

## **ARTICLE I - WAGES**

### **Section 1 - First General Wage Increase**

Effective on December 1, 1995, all standard basic daily rates of pay for employees represented by the United Transportation Union (y) in effect on the preceding day shall be increased by three-and-one-half (3 1/2) percent.

**NOTE:** Yardmen shall receive retroactive backpay commencing December 1, 1995 through and including May 31, 1997. Retroactive backpay shall be paid by separate check no later than thirty (30) days subsequent to the effective date of this Agreement.

### **Section 2 - Signing Bonus**

Each employee will be paid a signing bonus of one (1) percent of the employee's compensation for 1994.

**NOTE:** Yardmen shall be paid this signing bonus by separate check no later than thirty (30) days subsequent to the effective date of this Agreement.

### **Section 3 - First Lump Sum Payment**

Each Employee will be paid a lump sum equal to the excess of (i) three (3) percent of the employee's compensation for 1995, excluding pay elements not subject to general wage increases under Section 8 of this Article and lump sums, over (ii) the lesser of (x) one-half of the amount described in clause (i) above and (y) two times one-quarter of the amount, if any, by which the carriers' payment rate for 1996 for foreign-to-occupation health benefits under The Railroad Employees National Health and Welfare Plan (Plan) exceeds such payment rate for 1995.

**NOTE:** Yardmen shall be paid this first lump sum payment by separate check no later than thirty (30) days subsequent to the effective date of this Agreement.

### **Section 4 - Second General Wage Increase**

Effective July 1, 1997, all standard basic daily rates of pay in effect on June 30, 1997 for employees represented by United Transportation Union(y) shall be increased by three-and-one-half (3 1/2) percent, computed and applied in the same manner prescribed in Section 1 above.

## **ARTICLE I - WAGES (Continued)**

### **Section 5 - Second Lump Sum Payment**

On July 1, 1998, each employee will be paid a lump sum equal to the excess of (i) three-and-one-half (3 1/2) percent of the employee's compensation for 1997, excluding pay elements not subject to general wage increases under Section 8 of this Article and lump sums, over (ii) the lesser of (x) one-half of the amount described in clause (i) above and (y) one-and-one-half times one-quarter of the amount, if any, by which the carriers' payment rate for 1998 for foreign-to-occupation health benefits under the Plan exceeds such payment rate for 1995.

### **Section 6 - Third General Wage Increase**

Effective July 1, 1999, all standard basic daily rates of pay in effect on June 30, 1999 for employees represented by United Transportation Union(y) shall be increased by three-and-one-half (3 1/2) percent, computed and applied in the same manner prescribed in Section 1 above.

### **Section 7 - Standard Rates**

The applicable standard basic daily rates of pay produced by application of the increases provided for in this Article are set forth in APPENDIX 1 as attached hereto and shall be incorporated into and made a part of this Agreement to the same extent as if included herein.

### **Section 8 - Application of Wage Increases**

- (a) In determining new hourly rates, fractions of a cent will be disposed of by applying the next higher quarter of a cent.
- (b) Existing money differentials above existing standard daily rates shall be maintained.

### **Section 9 - Definition of Carriers' Payment Rate**

The Carrier's payment rate for any year for foreign-to-occupation health benefits under the Plan shall mean twelve (12) times the payment made by the carriers to the Plan per month (in such year) per employee who is fully covered for employee health benefits under the Plan. Carrier payments to the Plan for these purposes shall not include the amounts per such employee per month (in such year) taken from the Special Account, or from any other special account, fund or trust maintained in connection with the Plan, to pay or provide for current Plan benefits, or any amounts paid by remaining carriers to make up the unpaid contributions of terminating carriers pursuant to Article III, Part A, Section 1 of the Agreed Upon Implementation of Public Law 102-29 (1991 National Implementing Document).

### **Section 10 - Eligibility for Receipt of Signing Bonus, Lump Sum Payments**

The signing bonus and lump sum payments provided for in this Article shall be paid to each employee subject to this Agreement who has an employment relationship as of the date such payments are payable, or has retired or died subsequent to the beginning of the applicable calendar year used to determine the amount of such payment. There shall be no duplication of lump sum payments by virtue of employment under another agreement nor will such payments be used to offset, construct or increase guarantees in protective agreements or arrangements.

### **Section 11 - Calculation of Vacation Pay**

The retroactive backpay, signing bonus and lump sum payments provided for in Sections 1, 2, 3, and 5 of this Article will be included in the earnings of an employee in the determination of vacation allowances due in the year subsequent to their payment.

## **ARTICLE I - WAGES (Continued)**

**Section 12 - The following questions and answers shall apply to ARTICLE 1 - WAGES, as contained herein, and become a part of this Agreement to the same extent as if included herein.**

- Q-1:** In calculating an employee's compensation for the 1% signing bonus and subsequent lump sum payments provided for in this Article, what is the basis upon which the percentage is determined?
- A-1:** The employee's "compensation" as used on such employee's carrier to determine vacation pay entitlement in the calendar year so stated beginning January 1 and extending through December 31.
- Q-2:** Are the lump sum payments applicable to employees who are suspended, as well as employees who are reinstated with rights unimpaired?
- A-2:** Yes, because in both cases the employment relationship is maintained.
- Q-3:** An employee had earnings in 1994 and 1995, however, the employee is not currently active due to disability. Is this employee eligible for the signing bonus and 1996 lump sum payment?
- A-3:** Yes, so long as the employee maintains his/her employment relationship with the Carrier, or subsequently retires or dies.
- Q-4:** How will the lump sums be calculated for an employee who performed service for a Carrier not party to this contract during the years of 1994 and 1995, but currently employed by Indiana Harbor Belt Railroad Company?
- A-4:** Only compensation earned on the Carrier party to this agreement at which employed on the date payment is due will be credited.
- Q-5:** What is the definition of "foreign-to-occupation" as used in Section 5?
- A-5:** "Foreign-to-occupation" is defined in ARTICLE I, Section 5 to mean "other than on duty".