge is established by independent action, and joint consideration of a protest or attempt to seek suspension of such matter, is prohibited under this agreement.

XIV

Amendment of this agreement shall become effective, subject to approval by the Interstate Commerce Commission, when the same, or counter-parts thereof, shall have been duly executed by railroad subscribers owning or controlling two-thirds of the railroad subscriber-owned or controlled revenue freight cars used in interchange in the continental United States.

XV

It is understood and agreed that this agreement shall be presented to the Interstate Commerce Commission for approval under the provisions of Section 10706 of the Interstate Commerce Act for and on behalf of all of the parties hereto by William H. Dempsey, President of the aforesaid Association of American Railroads, or by Richard E. Briggs, Executive Vice President of the aforesaid Association of American Railroads, who are hereby designated attorneys-in-fact for each subscriber to execute, verify and file an appropriate application for such approval and to take any proper action necessary in connection therewith, acting either individually or jointly. It is further understood and agreed that any of the subscribers to this agreement, or to a counterpart hereof, may on its or their own behalf and on behalf of all subscribers join the aforesaid William H. Dempsey or Richard E. Briggs, attorneys-in-fact as aforesaid, in making application for approval of this agreement.

XVI

This agreement shall bind and inure to the benefit of the successors and assigns of the subscribers hereto.

IN WITNESS WHEREOF this agreement has been duly executed by the duly authorized officer(s) of the railroad company or companies hereinafter designated.

DATE: _____

BY: _____

(Name)

TITLE: _____

(Railroad Company)

(Business Address)

**ASSOCIATION OF
AMERICAN RAILROADS**

Plan of Organization

As Amended

December 14, 1990

Adopted:

September 21, 1934 (became effective October 12, 1934).

Amended:

November	7, 1935	June	25, 1937
November	19, 1937	November	8, 1940
February	14, 1946	January	31, 1947
November	21, 1947	October	31, 1952
November	18, 1955	March	1, 1957
July	26, 1957	November	16, 1962
November	19, 1964	February	27, 1970
November	18, 1971	December	15, 1972
February	23, 1973	November	21, 1974
November	11, 1976	October	27, 1977
October	25, 1979	October	31, 1980
March	25, 1982	December	9, 1988
July	28, 1989	December	14, 1990

ASSOCIATION OF AMERICAN RAILROADS

PLAN OF ORGANIZATION

In the interest of adequate and efficient railroad service and in order to enable the railroads better to contribute to the accomplishment of national rail transportation policies, the Railroad Companies of the United States do hereby establish a national organization to be known as the Association of American Railroads, hereinafter called the "Association".

Article 1. The Association is to represent member roads in appropriate cases before the courts, administrative tribunals, Congressional committees, and other governmental bodies, and to serve as the joint agency of member roads in matters pertaining to operation, maintenance, safety, research, economics, finance, accounting, law and legislation, data system, public relations, etc., that require joint handling in furtherance of the aforesaid national transportation policy. The foregoing functions may be accomplished either directly by the Association itself or by affiliated entities created and controlled by the Board of Directors.

Article 2.(a) All railroads classified by the Interstate Commerce Commission as Class I roads shall be eligible for full membership and shall be admitted to membership upon written application addressed to the Board of Directors. In its discretion, the Association may admit to full membership railroads and switching or terminal companies without regard to classification. Railroads in Canada and Mexico may be admitted as Special members on such basis as these railroads and the Board of Directors may agree upon. The Association in its discretion also may admit as Associate Members, without voting rights, railroads and switching or terminal companies. Associate Members shall be entitled to participate in the activities of the Operations and Maintenance and Research and Test Departments and to be supplied with the various data, circulars, publications, etc., distributed to full member roads by these Departments. Application for and admission to membership shall constitute acceptance of the provisions of this Plan.

(b) Members may resign upon notice in writing to the President of the Association. A notice of withdrawal of membership may be made effective immediately or may state a later effective date (which date in no event shall exceed the last day of the calendar year for the last-approved Association budget). A member giving notice of withdrawal of membership shall remain obligated (under the assessment formula established pursuant to Article 14) to pay its proportionate share of assessments made by the Board to meet the expenses of the Association under any annual budget (or budget amendment) approved by the membership prior to the date that written notice of a withdrawal is provided

to the President of the Association. Such obligation of a withdrawing member to pay its proportionate share of previously approved annual budget expenses of the Association shall exist regardless of whether the assessments made by the Board under Article 14 to fund such expenses are levied upon the withdrawing member subsequent to the date that notice of withdrawal of membership is provided or subsequent to the date that the withdrawal becomes effective. Upon the provision of notice of intent to withdraw as a member, regardless of whether the withdrawal is to be effective at a later-specified date, a withdrawing member shall lose its eligibility to vote (including by letter ballot) at Annual or Special meetings of the member roads or at regular or special meetings of the Board of Directors. Nothing in this provision shall operate to release a withdrawing member from any financial obligation it would otherwise have as a result of its participation in activities while a member of the Association.

(c) No railroad or switching or terminal company admitted to full membership in the Association and controlled or subject to control to the extent of 50% or more by another full member railroad or group of full member railroads shall have any independent voting rights hereunder. However, where voting is on the basis of revenue, assessments for Association expenses, ownership of units of equipment, facilities, track or the like, as provided in Article 4(a) herein, such member's voting power so measured shall be aggregated in appropriate proportion with that of the controlling member railroad or railroads.

Article 3.(a) General supervision and control of the affairs of the Association shall be vested in a Board of Directors, hereinafter called the "Board", the members of which shall be selected annually, as hereinafter provided, and shall hold office for one year or until their successors are designated.

(b) The Board shall consist of railroad Chief Executives (President, Chairman of the Board, Trustee, Receiver, Chief Executive Officer or other such senior officer or director approved in individual circumstances by the AAR Board of Directors) to be selected annually as hereinafter provided in Article 4, the Chief Executive of the National Railroad Passenger Corporation, who shall be an ex-officio member of the Board without voting rights, a representative of the major Canadian railroads (chosen as the Special Canadian Members of the AAR see fit), who shall be an ex-officio member of the Board without voting rights, and the President of the Association. The Board may in its discretion authorize each member of the Board to designate a top officer of his organization to service as his alternate on the Board for the ensuing year, who shall have full authority to act in his stead, and subject in each case to specific approval of the designation.

(c) The Board shall elect a Chairman of the Board of Directors from among its members to serve a term of one year or until his successor is elected, whichever is later. The election shall be conducted in accordance with Article 5.(b). If the office becomes vacant by reason of death, resignation or otherwise, the Board shall elect a successor to hold the office for the unexpired term. The Chairman shall preside over meetings of the Board, of the Executive Committee, and of the member roads and shall perform such other duties as the Board may from time to time direct. He shall serve as an ex-officio member of all Board committees.

(d) The Board shall have the authority to appoint such committees as deemed necessary for the conduct of the affairs of the Association.

Article 4.(a) An Annual Meeting of the member roads shall be held during October, November, or December upon not less than ten days' notice at a time and place to be fixed by the Board. At each Annual Meeting the President of the Association shall submit a report of the activities of the Association during the year and shall announce the makeup of the Board for the following year selected in accordance with the provisions of paragraph (b) of this section. On matters calling for a vote at the Annual Meeting or on votes by letter ballot, which is hereby authorized, each railroad holding full membership shall be entitled to one vote, subject to the limitations contained in Article 2(c) herein. However, except with respect to votes on amendment or modification of this Plan as covered by Article 16 herein, when directed by the Board, voting power may be measured by freight revenues (passenger revenues in the case of the National Railroad Passenger Corporation) or on assessments for the Association's expenses, or may be measured with respect to particular matters or classes of matters in terms of ownership of particular or suitable combinations of units of equipment, facilities, miles of road or miles of track. In measuring voting power as provided herein there shall be aggregated with the member railroad's own figures the appropriate proportion of the corresponding figures of such other railroad, terminal and switching companies as are 50 percent or more controlled or subject to control by such member railroad, either alone or in conjunction with other member railroads, whether or not such other railroad, terminal and switching companies are themselves full members of the Association. However, nothing herein shall prevent any member railroad from dividing its aggregate voting power so as to vote part of it in one way and part of it in another way, for example where in the interests of a subsidiary or a railroad controlled or subject to control to the extent for 50 percent or more or a terminal or switching company are not the same as the interest of the controlling member railroad.

(b) Prior to each Annual Meeting those line haul full member railroads whose annual gross freight service revenues for the preceding year multiplied by the adjustment ratio equal or exceed \$20 million, other than the National Railroad Passenger Corporation and those that are controlled or subject to control to the extent of 50 percent or more by one or more full member railroads, shall be divided into two groups as follows:

Group I Those full member railroads whose annual gross freight service revenues for the preceding year multiplied by the adjustment ratio equal or exceed \$100 million.

Group II The remaining such full member railroads.

(c) The Chief Executive of each of the Group I railroads shall be a member of the Board for the following year. The Chief Executive of one of the railroads in Group II shall be selected as a Board member for the following year on a rotational basis approved by the Board. There shall be substitution of any person who should succeed any Chief Executive serving on the Board during the year.

(d) For purposes of this Article 4, any group of member railroads that are owned, controlled, or subject to control to the extent of 50 percent or more by a single corporation not a railroad or by a railroad not a full member may, in the discretion of the Board, be treated as a single full member railroad.

(e) For the purposes of this Article 4, the adjustment ratio shall be the annual gross freight service revenues of Class I railroads in 1979 divided by the annual gross freight service revenues of Class I railroads in the preceding year.

(f) For the purposes of this Article 4, the annual gross freight service revenues of a member railroad shall include the member railroad's appropriate share of the annual gross freight service revenues of another railroad, terminal, and switching company which is 50 percent or more controlled or subject to control by or under common control with AAR member railroads, whether or not the other railroad, terminal, or switching company is itself a full member of the Association.

Article 5.(a) The Board may call special meetings of the member roads.

(b) The Board shall hold regular meetings at times and places to be designated by it. Special meetings of the Board may be called by the Chairman or by request of not less than three members of the Board. A majority of the Board shall constitute a quorum for the purpose of any meetings and matters. Motions shall be carried if a) the motion is supported by a majority of all those voting, and b) the motion is supported by carriers representing 60 percent of the annual gross freight service revenues for the preceding year of all those voting.

(c) The Board shall elect the officers of the Association, and fix their compensation and the terms of their employment.

Article 6. A complete audit of the accounts of the Association shall be conducted each year by a major independent accounting firm and the resulting report shall be furnished to the Board in timely fashion. The Board may also authorize such additional audits by either an independent organization or by railroad auditors as it deems proper.

Article 7.(a) There shall be an Executive Committee consisting of members of the Board to be selected by the Board. The Board shall have power from time to time to fix the number of members of the Executive Committee, but there shall never be fewer than five nor more than nine members in addition to the President of the Association, who shall be an ex-officio member of the Executive Committee, and the Chairman of the Board, who shall serve as Chairman of the Executive Committee. A majority of the Executive Committee shall constitute a quorum for the purpose of any meetings, and matters coming before such meetings may be acted upon by the majority vote of those members present.

(b) The Executive Committee, during intervals between meetings of the Board, may exercise the powers of the Board, reporting its action to the next meeting of the Board for approval.

Article 8. The officers of the Association shall be a President and Chief Executive Officer, an Executive Vice-President, a Secretary (who may also serve in the Law Department), and a Treasurer, the latter two of which offices may be held by the same person. The Board or the President with the approval of the Board, may appoint such additional Vice Presidents and other officers as deemed necessary for the Association to function efficiently and to accomplish the purposes for which it is established.

Article 9. The President shall be Chief Executive Officer and shall exercise general supervision over the affairs of the Association. He shall perform such duties as shall be assigned to him by the Board. In the absence or disability of the President, the Executive Vice-President, or in his absence or disability, a Vice President of the Association, to be designated by the Board, shall discharge the duties of the President.

Article 10. The Association shall be organized into departments, as follows:

- I. Administration
- II. Economics and Finance
- III. Law
- IV. Legislative
- V. Management Systems
- VI. Operations and Maintenance
- VII. Information and Public Affairs
- VIII. Research and Test
- IX. Railinc

Each department shall be under the direct supervision of the President, a Vice President, or an officer designated by the President. Subject to approval by the President, the work of each of the several departments may be subdivided into such divisions as the Vice President or officer in charge may direct.

Article 11. The Board shall have power to assign particular duties to any department in addition to the normal duties of each, to transfer to any department or affiliated entity it should create and control any activity then being performed by any other department, and to discontinue and abolish any department the work of which is considered no longer necessary. The President also shall have power to assign particular duties to any department.

Article 12. Subject to approval by the President the head of each department shall appoint such Committees as he may deem necessary. Committee members shall be selected from the various geographical sections of the country to insure adequate representation of the experience and practice of the member roads.

Article 13.(a) The Executive Vice President shall serve as the chief administrative officer of the Association and in the absence of the President shall, as provided in Article 9, perform the duties of that office. He shall perform also such other duties as may be assigned to him by the President or the Board.

(b) The Secretary shall keep a full and complete record of proceedings of all meetings of the member roads, of the Board, and of the Executive Committee, and perform such other duties as may be assigned to him by the President or the Board.

(c) The Treasurer shall be responsible for the funds of the Association, shall receive, disburse and account for all monies received and expended, shall make monthly reports of the finances to the Board and shall give such bond as the Board may direct. He shall deposit the funds of the Association in such bank or banks as may be designated by the Board.

Article 14.(a) The expenses of the Association shall be met by assessments made by the Board, assessments to be in proportion to freight revenues as of a period to be determined from time to time by the Board, except that the National Railroad Passenger Corporation shall be assessed at the regularly established assessment rate applied against one-half of its gross passenger service revenues. The Board may also from time to time establish special arrangements for assessments of and payments by member line railroads in bankruptcy or receivership or for new members. Associate members shall pay annual dues at a flat rate to be determined by the Board, such rate to be revised from time to time to determine its adequacy in relation to services rendered.

(b) For purposes of this Article freight revenues of member line railroads shall include all or an appropriate proportion of such revenues of those subsidiary railroad, terminal and switching companies that are not themselves full members of the Association, but are controlled to the extent of fifty percent or more by any member line railroad alone or in conjunction with other member line railroads.

Article 15. The principal office of the Association shall be located in Washington, D.C., and branch offices may be established elsewhere as the Board may approve.

Article 16. The provisions of this Plan may be amended or modified at any time by a three-fourths vote of the member roads, each member road being entitled to cast one vote, subject to the limitations of Article 2(c) herein.

Article 17. Nothing in this Plan shall in anyway prohibit or restrain any member road from acting individually and independently of the Association or of any and all other member roads with respect to any of the matters covered hereby, and the right of individual and independent action is expressly reserved to each member road.