

AGREEMENT BETWEEN

PORTLAND & WESTERN RAILROAD INC.

AND

WILLAMETTE & PACIFIC RAILROAD INC.

AND

THEIR EMPLOYEES REPRESENTED

BY

BROTHERHOOD OF LOCOMOTIVE ENGINEERS AND TRAINMEN

Effective July 1, 2012

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THIS AGREEMENT effective July 1, 2012, is made by and between the Portland & Western Railroad, Inc. and Willamette & Pacific Railroad, Inc., hereinafter referred to as the Company or Carrier, and the Brotherhood of Locomotive Engineers and Trainmen, hereinafter referred to as the Union or Organization.

ARTICLE 1
GENERAL PRINCIPLES

A. The parties to this Agreement agree that the fundamental objective of the Company, its management and employees is to provide service to its customers in the most efficient manner. Accordingly, the parties agree that in interpreting and implementing this Agreement, paramount emphasis will be placed on interpretations that enhance providing efficient service to customers. The parties recognize that all concerned will benefit by continued peaceful and harmonious relationships, and will endeavor to resolve differences through rational, common-sense methods.

B. This Agreement is intended to be based on cooperation and as such is a fundamental restructuring of the long-standing pattern of labor agreements in the railroad industry.

C. In the event that any Federal or state legislation, governmental regulations or court decisions cause invalidation of any portion of this Agreement, such term or provision will be void and of no effect. All other terms and conditions of this Agreement will remain in full force and effect.

D. These rules will govern the persons employed in the positions described in Article 2 of this Agreement (“Employees”).

E. Where the terms Union or Organization appear herein, they will be understood to mean the duly elected Officers or General Committee of the Brotherhood of Locomotive

Engineers and Trainmen (“BLET”). Where the term “designated Company Officer” appears, it will mean the officer of the Company who has been designated by the Company to handle such specific matters.

F. The right to make and interpret contracts covering rules, rates of pay and working conditions on behalf of Employees covered by this Agreement will be vested in the designated Carrier Officer and General Chairman of the General Committee of Adjustment for the Organization.

G. The use of such words as “he”, “his”, and “him”, as they appear in this Agreement, are not intended to restrict the application of the Agreement or a particular rule to a particular sex, but are used solely for the purpose of grammatical convenience and clarity.

H. The provisions herein will be applied without discrimination based on race, color, creed, religion, national origin, age or sex.

I. This Agreement will constitute a Labor Agreement between the Company and the Union and will be uniformly applied to Employees collectively, except where otherwise specifically provided herein.

J. Local agreements between the Local Chairman and the designated Company Officer will not become effective without approval of the General Chairman and the Company’s highest designated officer.

K. Parties agree to comply with the Hours of Service requirements as amended in the Rail Safety Improvement Act of 2008.

ARTICLE 2
OPERATING EMPLOYEES

A. Certified Employees will operate all forms of motive power, including remote control, used to handle revenue freight and passenger service on all rail lines owned or operated by the Company. Except as provided in this Agreement, all such positions will be filled from the engineers' roster or the conductors' roster, as appropriate.

B. Employees working in commuter service will be governed by the provisions of Article 3.

C. All Employees must become dual qualified / certified to operate a locomotive and to perform the functions of a ground person.

D. Employees will perform work in train operations, including without limitation, coupling and uncoupling cars, inspecting trains, throwing switches, locking and unlocking derails, coupling and uncoupling air hoses, relieving other Employees, inspecting trains, training other Employees, receiving train orders and/or track warrants, receiving and delivering waybills and bills of lading, preparing reports related to their work, using technology provided by the Company, contacting customers and other duties necessary to facilitate the movement of railroad cars, locomotives and trains as assigned.

E. While on duty, the Employee operating the engine will be in charge of the locomotive consist, and will be responsible for the safe and efficient operation of the locomotive consist and the cars or train to which coupled.

F. Nothing in this Agreement will be construed to limit the Company's right to use persons not covered by the Agreement to perform service when necessary to provide efficient, timely service to customers or when work is declined by an Employee having right thereto under this Agreement. Non-agreement personnel may be used for training and qualification purposes in conjunction with a crew, but while training will not be used in lieu of Employees.

ARTICLE 3
COMMUTER SERVICE

A. If the Company is in contract with TriMET the Carrier will provide locomotive engineer and conductor services for the commuter operation between Wilsonville and Beaverton. All positions will be advertised annually and will be awarded to the senior qualified bidder. Bulletins will be issued for all positions on January 15th of each year with assignments to take effect the following February 15th. The Commuter Authority will have the right (but not the obligation) to interview Employee candidates for those positions. Qualifications will be established by the Commuter Authority and the Company. Commuter Service employees are required to be dual qualified in both roles to allow greater flexibility to fill Job vacancies. Employees who are dual qualified will be paid at the Engineer rate of pay. Whether a bidder satisfies the qualifications for the job will be based upon interviews conducted with the applicants. Applicants will be notified in writing whether they are accepted for Commuter Service. The Company will not award such positions without interviews unless the Commuter Authority waives, in writing, its right to interview the candidates.

B. If any employee in the service neglects, refuses or fails to perform his duties, in the reasonable judgment of Commuter Authority, Commuter Authority will give notice in writing to the Company, and the Company may withhold the Employee from Commuter Service pending a hearing pursuant to Article 24 of this Agreement.

C. Commuter Service utility assignment(s) will be established, operated and paid according to the terms of Article 15 of this Agreement. Successful applicants will receive adequate instructional trips. Engineer performance requires competent performance and compliance with standards. Those who do not meet those standards will be disqualified by the Company. Commuter Service Utility Employees will be called in advance of the scheduled departure time of the assignment and will be expected to be prepared to depart on time.

D. Ten hours or less will constitute a basic day in commuter service, with time on duty in excess of ten hours to be paid on a nearest quarter hour basis at 1.5 times the basic hourly rate. It is recognized that shifts may be split. Employees will be paid straight time at the current

applicable hourly rate during breaks between split shifts. This time will not count towards overtime accrual or hours of service. Commuter crews will protect their assigned runs in the morning, may be tied up for rest, and then put back on duty to protect their assigned runs in the evening.

E. Commuter Service Job assignments will not be subject to the guidelines of Article 11, Sadie Hawkins Days. Employees who are awarded the bids in Commuter Service shall remain in the assigned service for a period of one year. Personal circumstances or hardships may override the one year assignment if approved by the carrier. This will allow the employee to exercise seniority to another assignment before the one year period ends. Employees in commuter service who are awarded a bump will remain on the assignment for up to one month to allow the carrier adequate time to train a replacement.

1. Employees awarded a commuter service assignment are protected from displacement by senior employees for a period of one year from the date the job was awarded.
2. All transportation employees within the commuter service must undergo and pass an interview process and must meet the qualification standards established by the Commuter Authority and the Company. The qualification standards will be the same for all transportation employees in commuter service. Prior to completion of the qualification process, the Company will provide necessary resources including training materials and rulebooks, to applicants to facilitate meeting the qualification standards for this service.
3. A separate vacation calendar will be maintained for Commuter Service positions and will be tied to the needs of the service. No more than two commuter service employees may be on vacation at any given time.

F. Commuter Service interim vacancies, of undetermined duration or known vacancies of days or more will be handled as follows:

A vacancy that occurs in the Commuter Service during the 12 month fence period that is known to be in excess of 30 days shall immediately be bulletined as an

“Interim Assignment” in accordance with Article 8 of the PNWR – BLET Agreement. A vacancy that occurs in the Commuter Service during the 12 month fence period that is of an extended, unknown duration, shall be bulletined as an “Interim Assignment” so that the bulletin can be assigned 30 days from the first day the vacancy occurred in accordance with Article 8 of the PNWR– BLET Agreement. All PNWR operating employees within the jurisdiction of the BLET-PNWR Agreement shall be eligible to bid on the assignment. Seniority shall prevail when determining the successful applicant. If no bids are received the vacancy shall be protected by the utility board employees.

1. The successful applicant, if not already qualified for the service shall go through the full interview, training and instructional process prior to placing on the vacancy as provided in Articles 3 and 4.
2. During the time the successful bidder is going through the training process the assignment shall be protected by the utility board.
3. If the successful bidder is one of the utility board employees, the resulting vacancy of the utility board may be filled by one of the employees not currently assigned to service who bids the assignment who also must complete the full interview, training and instructional process prior to placing on the utility board vacancy.
4. The incumbent employee shall retain the right to return to the assignment for the balance of the fence period at such time as he/she is deemed fit to or does return to service. The employee who has been assigned to the “interim assignment” shall then be given a displacement opportunity as provided by Article 12 of the PNWR – BLET Agreement.
5. If the incumbent employee returns to the service prior to the applicant finishing the qualifying and training process for the service, the applicant will be allowed to finish the process subject to the needs of the service.

6. In the event a regularly assigned person goes on a vacation or for a known vacancy of more than four (4) days, another assigned member of the service may pend to the assignment and the resulting vacancy will be filled by a utility assignment employee. Utility Service Employees will fill Commuter Service vacancies as first priority but may be used to fill freight vacancies if all other extra boards and other resources have been exhausted. Employees may pend selectively starting with the first day.

ARTICLE 4

SENIORITY

A. All Employees covered by this Agreement will be placed on the engineer and/or conductor seniority roster, whichever is applicable, in accordance with the terms of this Article.

(1) Conductors - Conductors will be placed on the Conductors' Roster in the order of their date of hire as an operating employee under the terms of this Agreement. The date of hire is understood to mean the first day in training as an operating employee. In the event two or more employees have the same seniority date, the employee with the earliest birth date will be considered the more senior.

(2) Engineers - Employees who have successfully completed promotion to Engineer will be placed on the Engineers' Roster in the same relative order they stood as conductors and will be given a seniority date based on the earliest date of completion of engineer training by any Employee in that training class, except as provided in the paragraph below.

(3) Hired Engineers - People who are hired after being certified as engineers by another railroad will establish seniority with the Company as engineer and conductor on the date they first perform service under the terms of this Agreement and will be ranked immediately behind people on the roster on that date. However, when certified engineers are hired at a time when employees are already in an engineer training class (have been issued a student engineer card), such hired engineers will rank behind those Employees upon their successful completion of engineer certification. The engineer seniority date of those who complete engineer training in that instance will be the same date as established by the hired engineer.

B. The entire Company will constitute a single seniority district within which two

zones will be created. Employees will be eligible to bid for assignments in either zone in accordance with the rules contained in this Agreement. Vacancies in the respective zones will be filled in accordance with Articles 8 and 9 of this Agreement.

C. The Zones are defined as follows:

(1) Tigard Zone: Encompasses all trackage from Salem, but not including Salem, to and including Astoria, and all branch lines connecting to mainline tracks at points within these limits. Tigard will be the source of supply for all assignments originating at points within this defined Zone, including McMinnville.

(2) Albany Zone: Encompasses all trackage from and including Salem to and including Eugene, and all branch lines connecting to mainline tracks at points within these limits. Albany will be the source of supply for all assignments headquartered at points within this defined Zone.

D. Except as provided in Article 6, an Employee who voluntarily accepts employment after ratification in a non-transportation department position, after a period of six (6) calendar months will forfeit any seniority established under this Agreement. An Employee who cannot hold a position in service covered by this Agreement and who therefore accepts a position/job in service not covered by this Agreement will maintain his seniority under this Agreement, so long as he exercises such seniority at first opportunity to do so.

E. When Footboard Yardmaster positions are established, they will be bulletined in accordance with Article 8 - Filling of Permanent Assignments and the Carrier will select the senior qualified person to be assigned from among those who have submitted bids for the position.

ARTICLE 5

SENIORITY ROSTERS

Revised seniority rosters will be prepared by the Carrier as of January 31st of each year and the revised rosters will be posted on bulletin boards in convenient places. Copies of such rosters will be furnished to the Local Chairman. All appeals from new or revised roster dates are limited to those changes made from the last roster and must be filed with the designated Officer

of the Company (along with a copy furnished to the General Chairman of the Union) within 30 days from the date of posting of the roster. If an Employee is on a leave of absence on the date on which the roster is posted, he must file his appeal in the same manner as above within 30 days of the day he reports back to duty.

ARTICLE 6 PROMOTION TO OFFICIAL OR UNION POSITION

An Employee who is promoted to an official position with the Company will retain and continue to accumulate seniority. Any Employee who voluntarily or involuntarily leaves the promoted position must exercise his seniority to a position covered by the Agreement within ten days after his last work day in the promoted position; failure to do so will be considered as a voluntary forfeiture of all seniority rights. An Employee who accepts a full time position with the Union will retain and continue to accumulate all seniority rights during the period of such full time Union employment. At the expiration of his full time Union employment, an Employee must exercise his seniority to a position covered by the Agreement within ten days after his last work day in the Union position; failure to do so will be considered as a voluntary forfeiture of all seniority rights.

ARTICLE 7 PROBATIONARY PERIOD

Applications for employment may be rejected and Employees terminated up to 120 days after a seniority date is established, and the termination will not be subject to the provisions of Articles 23 and 24 of this Agreement.

ARTICLE 8
FILLING PERMANENT ASSIGNMENTS

A. Bulletins advertising new assignments will be posted for 5 calendar days at all locations where Employees go on and/or off duty and will include the following information:

Assignment designation
On and off duty point of assignment
Starting time
Days off
Days of assignment
Closing time of bulletin
Officer and location where bids are to be received
Date assignment to take effect

B. Employees may bid any job for which they are qualified. Except as specifically noted in Article 4 (E) above, jobs will be awarded to the senior qualified Employee submitting a preference for the assignment. In the event there are no bids submitted for a position the position will be filled as follows:

(1) Engineer Position: assigning the junior qualified person who is working a position other than engineer in the zone where the vacancy exists, if available, if no one is available then the junior qualified person who is working in a position other than engineer.

(2) Conductor Position: by assigning the junior conductor in the Zone.

NOTE: It is understood that Footboard Yardmasters will not be called and used to fill permanent vacancies for which no bids are received unless and until it has been determined that no other qualified persons are available.

C. When a vacancy is known to be for longer than six (6) working days, it will be bulletined and assigned in accordance with this rule, except for events such as participation in Engineer class room training.

D. Vacancies of six (6) working days or less will be filled from the Extra Board in accordance with Article 9 below.

E. An Employee whose assignment is filled during his absence will, upon marking up for service, exercise seniority.

F. Employees who do not have access to bulletin(s) due to vacation, lay off, sickness, or authorized leave will be allowed to submit a timely bid upon return from leave for any new position bulletined during the period of their absence. This selection and bid must be made before performing any service. Employees will be considered as having access to a bulletin if the Employee went on duty or off duty at a location where bulletins are posted during the bulletin period.

G. The Company may change the starting time of an assignment by up to two hours prior to the bulletined starting time and up to four hours after the bulletined starting time with the understanding that pay will commence at two hours after the bulletined starting time. The Company may change the starting time of an assignment by more than two hours prior to the bulletined starting time and four hours after the bulletined starting time with the concurrence of the incumbent crew with the understanding that if the crew declines the request they will be compensated for the assigned day lost and will be considered eligible for service when the assignment is next scheduled for service.

ARTICLE 9 FILLING OF TEMPORARY VACANCIES

A. Vacancies of six (6) working days or less will be filled in the order as follows:

1. From the applicable (engineer or conductor) extra board in the Zone where the vacancy exists
2. Next from the extra-board in another Zone.
3. If the extra board is exhausted, then by the supplemental board in the Zone where the vacancy exists; if none

4. Next from the supplemental board in another Zone.
5. By a qualified, rested, available Employee in the same Zone; if none
6. By a qualified, rested, available employee.

NOTE: Employees will not be forced to work on their rest day.

- B. An extra board Employee who is called to fill a vacancy will remain on that assignment as set forth below:

1. At Tigard and Albany (the extra board locations) a vacancy will be protected by the first out employee on the appropriate extra board (engineer or conductor) at the call time for the vacancy. The employee will protect the vacancy on a one-day basis only.

2. When the extra board and the vacancy (other than a home terminal assignment) are in the same Zone, then until the sooner of (i) the return of the regularly assigned Employee to his regular position or (ii) the end of the shift on the last day preceding the rest days of the assignment.

3. When the extra board to be used to fill the vacancy (other than a home terminal assignment) is not in the Zone where the vacancy exists, the qualified (extra board or supplemental board) Employee used will remain on the assignment until a qualified Employee becomes available in the Zone of the vacancy. If no Employee becomes available, then the Employee used will be relieved as set forth in paragraph 1 above.

4. Any Employee other than an extra board Employee will be used to fill temporary vacancies on a one-day basis only.

**ARTICLE 10
FLOW BACK**

A. When the number of qualified, promoted engineers exceeds the number of engineer positions required at that time, a number of engineers equal to the excess will be permitted to exercise seniority to positions as conductor, in accordance with their seniority standing on the applicable conductor seniority roster.

B. When Engineers have flowed back to conductor positions and a need exists for additional engineers in that Zone, due to positions going “no bid”, the junior engineer who is working as conductor will be placed in the engineer craft. At the time an engineer is recalled to the engineer craft pursuant to this provision, that engineer may exercise seniority to any engineer position to which entitled by seniority. This election must be made at the time the engineer is notified of placement in the engineer’s craft. If no election is made, the engineer will be placed on the position that went “no bid”.

**ARTICLE 11
SADIE HAWKINS DAYS**

A. On or about the first day of April, August and December, the Carrier will issue a listing of all regular assignments, showing hours, on duty points, rest days and the general nature of the work to be performed (“Job Listing”). The Job Listing will be posted at all locations where Employees regularly go on duty and will contain the name of the person to whom bids should be submitted and the date by which they must be received by the Carrier’s designated party. It will be the responsibility of each Employee submitting a bid to obtain a receipt for his bid.

B. After the bids are closed, the Carrier and the Organization will assign the senior qualified Employee making bid and will post the new assignments at all locations where Employees go on duty. The assignments will be posted no less than one week before the new assignments are to be effective.

C. New assignments will be effective on January 1st of each year and on the first Monday of May and September. During the two-day period prior to the effective date of the new

assignments, the local chairman will regulate the work and rest days of Employees to assure that everyone is rested and available to assume their new assignment on the first day of the workweek for that position.

D. Employees who fail to submit their bids in a timely manner will be assigned to whatever vacancies remain after other bids have been considered.

ARTICLE 12 DISPLACEMENTS

A. Employees who are displaced from a permanent assignment will be allowed 24 hours after being notified of their displacement to exercise their seniority. An Employee who fails to exercise seniority prior to the expiration of the 24-hour period will be assigned to a position in the same Zone, according to the needs of the Company.

B. Except as provided in paragraph C below, Employees displacing onto jobs with scheduled starting times will notify the designated Company Officer of intended displacement prior to completion of the job's tour of duty on the shift prior to mark up.

C. No Employee may be displaced less than two hours prior to the scheduled start/order time of their position.

D. When an Employee displaces another Employee in accordance with this Article, he must report for duty on the new assignment at the next starting time of the job, unless other arrangements are made with the Company in advance of the starting time.

E. If alternate arrangements are made in accordance with paragraph D, the Employee occupying the assignment may remain on the job until the new assignee reports available for the position. If the Employee being displaced elects to move to other service, his vacancy will be filled from the extra board.

ARTICLE 13
EXTRA BOARD

A. In accordance with the provisions of this Article, the Company may establish, increase, decrease or abolish extra board(s) for engineers and conductors in each Zone, as it from time to time deems appropriate. Initially, there will be one extra board established in each Zone and each Board will protect all extra service in its respective Zone subject to the terms of this agreement. In the event additional Extra Boards are established in either Zone, the service protected by the additional Board(s) will be as agreed upon between the Local Chairman and the designated Company Officer.

B. The Company will endeavor to call extra Employees at least two hours before the time required to report for duty. In cases where conditions warrant, the Company and involved Employees may make mutual arrangements to accommodate those situations. Such arrangements will not give rise to claims for runarounds by other Employees.

C. Employees will be responsible for maintaining the ability to be contacted by telephone and for providing the Company with telephone numbers where they can be called for service.

D. In case of emergency or unforeseen circumstances, if an extra Employee is needed on shorter notice and the first out Employee informs the Company that he cannot respond within the required time, then the next Employee who stands to be called may be called. Those Employees unable to accept a short call will not lose their position on the extra board.

E. Engineers and Conductors on the respective extra boards shall be provided rest days on a five (5) days on — one (1) day (24 hours) off and six (6) days on— two (2) days (48 hours) off cycle. The respective rest periods shall begin at midnight, or if on duty, shall begin upon the tie-up time of the assignment.

On the effective date of this agreement the Extra Board employees will be guaranteed 11 days in each semi-monthly period. This guarantee will be reduced day for day for any day the employee is unavailable or misses a call.

ARTICLE 14
SUPPLEMENTAL BOARD

A. Supplemental boards may be established at locations where extra boards have been established. Employees will be called from supplemental boards only in circumstances where the extra board is exhausted.

B. Employees desiring to make themselves available for supplemental board service on their scheduled rest days will notify the designated Company personnel in writing, in person or by telephone (designated number). Such notification will remain in effect until withdrawn by the Employee, in writing. Employees submitting a request will be placed on the supplemental board at the tie up time of the last shift of their work week.

C. Employees with regular start times who are placed on the supplemental board will not be considered available for call from the supplemental board within 18 hours of the regularly scheduled start time of their regular assignment when other Employees are available to be called from the supplemental board.

D. Subject to the conditions above, Employees will be called from the supplemental board in order of their seniority. NOTE: If an employee declines a call, the employee moves to the bottom of the list, where he may be called for further service.

E. A supplemental board employee that is not available to work his regularly scheduled assignment as a result of service performed off of the supplemental board will be paid all the earnings of his regular assignment in addition to all other earnings from the supplemental board assignment.

ARTICLE 15
BASIC DAY AND OVERTIME

- A. Except as otherwise specifically provided in this Agreement, all service of ten hours or less will constitute a basic day.
- B. Overtime at 1.5 times the basic hourly rate will be paid on a nearest quarter-hour basis for all time worked in excess of 10 hours per shift.
- C. The Carrier will bulletin jobs to work for a minimum of 5 days per week. Except when exercising seniority to another position, an Employee, including a supplemental board Employee, who works on his rest day will be paid at 1.5 times the regular hourly rate, provided that he has worked all the bulletined starts of his assignment for the work week. Vacation pay, jury duty pay and paid leave days scheduled in advance will be considered days worked for purposes of applying this rule.

ARTICLE 16
TRAINING EMPLOYEES

- A. A student conductor is a person with no prior railroad operating experience who is still in his probationary period. An Employee who is required to train a student conductor will be paid an additional \$0.50 per hour for each hour of training. Only one member of a crew will be paid as a trainer.
- B. A student engineer is a person holding a student card and operating a locomotive under the supervision of an Employee who is a certified engineer. An Employee supervising a student engineer will be paid an additional \$5.00 per day, provided that the student engineer is actually operating the locomotive for three or more hours. Student engineers will record their actual time operating the engine/train on the prescribed form.
- C. Familiarization trips on a territory by qualified conductors and engineers will not be considered training under this rule.
- D. Employees training as conductors will not be assigned to a job/assignment as the conductor until approved by the Vice President of Transportation.

E. Student employees in the familiarization phase of their training will be placed onto the protecting extra board, paid as engineer or conductor (depending on extra-board) and assigned as if on extra-board. Engineers and Conductors will be directed by management to work specific assignments with an instructing employee who will receive trainer pay.

ARTICLE 17 ON/OFF DUTY POINTS

A. Employees will have a designated point for going on and off duty. Points for going on and off duty will be governed by local conditions. In certain locations, crews may be instructed to report at the yard office, others at the engine facility or ready tracks. It is recognized that the place to report will not be confined to any definite number of feet, but the designation will indicate a definite and recognized location.

B. Relief assignments will be bulletined to go on duty within a 35-mile radius.

ARTICLE 18 MEAL BREAKS

Employees may take 20 minutes in which to eat their meal, with no deduction in pay and with a minimum disruption to the service.

ARTICLE 19 CALLED AND RELEASED

A. When Employees are called for service and are later advised that they are not needed or the call is cancelled, they will be paid as follows:

- (1) If notified before leaving home, no pay will be due;
- (2) If notified after arrival at the on duty point but prior to performing service, actual time with a minimum of two hours at the rate they would have earned in the service for which called.

B. Employees who are not used after being called will remain first out on the extra board.

ARTICLE 20
USED OFF ASSIGNMENT

Employees holding a bid in regular assignment that are used off that assignment at the behest of the carrier will be entitled to a penalty payment of one half basic day's pay in addition to all other earnings. Off assignment penalties will apply in cases where an employee's on duty location, assignment designation, or craft is changed for the benefit of the carrier. Examples of cases where penalties will and will not apply are:

Example A - Employee exercises seniority from one assignment to another at the same on duty terminal. Due to the carriers inability to cover the vacated assignment the employee is held on the vacated assignment. That employee would be entitled to the penalty for each shift he is held on the vacated assignment.

Example B - Employee exercises seniority from one job to another at a different on duty terminal. Due to the carriers inability to cover the vacated assignment the employee is held on the vacated assignment. That employee would be entitled to the penalty for each shift he is held on the vacated assignment.

Example C - Employee is requested to protect an assignment with an on duty time or location other than their regular bid in assignment. That employee would be entitled to the penalty for each such shift.

Example D - Employee is requested to protect an assignment with the same on duty time and location as his regularly assigned job. Carrier uses another employee to cover his regularly assigned job. That employee would be entitled to the penalty for each such shift.

Example E- Employee is the regularly assigned engineer on an assignment and is requested to work as the conductor on that or another assignment. That employee would be entitled to the penalty for each such shift.

Example F - A regularly assigned crew comes on duty at their regular time and location and due to the needs of the carrier or customers is requested to perform duties other than their usual assignment. Those employees would not be entitled to the penalty for use off assignment.

Example G - An employee with a regular bulletined assignment accepts work off of the supplemental board on an assignment other than their bid in job. That employee would not be entitled to the penalty for use off assignment.

Example H – Extra-board employee filling an assignment in accordance with Article 9, Section B, Item 2 and is then used to protect a different assignment. That employee would be entitled to the penalty for use off assignment.

ARTICLE 21
RUNAROUND/IMPROPERLY PLACED

A. Employees who are run around or misplaced through no fault of their own will be paid the greater of (i) two hours' pay or (ii) the difference between the earnings of the job for which they were not called and the earnings of the job they actually worked.

B. Runarounds must promptly be brought to the attention of the appropriate Company official so that corrections can be made in the most expedient manner.

ARTICLE 22
REDUCING FORCES

A. When forces are reduced, Employees will be furloughed in reverse order of seniority.

B. When an Employee is furloughed, it will be his responsibility to file his telephone number and current mailing address with the appropriate Company Officer and Union, and to apprise the Company immediately of any changes in either his phone number or mailing address.

C. When forces are restored, Employees will be returned to service in reverse order of layoff. Recall letters will be sent to the last known address by U.S. Postal Service, Certified Mail, Return Receipt Requested or private Company next day delivery. An Employee recalled to service will contact the Company within 72 hours of receipt of notice to advise of his intent to report to duty within 14 calendar days. Failing to contact the Company within the prescribed

period or failing to report within 14 calendar days from the date of receipt of the recall letter will automatically terminate all seniority rights and end the employment relationship, unless the Employee can show good cause for the failure to report.

D. Employees will remain on a recall list for two years, after which they will be removed from the seniority roster.

E. The Company may call furloughed Employees in seniority order to perform service on an as needed basis, but this will not constitute a recall to service under paragraph C. Employees will remain in furlough status whether or not they accept the temporary assignment.

ARTICLE 23 CLAIMS OR GRIEVANCES

A. All claims or grievances must be presented in writing on the attached form (copy attached as exhibit 'A') by or on behalf of the Employee involved to the designated Company Officer and Local Chairman within 30 calendar days from the date of occurrence on which claim or grievance is based. A claim must state the date and approximate time of the event on which the claim is based, the rule of the Agreement alleged to have been violated and pertinent facts in support of the claim. If the claim or grievance is disallowed, the Company will within 30 days after the date the claim is received, notify the Employee or his designated representative, in writing, of the reasons for such disallowance.

B. If a disallowed claim or grievance is to be appealed, the appeal will be made in writing to the highest Company Officer designated to handle claims or grievances (the Appeal Officer) within 60 days after notice of disallowance is received from the first Company Officer. The Appeal Officer or his designated representative will have a conference with the party who filed the appeal to discuss the claim or grievance within 60 days after the appeal is received, or at such other time as mutually agreed. If the parties are unable to resolve the dispute in conference, the Appeal Officer or his designee will, within 60 days after the date of the conference, notify the party who filed the appeal, in writing, of the reasons for such disallowance of the appeal. Upon failure to comply with these provisions by the Union, the matter will be considered closed. Upon failure to comply with these provisions by the Company, the claim will be paid. In any case, neither of the foregoing will be considered a precedent or waiver of the contentions of the Union or the Company as to similar claims or grievances. Should a question arise as to the timeliness of

a written appeal or reply under this rule, the postmark will apply.

C. If the claim is denied under paragraph B, the decision is final unless, within 180 days of the date of the Appeal Officer's written decision, the Union has notified the Company of its intent to progress the dispute to arbitration by a tribunal having jurisdiction to dispose of such claims.

D. Only claims that are appealed will serve as precedents. No resolution of any kind at the initial level will establish precedent by or for either party.

E. Time limits as defined under this Article may be extended by agreement of the General Chairman and the highest designated officer of the Company.

Time Limits Examples:

Time to file grievance	30 days from event/occurrence
If denied by carrier	30 days from date grievance received
If appealed by union	60 days from date denial received
Conference between carrier and union	60 days from date the appeal is received
If appeal denied by carrier	60 days from date of conference
If taken to arbitration	180 days from appeal denial

ARTICLE 24
DISCIPLINE AND INVESTIGATIONS

A. Employees who have completed their probationary period will not be disciplined without just cause and without a fair and impartial investigation. The Employee will be notified of the charge against him within ten calendar days after the occurrence on which discipline is to be based or knowledge of the incident is received by a Company Officer who is in a position to file charges under this rule. Notice will be given by certified mail, overnight delivery service or hand delivery. The investigation will be scheduled to occur not later than ten days from the date of the Notice. Postponements of the investigation will not be unreasonably requested or denied.

B. Each of the parties may have witnesses present at the investigation, at their own expense; provided, however, that if a witness who is called by the Employee under charge or his representative provides material information not otherwise provided by other witnesses called by the Company or the Employee under charge, such witness will be compensated by the Company in the same manner as if he had been called by the Company. If discipline is assessed, a written notice will be sent to the Employee and the representative who attended the hearing within 30 days after the date of the closing of the investigation, and a written, complete and accurate transcript of the proceedings will be prepared and provided by the Company to the Union and/or the Employee.

C. Except for cases involving dismissal, an Employee may waive the investigation at any time after notice but prior to the investigation. If he waives the right to an investigation, the waiver will be reduced to writing and signed by the Employee and the official involved. The written waiver will include the Employee's acceptance of responsibility, waiver of rights under this Article and the full extent of discipline to be imposed. When an Employee elects to waive his right to investigation under this paragraph, the discipline assessed will be removed from his personnel record after two years from the date on which it was assessed, providing that during that two-year period the Employee is not involved in an occurrence of a similar nature. Waivers resulting in dismissal from service will not be offered by the Company or accepted by the Employee.

D. In cases that the Company determines to be serious (such as, but not limited to,

theft, altercation, drug/alcohol policy violations, insubordination, major accidents, serious misconduct, etc.) and/or when required by application of federal regulations governing the conduct of railroad operations, Employees may be withheld from service. It is understood that any Employee held out of service under this Article who, as a result of the investigation, is found not to have committed the offenses with which he was charged will be reinstated immediately and paid for time lost.

E. If the Union or the Employee desire to appeal the discipline assessed as a result of an investigation, a written appeal will be made to the designated Company Officer (the "Appeal Officer") within 30 calendar days from the latter of (i) the date the discipline was assessed or (ii) the transcript is received by the Union. The Appeal Officer or his designated representative and the Union representative who submitted the appeal or his designee will have a conference within 30 days after the Union's appeal is received. The Appeal Officer will issue his decision in writing to the Union within 60 days after of the date of the conference. If the Appeal Officer determines that an Employee has been unjustly disciplined or dismissed, such discipline will be set aside and removed from the Employee's record. The Employee will be reinstated with his seniority rights unimpaired, and will be compensated for wage loss, if any, suffered by him, resulting from such discipline or suspension.

F. If the matter remains unresolved following the Appeal Officer's decision, and the dispute is to be submitted to arbitration before a tribunal having jurisdiction, it must be submitted within 180 days after the date of the Appeal Officer's decision.

G. Time limits as defined under this Agreement may be extended by agreement of the General Chairman and the highest designated officer of the Company.

H. Employees required by the Company to attend an investigation as a witness during regular assigned hours will be made whole for time lost. Employees required by the Company to attend an investigation as a witness commencing outside their assigned hours will be rested as defined by the Hours of Service Law and will be paid at the straight time rate of their regular assignment.

ARTICLE 25
TRANSPORTATION EXPENSE

A. Employees must provide their own transportation to and from their on/off duty point.

B. When an Employee is required to work away from his home terminal he will be reimbursed at the mileage rate allowed by the IRS. It is understood the Company may determine the route to be used.

C. The Company will arrange for lodging if an Employee is working at a point more than 60 miles from his home terminal, provided that the Employee requests lodging in advance.

D. When an employee is called to an on duty location other than the designated home terminal, this employee will be "reimbursed at the mileage rate allowed by the IRS" to and from the home terminal location. If held on duty at a location other than their designated home terminal for more than one day, the Employee will be paid mileage to and from their home duty location for each day they are so held down.

E. In accordance with the hours of service act:

1. When an employee is called away from the home terminal location, he will be paid the travel time to and from the home terminal location of the extra board location in connection with his 10 hour basic day. The travel time to the on duty location will be considered hours of service time. And the travel time from the location will be considered limbo time.

2. If held down on the vacancy for more than one tour of duty, the travel time out on the first day of the assignment will be considered on duty time towards the hours of service and any Travel time in excess of 12 hours on the last day of the assignment is to be considered limbo time.

Note: Chart on standard mileage to be an Appendix to the Contract and posted at duty stations.

ARTICLE 26
LEAVE OF ABSENCE

A. Employees may be granted a leave of absence of up to 30 days upon approval and at the discretion of the Company, but not for a longer period except by mutual agreement of the Company and the Union, or as required by law. An Employee granted such leave of absence will sign a copy of the written authorization for the Company's records, with a copy furnished to the Local Chairman.

B. When possible, requests for a leave of absence or any extension of leave should be submitted in writing to the Company at least 30 days prior to the commencement of the leave period, or as soon as practicable. All Employees on approved leave are expected to report to the Company any change of status in their need for a leave or their intention to return to work.

C. Employees returning from a leave of absence of more than six (6) working days will be permitted to exercise seniority in accordance with the provisions of Article 8.

D. An Employee who fails to report for duty at the expiration of a leave of absence, or is absent without authority for three or more consecutive working days will be considered to have automatically terminated all seniority rights and ended the employment relationship, unless the Employee can demonstrate that he was involuntarily incapacitated or otherwise incapable of complying. In all cases, Employees must contact the Company prior to the expiration of the leave if possible.

E. An Employee on leave of absence from the Company may not work for another employer, unless approved in advance by the Company and the Local Chairman. An Employee found to have worked for another employer without proper authority will be considered to have resigned from the service of the Company.

G. Employees who must be away from service to perform official business for the Union will notify the Company, in writing, five days in advance of their absence, or as soon as practicable.

**ARTICLE 27
HOLIDAYS**

A. The Company will observe nine paid holidays each year. A schedule of dates on which the holidays will be observed by the Company will be published in December of the preceding year.

B. The nine paid holidays observed by the Company are:

New Years Day

Memorial Day

Independence Day

Labor Day

Thanksgiving Day

Day after Thanksgiving

Christmas Eve

Christmas Day

New Year's Eve Day

C. When assignments are worked on one of the recognized holidays, the incumbent will be expected to work the position unless allowed to mark off in the normal manner. Vacancies will be filled in the manner set forth in this Agreement.

D. Employees who perform service on one of the recognized holidays will be paid a basic day for the holiday, plus one and one-half times their regular hourly rate for the basic day or actual time worked, whichever is greater.

E. To qualify for holiday pay:

(1) An assigned Employee must (a) work all hours of assignment as scheduled on the last work day before and the first work day after the holiday (as observed) and (b) work the assigned hours on the holiday on which he is required to work. Vacation days or bereavement leave days will be considered hours worked for purposes of this provision.

(2) An extra board Employee must be available on the days immediately preceding, following and the day the Holiday is observed.

**ARTICLE 28
VACATIONS**

A. Employees who qualify will earn vacation time on the following schedule:

After 1 year's service: 12 days

After 5 years' service: 16 days

After 10 years' service: 20 days

B. Employees who have performed at least 200 days of compensated service in the prior year will be credited with vacation days to be used in the following year, according to the above schedule. During an Employee's year of hire, he will earn one vacation day for each full month worked, to be taken after January 1 of the next year.

C. Weekly vacations for the following year will be requested and assigned on or about December 15th of the year preceding the year in which vacations are to be taken.

On or about October 15th of each year, vacation bidding for the following calendar year will commence, with the goal that the vacation assignment process is completed on or about December 15th of that year. Bulletins for vacation bids will first be issued to the senior 25% of the employees on the conductors' seniority roster; Employees will have ten calendar days to submit their vacation requests to the designated Company Officer. The results will be compiled and vacations assigned as provided in this Article during the three days following the end of the bidding process. A second bulletin will be issued to the second most senior 25% of the employees on the conductors' seniority roster. This bulletin will include the information regarding both available weeks and weeks that have been assigned, to simplify the bidding process. The assignment process will be repeated for this bulletin. The process will be repeated two more times – once for the third most senior 25% of the conductors' seniority roster and once for the most junior 25% of the conductors' seniority roster.

Employees who fail to submit bids with their seniority group will be given an opportunity to bid with subsequent groups. Their vacation selection will be limited to weeks that have not been previously selected in the bidding process.

D. Employees will be paid 5 days pay at 10 hours per day at the hourly rate paid for the last assignment worked for each week of vacation. Employees may take up to one week of vacation time in one-day increments. Individual days that are not used or scheduled to be used by November 15 (for use between then and the end of the year) may be granted but are not guaranteed and if unused, may be carried over; up to one year's accumulated vacation; any amount in excess of one year's accumulated vacation will be forfeited.

**ARTICLE 29
PERSONAL LEAVE**

A. Employees will be granted 6 paid personal leave days per year. Personal leave days must be requested and approved at least 48 hours in advance, except in extenuating circumstances. Each day of personal leave will be paid at the rate of 10 hours at the hourly rate paid for the last assignment worked prior to the leave. For employees hired after the effective date of this agreement, personal days shall be earned in accordance with the following schedule:

After 1 year of service	2 personal days
After 3 years of service	4 personal days
After 5 years of service	6 personal days

Effective January 2013 there will be no buy-back of unused personal leave days; however, employees may use a personal day on a "rest" day.

**ARTICLE 30
JURY DUTY**

Employees who serve on jury duty will submit to the Company all amounts paid by the court for such service and the Employee's current rate of pay that would otherwise have been earned will be paid by the Company for each day of jury duty served, up to a maximum of 30 days in any two-year period. No pay will be granted to Employees under this rule who are already on vacation, leave of absence, furlough or paid holiday.

**ARTICLE 31
CALLED AS WITNESS BY CARRIER**

Employees who are directed by the Company to attend an investigation as a witness or who are directed or requested by the Company to give a deposition or attend court as a witness will be paid all earnings lost and be reimbursed actual expenses incurred as a result of the appearance. Expenses will be reimbursed in accordance with Company Policy.

**ARTICLE 32
HEALTH and WELFARE, MAJOR MEDICAL, and DENTAL COVERAGE**

A. Employees will be covered by the Carriers' Group Health Benefit Plan (the "Plan"). A booklet outlining the coverage available can be obtained from the general office. Employees must first meet the qualifying criteria as described in the Plan before they can become eligible to receive benefits. Employees shall participate in the Carrier Health and Welfare plans under the same terms and conditions as other Carrier employees who are enrolled in the same plans, including Corporate employees. The Carrier will notify the organization of any updates, amendments or modifications to the plan and will if requested meet to discuss the updates, amendments or modifications with the Organization.

B. Effective July 1, 2012 the following employee monthly contributions will be required to continue Health and Dental insurance coverage:

	Health	Dental
Single:	\$10.00	\$2.50
Two Person:	\$30.00	\$7.50
Family:	\$50.00	\$7.50

The Contributions will be subject to adjustment on an annual basis in January of each year.

Employee contributions shall be the same as required of other Carrier employees subject to a maximum annual increase of ten (10) % in 2013. Effective with calendar year 2014 and thereafter the increase will be subject to a maximum increase of fifteen (15%). For those employees who participate in the voluntary annual health assessment, the maximum annual increase will be ten (10%) per year.

Annual Health Assessment

Employees may participate in the Carrier's (Confidential) annual Health Risk Assessment program. Health Risk Assessment information, other than employee participation, will not be shared with Carrier personnel.

ARTICLE 33
125-a SAVINGS PROGRAM

Employees may participate in the Company's 125-a voluntary savings program under Internal Revenue Code section 125-a on the same basis as other employees.

ARTICLE 34
401(K) PLAN

A. Any Employee who is covered by the Agreement may contribute to the Genesee & Wyoming Inc. 401(K) Savings Plan (the "Plan") beginning on the first day of the quarter following their date of hire.

B. The Carrier will provide a 25 percent match on the first 6 percent of pay contributed by the Employee to the Plan, which will not exceed 1.5 percent of the Employee's compensation for that year. Upon the effective date of this agreement the plan match will be increased as follows: Beginning with the first calendar quarter after one year of employment, the Company will provide a 100 percent match on the first four (4) percent of pay contributed by the Employee to the Plan, which will not exceed four (4) percent of the Employee's compensation for that year.

C. The Plan is intended to be a qualified plan within the meaning of section 401 of the Internal Revenue Code.

D. Plan administration (Note: not addressing the employer match). Employee may participate in the Carrier 401k plan under the same terms and conditions as all other Carrier employees including Corporate employees, who are enrolled in the same plan. The Carrier will notify the Organization of changes, alterations, amendments or modifications in the 401k plan prior to the effective date and at the Organization's request will discuss such changes with the designated representative; however, nothing contained in this Collective Bargaining Agreement is intended to limit the right of the Carrier to alter, modify, change or amend the plan, or plan

design, at any time, so long as the change(s) also apply(ies) to all other Carrier employees who are enrolled in the same Plan.

Note: If Carrier establishes auto enrollment program bargaining unit will participate in the program upon the same terms that the plan is offered to Carrier employees.

ARTICLE 35 HOURLY INCENTIVE PROGRAM

Upon the effective date of this agreement, (prorated for 2012) the prior profit sharing plan will be replaced as follows:

2% - to serve as a profit sharing incentive (condition is that the PNWR has a profit for the year).

2% - individual safety bonus (no injuries or HFIs)*

1% - Region safety bonus (Oregon Region attains its assigned safety goal for the year)

All percentage payments are based on individual employee's compensation for the prior year (hours worked – straight time and overtime hours only. Prior bonus awards are not included.) Payments to be made: ½ after June and ½ after December of each year.

*Note: For the profit incentive and individual safety bonus award, at the end of each six month period, the "safety" eligibility clocks reset. The effect is that if an employee had an HFI during the January – June time frame, he would still be eligible to earn a bonus for the July – December time frame, provided he meets the safe work standard.

ARTICLE 36 VOLUNTARY LIFE AND DISABILITY INSURANCE

Employees may participate in the Company's voluntary life and disability insurance program on the same basis as other employees.

ARTICLE 37
PERSONAL PROTECTIVE EQUIPMENT

A. Employees will be reimbursed for the cost of safety shoes, up to a maximum of \$150 (effective July 1, 2012) per calendar year, until the Company has established a safety boot program with a specific vendor for whom the Employees will receive an annual voucher.

B. Employees required by the Company to wear safety eyeglasses will be eligible to participate in the Company's prescription safety glasses program on an annual basis.

C. Any other personal protective equipment required by the Company to be used by Employees will be provided at no cost to the Employee.

D. New Employees will become eligible for the reimbursements mentioned in A and B above upon completion of the probationary period in Article 7 of this Agreement.

ARTICLE 38
NEUTRAL MEDICAL AUTHORITY

A. When an Employee has his services restricted or is withheld as a result of an examination by the Company's physician, the Employee or his duly accredited officer of the Union may make a written request to the designated officer of the Company for a neutral medical authority to review the case. The request must be accompanied by an opinion from a competent physician which differs materially from the Company physician's opinion as to the Employee's condition and fitness to resume service in his regular position.

B. Within 15 days after the receipt of a request for a neutral medical authority, the physicians for the Employee and the Company, respectively, will appoint a mutually acceptable neutral medical authority who will be expert on and specializing in the disability from which the Employee is alleged to be suffering.

C. The neutral medical authority will then review the Employee's case from medical records and opinions furnished by the parties and, if he deems necessary, conduct an examination of the Employee. The neutral medical authority will then provide a report of his findings to the other physicians involved setting forth his opinion as to the Employee's condition and fitness to resume his normal duties of employment. This opinion will be accepted as final.

D. In the event the neutral medical authority concludes that the Employee is fit to continue in service in his regular employment, he will also render an opinion as to whether the Employee's fitness existed at the time of being withheld from service. If such opinion states that the Employee possessed such fitness at the time of being withheld, the Employee will be compensated at the straight time rate of pay for each work day lost during the period withheld. In the event the neutral medical authority concludes the Employee is not medically fit to perform his regular duties, the Union may, upon presentation of an opinion from a competent physician after 90 days request reexamination of the Employee by the Company's physician. Similar requests may be made once each 90 days thereafter.

E. The Company and the Employee will split equally the fees and expenses of the neutral medical authority and any examination expenses, such as hospital, laboratory or x-ray, which may be incurred.

F. This Article contemplates that the opinion rendered regarding an Employee's fitness and ability to perform his duties requires complete knowledge of the Employee's medical history, physical condition and the requirements and nature of the Employee's job. All of these elements, when taken together, constitute an informed, competent medical opinion regarding an Employee's capability to perform the necessary duties of his normal position.

ARTICLE 39 QUALIFICATION, CERTIFICATION AND TRAINING

A. When Employees are required by the Company to attend classes or take examinations outside the hours of their assignment, including but not limited to, rule and recertification (FRA PART 240), they will be paid for the actual time of such event, with a minimum of four hours at the Employee's current rate of pay.

B. Events such as those mentioned above should, to the extent practicable, be scheduled so as to avoid loss of time by Employees. It is understood Employees may be required to attend such events while they are on duty and under pay, in which case they will be paid as though working, and no pay under paragraph A will apply.

C. After one year of service, Employees will be given their student cards to become certified engineers, in seniority order. They must complete their required hours of actual engine/train operations within one year after receipt of their student card. The Company may

place student engineers on conductor vacancies created by vacation of an incumbent, and the job will be considered as filled. The Company will exert every reasonable effort to facilitate the timely qualification, certification and training of employees governed by this contract at such time as the employees become eligible for promotion as provided by the contract.

D. Employees will be given one opportunity to pass written tests under paragraph A. If they fail to pass the test, they will be removed from service and given a retest within 7 days after the failed test, at their own expense. If an Employee fails the retest, the Company may terminate him from service without recourse to Article 23 and Article 24 of this Agreement.

E. Employee Trainers will be paid at their regular rate of pay for actual time spent training.

ARTICLE 40 COMPENSATION - RATES OF PAY

A. RATES OF PAY

(1) As of January 2011, the full rate of pay for certified engineers working as engineers is \$21.08 per hour.

(2) As of January 2011, the full rate of pay for people working as conductors is \$18.87 per hour.

(3) As of January 2011, the full rate for footboard yardmaster positions, is \$20.24 per hour.

B. ENTRY RATES

(1) Employees with less than three years of seniority with the Company shall be paid less than the full rate, based on the following schedule:

a. 80% of the full rate of the job being worked - new hires without prior relevant railroad experience, during the first year of employment.

b. 86% of the full rate of the job being worked - during the second year of employment.

c. 94% of the full rate of the job being worked- during the third year of employment.

d. After the end of the third year of employment, an Employee will be paid the full rate of pay for the job being worked.

NOTE: the progressions set forth above apply to all positions, including extra boards.

(2) Rates of pay under this Article will be adjusted in the first pay period of January. Those whose anniversary occurs before June 30 of that year will assume the higher rate in the first pay period of January. Those whose anniversary occurs after July 1 of that year will assume the higher rate in the first pay period of the following January.

C. ENGINEER TRAINEE

Conductors who receive a student card to train as certified engineers will be paid the conductor's rate while training, subject to any entry rate reduction, if applicable.

D. GENERAL WAGE INCREASES

General wage increases will be applied to hourly rates of pay as follows:

<u>Date</u>	<u>Percent</u>
January 1, 2011	2 percent

Note the 2011 increase is already calculated in the per hour amount provided in section A of this article.

January 1, 2012	2.5 percent
January 1, 2013	3 percent
January 1, 2014	2.5 percent
January 1, 2015	3 percent
January 1, 2016	2.5 percent
January 1, 2017	3.5 percent

E. When an error by the Company results in an Employee's check being short by more than one day's pay, the Company will promptly issue a separate check in the amount of the discrepancy after being notified of the discrepancy.

ARTICLE 41
REMOTE CONTROL OPERATIONS

A. When the Carrier establishes assignments using remote control locomotives (“RCL”), they will be manned by Employees, at least one of whom is a qualified remote control operator (“RCO”). The RCO shall be a certified Engineer.

B. Employees working on two-man RCL crews will be paid \$1.50 per hour worked, in addition to their regular earnings. Employees working on one-man RCL crews will be paid \$3.50 per hour worked, in addition to their regular earnings. This additional amount will not be used in the calculation of the overtime rate of pay.

C. Employees may exercise their seniority to RCO training positions, which the Carrier will schedule on an as-needed basis. Once qualified as an RCO, an Employee may exercise his seniority to RCO positions as they are established by the Company.

D. Employees in train or engine service on the effective date of this Agreement will be “RCO Protected.” If a position(s) that exists as of the effective date of the Agreement is eliminated as a result of the establishment of an RCO assignment, which results in an RCO Protected Employee being unable to hold a regular assignment, he will go to the extra board and will not be subject to furlough so long as the position continues to be vacant due to the use of RCL technology. This provision may not be construed to entitle RCO Protected Employees to furlough protection when jobs are eliminated for other reasons or they are displaced for other reasons.

E. The number of RCO Protected Employees will be equal to the number of positions eliminated by establishment of RCL assignment after the effective date of the Agreement being operated. If the positions are restored, then the number of RCO Protected Employees will be reduced on a one-for-one basis.

ARTICLE 42
UNION SHOP

A. Subject to the terms and conditions below, all Employees will, as a condition of their continued employment under this Agreement, become members of the union within 120 days after the date they first perform compensated service under this Agreement, and will maintain membership in good standing in the Union while subject to the Agreement; provided, however, that this requirement for membership in the Union will not be applicable to:

- (i) Employees to whom membership is not available upon the same terms and conditions as are generally applicable to any other member,
- (ii) Employees to whom membership has been denied or terminated for any reason other than the failure of the Employee to tender the periodic dues, initiation fees and assessments (not including fines and penalties) uniformly required as a condition of acquiring or retaining membership in the Union, or
- (iii) Employees who are members of another labor organization as permitted by Section 2, Eleventh (c) of the Railway Labor Act, as amended.

B. Employees with seniority under this Agreement, who are assigned or transferred for a period of 30 calendar days or more to employment not covered by the Agreement, or who are on leave of absence for a period of 30 calendar days or more, will not be required to maintain membership as provided in paragraph A of this Article so long as they remain in such other employment, or on such leave of absence, but they may do so at their option. If and when such Employees return to any service covered by this Agreement, they will comply with the provisions of paragraph A of this Article within 30 calendar days after their return to service.

C. An Employee whose membership in the Union is suspended because of furlough or off-duty illness or injury for a period of 30 calendar days or more, will be granted upon his/her return to service under this Agreement, a period of 30 calendar days to comply with paragraph A of this Article.

D. Every Employee required by the provisions of this Article to become and remain a member of the Union will be considered by the Company to be a member of the Union, unless

the Company is advised to the contrary in writing by the Union. The Union will be responsible for initiating action to enforce the terms of this Article.

E. The Union will furnish to the Company, in writing, the name and roster number of each Employee whose seniority and employment the Union requests be terminated by reason of failure to comply with the membership requirements of this Article. The Union will indemnify the Company against all liability (including reasonable attorney's fees and expenses) related to its compliance with the provisions of this Article.

ARTICLE 43 DUES DEDUCTION

A. Subject to the conditions set forth herein, the Company will deduct all sums for periodic union dues, assessments and insurance premiums payable to the Organization by a member of the Organization employed by the Company, from wages earned in any service, upon receipt of the written authorization from a member on the form agreed upon by the parties.

B. Payroll deduction authorizing forms may be revoked by executing the form designed for this purpose and agreed upon by the parties.

C. Authorization and revocation forms will be reproduced and furnished to its members by the Organization. The Organization will be responsible for execution of the authorization forms by the members and for delivering such forms to the Company. In like manner, revocation forms will be furnished by the member who will also be responsible for its delivery to the Company.

D. Deductions will be made by the Company in accordance with a deduction form furnished by the appropriate officer of the Organization. Such lists, together with authorization and/or revocation forms as applicable, will be furnished to the Company on or before the tenth day of each month in which the deduction or termination of deduction is to become effective. Initially such original lists furnished will include the member's name and social security number and the amount to be deducted.

E. In the event earnings of an Employee are insufficient (after deduction of all appropriate federal, state and municipal taxes, premiums for insurance, other deductions required by law, such as garnishments and attachments, and amounts due the Company by the Employee) to permit the full amount of deduction, no deduction will be made.

F. Any action taken by the Company pursuant to this Article will be in writing from the Organization and for the benefit of the Organization. In the event of a dispute concerning any action taken by the Company under this Article, the Organization agrees to indemnify the Company, including payment of its attorneys' fees, and will hold the Company harmless.

ARTICLE 44 DIRECT DEPOSIT

A. The Company may make payment to Employees using direct deposit with institutions which are capable and equipped to accept deposits electronically.

B. When requested by the Company, Employees will provide such information as is necessary to facilitate electronic deposit into the Employee's account(s).

C. In the event of overpayment made by the Company to an Employee, the Company may recover the amount of such overpayment from the Employee's account through electronic means, and must provide a written statement to the Employee clearly detailing the amount of the overpayment. The Company is strictly prohibited from transferring funds from an Employee's account for any reasons other than overpayment.

ARTICLE 45 COPY OF AGREEMENT

The Company, at its expense, will furnish each Employee covered by this Agreement with a copy.

ARTICLE 46 SAVINGS CLAUSE

The parties to this Agreement commit their mutual intent that the Agreement is complete and accurate with regard to all matters to which they have agreed. The parties further commit, therefore, that should any inadvertent errors or omissions be brought to the attention of one party by the other, on matters to which they have agreed, the parties will meet promptly to correct those errors.

ARTICLE 47
MANAGEMENT RIGHTS

The Carrier retains the sole and exclusive right to direct the work force and manage the affairs of its business except as provided by this agreement and to establish and post reasonable rules of conduct including a Code of Ethics which shall be reviewed and acknowledged by all employees covered by this agreement on an annual basis as long as the Code applies to all other Carrier employees.

All policies, practices and procedures previously or subsequently issued by the PNWR that are not in conflict with this Agreement govern the employees covered by this agreement.

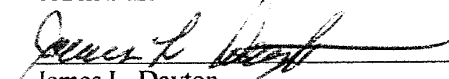
ARTICLE 48
EFFECTIVE DATE AND MORATORIUM

A. This Agreement is intended to be and is the full agreement of the parties and supersedes any prior practices or agreements.

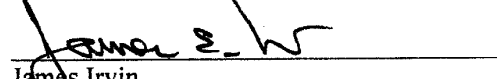
B. This Agreement will remain in effect until changed in accordance with the Railway Labor Act (“RLA”), as amended. The parties agree that no notices pursuant to Section 6 of the RLA, may be served or progressed prior to January 1, 2017, and not to be effective until January 1, 2018. This provision will not bar the parties from making such changes by mutual agreement at any time.

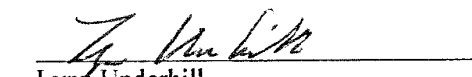
C. The undersigned hereby agree to the terms and conditions of the foregoing Agreement.

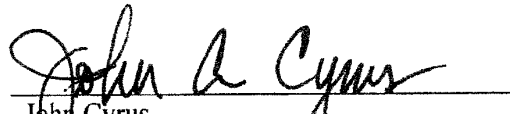
FOR THE BROTHERHOOD OF
LOCOMOTIVE ENGINEERS AND
TRAINMEN

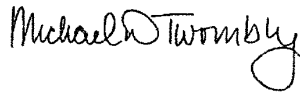

James L. Dayton
General Chairman

FOR PORTLAND & WESTERN
RAILROAD, INC. and
WILLAMETTE & PACIFIC RAILROAD, INC

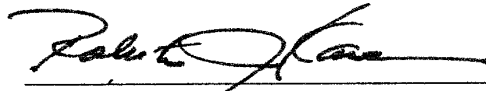

James Irvin
President


Lynn Underhill
Local Chairman


John Cyrus
VP Transportation



Michael D. Twombly
VP, BLET


Roberta Kane
VP Human Resources

Mr. James L. Dayton
General Chairman
Brotherhood of Locomotive Engineers & Trainmen
PO Box 609
Pocatello, ID 83204-0609

SIDE LETTER NO. 1

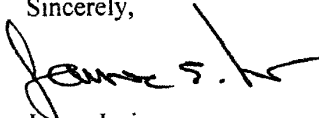
Dear Mr. Dayton:

Based upon previous side letters and agreement with mutual acceptance of the Carrier and the Union the following employees will not be subject to the engineer certification requirements of Article 2, Item C and 39, item C of this agreement.

Mitchell Harris
Juanita Thompson
Ty Jones
Mark White
Tom Strubel
John Scott
Tom Hannon
Eric Boyden
Joe Stokes
Chad Baum
Greg Armstrong
Luke Grant
Brad Williams


If these employees shall in the future apply for promotion to engineer they can do so but will move to the bottom of the current seniority roster as of the date such application is made.

Sincerely,



James Irvin
General Manager

Agreed:



James L. Dayton July 2, 2012
General Chairman

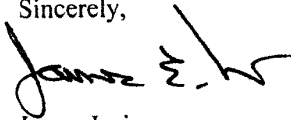
Mr. James L. Dayton
General Chairman
Brotherhood of Locomotive Engineers & Trainmen
PO Box 609
Pocatello, ID 83204-0609

SIDE LETTER NO. 2

Dear Mr. Dayton:


Wage adjustments, including any 'retro' wage adjustments, will be completed within sixty (60) days of the effective date of the July 1, 2012 agreement.

Sincerely,



James Irvin
General Manager

Agreed:



James L. Dayton *July 2, 2012*
General Chairman

MILEAGE:	Albany	Albany OE	Corvallis	Eugene	Linnton	McMinnville	Newberg	Reed Pit	Salem	St. Helens	Tigard	Toledo	Wilsonville
Albany	0	2.5	12	48	78	53	53	34	29	98	62	60	54
Albany OE	2.5	0	13	48	77	52	52	33	28	96	61	61	52
Corvallis	12	13	0	50	94	47	68	49	44	113	76	46	67
Eugene	48	48	50	0	124	97	94	78	73	141	106	96	97
Linnton	78	77	94	124	0	48	32	49	53	21	20	139	28
McMinnville	53	52	47	97	48	0	15	20	30	61	30	83	28
Newberg	53	52	68	94	32	15	0	22	30	51	15	103	18
Reed Pit	34	33	49	78	49	20	22	0	9	69	33	95	24
Salem	29	28	44	73	53	30	30	9	0	73	36	90	28
St. Helens	98	96	113	141	21	61	51	69	73	0	37	158	47
Tigard	62	61	76	106	20	30	15	33	36	37	0	122	11
Toledo	60	61	46	96	139	83	103	95	90	158	122	0	114
Wilsonville	54	52	67	97	28	28	18	24	28	47	11	114	0

DEADHEAD:	Albany	Albany OE	Corvallis	Eugene	Linnton	McMinnville	Newberg	Reed Pit	Salem	St. Helens	Tigard	Toledo	Wilsonville
Albany	0	:05	:15	:50	1:25	1:10	1:05	:40	:30	1:55	1:10	1:25	1:00
Albany OE	:05	0	:20	:50	1:20	1:10	1:00	:35	:30	1:50	1:05	1:15	:55
Corvallis	:15	:20	0	:55	1:40	1:25	1:15	:55	:50	2:10	1:25	1:00	1:15
Eugene	:50	:50	:55	0	2:17	1:55	1:40	1:20	1:15	2:30	1:50	2:00	1:40
Linnton	1:25	1:20	1:40	2:10	0	1:10	:50	:55	1:00	:30	:30	2:45	:30
McMinnville	1:10	1:10	1:25	1:55	1:10	0	:25	:40	:55	1:40	:55	2:15	:45
Newberg	1:05	1:00	1:15	1:40	:50	:25	0	:25	:40	1:15	:25	2:15	:25
Reed Pit	:40	:35	:55	1:20	:55	:40	:25	0	:10	1:25	:35	2:00	:25
Salem	:30	:30	:50	1:15	1:00	:55	:40	:10	0	1:30	:40	1:55	:30
St. Helens	1:55	1:50	2:10	2:30	:30	1:40	1:15	1:25	1:30	0	1:00	3:10	1:05
Tigard	1:10	1:05	1:25	1:50	:30	:55	:25	:35	:40	1:00	0	2:25	:15
Toledo	1:25	1:15	1:00	2:00	2:45	2:15	2:15	2:00	1:55	3:10	2:25	0	2:15
Wilsonville	1:00	:55	1:15	1:40	:30	:45	:25	:25	:30	1:05	:15	2:15	0

Portland & Western Railroad, Inc.
 Engineman's & Trainman's
 Unusual Time Claim Report

Pay Period Ending _____ Name _____ Employee Number _____ Report # _____

DATE	STATION	JOB NUMBER	OCCUPATION	HOURS STRAIGHT TIME	HOURS OVER-TIME	RATE of PAY	ARTICLE CLAIMED AGAINST	EXPLANATION
TOTALS								
OTHER REMARKS								



Employee Signature _____

Supervisor Signature _____