

AGREEMENT
BETWEEN THE
DAKOTA, MINNESOTA & EASTERN RAILROAD CORPORATION
(DM&E)

CANADIAN
PACIFIC

AND THE
INTERNATIONAL ASSOCIATION OF MACHINISTS AND
AEROSPACE WORKERS (IAMAW)



COVERING
RATES OF PAY AND WORKING CONDITIONS
FOR
MECHANICS, APPRENTICES AND WORKING FOREMEN

EFFECTIVE: November 16, 2011

Preamble

(a) The Dakota, Minnesota and Eastern Railroad (DM&E) recognizes the International Association of Machinists and Aerospace Workers (IAMAW) as the collective bargaining representative for Car and Locomotive Mechanics and Working Foremen employed by the DM&E (Covered Employees). Where the term Organization or Union appears herein, it is understood to mean the IAMAW. Where the term Company appears herein, it is understood to mean the DM&E or a party authorized or designated to handle matters for the DM&E.

(b) The right to make and interpret contracts and/or agreements covering rules, rates of pay, benefits and working conditions on behalf of the employees shall be the sole purview of the IAMAW General Chairman and the DM&E's highest designated officer, as those terms are understood or defined in the Railway Labor Act (RLA).

(c) Where the masculine gender is used, it is construed to include masculine and feminine. The singular is construed to include the singular and the plural unless the context clearly indicates otherwise.

(d) The DM&E and IAMAW agree that the fundamental mission of the DM&E and its employees is to provide customer service in the safest and most efficient manner. This Agreement is a collectively bargained labor agreement between DM&E and IAMAW and applies to DM&E employees represented by the IAMAW.

(e) The Organization reaffirms the long-standing principle that the Company retains the authority to assign work and manage its business according to its best judgment so long as its actions are not specifically restricted or in direct violation of this Agreement.

(f) The parties agree that this Agreement is prepared based on existing federal and state laws. To the extent that changes to such laws in the future may change the working conditions, hours of service, and terms of compensation agreed to herein, the parties agree to timely make such equitable adjustments as necessary. If the parties are unable to timely agree on such adjustments, the Company may implement its proposed adjustments, the Organization may grieve the adjustments, and the parties shall thereafter cooperate in promptly obtaining a decision on the appropriate equitable adjustments using the minor dispute process forums available under the Railway Labor Act.

RULE 1 - Scope

(a) The rules in this Agreement govern the hours of service, rates of pay, and working conditions of DM&E employees in the mechanical department who inspect, maintain, and repair locomotives and cars owned or leased by DM&E to meet its common carrier obligations.

(b) It is recognized that the flexibility to use contractors/third parties has been the practice on the DM&E. Therefore, DM&E may continue to utilize the services of third party/contractors on the same basis as it had prior to the effective date of this Agreement as long as it does not directly cause the abolishment of one or more positions under this Agreement.

(c) Other employees may perform work on an “as needed” temporary basis as long as it does not cause or result in the abolishment of one or more positions under this Agreement, provided no mechanical employee is in a furlough status at that location.

RULE 2 - Seniority

(a) Selection for employment and award of a seniority date are based on the assumed accuracy of the employment application and any other information supplied by the employee during the hiring process. Any misrepresentations, falsifications, or material omissions in any of the information or data supplied by an employee for initial or subsequent positions within DM&E may result in exclusion of the employee from further consideration or, if the person has already been hired, termination from employment.

(b) Seniority dates for persons hired as mechanics or apprentices shall be the first day that they perform compensated service in the Mechanical Department. All employees covered by this Agreement shall retain district seniority rights based on the map below. Covered employees hired on or before the date of this Agreement will also have prior rights by location solely for purposes of bidding and displacement preferences when forces are increased or decreased at the location.

(c) Seniority districts as delineated on the map in Attachment J will govern.

(d) When more than one person qualifies for seniority on the same date, the persons will be ranked for seniority oldest to youngest in birth date order. If birth dates are the same, the alphabetical order of last names among persons with the same birth date will be used to establish seniority order among those persons.

(e) The seniority of any employee who is furloughed for two (2) calendar years will be terminated if such employee has less than three (3) years seniority. The two (2) calendar year period excludes any period when a furloughed employee receives compensation from a STB employee protection order or an employee protection agreement or arrangement.

(f) Except as otherwise provided by this Agreement, seniority rights of employees covered by these rules may be exercised only when new positions are established, vacancies of 30 days or more are posted, a reduction in forces occurs, a job is abolished or when displaced.

RULE 3 - Probationary Period

(a) Unless otherwise defined in the Mechanic Apprentice Training Program in Attachment I, seniority and other rights granted under this Agreement do not apply until a newly hired employee completes a sixty (60) day probationary period to the satisfaction of the Company. The probationary period begins on the first day the employee performs compensated service. The Company may end the probationary period earlier than the sixty (60) days by sending notice to the employee with copy to the General Chairman. If the Company determines that the 60 day period does not allow sufficient time to thoroughly evaluate the employee's performance, the probationary period may be extended for an additional specified period of time by Agreement with the General Chairman.

(b) The probationary period is intended to give new employees the opportunity to demonstrate their ability to achieve a satisfactory level of performance and to determine whether the new position meets their expectations. During this period, the supervisor/manager will evaluate employee capabilities, work habits, and overall performance and will consult with the employee's co-workers in making this decision. The employee or the Company may end the employment relationship at will at any time during this probationary period, without cause, advance notice, nor appeal by the employee.

RULE 4 - Promoted Positions

(a) Employees promoted to official management positions on any of Canadian Pacific's railroads shall retain and accumulate their seniority and ranking on the Company's seniority roster, provided a seniority retention fee is paid, which shall be equivalent to monthly union dues.

(b) In the event that the employee's managerial position is abolished, or the employee is demoted in good standing, the employee may exercise seniority rights pursuant to Rule 9 (d). Failure to do so, unless postponed for reasons relating to medical qualification, will be treated as a voluntary forfeiture of seniority.

(c) An employee who voluntarily resigns from his management position in good standing may exercise his seniority rights to an open position.

(d) Working foreman will be considered promoted positions not subject to Rule 6 (f), with the understanding that foreman will be obligated to pay dues in compliance with Attachment C.

RULE 5 - Seniority Rosters

(a) Seniority rosters for working foremen, and mechanics/apprentices will be established. The rosters will include the name, district seniority date, work skills, prior rights district designation (N or S), and prior rights point location (if hired

prior to the effective date of this Agreement), and an (a) for an apprentice with more than 180 days and (p) for an apprentice with less than 180 days.

(b) Rosters will be prepared from the Company's records and posted on or before January 30 of each year in places accessible to all employees covered by this Agreement. Electronic copies of the rosters will be sent to the General Chairman at the time that the rosters are posted unless s/he requests a written copy. The posting requirement may be satisfied at any location with an electronic posting so long as all employees covered by this Agreement have access to the electronic posting at that particular location. A covered employee may print a copy of the electronic posting from the Company's access point or be timely furnished a printed copy upon written request to his or her supervisor. A notice will be electronically issued to advise employees that an updated roster has been issued for their review.

(c) Seniority dates and other data not challenged within thirty (30) days from first posting on a roster are considered permanently established. Protests must be submitted in writing or e-mail to the designated Company officer. Typographical errors on subsequent rosters may be corrected at any time.

(d) Electronic access to corrected or revised rosters will be made available to all employees covered by this Agreement. The General Chairman will be furnished electronic copies of the initial seniority roster and all revisions. Electronic access to rosters will constitute compliance with this commitment.

RULE 6 - Posting of New Positions and Long Term Vacancies

(a) New positions and vacancies in existing positions known to be greater than thirty (30) days will be posted in places accessible to employees covered by this Agreement for a minimum of seven (7) calendar days. This requirement may be satisfied at any location with an electronic posting so long as all employees covered by this Agreement have access to the electronic posting.

(b) The posting will show position type (new position or long term vacancy), bid deadline, location, title, work-shift hours, work-cycle days for work and rest days, qualifications, and, if the position is a vacancy, the expected duration, if known.

(c) Employees desiring to bid shall file their application to the office or person identified on the posting no later than 1700 hours (5 p.m.) of the seventh day of posting. Applications may not be withdrawn once the bid period is closed.

(d) When more than one new position or vacancy of greater than thirty (30) days is posted at the same time, employees have the right to apply for any or all positions, stating their preference(s).

(e) Internal and external postings may run concurrently with the understanding that an internal candidate will be given preferential consideration, provided they have comparable experience, qualifications, and have met DM&E's performance

standards. Employees covered by this Agreement without comparable experience or qualifications but who have met DM&E's performance standards will also receive preferential consideration over external candidates who lack comparable experience or qualification.

(f) Positions will be awarded to the senior qualified mechanic who makes application. If a position is not awarded in seniority order due to lack of qualifications, the Company will provide the information to the Organization supporting its decision on qualifications upon request.

(g) The name of the successful applicant will be posted for five (5) calendar days in the same manner as the original posting.

(h) In the event no acceptable bids are received from qualified mechanics, the position may be left unfilled or may be filled on a temporary basis by the appointment of the junior qualified employees or by an apprentice who has at least one (1) year of experience.

(i) If forces at a location are being realigned or reorganized, to minimize disruption, the Company may use a reassignment process whereby the employees currently working at the location indicate their preference, in seniority order. It is understood that no employee will lose time as a result of such reassignment.

(j) Employees who are awarded a position under this Agreement will be given full cooperation by supervisors in their efforts to learn the tasks and requirements for the position. If they fail to satisfactorily perform the tasks and requirements for their position after a reasonable period of time, they will be permitted to exercise seniority in accordance with Rule 9 (d).

RULE 7 - Short Term Vacancies

(a) Managers will determine whether a short vacancy of 30 days or less will be filled in whole or in part. If filled, it will be filled by the senior qualified employee requesting vacancy if service requirements permit. The vacancy resulting from this appointment will also be considered a short vacancy under this rule and, if filled, will be filled in the same manner.

(b) An employee filling a position under this rule with a higher rate of pay will be compensated at the higher rate.

RULE 8 - Relief Positions

(a) The Company may choose to establish regularly assigned relief positions

(b) If established, relief positions may work different positions, including different days, starting times, duties and work locations. Postings in accordance with section (a) of this Rule for these relief positions will show the expected work

locations, starting times, and positions to be relieved as well as rest days for the relief position.

(c) Applicants bidding on a relief position must be qualified to perform all of the work associated with the positions described in the posting. Positions will be awarded to the senior, qualified applicant. If a position is not awarded in seniority order due to lack of qualifications, the Company will provide the information supporting its decision on qualifications.

(d) The employee performing the relief work will receive the rate of pay of the position being relieved.

RULE 9 - Leave of Absence

(a) An employee who desires a leave of absence must make the initial written request to his/her immediate supervisor. When the requirements of the service permit, the Company will grant such request.

(b) Except for physical disability, a leave of absence in excess of ninety (90) days with a calendar year will not be granted without the approval of the General Chairman.

(c) An employee absent on leave of absence who engages in other employment will forfeit his seniority unless special provisions have been made between the Company's highest designated officer and the General Chairman.

(d) An employee whose position was bid and awarded in his absence may within five (5) calendar days of his return:

(1) return to his former position, provided it has not been abolished or a senior employee has not exercised displacement rights thereon, in which case he may exercise seniority rights in accordance with Rule 10 (c), or

(2) within five (5) calendar days of return exercise seniority rights on any position for which qualified that had been bulletined during such absence and on which he would have otherwise been the senior qualified bidder.

(e) Employees leaving employment forfeit all seniority and, if rehired, are considered as new employees. If an employee is granted a leave of absence with a written commitment to return to DM&E within a specified period of time, seniority will be retained during the leave of absence and restored upon timely return to service at the end of the leave. Otherwise, his seniority is forfeited.

RULE 10 - Reduction In Forces

(a) In reducing forces or abolishing positions, at least five (5) calendar days advance notice will be given to employees affected, with an electronic copy of

such notice to the Local Chairman. Such notice may be given electronically provided it is accessible to all involved employees.

(b) When forces are reduced seniority amongst similarly qualified employees at that work location will govern. To minimize disruption, an expedited reassignment process as described in Rule 6 (i) may be used.

(c) Except where interim work is made available pursuant to paragraph (d) below, employees unable to hold a position account force reduction must exercise their seniority within five (5) calendar days of the date affected by displacing to other positions that they are qualified to fill in the following order:

- (i) positions at their prior rights point held by junior employees;
- (ii) positions held by junior employees within their seniority district.

Employees are expected to make themselves available for short vacancies and other work prior to starting work on their new assignment during the time taken to displace.

(d) Advance notice is not required before positions are temporarily abolished or forces are temporarily reduced when the Company's operation is suspended in whole or in part due to a labor dispute between the Company and any of its employees; or under emergency conditions, such as flood, snowstorm, hurricane, tornado, earthquake, fire, or other labor dispute.

(i) If interim work becomes available at another location during the outage or emergency, employees may protect such work in seniority order if they are qualified to do so.

(ii) Employees may be required to work at times or hours other than scheduled in response to an emergency condition or as part of efforts to restore operations (e.g. - post-flood recovery). They will be paid the rate applicable to the work performed for those times and hours necessary to address the emergency conditions or until restoration efforts are completed.

RULE 11 - Furlough/Recall Obligations

(a) Employees having insufficient seniority or qualifications to displace other employees will be considered furloughed.

(b) A furloughed employee who desires to protect his seniority rights must, within five (5) calendar days of being laid off, file his name, address, and telephone number in writing with the proper Company manager (the manager authorized to bulletin and award positions) and throughout the furlough period must keep this information current. Failure to do so will be considered a voluntary resignation and the employee will forfeit all seniority.

(c) When forces are restored or vacancies occur under this agreement, furloughed employees will be required to return to service in order of their seniority rights, subject to qualifications, except in emergency situations. Furloughed employees who fail to return to service within seven (7) calendar days after being notified and who cannot give satisfactory reason for failing to timely return to work will be considered as voluntarily resigning.

(d) Employees with three (3) or more years of seniority may, instead of exercising rights under Rule 10 (c) (ii), accept furlough status until a vacancy opens at their home work location that they have the seniority and qualifications to fill. After 365 days, the employee must accept the first open bulletined position in the district for which eligible or his/her seniority will terminate.

(e) In emergency situations, less than seven (7) day's notice may be given for furloughed employees to return to work. In this circumstance, failure to timely return to service will not be considered to be a voluntary resignation.

RULE 12 - Attendance

(a) Employees unable to protect their assignment are required to notify their supervisors as far in advance as practicable and will be expected to provide their reason for absence. Notification of reason for absence does not excuse the absence; it allows the supervisor to attempt to find a replacement and/or reassign the work.

(b) When an employee is absent from duty without authority for a period of seven (7) or more consecutive calendar days, the Company shall send written notice to such employee at his last known address, by Certified Mail, return receipt requested, with copy to the General Chairman, notifying him that his seniority and employment have been terminated due to his being absent without proper authority.

RULE 13 - Rates of Pay and Work Categories

(a) The following rates of pay will apply to positions covered by this Agreement. Thereafter, these rates will be adjusted in accordance with Appendix A attached hereto.

<u>Work Category</u>	<u>Rate of Pay/Hour</u>
Working Foreman	\$26.68
Mechanic (journeyman)	\$23.55
Apprentice (governed by Attachment I)	\$18.84-22.37

(b) Work Categories. The following are general descriptions of the work categories listed above. These descriptions are not intended to restrict the work that may be performed by an employee assigned to a position under this

Agreement. These descriptions of work also are not intended to limit the work that other DM&E employees or third parties may perform as stated in Rule 1:

Foreman Mechanic -- an employee who plans, directs, and generally oversees the work of other employees on a crew or work team, but who also may perform any other work for which qualified including, but not limited to, the work defined for Mechanics.

Mechanic – an employee who has successfully completed the Mechanic Apprentice Training Program and who inspects, repairs, and maintains locomotives and cars, either independently or as part of a work group, and who may perform any other work for which qualified including, but not limited to, such other duties as may be assigned in the course of his employment within the Mechanical Services Department.

Apprentice – a person who is in the Mechanic Apprentice Training Program in accordance with Attachment I and is learning the skills and acquiring the experience to be certified as a journeyman mechanic.

RULE 14 - Mechanic Apprentice Training Program

Each employee hired for a mechanic position by the DM&E will be immediately placed into the DM&E Mechanic Apprentice Training Program as an apprentice, regardless of prior experience or knowledge of the tasks required of a mechanic and will be governed by Attachment I.

RULE 15 - Overtime and Calls

(a) When operating requirements or other business needs cannot reasonably be met during regular working hours, employees may be required to work in excess of 40 hours in a work week, for which they will be compensated at the time and one-half rate of pay.

(b) Overtime will be paid for time in excess of regularly scheduled hours (usually 8 hours/workshift unless alternate work arrangements are in place) or 40 hours in a workweek, except as otherwise provided for under Rule 16 (f). Time off account illness, vacation leave, holidays, bereavement leave or any other paid leave included in this Agreement will not be considered hours worked for purposes of performing overtime calculations.

(c) All overtime work must be authorized by a supervisor,

(d) Overtime assignments will be distributed as equitably as practical to employees qualified to perform the work who are located within the geographic location where the overtime work is to be performed. Response time from home to work location may be considered when determining whom to call for overtime work. Employees called for overtime are expected to perform work as directed.

(e) Employees called and required to physically report for work and/or respond to work requirements outside of the hours for their position, when not continuous with the regular hours of their positions, will be allowed a minimum of four (4) hours pay at the overtime rate. If held on duty in excess of four (4) hours, overtime will be on an actual minute basis after four (4) hours.

(f) Employees in extreme circumstances, such as derailments, may work more than 16 hours, which would be authorized by the department head. In such cases, after 16 hours, time worked will be compensated at the double time rate. An employee who has to work more than 16 hours cannot be called back to work until he has received a minimum of 10 hours rest, unless requested by the employee and authorized by the company. The employee shall not report to work prior to 10 hours rest unless specifically authorized. If an employee is called back to work after working more than 16 hours without receiving 10 hours of rest prior to being called back, the affected employee will remain on double time until he has received 10 hours rest. This double time continuation will not apply if authorization is not obtained by the employee.

RULE 16 - Workcycle

(a) Not less than eight (8) consecutive hours will constitute a day's work or a workshift.

(b) Workcycle is defined as the combination of workdays and rest days in an employee's work schedule.

(c) Employees are expected to be at work unless authorized to be absent by the proper Company authority. Employees who leave before completion of their workshift will be paid for actual time worked.

(d) The typical workcycle for positions subject to this agreement is five (5) days a week with two (2) consecutive days off in each seven (7) days; however, the Company may choose to establish alternate work cycles to most effectively meet its business needs, including the assignment of non-consecutive days off, when necessary.

(e) Workcycles may be changed to meet operating needs, provided the employee is notified of such change prior to the end of the previous work cycle.

(f) The Company may assign a workcycle of less than five (5) days provided the total hours paid in the workcycle are not less than forty(40) hours per week when calculated over a two week period (such as 8/6).

RULE 17 - Starting Times/Workshifts

(a) Except as otherwise provided in this Agreement, all workshifts will have a starting time that will be stated on the job posting.

(b) Notwithstanding (a) above, staffing needs and operational demands may call for variations in the starting time of a workshift, as well as variations in the total hours that may be scheduled each day and week, regardless of the assigned starting time on the posting.

(c) If the regular starting time of an assignment is changed to meet operational or business needs, the affected employee(s) will be so advised by the end of work on their previous workshift (workday).

RULE 18 - Meal Periods

(a) At locations where there is a one or two shift operation, employees will be given an opportunity to take a meal period of no less than thirty (30) minutes without pay.

(b) At locations where there are three shifts twenty (20) minutes with pay will apply.

(c) Supervisors will schedule the meal periods to accommodate operating requirements.

(d) Notwithstanding (a) above, certain positions or circumstances may require work to be performed without a formal meal period. In such circumstances, a twenty (20) minute paid meal period will be allowed during the regular workday.

RULE 19 - Expenses

(a) Employees sent away from work location on a road truck are eligible each work-shift for meal expense reimbursement not to exceed Twelve Dollars (\$12.00). The amount claimed must be supported by a receipt and reflect actual and reasonable costs for a meal.

(b) Employees approved to use their personal vehicle for company business will receive reimbursement for the first 200 miles of travel at the IRS rate set as of January 1 of the applicable year. Miles in excess of 200 are reimbursed at a rate of twenty (20) cents per mile.

(c) Employees required in the course of DM&E business to be away from their assigned work location overnight will receive a meal and incidental expense payment of \$25 per day which shall be pro-rated to \$12.50 for the first and last days away from assigned work location.

(d) If required to be away from their assigned work location overnight, reasonable lodging will be reimbursed by the Company should direct bill not be available. The amount claimed must be supported by a receipt and reflect actual and reasonable costs.

RULE 20 - Training/Instructions

(a) DM&E recognizes the importance of providing its employees with the required training to safely and effectively perform their work. In this regard, DM&E commits that it will provide employees with the guidance, instructions, and assistance necessary for them to perform the duties of their position. This may include access to web based training modules.

(b) Training pay at straight time rates is authorized when the training is required to be performed on the property. Time spent in correspondence courses, off-hours continuing education, or independent study programs is not authorized for training pay.

(c) Employees, upon request, will be provided advice, instructions, literature, manuals, training aids, and other appropriate assistance that directly relate to their ability to safely and effectively perform work under this Agreement. These materials may be provided electronically.

RULE 21 - Withheld from Service for Medical Reasons

(a) If an employee is withheld from service based on a decision of the company's Chief Medical Officer (CMO) and the employee disagrees with this decision, he must provide the CMO with medical documentation from a certified physician who specialized in the employee's medical condition that supports the employee's fitness to safely return to service. If an employee is seeking CMO clearance to return to work and has already provided all required medical documentation, he will have complied with this obligation.

(b) If, following submission of the documentation required in (a) above, the employee continues to be withheld from service, the employee may make written request to Labor Relations within five (5) days of the CMO's decision for a neutral medical authority to review the CMO's decision.

(c) Within fifteen (15) days of the date the company receives the employees request in (b) above, the CMO and employee's physician shall agree on the appointment of a neutral medical authority who shall be a recognized expert in the medical profession who specializes in the medical condition for which the employee is being withheld from service.

(d) The neutral medical authority will review the employee's case from medical records and may choose to perform an examination of the employee. He will then make a complete written report as to the fitness of the employee to safely perform service on his position, taking into consideration the essential functions of the job. This report will be provided to the Company and the employee and the decision of the neutral medical authority will be accepted as final.

(e) The Company and the employee shall each pay one-half of the medical authority's fee and expenses, including hospital, laboratory, and medical imaging expenses that are required for such fitness determination.

(f) If the neutral medical authority concludes that the employee is fit to safely continue in service in his regular position and also concludes that he was medically fit for service at the time withheld by the Company, the employee will be compensated for actual loss of earnings during the period so withheld.

(g) If the neutral medical authority determines that the employee is not fit to safely continue in service in his regular job, the employee may subsequently (but no sooner than ninety (90) days from the decision) present to the CMO medical documentation that supports a material change in his medical condition that would enable him to safely return to work.

(h) The above provisions do not apply unless the employee has completed the apprenticeship, whichever probationary period, either as a new hire qualified mechanic or as an applies.

RULE 22 - Disciplinary Procedure

(a) Except for employees covered by Attachment I, employees who have performed compensated service for more than sixty (60) calendar days shall not be disciplined or dismissed without a fair and impartial hearing.

(b) Employees may be held out of service pending such hearing for serious offenses (such as, but not limited to, use of intoxicants, misappropriation of Company property, insubordination, unsafe, inappropriate or vicious conduct, etc.), or when the charges, if proven, would warrant dismissal under established policies.

(c) The hearing shall be held within ten (10) working days of the date of the notice or the date the employee is withheld from service, whichever occurs earlier. At least five (5) days prior to the hearing, the employee will be apprised of the precise charge against him in order that the employee may arrange for representation by the duly authorized representative and the opportunity to secure the presence of necessary witnesses.

(d) A decision will be rendered within thirty (30) days following the hearing and written notice of discipline, if any, will be given the employee, with copies to the organization's local representative.

(e) The employee and his duly authorized representative shall be furnished a copy of the official transcript of the hearing within ten (10) days of the date discipline is administered. The employee and his duly authorized representative will not be denied the right to take a tape recording of the hearing; however, the hearing will not be delayed in any manner because of his right to use such equipment and the Carrier's recording will be used as the official transcript.

(f) An employee and his duly authorized representative may request to waive a hearing in which such employee is under investigation. If the designated Carrier officer agrees to grant the request, the employee will be advised of the discipline to be assessed prior to being required to sign the request for waiver of formal investigation form. (Request for Waiver form included as Attachment B)

(1) The investigation will not be waived unless the form is signed by the employee under investigation, his duly authorized representative, and the designated Carrier officer.

(2) This procedure is entirely voluntary on the part of the employee under charge and his duly authorized representative.

(3) If the waiver is not granted, the request shall not be referred to nor cited by either party during subsequent handling.

(4) If signed, a copy of the executed form will be furnished the employee under charge and his duly authorized representative.

(5) The discipline agreed to and assessed in connection with this provision is not subject to appeal by the employee or his duly authorized representative.

(g) Postponement of investigation for a reasonable length of time will be granted for good and sufficient cause upon the request of the cited employee, his representative, or an officer of the Carrier.

(h) If the hearing is not held or decision not rendered within the time limit specified herein, and such time limits are not extended or postponed by agreement, the charges against the employee shall be considered as being dismissed and removed from his record. In addition, employee shall be made whole with respect to all contractual rights and all time lost. Apprentices who are compensated under this provision will have such days counted toward qualifying as a mechanic.

(i) One member of the local committee or a duly authorized representative, may absent himself from work during regular working hours, without loss of earnings, for the purpose of representing an employee at an investigation.

(j) Should any employee subject to this Agreement believe he has been unjustly dealt with, or any provision of this rule has been violated, the case shall be appealed through a two-step procedure, including the highest designated officer of the Carrier, by the duly authorized local committee and/or their representative under Rule 23.

(k) If it is found that an employee has been unjustly disciplined or dismissed, such discipline shall be set aside and removed from his record. He shall be

reinstated with his seniority rights unimpaired, and be compensated for wage loss, if any, suffered by him resulting from such discipline or suspension, less any amount earned during the period of discipline, and will be granted all other benefits of the Agreement that would have been enjoyed had the employee not been dismissed from service.

RULE 23 - Grievance Procedure

(a) All claims and grievances must be presented in writing by or on behalf of the employee involved, to the officer of the Carrier authorized to receive same, within 60 days from the date of the occurrence on which the claim or grievance is based. Should any claim or grievance be disallowed, the Carrier shall, within 60 days from the date same is filed, notify whoever filed the claim or grievance (the employee or his representative) in writing of the reasons for such disallowance. If not so notified, the claim or grievance shall be allowed as presented, but this shall not be considered as a precedent or waiver of the contentions of the Carrier as to other similar claims or grievances.

(b) If a disallowed claim or grievance is to be appealed, such appeal must be in writing and must be taken within 60 days from receipt of notice of disallowance and the representative of the Carrier shall be notified in writing within that time of the rejection of his decision. Failing to comply with this provision, the matter shall be considered closed, but this shall not be considered as a precedent or waiver of the contentions of the employees as to other similar claims or grievances. It is understood, however, that the parties may, by agreement, at any time of the handling of a claim or grievance on this property, extend the 60-day period for either a decision or appeal, up to and including the highest officer of the Carrier designated for that purpose.

(c) The requirements outlined in paragraph a and b, pertaining to appeal by the employee and decision by the Carrier, shall govern in appeals taken to each succeeding officer, except in cases of appeal from the decision of the highest officer designated by the Carrier to handle such disputes. All claims or grievances involved in a decision by the highest designated officer shall be barred, unless within nine months from the date of said officer's decision proceedings are instituted by the employee or his duly authorized representative before the appropriate division of the National Railroad Adjustment Board or system, group or regional Board of Adjustment that has been agreed to by the parties hereto as provided in Section 3, Second of the Railway Labor Act. It is understood, however, that the parties may by agreement in any particular case extend the nine months period herein referred to.

(d) A claim may be filed at any time for an alleged continuing violation of any Agreement and all rights of the Claimant or Claimants involved thereby shall, under this rule, be fully protected by the filing of one claim or grievance based thereon as long as such alleged violation, if found to be such, continues. However, no monetary claim shall be allowed retroactively for more than 60 days prior to the filing thereof. With respect to claims and grievances involving an

employee held out of service in discipline cases, the original notice of request for reinstatement with pay for time lost shall be sufficient.

(e) This rule recognizes the right of the Organization to file and prosecute claims and grievances for and on behalf of the employees they represent.

(f) This rule is not intended to deny the right of the employees to use any other lawful action for the settlement of claims and grievances, providing such action is instituted within nine months of the date of the decision of the highest designated officer of the Carrier.

(g) This rule shall not apply to requests for leniency.

(h) Conference between local officials and local committees are to be held during regular working hours without loss of time to committeemen. Local supervisors will excuse local committeemen from duty to attend conferences with local officials under this rule.

(i) Prior to assertion of grievances as herein provided, and while questions of grievances are pending, there will neither be a shutdown by the employer nor a suspension of work by the employees.

RULE 24 - Health and Welfare

Employees covered by this Agreement shall be entitled to reasonable healthcare benefits. The terms will not be materially different from those provided to other comparably situated craft employees of the Company.

RULE 25 - Holidays

(a) Employees working under this Agreement will be eligible for holiday pay at the straight time rate of their position for the following holidays. The Company will advise employees as to the actual dates in each calendar year on which these holidays will be observed and for which holiday pay will be authorized:

New Year's Day

Presidents Day

Memorial Day

Fourth of July

Labor Day

Thanksgiving Day

Day After Thanksgiving

Christmas Eve (the day before Christmas is observed)

Christmas

New Year's Eve (the day before New Year's is observed)

(b) Holiday pay will be calculated based on the straight time pay rate (as of the date of the holiday) times the number of regularly scheduled hours the employee would have otherwise worked on that day.

(c) To be eligible for holiday pay, the employee must have been available or must have performed compensated service for the number of regularly scheduled hours for the position filled or covered on the regularly scheduled workdays immediately preceding and immediately following the holiday.

(d) Employees who are required to perform compensated service on one of the recognized holidays will receive holiday pay at the straight time rate plus pay at one and one half times their straight time rate for the hours worked on the holiday.

(e) If an observed holiday falls on a Sunday, the day observed by the nation will be the day observed under this Agreement. When Christmas Day and New Year's Day fall on Sunday and are observed Monday, then Sunday shall be considered the holiday for Christmas Eve and New Year's Eve.

RULE 26 - Bereavement Leave

(a) Bereavement leave, not in excess of three (3) consecutive calendar days following the date of death, will be provided to employees in case of death of an employee's immediate family which includes spouse, parent, child, sibling or spouse's parent.

(b) In such cases, the eligible employee will be permitted to take up to three (3) consecutive days of bereavement leave and will be paid eight (8) hours for each lost workday at the rate of the position to which currently assigned or at the rate of the last position worked, if filling a vacancy or relief position. Satisfactory proof of eligibility in the form of a death certificate or obituary may be required prior to authorizing payment for bereavement leave.

(c) Employees are expected to make provisions for taking leave with their supervisor in the same manner as arrangements are made for any other approved time off.

(d) The Company shall have the option to fill, not fill, or redistribute work among remaining employees when bereavement leave is taken.

RULE 27 - Jury Duty and Attending Court

(a) When employees are summoned for jury duty and, as a result, are required to lose time from their assignment, they shall be paid for actual time lost with a maximum of eight (8) hours pay at the straight time rate of their position for each day lost less the amount paid by the Court for each day served. This offset will exclude allowances paid by the courts for meals, lodging, or transportation.

(b) Such employees must show the jury duty summons to their supervisor as soon as possible so that the supervisor has adequate time to make arrangements to accommodate their absence. Employees are expected to report for work whenever the court schedule permits.

(c) Employees must exercise any right to secure exemption from the summons and/or jury duty service under federal, state, or municipal statutes. Additionally, the Company may request that the Court permit the employee to be excused from jury duty if the employee's absence would present serious operational difficulties.

(d) Prior to approval for paid leave, employees will furnish the Company a statement from the Court reflecting any allowances paid and the days when jury duty was actually performed.

(e) Jury duty pay is limited to sixty (60) days per calendar year.

(f) No jury duty pay will be allowed for any day when an employee is entitled to vacation or holiday pay.

(g) Employees subpoenaed or testifying as witnesses for the Company will receive pay for time lost on those days when required to be present for such witness duty.

RULE 28 - Personal Leave

(a) In January of each year, employees who worked the full previous year are entitled to three(3) eight hour personal days.

Note: Working the "Full previous year" means employees who have performed compensated service on one hundred twenty (120) or more days in the previous year. Employees not meeting this criteria will be granted personal leave days prorated in proportion to days of compensated service.

(b) For new employees, the previous year personal days are prorated according to their employment date (i.e. employment date January-April = 3 days; May-August = 2 days; September-December = 1 day).

(c) Employees must request a personal leave day by notifying their supervisor not less than 24 hours in advance, except in the event of an emergency in which case the supervisor must be notified as soon as practicable. Personal leave will be authorized by the supervisor taking into consideration the needs of the service.

(d) Personal days may not be banked for future use. Unused personal days will not be paid following the termination of employment.

(e) The Company shall have the option to fill, not fill, or distribute work amongst remaining employees when a personal leave day is taken.

RULE 29 – Vacations

(a) Annual vacation time off with pay is available to eligible employees.

(b) The amount of paid annual vacation time to which an employee is entitled each year increases with the length of their employment as shown in the following schedule.

<u>Service</u>	<u># of Vacation Days</u>
After 1 year	5 days
After 2 years	10 days
After 10 years	15 days
After 15 years	20 days
After 20 years	25 days

(c) An employee must perform compensated service on sixty(60) or more calendar days in each year for such year to count as a year of service as set forth above.

(d) An employee must perform compensated service on one hundred twenty (120) or more days in a year to qualify for full annual vacation in the following year. Employees not performing 120 days service will be granted annual vacation prorated in proportion to days of compensated service.

For example: if the employee was entitled to 10 days of vacation in the current calendar year based on length of service and days work per (b) above, but he had only performed compensated service for sixty (60) days in the previous calendar year, he would be entitled to take five (5) vacation days in the current year.

(e) Paid annual vacation time can be used in minimum increments of one-half day. To take annual vacation employees shall request advance approval from their supervisor. Requests will be reviewed and approved based on a number of factors, including business needs and staffing requirements.

(f) The Company shall have the option to fill, not fill, or distribute work amongst remaining employees when a vacation day is taken.

(g) Each day of approved annual vacation will be paid for eight (8) hours at the rate of pay of the position to which employee was assigned immediately prior to the vacation period or, for an employee working a vacancy or assigned to a relief position, at the rate of pay of the position last worked immediately prior to the vacation period.

(h) Vacation days must be taken by the end of the calendar year or they will be forfeited. However, if the Company cannot release an employee for vacation, then such vacation will be paid out in lieu.

(i) Employees will be paid 90% of the December 31, 2011, hourly rate of the position on which working for each hour of banked vacation that remains in their account on January 1, 2012. DM&E will make this payment to all eligible employees no later than March 31, 2012.

RULE 30 - Off Track Vehicle Accident Benefits

Thirty (30) days after the effective date of this Agreement, employees will be provided with the Off Track Vehicle Accident Benefits appended as Attachment H to this Agreement.

RULE 31 - Union Shop and Dues Deduction

(a) Within sixty (60) days of receiving the enrollment information from the IAMW, all employees working under this Agreement will be required to comply with the terms of the Unions Shop Agreement appended as Attachment C to this Agreement.

(b) DM&E will withhold and deduct from the employee wages amounts equal to the periodic dues, initiation fees, and assessments in accordance with the Deduction of Dues, appended as Attachment D to this Agreement.

(c) Employees will be obligated to complete an appropriate authorization form to initiate payroll deduction of dues.

RULE 32 - Employee Information

DM&E will provide the IAMW General Chairman with a list of employees who are hired or terminated, their mailing addresses and contact number. For all employees covered by this Agreement, the data will be supplied within thirty (30) days after the month in which the employee first performs compensated service or is terminated. Where DM&E cannot meet the thirty (30) day requirement, the matter will be worked out with the General Chairman.

RULE 33 - Accessing Agreement

Employees covered by this Agreement, including all new hires, will be furnished a copy of or access to this Agreement. It is understood that if DM&E provides its employees access electronic copy of this Agreement, this provision has been met.

RULE 34 - Furnishing of Tools

(a) Car Repair – Tools are provided by the Company

(b) Locomotive Repair – As a condition of employment for all locomotive shop positions, a required tool list which the employee must supply will be provided by the Company. In addition to those required tools a lockable toolbox to store the tools will be required. These are common mechanics tools; tools specific to railroad repair and maintenance work are supplied by the Company.

RULE 35 - Moratorium

(a) This Agreement is in full and final settlement of the September 10, 2010, Section 6 notice served by IAMW on DM&E for the initial contract subsequent to certification pursuant to NMB Certification Case No. R-7246.

(b) This Agreement shall become effective on the date agreed upon by the General Chairman and the DM&E highest designated representative subsequent to successful employee ratification.

(c) The parties signatory hereto agree not to serve nor progress prior to July 1, 2014, not to be effective prior to January 1, 2015, any notice pursuant to Section 6 of the Railway Labor Act for the purpose of changing this Agreement.

(d) Notwithstanding (c) above, either party may, anytime after July 1, 2013, serve a Section 6 notice to reopen negotiations, provided, however, that upon the serving of such notice or proposal any General Wage Increase to be applied subsequent thereto will be null and void.

(e) Nothing in this Rule shall bar the parties from agreeing to any subject of mutual interest.

This Agreement is effective on _____ (Date).

For IAMW

For DM&E

Dell R. Babcock, General Chairman

Cathryn S. Frankenberg, AVP LR &HR

Approved:

Joe R. Duncan,
President/Directing General Chairman

Jennifer Manz, Labor Relations Officer

Mack Hailey, Superintendent
Mechanical Chicago

ATTACHMENT A

PAY RATE CHART

JOB TITLE		<u>EFFECTIVE DATE OF AGREEMENT</u>	<u>1/1/2012</u>	<u>1/1/2013</u>	<u>1/2/2014</u>
WORKING FOREMAN		\$26.68	\$27.48	\$28.30	\$28.87
MECHANIC		\$23.55	\$24.26	\$24.99	\$25.49
MECHANIC APPRENTICE	80%	\$18.84	\$19.41	\$19.99	\$20.39
	85%	\$20.02	\$20.62	\$21.24	\$21.67
	90%	\$21.20	\$21.83	\$22.49	\$22.94
	95%	\$22.37	\$23.05	\$23.74	\$24.22

NOTE: THE MECHANIC APPRENTICE RATE IS THE STATED % OF THE MECHANIC RATE

ATTACHMENT B

WAIVER OF FORMAL HEARING

REQUEST FOR WAIVER OF FORMAL HEARING

Request Date

To: _____
Carrier Officer & Title

From: _____
Employee Name and Number

Sir/Madam:

I request that the hearing scheduled for (insert date) be cancelled in the matter described below:

(Insert Charge From Notice Here)

I accept responsibility for my role and conduct concerning the above charge. I understand and agree to accept assessment of a (__ day suspension commencing (insert date))(insert other outcomes).

Employee Signature

APPROVED:

Date

Approving Official Name &
Title

WITNESS (If Requested):

Date

Union Official Name & Title

ATTACHMENT C

UNION SHOP AGREEMENT

a) In accordance with and subject to the terms and conditions hereinafter set forth, all employees of DM&E now or hereafter subject to the rules and working conditions agreements between DM&E and IAMAW, except as hereinafter provided, shall, as a condition of their continued employment subject to such agreements, become members of the IAMAW within sixty calendar days of the date they first perform compensated service as such employees after the effective date of this working agreement, and thereafter shall maintain membership in IAMAW; except that such membership shall not be required of any individual until he has performed compensated service on thirty days within a period of twelve consecutive calendar months. Nothing in this agreement shall alter, enlarge or otherwise change the coverage of the present or future rules and working conditions Agreements.

b) This attachment shall not apply to employees while occupying positions which are excepted from the bulletining and displacement rules of this working Agreement, but this provision shall not include employees who are subordinate to and report to other employees who are covered by this working agreement. However, such excepted employees are free to be members of the IAMAW at their option.

c) (1) Employees who retain seniority under this working agreement the Rules and Working Conditions Agreements governing their class or craft and who are regularly assigned or transferred to full time employment not covered by such Agreements, or who, for a period of thirty days or more, are (1) furloughed on account of force reduction, or (2) on leave of absence, or (3) absent on account of sickness or disability, will not be required to maintain membership as provided in Section 1 of this Attachment so long as they remain in such other employment, or furloughed or absent as herein provided, but they may do so at their option. Should such employees return to any service covered by this said Rules and working Conditions Agreement and continue therein thirty calendar days or more, irrespective of the number of days actually worked during that period, they shall, as a condition of their continued employment subject to such Agreement, be required to become and remain members of the organization representing their class or craft within thirty-five calendar days from date of their return to such service.

(2) The seniority status and rights of employees furloughed to serve in the Armed Forces or granted leaves of absence to engage in studies under an educational aid program sponsored by the federal government or a state government for the benefit of ex-service men shall not be terminated by reason of any of the provisions of this Attachment but such employees shall, upon resumption of employment, be considered as new employees for the purposes of applying this attachment.

(3) Employees who retain seniority under this working Agreement who, for reasons other than those specified in subsections (a) and (b) of this section, are not in service covered by such Agreement, or leave such service, will not be required to maintain membership as provided in Section 1 of this attachment so long as they are not in service covered by such working Agreement, but they may do so at their option. Should such employees return to any service covered by this working Agreement they shall, as a condition of their continued employment, be required, from the date of return to such service, to become and remain members in the IAMAW.

(4) Employees who retain seniority under this working Agreement, who are members of IAMAW and who in accordance with this working Agreement temporarily perform work in another class of service shall not be required to be members of another organization whose agreement covers the other class of service until the date the employees hold regularly assigned positions within the scope of the agreement covering such other class of service.

d) Nothing in this Attachment shall require an employee to become or to remain a member of IAMAW if such membership is not available to such employee upon the same terms and conditions as are generally applicable to any other member, or if the membership of such employee is 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. For purposes of this Attachment, dues, fees, and assessments, shall be deemed to be "uniformly required" if they are required of all employees in the same status at the same time in the same organizational unit.

e) (1) Each employee covered by the provisions of this Attachment shall be considered by DM&E to have met the requirements of the Attachment unless and until DM&E is advised to the contrary in writing by IAMAW. The IAMAW will notify DM&E in writing by Registered Mail, Return Receipt Requested, or by personal delivery evidenced by receipt, of any employee who it is alleged has failed to comply with the terms of this Attachment and who the IAMAW therefore claims is not entitled to continue in employment subject to this working Agreement. The form of notice to be used shall be agreed upon by DM&E and IAMAW and the form shall make provision for specifying the reasons for the allegation of non-compliance. Upon receipt of such notice, the carrier will, within ten calendar days of such receipt, so notify the employee concerned in writing by Registered Mail, Return Receipt Requested, or by personal delivery evidenced by receipt. Copy of such notice to the employee shall be given IAMAW. An employee so notified who disputes the fact that he has failed to comply with the terms of this Attachment, shall within a period of ten calendar days from the date of receipt of such notice, request DM&E in writing by Registered Mail, Return Receipt Requested, or by personal delivery evidenced by receipt, to accord him a hearing. Upon receipt of such request DM&E shall set a date for hearing which shall be held within ten calendar days of the date of receipt of request therefore. Notice of the date set for hearing shall be promptly

given the employee in writing with copy to the organization, by Registered Mail, Return Receipt Requested, or by personal delivery evidenced by receipt. A representative of IAMAW shall attend and participate in the hearing. The receipt by the carrier of a request for a hearing shall operate to stay action on the termination of employment until the hearing is held and the decision of the carrier is rendered.

In the event the employee concerned does not request a hearing as provided herein, IAMAW shall proceed to terminate his seniority and employment under this working Agreement not later than thirty calendar days from receipt of the above described notice from IAMAW, unless DM&E and the IAMAW agree otherwise in writing.

(2) DM&E shall determine on the basis of the evidence produced at the hearing whether or not the employee has complied with the terms of this Attachment and shall render a decision within twenty calendar days from the date that the hearing is closed, and the employee and the organization shall be promptly advised thereof in writing by Registered Mail, Return Receipt Requested.

If the decision is that the employee has not complied with the terms of this Attachment, his seniority and employment under this working Attachment shall be terminated within twenty calendar days of the date of said decision except as hereinafter provided or unless the carrier and the organization agree otherwise in writing.

If the decision is not satisfactory to the employee or to the organization it may be appealed in writing, by Registered Mail, Return Receipt Requested, directly to the highest officer of the carrier designated to handle appeals under this agreement. Such appeals must be received by such officer within ten calendar days of the date of the decision appealed from and shall operate to stay action on the termination of seniority and employment, until the decision on appeal is rendered. The DM&E shall promptly notify the other party in writing of any such appeal, by Registered Mail, Return Receipt Requested. The decision on such appeal shall be rendered within twenty calendar days of the date the notice of appeal is received, and the employee and the organization shall be promptly advised thereof in writing by Registered Mail, Return Receipt Requested.

If the decision of such appeal is that the employee has not complied with the terms of this Attachment, his seniority and employment under this working Agreement shall be terminated within twenty calendar days of the date of said decision unless selection of a neutral is requested as provided below, or unless the carrier and the organization agree otherwise in writing. The decision on appeal shall be final and binding unless within ten calendar days from the date of the decision IAMAW or the employee involved requests the selection of a neutral person to decide the dispute as provided in Section 5(c) below. Any request for selection of a neutral person as provided in Section 5(c) below shall operate to stay action on the termination of seniority and employment until not more than

ten calendar days from the date decision is rendered by the neutral person.

(3) If within ten calendar days after the date of a decision on appeal by the highest officer of the carrier designated to handle appeals under this working Agreement the organization of the employee involved requests such highest officer in writing by Registered Mail, Return Receipt Requested, that a neutral be appointed to decide the dispute, a neutral person to act as sole arbitrator to decide the dispute shall be selected by the highest officer of the carrier designated to handle appeals under this working agreement or his designated representative, the Chief Executive of the organization or his designated representative, and the employee involved or his representative. If they are unable to agree upon the selection of a neutral person any one of them may request the Chairman of the National Mediation Board in writing to appoint such neutral. The carrier, the organization and the employee involved shall have the right to appear and present evidence at a hearing before such neutral arbitrator. Any decision by such neutral arbitrator shall be made within thirty calendar days from the date of receipt of the request for his appointment and shall be final and binding upon the parties. The carrier, the employee, and the organization shall be promptly advised thereof in writing by Registered Mail, Return Receipt Requested. If the position of the employee is sustained, the fees, salary and expenses of the neutral arbitrator shall be borne in equal shares by DM&E and the IAMAW; if the employee's position is not sustained, such fees, salary and expenses shall be borne in equal shares by the carrier, the organization and the employee.

(4) The time periods specified in this section may be extended in individual cases by written agreement between the carrier and the organization.

(5) Provisions of investigation and discipline rules contained in this working Agreement between DM&E and the IAMAW will not apply to cases arising under this Attachment.

(6) The General Chairman of the IAMAW shall notify the carrier in writing of the title (s) and address(s) of its representatives who are authorized to serve and receive the notices described in this agreement. The carrier shall notify the General Chairman of the organization in writing of the title (s) and address(s) of its representatives who are authorized to receive and serve the notices described in this Attachment.

(7) In computing the time periods specified in this Attachment, the date on which a notice is received or decision rendered shall not be counted.

f) Other provisions of this Attachment to the contrary notwithstanding, the Carrier shall not be required to terminate the employment of an employee until such time as a qualified replacement is available. The DM&E may not, however, retain such employee in service under the provisions of this section for a period in excess of sixty calendar days from the date of the last decision rendered under the provisions of Section 5, or ninety calendar days from date of receipt of notice

from the organization in cases where the employee does not request a hearing. The employee whose employment is extended under the provisions of this section shall not, during such extension, retain or acquire any seniority rights. The position will be advertised as vacant under the bulletining rules of this working Agreement but the employee may remain on the position he held at the time of the last decision, or at the date of receipt of notice where no hearing is requested pending the assignment of the successful applicant, unless displaced or unless the position is abolished. The above periods may be extended by agreement between the DM&E and IAMAW involved.

g) An employee whose seniority and employment under this working Agreement is terminated pursuant to the provisions of this Attachment or whose employment is extended under Section 6 shall have no time or money claims by reason thereof. If the final determination under Section 5 of this Attachment is that an employee's seniority and employment in a craft or class shall be terminated, no liability against DM&E in favor of the organization or other employees based upon an alleged violation, misapplication or non-compliance with any part of this agreement shall arise or accrue during the period up to the expiration of the 60 or 90 day periods specified in Section 6, or while such determination may be stayed by a court, or while a discharged employee may be restored to service pursuant to judicial determination. During such periods, no provision of any other agreement between the parties hereto shall be used as the basis for a grievance or time or money claim by or on behalf of any employee against the carriers predicated upon any action taken by the carrier in applying or complying with this agreement or upon an alleged violation, misapplication or non-compliance with any provision of this Attachment. If the final determination under Section 5 of this Attachment is that an employee's employment and seniority shall not be terminated, his continuance in service shall give rise to no liability against DM&E in favor of IAMAW or other employees based upon an alleged violation, misapplication or non-compliance with any part of this Attachment.

h) In the event that seniority and employment under this working Agreement is terminated by the carrier under the provisions of this Attachment, and such termination of seniority and employment is subsequently determined to be improper, unlawful, or unenforceable, the organization shall indemnify and save harmless the carrier against any and all liability arising as the result of such improper, unlawful, or unenforceable termination of seniority and employment; Provided, however, that this section shall not apply to any case in which the carrier involved is the plaintiff or the moving party in the action in which the aforesaid determination is made or in which case such carrier acts in collusion with any employee; provided further, that the aforementioned liability shall not extend to the expense to the carrier in defending suits by employees whose seniority and employment are terminated by the carrier under the provisions of this Attachment.

i) An employee whose employment is terminated as a result of non-compliance with the provisions of this Attachment shall be regarded as having

terminated his employee relationship for vacation purposes.

j) (1) The DM&E shall periodically deduct from the wages of employees subject to this agreement periodic dues, initiation fees, and assessments (not including fines and penalties) uniformly required as a condition of acquiring or retaining membership in IAMAW, and shall pay the amount so deducted to such officer as IAMAW shall designate; provided, however, that the requirements of this subsection (a) shall not be effective with respect to any individual employee until he shall have furnished DM&E with a written assignment to the organization of such membership dues, initiation fees and assessments.

ATTACHMENT D

DUES DEDUCTION AGREEMENT

a) DM&E will withhold and deduct from wages due to employee-members, amounts equal to periodic dues, initiation fees, and assessments (not including fines and penalties) uniformly required by and payable to IMAAW as a condition of membership in IMAAW.

b) No such deduction shall be made except from the wages of an employee-member who has executed and furnished DM&E a written "wage assignment" in accordance with Attachment E. The authorization form shall be reproduced and furnished to its members by IMAAW and the IMAAW shall assume full responsibility for the procurement of the execution and for delivery to the DM&E of said wage assignments. Said wage assignments shall be delivered to the Carrier (in triplicate) with and in support of the deduction lists provided for in Section 3 of this Attachment.

c) The IMAAW will forward to the designated Carrier official an initial certified deduction list (in triplicate) which shall be submitted not less than thirty days in advance of the month in which the first dues deductions will be made under this Attachment. It is understood further that such deduction lists shall not be subject to change more often than twice during any calendar year, and then only after not less than thirty days' advance notice.

d) The initial listing must show the payroll number (to be secured from the Employing Officer), employees' names in alphabetical order, Social Security number, employee number, amount of deduction, Lodge number, Treasurer name and address (street, city, state and zip code number).

Payroll deductions, as so authorized, will be made monthly by the Carrier from wages to be paid employee-members shown on said list for the first full payroll period in each such calendar month. The Carrier reserves the right to change the payroll period in which said deductions will be made, and the tenor, form, detail and number of copies required of the deduction lists, by giving to IMAAW thirty days' advance notice thereof.

e) An individual wage assignment to be effective for a particular month must be in the possession of the designated officer of the Carrier not later than the date established for receipt by him of the regular monthly deduction list, provided for in Section 3 hereof, for that particular month. The Carrier shall have the right to refuse to accept or act upon any assignment which is illegible, or which is not fully or properly executed, or which fails to identify the signer adequately.

(f) Errors in the deduction list provided for in Section 3 are to be corrected by the Organization by adjustment included in the subsequent regular monthly deduction list furnished by the Organization to the Carrier. If any question arises as to the correctness of the amount to be deducted as shown on the deduction

list, the employee-member involved will handle and adjust such matters direct with the Organization.

g) The Carrier will forward to the secretary-treasurer of the local division of the Organization, on or before the 5th day of the month, a check or voucher for the total amount of said deductions made during the previous month, together with a statement showing the changes, if any, in the list submitted by the Organization for said calendar month.

(h) Payroll deductions will be made by the Carrier on only one payroll per month designated by the Carrier. If earnings of an employee-member on that payroll are insufficient to permit deduction of the full amount specified on the deduction list, giving due effect to any and all deductions having priority as hereinafter provided, no deduction will be made and the Carrier will not be responsible therefore. The following payroll deductions shall have priority over deductions covered by this agreement:

Federal, State and Municipal taxes.

Premiums on any life insurance, hospitalization-surgical insurance, group accident and health insurance, and group annuities.

Other deductions required by law, such as garnishments and attachments. Amounts due for supplies, telephone charges, etc., furnished by the Carrier.

(i) Responsibility of the Carrier under this Attachment shall be limited to remitting to the Organization amounts actually deducted from the wages of employee-members pursuant to this Attachment, and the Carrier shall not be responsible financially or otherwise for failure to make deductions or for making improper or inaccurate deductions. Insofar as permitted by law, any question arising as to the correctness of the amount deducted shall be handled between the employee-member involved and the Organization, and any complaints against the Carrier in connection therewith shall be handled and adjusted by the Organization on behalf of the employee-member concerned.

(j) No part of this Attachment shall be used in any manner whatsoever, either directly or indirectly, as a basis for a grievance or time claim by or in behalf of any employee; and no part of this or any other agreement between the Carrier and the Organization shall be used as a basis for a grievance or time claim by or in behalf of any employee predicated upon any alleged violation of, or misapplication or noncompliance with, any part of this attachment.

(k) In the event the Organization ceases to represent the craft or class of employees to which employee-members belong, then all obligations of Carrier herein specified with respect to making deductions from the wages of such employee-members shall be and become terminated, void and of no effect whatsoever.

(l) In the event Section 2, Eleventh, of the Railway Labor Act or any of its provisions, for any reason is declared unconstitutional or otherwise invalid, by a court of competent jurisdiction, then, in such event this rule shall forthwith be and become terminated, void and of no effect whatsoever.

ATTACHMENT E

WAGE ASSIGNMENT

TO THE CARRIER:

I hereby assign to the _____

that part of my wages necessary to pay my monthly union dues, assessments and initiation fee (but not including fines and penalties) as reported to the Carrier by the certified representative of the Organization or other authorized representative of the Organization, in monthly deduction lists, certified by him as provided in the "Dues Check-Off Agreement", entered into by the Organization and the Carrier. I hereby authorize the Carrier to deduct from my wages all such sums and to pay them to the designated representative of my Organization in accordance with said Dues Check-Off Agreement.

I understand that this assignment is revocable, in writing, after the expiration of one year. I also understand that if for fifteen (15) days after the end of one year I do not revoke this assignment, it should be considered as re-executed and may not be revoked for an additional period of one year.

ORGANIZATION LOCAL UNION NO. _____ SIGNATURE _____

OCCUPATION _____ STREET _____

EMPLOYEE NO. _____ CITY _____

OPERATING DIVISION OR DEPARTMENT _____

SOCIAL SECURITY NO. _____

DATE _____

ATTACHMENT F

POLITICAL DEDUCTION AGREEMENT

a) (1) Subject to the terms and conditions hereinafter set forth, the carrier will deduct from the wages of employees voluntary political contributions upon their written authorization in the form (individual authorization form) agreed upon by the parties hereto, copy of which is attached, designated "Attachment A" and made a part hereof.

(2) Voluntary political contributions will be made monthly from the compensation of employees who have executed a written authorization providing for such deductions. The first such deduction will be made in the month following month in which the authorization is received. Such authorization will remain in effect for a minimum of twelve (12) months and thereafter until cancelled by thirty (30) days advance written notice from the employee to the Brotherhood and the carrier by Registered Mail (Attachment D). Changes in the amount to be deducted will be limited to one change in each 12-month period and any change will coincide with a date on which dues deduction amounts may be changed under the Dues Deduction Agreement.

(b) The General Chairman or his designated representative shall furnish the carrier, with copy to appropriate units of the Association, an initial statement by lodges, in alphabetical order and certified by him, showing the amounts of deductions to be made from each employee, such statement to be furnished together with individual authorization forms to cover, and payroll deductions of such amounts will commence in the month immediately following. Subsequent monthly deductions will be based on the initial statement plus a monthly statement showing additions and/or deletions furnished in the same manner as the initial statement required hereinabove.

(c) Monthly voluntary political contribution deductions will be made from wages at the same time that membership dues are deducted from the employee's paycheck. Political contributions will follow dues deductions in priority.

(d) Concurrent with making remittance to the Organization of monthly membership dues, the carrier will make separate remittance of voluntary political contributions to the officer of the organization's Political League designated to receive same, together with a list prepared in accordance with the requirements of the Dues Deduction Agreement pertaining to the remittance of monthly membership dues, with a copy to the General Chairman.

(e) The requirements of this agreement shall not be effective with respect to any individual employee until the employer has been furnished with a written authorization of assignment of wages of such monthly voluntary political contribution.

ATTACHMENT G

INDIVIDUAL AUTHORIZATION FORM

Voluntary Payroll Deductions -
Machinist Non-Partisan

TO: _____

Space for label showing name, address,
System Board and local lodge number.

Department _____

Work Location

I hereby authorize and direct my employer, DM&E, to deduct from my pay the sum of \$_____ for each month in which compensation is due me, and to forward that amount to the Machinist Non-Partisan Political League. This authorization is voluntarily made on the specific understanding that the signing of this authorization and the making of payments to the organization's Political League are not conditions of membership in the Union or of employment with the Carrier, that the organization's Political League will use the money it receives to make political contributions and expenditures in connection with Federal, State and Local elections.

It is understood that this authorization will remain in effect for a minimum of 12 months; and, thereafter, I may revoke this authorization at any time by giving the Carrier and the Organization 30 days advance written notice of my desire to do so.

Signed at _____ this _____ day
of _____, 20_____.

(Personal Signature)

Social Security Number

ATTACHMENT H

OFF TRACK VEHICLE ACCIDENT BENEFITS

Where employees sustain personal injuries or death under the conditions set forth in paragraph (a) below, DM&E will provide and pay such employees, or their personal representative, the applicable amounts set forth in paragraph (b) below, subject to the provisions of ether paragraphs in this Attachment.

(a) Covered Conditions –

This Attachment is intended to cover accidents involving employees covered by this agreement while such employees are riding in, boarding, or alighting from off-track vehicles authorized by DM&E and are

- (1) deadheading under orders or
- (2) being transported at carrier expense.

(b) Payments to be Made –

In the event that anyone of the losses enumerated in subparagraphs (1), (2) and (3) below results from an injury sustained directly from an accident covered in paragraph (a) and independently of all other causes and such loss occurs or commences within the time limits set forth in subparagraphs (1), (2) and (3) below, DM&E will provide, subject to the terms and conditions herein contained, and less any amounts payable under DM&E provided health and welfare plans, the following benefits:

(1) Accidental Death or Dismemberment

DM&E will provide for loss of life or dismemberment occurring within 120 days after date of an accident covered in paragraph (a):

Loss of Life	\$300,000
Loss of Both Hands	\$300,000
Loss of Both Feet	\$300,000
Loss of Sight of Both Eyes	\$300,000
Loss of One Hand and One Foot	\$300,000
Loss of One Hand and Sight of One Eye	\$300,000
Loss of One Foot and Sight of One Eye	\$300,000
Loss of One Hand or One Foot or Sight of One Eye	\$150,000

"Loss" shall mean, with regard to hands and feet, dismemberment by severance through or above wrist or ankle joints; with regard to eyes, entire and irrecoverable loss of sight.

No more than \$300,000 will be paid under this paragraph to anyone employee or his personal representative as a result of any one accident.

(2) Medical and Hospital Care

DM&E will provide payment for the actual expense of medical and hospital care commencing within 120 days after an accident covered under paragraph (a) of injuries incurred as a result of such accident, subject to limitation of \$3,000 for any employee for anyone accident, less any amounts payable under medical insurance provided the employee by DM&E.

(3) Time Loss

DM&E will provide an employee who is injured as a result of an accident covered under paragraph (a) hereof and who is unable to work as a result thereof commencing within 30 days after such accident 80% of the employee's basic full-time weekly compensation from the carrier for time actually lost, subject to a maximum payment of \$1,000.00 per week for time lost during a period of 156 continuous weeks following such accident provided, however, that such weekly payment shall be reduced by such amounts as the employee is entitled to receive as sickness benefits under provisions of the Railroad Unemployment Act.

(4) Aggregate Limit

The aggregate amount of payments to be made hereunder is limited to \$10,000,000 for anyone accident and the carrier shall not be liable for any amount in excess of \$10,000,000 for anyone accident irrespective of the number of injuries or deaths which occur in or as a result of such accident. If the aggregate amount of payments otherwise payable here under exceeds the aggregate limit herein provided, the carrier shall not be required to pay as respects each separate employee a greater proportion of such payments than the aggregate limit set forth herein bears to the aggregate amount of all such payments.

(c) Payment in Case of Accidental Death –

Payment of the applicable amount for accidental death shall be made to the employee's personal representative for the benefit of the persons designated in, and according to the apportionment required by the Federal Employers Liability Act (45 U.S.C.51 et. seq., as amended), or if no such person survives the employee, for the benefit of his estate.

(d) Exclusions-

Benefits provided under paragraph (b) shall not be payable for or under any of the following conditions:

- (1) Intentionally self-inflicted injuries, suicide or any attempt thereat, while sane or Insane;
- (2) Declared or undeclared war or any act thereof;
- (3) Illness, disease, or any bacterial infection other than bacterial infection occurring in consequence of an accidental cut or wound;
- (4) Accident occurring while the employee driver is under the influence of alcohol or drugs, or if an employee passenger who is under the influence of alcohol or drugs in any way contributes to the cause of the accident;
- (5) While an employee is a driver or an occupant of any conveyance engaged in any race or speed test;
- (6) While an employee is commuting to and/or from his residence, or place of business.

(e) Offset-

It is intended that this Attachment is to provide a guaranteed recovery by an employee or his personal representative under the circumstances described, and that receipt of payment there under shall not bar the employee or his personal representative from pursuing any remedy under the Federal Employers Liability Act or any other law; provided, however, that any amount received by such employee or his personal representative under this Attachment may be applied as an offset by the railroad against any recovery so obtained.

(f) Subrogation-

DM&E shall be subrogated to any right of recovery an employee or his personal representative may have against any party for loss to the extent that the carrier has made payments pursuant to this Attachment.

(g) The payments provided for above will be made, as above provided for covered accidents on or after August 1, 2011.

(h) It is understood that no benefits or payments will be due or payable to any employee or his personal representative unless such employee, or his personal representative as the case may be, stipulates as follows:

"In consideration of the payment of any of the benefits provided in this Agreement _____

(employee or personal representative)

agrees to be governed by all of the conditions and provisions said and set forth by this Attachment."

ATTACHMENT I

Dakota, Minnesota & Eastern Railroad Corporation Mechanic Apprentice Training Program

Each employee hired for a mechanic position by the DM&E will be immediately placed into the DM&E Mechanic Apprentice Training Program (MATP) as an apprentice, regardless of prior experience or knowledge of the tasks required of a mechanic.

(a) Introductory Period

Apprentices will be considered in a probationary period for a period of 180 calendar days from the first date of compensated service. This is a probationary period during which their employment can be terminated at any time DM&E determines they have demonstrated insufficient aptitude or commitment to learn the mechanic's trade.

(b) Training Periods

The MATP shall be twenty four (24) months in duration; except as otherwise provided in Section (m) of this Attachment. The introductory period is included in the twenty four (24) month training program period.

The training program will generally be divided into six month segments during which apprentices will be expected to complete a specified number of actual (paper) and/or virtual (electronic) modules of instruction and to concurrently make satisfactory progress on mastering specific tasks of applicable practical training checklist.

To acquire practical experience in certain tasks, the apprentice may be required to work at other locations (either at another CP location or off site) during the training program. If this would require the apprentice to be away from his home point overnight, he will be given not less than five(5) days advance notice.

(c) Certification

Apprentices who successfully complete the course of instruction on the technical subjects related to his trade (written, correspondence, or electronic) and successfully pass the practical and written tests will be given a mechanic certificate by DM&E.

(d) Hours and Days of Assignment

During the apprentice training program, apprentices will be rotated through various shifts, rest days, and tasks to enable them to acquire practical

experience on the full array of work they will be expected to perform as a mechanic.

(e) Instruction on Practical/Technical Subject Matter

Each apprentice is expected to complete a course of instruction on the technical subjects related to mechanic work, the cost of which will be paid by DM&E. This instruction may be through correspondence courses either written or electronically. At the beginning of the apprentice program, a general listing of the required instruction modules/courses and general testing schedule will be provided to each apprentice.

Apprentices must complete each of the training modules or lessons and must receive a grade of 85% or more to pass that instruction module/course. All modules are to be completed outside of formal work hours without additional pay. If an apprentice is unclear on any subject, he is expected to seek assistance from managers; however, each apprentice is expected to complete his own test honestly.

(f) Class Completion Requirements

During each month, apprentices must satisfactorily complete and pass the test on a minimum of 5% of the course instruction modules to be considered in "Good Standing".

For the first month in which an apprentice is "Not In Good Standing", a letter so advising will be placed in his file .

For the second consecutive month in which the apprentice is "Not in Good Standing", he will receive a letter so advising and will be held out of service without pay until he has successfully completed all delinquent learning modules/courses, including passing related required tests.

For the third month, consecutive or otherwise, during the training period for which the apprentice is "Not in Good Standing", the apprentice will be terminated from the program without the requirement of a disciplinary hearing pursuant to Rule 22 of the working Agreement.

(g) Grading Requirements

A grade of less than 85% on any module will be considered not passing; the apprentice will be given the failed module to rework with the understanding that if he needs to rework more than six (6) modules, he will be disqualified.

If the apprentice fails a second time, he will be so notified in writing, will be expected to meet with his manager, and may be deemed as not demonstrating the necessary commitment nor aptitude to successfully complete the training

program. If the apprentice is so deemed, he shall be considered resigning from DM&E and will forfeit all seniority and employment rights.

(h) Practical Training and Checklist Completion

Practical training will be accomplished by apprentices working with mechanics, other apprentices or supervisors with the goal of mastering each task listed on the applicable checklist. A supervisor must sign the apprentice's checklist adjacent to the item checked to verify that the apprentice has demonstrated the ability to complete that task safely and efficiently.

It is the responsibility of the apprentice to ensure all items on the practical task checklist are satisfactorily completed. Apprentices should regularly review the checklist to ensure supervisors know the remaining unchecked items on which they may require training. It is the responsibility of the apprentice to bring to the shop manager's attention any lack of cooperation in getting the required practical training.

DM&E's objective is to ensure the apprentice has mastered all required tasks.

(i) Passing Grade on Mechanic Final Tests

All apprentices will be required to satisfactorily pass two tests (written/electronic instruction modules and practical) prior to the end of the twenty four (24) month training period. The practical test will consist of the apprentice demonstrating that he has mastered selected practical tasks on the checklist. The test based on course instruction will be derived primarily from course material. If the apprentice receives an 85% grade average score on the instruction modules and practical tests, he will be certified as a mechanic and may work mechanic positions.

(j) Apprentices Who Fail to Achieve 85% Average Grade

An apprentice who fails to achieve the 85% average grade on the final tests may request a second (different) test prior to the end of the 24th month. No retesting will be permitted on the practical test. If the apprentice fails to re-test prior to the end of the 24 month training period or if an employee's average scores are still below 85%, he shall be considered resigning from DM&E and will forfeit all seniority and employment rights.

(k) Travel Expenses

An apprentice required to travel away from his home point during the training period will be eligible for expenses in accordance with Rule 17 in this Agreement.

(l) Rates of Pay

Apprentices will be paid 80% of the mechanic rate shown in Rule 11 of this Agreement and this rate will be increased in accordance with the following timetable. Apprentices with relevant experience, education, and/or technical knowledge may be paid at a higher levels as determined by DM&E managers.

(m) Evaluation

Every six (6) months the apprentice's progress on acquiring the required practical skills and completing sufficient instructions modules, attendance, and overall performance will be evaluated by his supervisor. If satisfactory, the apprentice's rate will be adjusted by 5% (i.e. 85%, 90%, 95%).

(n) Completion

When the apprentice receives his certificate of program completion after passing the final tests he will be promoted to a mechanic and will receive 100% of the then current mechanic rate.

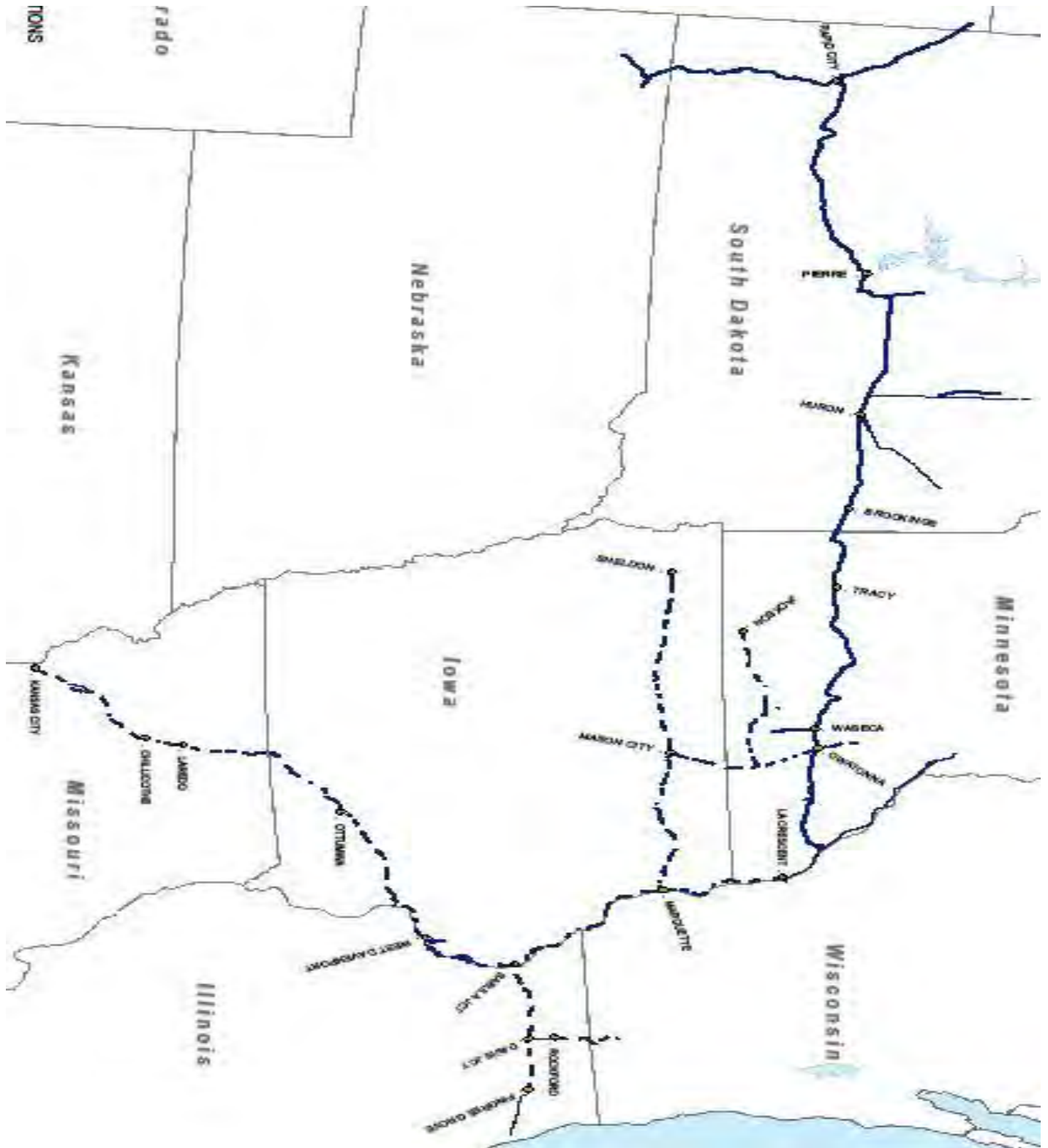
(o) Apprentice Experience Credit

Nothing in this Appendix is intended to restrict DM&E's right to hire qualified or journeymen mechanics, however, it is understood that they will be required to enter this Apprentice Training Program and their seniority will be the date of hire, the same as for all others in the Apprentice Program.

Employees hired as qualified mechanics or journeymen will be expected to satisfactorily pass the same practical and course instruction (written or electronic) final test as is required of all apprentices with the same passing score. Both tests must be completed between the 150th and the 180th day in the apprentice program, at the discretion of management based on the employees demonstrated knowledge and commitment.

Upon satisfactorily passing the final tests, the employee will be shown on the roster as a mechanic and may use his mechanic seniority in accordance with the terms of this working Agreement. Failure to complete or pass the final tests will result in disqualification during the probationary period in (a) of this attachment. DM&E management may choose to offer such employee a slot in the Apprentice Training Program.

ATTACHMENT J



LEGEND
 — NORTH
 - - - SOUTH
 (FORMER IC&E)