

Article 5 – Compensation

Employees will receive compensation during the term of the Agreement as follows:

A. Performance Bonus based on MICP

Up to 5% of their earnings in 2012
Up to 6% of their earnings in 2013
Up to 10% of their earnings in 2014.

We also agreed that a mandatory contribution of 15% of the bonus payment would be put into a pre-tax 401-k program. The purpose is to change a portion of the bonus into GWI's that will grow over the years. Thus, the employee will obtain huge financial benefits with very little change in monies received.

Example: Let's take \$5000.00 as the bonus payment. 15% would put \$750.00 in a 401-K pretax plan. RRB taxes would be \$500.00 and federal income taxes would be \$1190 (28% tax rate) for a net check of \$2560.00 with \$750.00 in savings plan for a total payout of \$3310. The \$750.00 will continue to grow and you can borrow against it for a home loan or children's education. Saving a little bit over an extended period of time and the compounding effect will make you a wealthy individual.

Without putting \$750.00 in a pretax plan, the net payout would be \$3100 with no money in savings, a loss of \$210.00

B. Individual Performance Award

Individuals that meet criterion will earn 25 shares of stock every six months. The criterion for each six month period is:

Perfect attendance on Friday through Monday -- assigned off days and compensated time off count as perfect attendance; and,

No disciplinary action and reportable personable injury. (ICI, IRC, Time Out and coaching counseling are not disciplinary actions).

Over the life of the Agreement, this benefit is worth \$12,500 in today's dollars. This money is in an ESOP and will compound and grow on a pre-tax basis.

C. GWI

There will be a 2% GWI on 1/1/12

There will be a 2% GWI on 1/1/13

There will be a 2% GWI on 1/1/14

This amounts to a 6.12% GWI

D. Lump Sum payments

Each employee will receive two lump sum payments of \$1000.00 payable on 7/1/10 and 7/1/11. This amounts to a 1.5% bonus payment.

E. 30 shares of stock

Every trainman will [continue to] receive 30 shares of stock each year. Currently, this is worth \$1500.00 per year

Snap back provision. This is explained in the Moratorium. It is a great rule! If the National Negotiating group gets more than 6.12% GWI over the life of this agreement, then we can snap back to those general wage increases. We also get to keep the bonuses and the individual stock awards that we earned.