AGREEMENT BETWEEN

HYUNDAI ROTEM USA CORPORATION

(Employer)

and

TRANSPORT WORKERS UNION, LOCAL 234

(Union)

Effective January 1, 2012
through December 31, 2014
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(1)  HEAT STRESS
(2)  HANDBOOK AND SAFETY MANUAL
(3)  JOB CLASSIFICATION AND JOB DESCRIPTIONS (SIDELETTER ONLY)
ARTICLE I
RECOGNITION

Section 1. The Employer recognizes the Union as the sole and exclusive bargaining agent for the following bargaining unit as certified by the National Labor Relations Board in Case No. 04-RC-021708:

All full time and regular part time mechanical and electrical final assembly rail car production workers jointly employed by Hyundai Rotem USA Corporation ("HRU") and TTA Philadelphia, LLC ("TTAP"), at the facility located at 2400 Weccacoe Avenue, Philadelphia, PA, and excluding all other employees, office clerical employees, quality control and testing employees, warehouse employees, logistics employees, maintenance employees, welders, guards and supervisors as defined in the National Labor Relations Act.

Section 2. The Employer shall have the right to relocate the Hyundai Rotem USA facility currently at 2400 Weccacoe Avenue, Philadelphia, PA, provided that it gives the Union sixty (60) calendar days advance notice of any such relocation. If that relocation is within fifty (50) road miles, as determined by the shortest driving route, then such relocation will not have any impact on the Union continuing to be recognized as the collective bargaining agent for the certified bargaining unit or the continued application of this Agreement to the bargaining unit at the new facility; and provided further that bargaining unit employees actively at work will be offered the opportunity to transfer from the closed facility to the new facility.

Section 3. As used in this Agreement, the term "Employer" means the two employers comprising the joint employer relationship certified above: HRU and TTAP. In the event that the joint employer relationship ceases, and HRU becomes the sole employer of the bargaining unit employees, the term "Employer" shall mean only HRU.

ARTICLE II
MANAGEMENT RIGHTS

Section 1. Except as inconsistent with or in violation of the terms of this Agreement, the Employer has and shall retain the full right of management and direction of its operation. Such rights and responsibilities of management include, but are not limited to, the rights to determine: the plan for and direction of its operations, the products produced, and services rendered; the assignment of work duties in accordance with the determination of the needs of the job; the nature and extent of its operations; the facility number, location, and size; the methods, techniques, equipment, and processes used, including whether to change or acquire new equipment; whom it shall hire and the number of employees it shall employ; the transfer, layoff and recall of employees; the discipline, demotion, and discharge of employees for just cause; the
evaluation of employee performance, including continuation of the performance appraisal system; to promote employees; whether to move, sell, close or consolidate its business, in whole or in part.

**Section 2.** The parties recognize a common interest in enhancing the productivity and efficiency of the workforce. Such enhancements should be accomplished primarily by fostering a mutually cooperative relationship between management and the workforce designed to reduce unnecessary costs, eliminate bottlenecks and speed production and by providing training. To meet these objectives, before implementing a modification to practices and procedures that impair efficiency or impede production, the parties agree to meet and discuss over such modification, provided that the Employer will be permitted to adopt such modifications that are not unreasonable and do not jeopardize the health and safety of the workforce.

**Section 3.** Bargaining unit work shall be performed exclusively by the bargaining unit except as expressly permitted by this Agreement. Supervisors or managers may perform bargaining unit work solely for training purposes, process development and incidental work to meet customer service requirements or during bona fide emergencies when bargaining unit employees are unavailable. The limited right of supervisors and managers to perform bargaining unit work shall not be used to transfer that work to supervisory or managerial or non-bargaining unit employees, to avoid the employment of additional bargaining unit members, or to evade the terms of this Agreement. It is expressly agreed, however, that nothing in this Section 3 shall modify or diminish in any way the Employer’s rights under Section 4 below.

**Section 4.** The Employer shall have a limited right to subcontract and/or assign bargaining unit work to non-bargaining unit employees. Before such subcontracting/assignment occurs, the Employer shall meet and discuss with the Union over the decision at least forty-five (45) calendar days in advance of the subcontracting/assignment to discuss the efficiency or productivity objectives underlying the decision. Where labor costs are a major factor in the subcontracting/assignment decision, this meet and discuss process will include providing the Union with an opportunity to demonstrate to the Employer that the work can be performed as efficiently and productively by the bargaining unit.

It is agreed that, to the extent any work currently is being performed by non-bargaining unit employees on the date the Management Rights Article was agreed to, the Employer may continue such practices (consistent with the “Assignment Sideletter”), but shall not expand them except as provided herein.

**ARTICLE III**

**UNION SECURITY**

**Section 1.** All present employees who are members of the Union on the date of execution of this Agreement, or who become members during the term of this
Agreement, as provided herein, shall remain members of the Union in good standing as a condition of employment. All present employees who are not members of the Union and all employees who are hired hereafter shall become and remain members in good standing of the Union as a condition of employment on or after the 30th calendar day following their date of hire or on and after the 31st day following the effective date of this Agreement, whichever is the later.

**Section 2.** If the Union has made membership available to an employee on the same terms and conditions uniformly available to other members, then the failure of any employee to become a member of the Union at the required time obligates the Employer, upon notice from the Union to such effect, to discharge that employee. Further, the failure of any employee to maintain his or her Union membership in good standing as required herein shall, upon written notice to the Employer to such effect, obligate the Employer to discharge such person, within seven (7) calendar days of receipt of such notice.

**Section 3.** All notices from the Union to the Employer required by this Article shall be in writing and shall be signed by a duly authorized officer of the Union. Notices may be submitted by email, but the email must contain a signed letter or memo as an attachment, and the original signed notice must be tendered to the Employer within ten (10) calendar days thereafter.

**Section 4.** No provision of this Article shall apply to the extent that it may be prohibited by state law. If under applicable law, additional requirements must be met before any such provision may become effective, such additional requirements shall first be met.

**Section 5.** The Union agrees that it will indemnify and hold the Employer harmless against any and all damages, costs, fees, and expenses incurred by reason of any action taken under this Article.

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**ARTICLE IV**

**PROBATIONARY PERIOD**

**Section 1.** All new hires and re-hired employees shall serve a ninety (90) calendar day probationary period. The probationary period of any employee may be extended by mutual agreement of the parties. Upon satisfactory completion of the probationary period, the employee will become eligible for employer sponsored benefits and become subject to the terms and conditions of this bargaining agreement. As a result, the probationary period, including any extensions thereof, will serve as a waiting period for eligibility to participate in the employer’s benefit plans or programs, including leave programs, except as otherwise legally required. Additionally, employees may be disciplined or discharged during this period without recourse to the grievance and arbitration procedure.
Section 2. Notwithstanding the ninety (90) calendar day probationary period, an employee shall be eligible to become a member of the union, consistent with the terms of this Agreement, on the thirtieth (30th) calendar day following their date of hire. Union membership shall not modify the provisions of the preceding paragraph or other waiting periods specified in this Agreement.

ARTICLE V
DUES CHECKOFF

Section 1. The Employer agrees that it will deduct weekly from the pay of all employees covered by this Agreement the dues, initiation fees and/or uniform assessments of the Union in amounts identified by the Union in a written notice to the Employer; provided, however, that the Union delivers to the Employer a lawfully executed written authorization, signed by the employee, consistent with the requirements of the National Labor Relations Act and other applicable laws. An employee’s authorization shall remain in effect unless and until the employee submits a lawful revocation of the authorization in writing to the Employer.

Section 2. By the fifteenth (15th) of each month, the Employer agrees to remit to the Union all such deductions made in the prior month, along with a list of the employees for whom the deductions were made, the amount of the deduction, and an identification number for each employee.

Section 3. Employees shall have the further option to designate in writing deductions to be made from their wages for purposes of contributions to the Transport Workers Union Local 234 Cope Fund. Such deductions shall be voluntary in nature and subject to termination at any time by the employee. Such deductions shall be subject to the Employer’s receipt of a lawfully executed written authorization, signed by the employee, and shall be made and remitted in the same manner as dues deduction, as set forth in Sections 1 and 2 of this Article.

Section 4. When an employee is not on the payroll during the week or weeks in which any wage deduction hereunder is to be made or has no earnings during such week or weeks, the deductions shall be taken from his or her wages the following week or weeks upon return to work. If the employee is out more than one (1) month, the employee must make arrangements with the Union to pay his or her dues, initiation fees, other lawful assessments, and/or Cope Fund contributions directly to the Union. It is intended that this clause and the check off procedure hereunder shall not be in conflict with the Labor Management Relations Act of 1947, as amended.

Section 5. Shop Stewards will be permitted to distribute on behalf of the Union forms for the “Assignment and Authorization for Check-Off for Union Dues” and/or for “Voluntary Cope Deduction Authorization” in non-work areas during non-work times. Copies of all such forms authorizing deduction of wages shall be provided to the Employer in advance of any wage deduction taking effect.
Section 6. The Union agrees that it will indemnify and hold the Employer harmless against any damage or expense incurred by reason of any action taken under this Article.

ARTICLE VI
UNION ACCESS

Section 1. The Employer will grant authorized officers and agents of the Union access to HRU’s premises at 2400 Weccacoe Avenue for purposes of meeting with management to discuss adjustment of grievances or other disputes, to participate in joint labor-management activities, to investigate working conditions under this agreement, and to ensure enforcement of the agreement. The officers and agents of the Union seeking access to the facility shall consult in advance with management of the Employer to arrange mutually acceptable dates and times for such meetings or visits. Requests for access to investigate working conditions or to ensure enforcement of this agreement shall not be unreasonably delayed or denied in situations involving urgent circumstances. Under no circumstances will such meetings or visits disrupt production.

Section 2. The Employer shall provide the Union with a dedicated bulletin board, located in the vicinity of the time clocks, for the purpose of posting notices to employees related to: meetings and elections of the Union; Union appointments to office; the results of elections; Union social, educational, or recreational activities; and Union notices regarding political events relating to terms and conditions of employment. No notice may contain any derogatory, defamatory, or obscene information. The Union will provide a copy of any such notice that it wishes to have posted to the HRU Labor Relations Manager who, within a reasonable time, will initial the back of the notice and return it to one of the shop stewards for posting.

Section 3. The Employer will grant the Union access to HRU’s premises at 2400 Weccacoe Avenue to hold meetings with the bargaining unit members as follows:

- The Union may meet with bargaining unit members as often as once per month in the lunch room at the Employer’s facility.

- To avoid disrupting production, such meetings must start before the shift begins, or such other times to which the Employer agrees, and must end, at the latest, 15 minutes before the start of the shift to ensure employees are at their posts by the scheduled shift start time. The Employer may, but is not required to, agree to other times for such meetings.

- The date and time of such meetings shall be communicated to the Employer at least two (2) weeks in advance. The Employer agrees to consider granting requests for meetings on less notice if feasible.
• For such meetings, Union officials will enter and exit through the main
gate and front entrance of the facility, where they will be greeted by
security who will remain in the building during the meeting, but not in the
lunch room. The Union officials will exit the facility promptly at the
meeting’s conclusion.

• The time bargaining unit members spend in these meetings will not be
considered work time or paid time for any reason.

• During the time scheduled for such meetings, the Employer will reserve
the lunch room for the Union officials and the bargaining unit members
and will take steps to avoid non-bargaining unit employees using the
lunchroom during the meeting.

ARTICLE VII
NO STRIKE/NO LOCKOUT

During the term of this Agreement, including any extension thereof,
there shall be no strike, work stoppage, slowdown, walkout, sick out, or sympathy
strike; nor shall there be a lockout by the Employer. In the event bargaining unit
employee(s) engage in prohibited activity under this Article, the Union will take
affirmative steps to stop such prohibited activity and to secure the immediate
return to work of such employees.

ARTICLE VIII
SCHEDULE OF WORK AND OVERTIME

Section 1. Shifts. Except as provided herein, the Employer will
operate its facility on the following shifts:

First Shift: 7:00 am – 3:30 pm

Second Shift: 3:30 pm – 12:00 midnight

The Employer shall have the right to add to or reduce the number
and starting and ending times of shifts and/or the schedules, including the
creation of a third shift, provided that full-time employees are scheduled for a
five-day, eight-hour workweek. In the event of such a change, the Employer will
provide affected employees and the Union with two (2) weeks advance notice.
Section 2. Meal and Rest Periods

a. **Meal Periods.** Employees working a full shift will be entitled to a thirty (30) minute unpaid meal break at a time designated by the Employer. Meal period times will be strictly enforced. Absent a bona fide emergency, the meal break will be scheduled between the hours of 11:00 am and 1:00 pm (first shift) or 7:30 pm and 9:30 pm (second shift).

b. **Rest Periods.** Employees working a full shift will be entitled to two (2) 10-minute paid rest periods, one occurring in the first half of the shift and one occurring in the second half of the shift. An employee working overtime shall be entitled to an additional paid 10-minute rest period for every four (4) hours worked. Break times will be strictly enforced.

Section 3. Five-Minute Grace Period. Employees will be permitted to cease working for purposes of cleaning up their work stations, washing up, and going to the bathroom, on the clock, for no more than five (5) minutes before the start of the meal break.

Section 4. Minimum Call. Except in circumstances that are beyond the control of the Employer, if an employee reports to work as scheduled, he/she shall be guaranteed a work opportunity and pay of not less than four (4) hours per shift at their applicable hourly rate of pay. An employee who reports late or leaves early shall have his or her guarantee reduced in accordance with the time not worked.

Section 5. Shift Differential. Employees regularly scheduled or temporarily assigned to the second or third shifts for at least one (1) workweek, when operating in accordance with Section 1, will be paid a shift differential as follows:

- Second Shift: $0.50 per hour
- Third Shift: $0.75 per hour [if operating a third shift]

This shift differential will be included in the employee’s rate of pay for paid non-work hours for vacation, holidays, sick, or personal days. No shift differential will be paid for overtime work performed during a shift in which the employee is not normally scheduled to work.

Section 6. Overtime Pay

a. Overtime shall be paid at the rate of one-and-one-half (1½) times the employee’s regular rate of pay for all hours worked in excess of forty (40) per workweek, in accordance with the Fair Labor Standards Act (FLSA);
provided, however, that paid time out for vacation, personal, sick, and holidays, 
as authorized under this Agreement, shall be considered “hours worked” for 
overtime calculation purposes.

b. The standard workweek for overtime purposes commences on 
Monday at 12:01 am and ends the following Sunday at 12:00 midnight.

c. There shall be no “pyramiding” of overtime and any other 
premium pay provided for in this Agreement.

Section 7. Scheduling Overtime

a. Voluntary Overtime. Voluntary overtime will be offered to 
employees who have successfully completed their probationary period on the 
basis of company-wide seniority within the work team where the overtime is to be 
worked (Example = U/F termination Team), provided the employee has the skill 
and ability to perform the work, using the Voluntary Overtime Procedures below. 
If there are not enough volunteers within the work team, the Employer may 
mandate overtime.

Voluntary Overtime Procedures: For each team, two overtime lists 
will be maintained: (i) daily weekday overtime, and (ii) for weekend/holiday 
overtime. Overtime opportunities will be offered to the team on a rotating basis 
using the lists. If a team member declines the overtime opportunity, he/she will 
not be offered further overtime until they again come up on the rotation, and the 
next employee on the applicable list will be offered the overtime opportunity. The 
lists will run continuously without resetting. If an employee leaves or joins the 
team, he/she will be added to the list in the appropriate seniority order without 
interrupting the rotation.

b. Mandatory Overtime. If not enough employees volunteer for 
overtime, the Employer shall be permitted to mandate overtime, upon two hours 
notice, to employees who have successfully completed their probationary period, 
on the basis of inverse company-wide seniority within the work team where the 
overtime is to be worked (Example = U/F termination Team), provided the 
employee has the skill and ability to perform the work. There will be no rotation 
of mandatory overtime; rather, each day that mandatory overtime is needed will 
start with the least senior non-probationary employee on the team. Mandatory 
overtime will be limited to twelve (12) hours per week of daily overtime per 
workweek, and to six (6) weekend days/holidays per month. Voluntary overtime 
will not count toward these limits.
ARTICLE IX
ATTENDANCE

Regular, predictable and prompt attendance is essential to the success of any business. There are occasions when employees may be ill, arrive late or leave early (collectively "absences") because of reasons beyond their control. However, excessive absenteeism and tardiness will not be tolerated and corrective action will be taken in accordance with this Article.

Section 1. Reporting Procedures

a. Pre-Shift Notification: Employees are required to notify the Employer through the dedicated reporting line (215-465-1189) for each workshift when they will be absent, late or departing early from work. Notice must be given no later than thirty (30) minutes before the employee is scheduled to report to work, although earlier notice is encouraged. For foreseeable absences, employees are required to notify HRU Human Resources at least seven (7) calendar days in advance or otherwise as soon as reasonably possible.

b. Notice to Immediate Supervisor: In the case of early departures, where foreseeable, employees shall notify the Employer through the dedicated reporting line (215-465-1189) in accordance with the pre-shift notification procedures above. In all cases of early departure, the employee will remind/notify their immediate supervisor or supervisor's manager before leaving the facility. If an employee calls out late, or calls out absent but is able to report to work during the shift, he/she must report to his/her immediate supervisor or supervisor's manager upon arrival at the worksite. Where the employee's supervisor and supervisor's manager are not available, the employee will contact HRU Human Resources.

c. Overtime. The notification, points, and disciplinary rules in this Article apply equally to the failure to work scheduled voluntary overtime. If an employee fails to work scheduled mandatory overtime, the employee shall receive two (2) points for not working an entire scheduled period of overtime or one (1) point for not working part of a scheduled period of overtime, regardless whether the failure to work was reported or unreported in accordance with this Article.

d. No Call – No Show. No contact from an employee or the employee's family member for three (3) consecutive workshifts will be considered a voluntary resignation, unless the lack of notice is due solely to circumstances beyond the employee's control. Notwithstanding this provision, an employee's absences will result in points under the Point Schedule below.

Section 2. Point Schedule. Employee absences will result in the following points:
<table>
<thead>
<tr>
<th>Absence</th>
<th>Points</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Absence</td>
<td>2 points</td>
<td>Missing a full workshift with proper notification according to the Reporting Procedures</td>
</tr>
<tr>
<td>Unreported Absence</td>
<td>4 points</td>
<td>Missing a full workshift without proper notification according to the Reporting Procedures</td>
</tr>
<tr>
<td>Reported Lateness/Early Departure</td>
<td>1 point</td>
<td>Missing a partial workshift with proper notification according to the Reporting Procedures</td>
</tr>
<tr>
<td>Unreported Lateness/Early Departure</td>
<td>2 points</td>
<td>Missing a partial workshift without proper notification according to the Reporting Procedures</td>
</tr>
</tbody>
</table>

If properly reported, consecutive, multiple-day absences will count as a single Reported Absence, provided that the employee supplies acceptable medical documentation supporting the entire period of absence from a licensed treating physician. The documentation must be submitted to HRU Human Resources at the commencement of the next regularly scheduled work shift when the employee returns to work. Any falsification of medical documentation will be grounds for immediate termination of employment.

**Section 3. Discipline Schedule.** Points will be measured over a twelve (12) month rolling period. For example: An employee who incurs a Reported Absence on January 3 would see the 2 points come off his/her attendance record on the following January 3.

An employee who accumulates the points noted below will receive the disciplinary action noted.

<table>
<thead>
<tr>
<th>Points</th>
<th>Discipline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three (3) Points</td>
<td>Verbal Warning (Documented)</td>
</tr>
<tr>
<td>Five (5) Points</td>
<td>Written Warning</td>
</tr>
<tr>
<td>Seven (7) Points</td>
<td>Final Written Warning</td>
</tr>
<tr>
<td>Nine (9) Points</td>
<td>Suspension¹</td>
</tr>
<tr>
<td>Ten (10) Points</td>
<td>Termination of Employment</td>
</tr>
</tbody>
</table>

¹ Suspensions will be unpaid and will consist of a three (3) consecutive working day suspension, scheduled at the Employer’s discretion.
If the points assessed for an employee's absence result in more than one step of discipline, the employer will administer only the higher step. If in the course of the rolling attendance year, points drop off the employee's record, no additional disciplinary steps will be administered. However, if the employee incurs additional points, additional disciplinary action will be taken at the appropriate level in accordance with the above schedule.

Section 4. Roll-Back for Perfect Attendance. As a reward for perfect attendance, an employee will have two (2) points removed from his/her attendance record for each three (3) consecutive complete calendar months in which the employee has no attendance occurrence or reporting violation. Time missed which qualifies as sick leave under this Agreement and/or for FMLA leave will disqualify the employee from this attendance reward. An employee's point total can never be less than zero (0).

Section 5. Notice of Disciplinary Steps. At each step of the disciplinary process above, the Employer will provide the employee with a written notification with the following information:

- The date of the notice;
- The number of points accumulated under the Article as of the date of the disciplinary step;
- The dates and type of prior attendance disciplinary steps in the preceding 12 month period;
- The dates of all absences in the preceding 12 month period
- Any points removed within the preceding 12 month period.

The notification shall also include a space for the employee to sign acknowledging receipt and a space for the employees' shop steward or union representative to sign verifying the employee's receipt. If either refuses to sign, an Employer representative may note the refusal and sign his or her own name.

Section 6. Excused Absences. An absence for which an employee uses authorized sick, vacation, personal, or FMLA leave under the terms of this collective bargaining agreement will be treated as excused and will not result in points under the Point Schedule.

ARTICLE X
WAGES

Section 1. Starting Hourly Wage Rates. The following will be the starting rates for new hires for the duration of this agreement:
Car Builder – 1st Class: $16.00 per hour
Car Builder – 2nd Class: $14.50 per hour
Car Builder – 3rd Class: $13.50 per hour

Effective January 1, 2012, each incumbent employee with a lower wage rate than the above will have his/her hourly rate increased to the above rates. Starting rates will not be adjusted with the annual wage increases set forth below.

Section 2. Wage Progression. New hires will start $1.00 an hour below the above starting rate and progress to the full rate over a 12-month period as follows:

<table>
<thead>
<tr>
<th>Hire date:</th>
<th>$1.00 less than starting rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 months later</td>
<td>$0.50 less than starting rate</td>
</tr>
<tr>
<td>12 months later</td>
<td>Full starting rate</td>
</tr>
</tbody>
</table>

Incumbents as of January 1, 2012 who have less than 12 months of service will be placed in the wage progression based upon their date of hire; provided, however, that no such incumbent will have his/her current pay rate reduced.

Section 3. Annual Wage Increases. Each employee in the bargaining unit who has completed at least 12 months of service as of December 31st immediately prior to the effective date of an across-the-board increase will be eligible for an across-the-board annual increase, as follows:

<table>
<thead>
<tr>
<th>Year 2 (2013):</th>
<th>First full payroll period in January 2013: $0.50/hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 3 (2014):</td>
<td>First full payroll period in January 2014: $0.50/hour</td>
</tr>
</tbody>
</table>

Section 4. Signing Bonus. No later than the first full pay period in January 2012, each employee in the bargaining unit who, as of December 31, 2011, had completed successfully his/her probationary period, will be paid a Signing Bonus equal to three percent (3%) of that employee’s actual gross earnings in Calendar Year 2011, less applicable deductions and withholdings. Signing Bonuses will not be included in base pay for any purpose, including overtime and 401(k) plan calculations.

ARTICLE XI
HEALTH CARE BENEFITS

Section 1. Health Care Plans. The Employer will continue to provide the same health benefits package offered as of December 31, 2011, consisting of a

2 The Senior Lead position has been eliminated. Anyone holding that classification as of the effective date of this Agreement will have his or her wage rate red circled.
Point of Service plan and dental, prescription and vision plans, to each employee in the bargaining unit who has successfully completed his or her probationary period, subject to the Employer's right to "shop the plans" below.

**Section 2. Health Care Contribution.** Employees will contribute by payroll deduction the following percentage of the premium costs for such coverage:

- Single 20%
- Parent & Child 25%
- Parent & Children 25%
- Husband & Wife 25%
- Family 25%

The premium contributions amounts will be adjusted based on the total cost of the benefits, using the same 75/25% or 80/20% cost sharing allocation, as applicable.

**Section 3. Shop the Plan(s).** The Employer is permitted to "shop the plans," individually or collectively, and is permitted to self-insure any one or more of the plans, provided that any change in carriers or plans will offer comparable benefits and provider lists.

**ARTICLE XII**

401(K)

**Section 1.** As soon as administratively feasible following January 1, 2012, the Employer will offer to eligible bargaining unit employees the option to participate in a 401(k) plan. The Employer may add the bargaining unit to the existing HRU 401(k) plan or may adopt a new plan with the same or similar terms and conditions, as modified by this Article.

**Section 2. Eligibility.** Employees who are 21 years of age or older become eligible to participate in the 401(k) Plan upon successful completion of their probationary period. Employees must have 1000 Hours of Service to complete a Year of Eligibility Service.

**Section 3. Employee Elective Deferrals.** Employees may elect to make pre-tax elective deferrals to their 401(k) Plan accounts, subject to IRS limits.

**Section 4. Employer Matching Contributions.** The Employer will make a matching contribution of an amount equal to:

- 100% of the employee's Elective Deferrals up to two percent (2%) of the Employee's Compensation for the Plan Year, plus
• 50% of the employee's Elective Deferrals over two percent (2%) up to a
maximum of four percent (4%) of Compensation for the Plan Year.

Under the above formula, an employee making an Elective Deferral of 4% or more of
his/her Compensation would receive an employer match of 3%.

Section 5. Discretionary Profit Sharing Distributions: The
Employer, in its discretion, may elect annually to make additional profit sharing
distributions with pro rata allocation based on the Participant's Qualifying Compensation
as compared to the Qualifying Compensation of all Participants.

Section 6. Plan Governance and Operation. The Employer has
discretion to select and retain vendors in connection with the operation and
administration of the 401(k) Plan. The plan shall be operated in accordance with the
plan's governing plan, summary plan description, and plan instruments, copies of which
have been provided to the Union; provided, however, that the Employer will negotiate
over a decision to terminate the plan.

ARTICLE XIII
LIFE INSURANCE

Section 1. Benefit. The Employer will offer $24,000 of life insurance to
each full time employee who has successfully completed his/her probationary period.

Section 2. Shop the Plan. The Employer is permitted to shop the life
insurance plan to obtain more competitive rates, including self-insurance, provided that
any change in carriers or plans will offer comparable benefits at the same $24,000 level.

ARTICLE XIV
VACATION

Upon successful completion of the probationary period, a full-time
employee shall be entitled to vacation pay as follows:

Section 1. Vacation Accrual

a. Weekly Accrual: All vacation accrued under this Article will be
accrued on a weekly basis (i.e. 1/52nd of the annual entitlement per week). As long as
an employee is out on an approved leave under this Agreement, the employee will
continue to accrue vacation, unless specifically stated to the contrary in this Agreement.
An employee who is accruing seniority, but is not on an approved leave hereunder, will
not accrue vacation.
b. **Upon Hire**: New hires will not accrue any vacation time during the 90-day probationary period. During the first calendar year of employment, an employee’s vacation will accrue based on the employee’s date of hire pursuant to the following schedule:

<table>
<thead>
<tr>
<th>Month of Hire</th>
<th>Vacation Entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>5 days</td>
</tr>
<tr>
<td>February</td>
<td>5 days</td>
</tr>
<tr>
<td>March</td>
<td>5 days</td>
</tr>
<tr>
<td>April</td>
<td>4 days</td>
</tr>
<tr>
<td>May</td>
<td>3 days</td>
</tr>
<tr>
<td>June</td>
<td>2 days</td>
</tr>
<tr>
<td>July</td>
<td>1 day</td>
</tr>
<tr>
<td>August</td>
<td>1 day</td>
</tr>
<tr>
<td>September</td>
<td>0 days</td>
</tr>
<tr>
<td>October</td>
<td>0 days</td>
</tr>
<tr>
<td>November</td>
<td>0 days</td>
</tr>
<tr>
<td>December</td>
<td>0 days</td>
</tr>
</tbody>
</table>

c. **First Full Calendar Year of Employment**: Commencing on January 1st following the employee’s calendar year of hire, an employee will accrue vacation at the following annualized rates:

<table>
<thead>
<tr>
<th>Completed Years of Service</th>
<th>Annual Vacation Accrual Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2 years</td>
<td>5 days (40 hours)</td>
</tr>
<tr>
<td>3-5 years</td>
<td>10 days (80 hours)</td>
</tr>
<tr>
<td>6-10 years</td>
<td>12 days (96 hours)</td>
</tr>
<tr>
<td>11+ years</td>
<td>15 days (120 hours)</td>
</tr>
</tbody>
</table>

Upon an employee’s anniversary date of hire which would move the employee to a higher vacation entitlement tier, the rate of accrual will increase upon the anniversary date. Example: On an employee’s 3rd anniversary date of hire, his/her annualized rate of accrual will increase immediately from 5 days to 10 days.

**Section 2. Payment and Usage.** Employees may elect to use one (1) week of available vacation in single days. All vacation time must be taken in increments of one (1) full day, but not in lesser increments than one (1) full day. Full-time employees will be paid for each vacation day on the basis of eight (8) hours at the employee’s straight-time rate.

**Section 3. Scheduling.** Employees will apply for vacation by submitting a written vacation request.

For the summer vacation period beginning Memorial Day through Labor Day, inclusive, all employee requests to schedule vacation weeks shall be submitted by March 1 of each year. Timely vacation requests will be granted based on the
employee's seniority within his/her current department (i.e. Mechanical or Electrical). Employee requests to schedule vacations weeks submitted after March 1 shall be submitted at least two (2) weeks in advance and then shall be filled on a first-come, first-serve basis from available weeks remaining. The scheduling of full week vacations shall have priority over the scheduling of individual vacation days.

For the non-summer months, vacation requests must be submitted at least two (2) weeks in advance. Timely vacation requests will be granted based on the employee's seniority within his/her current department (i.e. Mechanical or Electrical). Employee requests to schedule vacations weeks submitted less than two (2) weeks in advance may be approved at the discretion of the Employer depending on operational needs.

The Employer shall grant vacation requests for each week throughout the year to allow a maximum of eight percent (8%) of employees in each of the Mechanical and Electrical Departments off on vacation each week, if there are that many vacation requests for a week. Once the eight percent (8%) quota has been fulfilled, the Employer is not required to grant additional vacation requests for that week, although additional vacation weeks may be scheduled at the discretion of the Employer.

Section 4. Advanced Vacation Scheduling and Pay.

a. Advanced Pay: Employees wishing to receive advance payment for scheduled vacation must submit a request, in writing, to the Human Resources Department at least two weeks prior to the initial day of their vacation. Advance payments will not be made in increments of less than five (5) consecutive days.

b. Advanced Scheduling: Employees wishing to “borrow” future vacation accrual will be permitted to borrow up to one (1) week per calendar year, provided that they agree to repay the borrowed time either by working to accrue the time, or if they separate from employment before accruing the time, the Employer will be permitted to deduct any borrowed, unaccrued time from the employee’s final paycheck. The employee will sign any required paperwork committing to this repayment.

Section 5. Holidays. When a company-paid holiday occurs during an employee’s scheduled vacation period, he or she shall be paid for the non-worked holiday in addition to his or her vacation pay at straight time rates.

Section 6. Unused Vacation. Employees who do not use their accrued vacation by the end of a calendar year will be permitted to carry over up to one-half (1/2) of their annual vacation entitlement to the succeeding calendar year, with a maximum accumulation not to exceed twenty (20) days. Any unused or unscheduled vacation not carried over will be paid out in the payroll cycle covering the second week of December.

Section 7. Separation from Employment. Upon separation from employment, accrued and unused vacation will be paid out to the separating employee as required by the Pennsylvania Wage Payment and Collection Law.
ARTICLE XV
PERSONAL DAYS

Section 1. Upon successful completion of the probationary period, a full-time employee shall be entitled to paid personal days during the calendar year in which he or she is hired based on his or her date of hire as follows:

- For employees who are hired from January 1st through August 31st: two (2) paid personal days to be used during the initial calendar year of hire.
- For employees who are hired from September 1st through September 30th: one (1) paid personal day to be used during the initial calendar year of hire or during the first calendar quarter of the next calendar year.
- Employees who are hired from October 1st through December 31st: no (0) paid personal days during initial year of hire.

Each January 1st following the employee’s initial year of hire, he or she will accrue two (2) paid personal days to be used in that year. Personal days are available immediately on January 1st of the year in which they accrue.

Section 2. Personal days must be taken in increments of one (1) full day, but not in lesser increments than one (1) full day. Full-time employees will be paid for each personal day on the basis of eight (8) hours at the employee’s straight-time rate.

Section 3. An employee shall submit a written request to take a personal day at least two (2) weeks in advance. The Employer shall grant a personal day upon timely request by the employee, provided, however, that the Employer may limit the number of employees taking a personal day on any given workday to not more than two (2) per the Electrical Department and two (2) per the Mechanical Department. Requests will be granted on a first-come, first-serve basis. The scheduling of additional personal days shall be at the discretion of the Employer, provided that the scheduling of personal days with less than two (2) weeks notice or in excess of the above limits will not be unreasonably denied in the event of an emergency or similar unforeseen circumstances.

Section 4. In the event of separation from the Employer, any unused accrued personal time is forfeited by the employee. Except as provided above with respect to the initial year of hire, accrued paid personal days will not carry over from one calendar year to the next or be paid out.
ARTICLE XVI
HOLIDAYS

Section 1. Upon successful completion of the probationary period, a full-time employee shall be entitled to company-paid holidays as follows:

The Employer recognizes the following eight (8) fixed paid holidays:

New Year’s Day
Martin Luther King Day
Memorial Day
Independence Day
Labor Day
Thanksgiving Day
Christmas Eve Day
Christmas Day

In addition to the above holidays, each employee who has successfully completed his/her probationary period will be entitled to one (1) floating paid holiday per calendar year. An employee shall submit a written request to take his/her floating holiday at least two (2) weeks in advance. A floating holiday must be taken in increments of one (1) full day, but not in lesser increments than one (1) full day.

Section 2. In order for an employee to be eligible for a paid holiday (fixed or floating), he/she must work the full workday before and after the holiday, unless it is a paid absence under this Agreement.

Section 3. During the week in which an employee receives holiday pay, the number of holiday hours paid will be considered as “hours worked” in determining eligibility for overtime payment for that week.

Full-time employees who do not work on a holiday (fixed or floating) will be paid on the basis of eight (8) hours at the employee’s straight-time rate.

Full-time employees who work on a fixed holiday will be paid holiday pay (i.e. eight (8) hours at the employee’s straight-time rate), plus they will be paid for all hours actually worked on the holiday at the rate of one-and-one-half times the employee’s straight-time rate.

Section 4. Unused floating holidays will not be carried over or paid at year-end or separation from employment.
ARTICLE XVII
SICK LEAVE

Section 1. Upon successful completion of the probationary period, a full-time employee shall be entitled to paid sick time off during the calendar year as follows.

All new hires, after successfully completing their probationary period, shall receive prorated sick days based on the following:

<table>
<thead>
<tr>
<th>Employee Completes Probationary Period:</th>
<th>Entitlement:</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1 – June 30</td>
<td>3 days</td>
</tr>
<tr>
<td>July 1 – September 30</td>
<td>2 days</td>
</tr>
<tr>
<td>October 1 – December 31</td>
<td>1 day</td>
</tr>
</tbody>
</table>

Each January 1st following the employee’s initial year of hire, he or she shall receive four (4) days to be used in that year. Sick time may be used for personal illness or injury of the employee him or herself only.

Section 2. Sick time must be used in increments of one (1) full day. For full-time employees, each sick day will be paid on the basis of eight (8) hours at the employee’s straight-time rate at the time of payment.

Section 3. Paid sick days expire at the end of the calendar year in which they accrued, except that an employee may carry over unused sick days into successive calendar years, provided that the number of sick days carried over may not exceed ten (10). Employees will not be paid in lieu of using sick time and are not paid for earned but unused sick days upon termination or other separation from employment.

Section 4. Employees may request a paid sick day when providing notice in accordance with the Reporting Procedures of the Attendance Article; failure to timely report will render the employee ineligible to use a paid sick day and will result in points. As set forth in the Attendance Article, usage of a paid sick day with proper notice will not be considered an attendance occurrence resulting in points, but will be considered an attendance occurrence for purposes of disqualifying the month under the roll-back provisions.

ARTICLE XVIII
FAMILY MEDICAL LEAVE

The Employer will grant leaves of absence in accordance with the federal Family and Medical Leave Act (FMLA or Act) of 1993 and its regulations and the employer’s policy governing FMLA leave. If a conflict arises between the Act and/or its regulations and the employer’s policy, the Act and/or its regulations will prevail.
ARTICLE XIX
MEDICAL LEAVES FOR ON-DUTY AND OFF-DUTY INJURIES

Section 1. On the Job Injury or Illness: An employee who has successfully completed the probationary period will be granted a workers’ compensation leave of absence when he/she incurs a compensable injury or illness under the PA Workers’ Compensation Act for a period of up to twelve (12) months from the date of the first lost-time workday. While receiving workers’ compensation benefits during this period, the individual will continue as an employee of the Employer, and will continue to accrue seniority. The employee’s participation in health care coverage, if enrolled, and vacation accrual will continue for so long as the employee is using paid leave under this Agreement (i.e., personal, sick, vacation) and/or Family and Medical Leave, and continues to make his/her premium contributions for such coverage (by direct pay to the Employer if not receiving paid leave benefits from which the contributions will be deducted). No other benefits will continue or accrue during workers’ compensation leave. If the employee is able to return to work during this leave period, he/she will be reinstated, in accordance with seniority, to an available position for which he/she is qualified. If the employee does not return to work after twelve (12) months, the employee will be separated from service.

Section 2. Off the Job Injury or Illness: An employee who incurs an injury or illness not covered by the PA Workers’ Compensation Act will be entitled to use such paid or unpaid leave for which he/she is eligible under this Agreement, with the attendant benefits provided under such leave (e.g., FMLA). If the employee does not return to work upon exhaustion of all such available leave benefits, the employee will be separated from service.

ARTICLE XX
JURY DUTY LEAVE

Employees who have completed their probation and are called for jury duty shall receive their regular base pay for eight (8) hours at straight time rates for each day of jury service up to a maximum of five (5) days every two years. The Employer may request proof of service as a condition for payment and may deduct any compensation for services received by the employee.

ARTICLE XXI
BEREAVEMENT LEAVE

Section 1. Upon successful completion of the probationary period, a full-time employee will be entitled to paid bereavement leave for time off coinciding with the funeral, as follows.
• Up to three (3) scheduled workdays of bereavement leave for the death of an immediate family member. Immediate family members are defined as a spouse, domestic partner, parents, brothers, sisters, children, step-children, children of domestic partners, grandchildren, grandparents, parents-in-law and parents of domestic partners.

• One (1) scheduled workday of bereavement leave for the death of aunts, uncles, nieces or nephews.

Full-time employees will be paid for each bereavement day on the basis of eight (8) hours at the employee’s straight-time rate.

Section 2. Any day(s) missed when work is not scheduled (including, but not limited to, vacation, holidays, personal days, sick leave, or workers compensation leaves) are not eligible for bereavement pay since this benefit is intended to ensure employees are not financially penalized from missing scheduled workdays due to a bereavement leave.

Section 3. The Employer may request proof of death and relationship as a condition for payment.

ARTICLE XXII
OTHER LEAVES

Section 1. An employee with two (2) years of service or more, who is not eligible for FMLA leave, and who desires a personal unpaid leave of absence, shall give at least thirty (30) days written notice.

Section 2. Upon request, the Employer may, at its discretion, grant a leave of absence up to a maximum of thirty (30) calendar days for reasons satisfactory to the Employer, provided that the employee requesting the leave is not needed and there are employees available who are capable of performing the employee’s work. At the Employer’s discretion, the leave of absence can be extended up to a maximum of thirty (30) additional calendar days. During the leave of absence, the employee will continue to accrue seniority, and health care benefits will continue if the employee continues to make his/her required premium contributions (by direct pay to the Employer if not receiving paid leave benefits from which the contributions will be deducted).

Section 3. Such leave will not be granted so that the employee can engage in other employment for remuneration unless the Employer agrees to that at the time the leave is granted. Upon returning to work, the employee is entitled to return to her/his position in accordance with seniority.
ARTICLE XXIII
SENIORITY

Section 1. Definition of Seniority. Seniority rights will prevail for all bargaining unit employees as set forth in this Article and elsewhere in this Agreement. Company-wide seniority shall be based on the total length of service with the Employer in the bargaining unit covered by this Agreement. Seniority will be measured continuously from the date of hire unless terminated in accordance with the provisions below. When seniority has been terminated in accordance with Section 2 below, an employee who returns to the bargaining unit will have a new date of hire for seniority purposes. Ties will be broken alphabetically on the basis of the employee's last name and, if necessary, first initial.

Section 2. Termination of Seniority

a. Seniority will be terminated for any of the following causes:

(1) Discharge for just cause;

(2) Voluntary quit or retirement;

(3) Continuous layoff for more than eighteen (18) months;

(4) Failure to report to work within seven (7) working days after receipt of notification of recall in accordance with Section 4.b below;

(5) An absence beyond any period of leave authorized under this Agreement (not including unauthorized absences under the Attendance Article unless the employee is discharged).

b. A permanent layoff will be treated as a separation from employment under this Agreement. In the case of a temporary layoff, laid off employees will have the option of being paid out accrued and unused vacation time.

Section 3. Layoff and Recall

a. Layoffs: In the event of layoffs, the Employer shall layoff employees by inverse company-wide seniority within the employee's Department and Job Classification, with the least senior employee being laid off first, except in cases of extraordinary operational necessity. An employee who otherwise would be laid off may "bump" a less senior employee within his/her Department (i.e. on a different work team and/or in a lower Job Classification), provided that the employee has the skill and ability to perform the job. There will be no cross-Department or bumping upwards in Classification. If an employee bumps down to a lower Job Classification, the employee will retain his/her current rate of pay.
b. **Recalls:** In the event of recalls, employees who retain seniority rights in accordance with Section 2 will be recalled in company-wide seniority order within the employee's Department and Job Classification, with the most senior employee being recalled (or restored from a "bump") first, provided that the employee has the skill and ability to perform the job. There will be no cross-Department recalls.

**Section 4. Notifications**

a. **Layoff Notice:** Absent a bona fide emergency or act of God resulting in layoffs, notices of layoff will be sent or delivered to each affected employee (other than those bumped) at least five (5) working days before the effective date of the layoff or pay in lieu thereof. Such notices will be delivered in person or by certified mail to the employee. A list of the employees to be laid off also will be faxed or emailed to the Union.

b. **Recalls:** Notices of recall shall be sent to employees by certified mail at his/her last known address on record with the Employer. Employees must notify the Employer of their intent to return to work upon recall from layoff within three (3) working days of receiving the notification and report to work within seven (7) working days of receiving such notice. A list of the employees to be recalled also will be faxed or emailed to the Union.

**Section 5. Probationary Period:** Employees in their probationary period, including any extension thereof, do not have seniority rights. Upon successful completion of the probationary period, seniority will be credited from the date of hire of an employee.

**ARTICLE XXIV**

**SHOP STEWARDS**

**Section 1.** The Employer recognizes the right of the Union to designate shop stewards. The Union shall be entitled to appoint one (1) shop steward and one (1) alternate for every seventy-five (75) bargaining unit members or part thereof. The shop stewards and the alternates will be employees of the Employer. The identities of the shop stewards must be submitted in writing to the Employer.

**Section 2.** The duties and authority of shop stewards and alternates shall be determined by the Union. Such duties shall be performed off working time except for the following which may be performed on working time within the parameters set forth below: (1) investigation and presentation of grievances in accordance with the provisions of the collective bargaining agreement; (2) providing union representation to bargaining unit employee in accordance with Weingarten; and (3) meetings with management representatives to discuss matters arising under the collective bargaining agreement, including participating in joint labor-management activities provided for herein.
The foregoing activities will be the responsibility of the designated shop steward. The alternate may perform these duties on working time only if the shop steward is not present at the worksite when such activities are required.

Section 3. The duties of the shop stewards (and alternates) to be performed during the stewards' regularly scheduled work hours shall not exceed twenty-four (24) hours in the aggregate per month for all stewards and alternates, and such time spent on activities permitted to be performed on working time shall be paid by the Employer and considered time worked under this Agreement. Any additional time engaged in such activities shall occur off working time in non-work areas or off the Employer's premises. When using working time to conduct shop steward activities, only the one (1) steward (or alternate) representing the affected employees will participate.

Section 4. Before leaving their assigned duties, the shop steward (or alternate) seeking to perform authorized activities during the steward's regularly scheduled work hours shall notify his/her supervisor and obtain permission to leave the work area. Permission shall not be unreasonably withheld, taking into account operational and production needs. The steward will not be required to clock out while performing authorized activities hereunder, but must notify his/her supervisor promptly upon concluding such activities and returning to work. If there are issues concerning excessive use of work time, the stewards and alternates may be required to submit a written accounting of their time. The shop steward (or alternate) may not interrupt or interfere with the work being performed by other bargaining unit employees to engage in shop steward activities, regardless of whether the steward's activities are occurring during his/her regularly scheduled work hours.

Section 5. Within the parameters of this agreement, shop stewards shall have the right to inform employees of their rights under this Agreement and to assist employees in the enforcement and protection of those rights. Shop stewards have no authority to take strike action, or any other action which interferes with or interrupts the Employer's business, and have no authority to alter, amend, modify, or waive the terms of this Agreement.

Section 6. Shop stewards shall have super-seniority for purposes of layoff, provided that they have the skill and ability to perform the work in question.

ARTICLE XXV
DISCIPLINE

Section 1. Employees may be disciplined and/or discharged for just cause. While the Employer recognizes the importance of progressive discipline in appropriate cases, some situations will not lend themselves to progressive discipline. No prior warning need be given to an employee before he/she is discharged if the cause of such discharge is for:
• Theft
• Falsification of company records
• Unauthorized work stoppage
• Specified violations of the Substance Abuse Article
• Willful destruction of company or employee property
• Insubordination
• Failure to promptly report an accident or lost-time injury
• Major preventable accident
• Assault
• Fighting
• Possession of a weapon on Employer property
• Unlawful harassment or retaliation
• Swiping another employee’s time card or permitting another employee to swipe the employee’s card

The foregoing list is intended to be illustrative and not exhaustive; other serious or significant offenses may warrant immediate dismissal from employment.

Section 2. In the case of formal disciplinary action in the form of written warnings, final written warnings, suspensions and terminations, the Employer will provide notice of the disciplinary action. Such notice shall be given within seven (7) calendar days of when the Employer knew or reasonably should have known of the incident, or, where the Employer decides to conduct an investigation (which shall not exceed thirty (30) calendar days, unless mutually agreed by the parties), within seven (7) calendar days of the conclusion of the investigation. The notice shall be provided to the employee, the shop steward, and the local Union representative.

Section 3. Except in cases of serious misconduct, including but not limited to offenses specified in Section 1 above, a verbal or written warning or suspension of twenty-one (21) calendar days or less will not be considered for purposes of the progressive disciplinary process for the same infraction, or for purposes of promotion, wage or benefit increases, after eighteen (18) months from the date of issuance, provided that the employee has had no other discipline for any reason within that period (not including offenses under the Attendance Article).
Section 4. In accordance with Weingarten, if an employee makes a clear request for the presence of his/her union representative in the following circumstances, the Employer will grant the request and conduct the meeting with the employee in the presence of a shop steward or other union representative:

a. Before or during an investigatory interview that the employee reasonably believes will result in disciplinary action for that employee; or

b. A meeting with the employee to discuss the results of an investigation that the employee reasonably believes will result in disciplinary action for that employee; or

c. A meeting with the employee to administer discipline where the underlying incident will be discussed; provided, however, that the right to Weingarten representation will not arise if the meeting is solely to deliver the written disciplinary action to the employee (e.g., attendance).

Section 5.

a. The Employer shall have the right to make and enforce reasonable work rules and safety rules, including Rules of Conduct governing discipline/discharge and/or safety, and to amend from time to time policies in the Employee Handbook and/or Safety Manual; provided, however, that nothing in such rules or policies shall conflict with the terms of this Agreement.

b. In the event that individual policies in the Employee Handbook or Safety Manual are amended, the amended policy will be provided to the designated shop steward and union business agent at least thirty (30) calendar days before its intended effective date. During the fifteen (15) calendar day period following notice to the Union business agent, the Union and the Employer will meet and discuss over the policy amendment, if requested by the Union.

c. The Union will have the right to file a grievance challenging the reasonableness of a work rule or policy, in accordance with the Grievance and Arbitration time limits, measured from the end of the fifteen (15) calendar day meet-and-discuss period. The Union shall retain the right to grieve any discipline resulting from the application of a particular work rule or policy.

d. Work rules and amended policies will be posted at the workplace.

ARTICLE XXVI
SUBSTANCE ABUSE

Section 1. Purpose And Scope. The Employer does not condone any form of substance abuse. It is the policy of the Company, to the extent practical, to provide its employees with a working environment that is free of the problems
associated with the abuse of controlled substances (including narcotics). The use of controlled substances is inconsistent with the behavior expected of employees and subjects the Employer and employees to unacceptable risks of workplace accidents and other events which undermine the Employer’s ability to operate effectively and safely. Such activities by employees also have the potential to adversely affect the health, safety and security of other employees and the quality of our product and the service we provide to our clients. Therefore, the Employer has established the following rules:

a. It is a violation of Employer policy for any employee to use, possess, sell, trade, offer for sale, or offer to buy illegal drugs or otherwise engage in the illegal use of drugs on the job.

b. It is a violation of Employer policy for anyone to report to work under the influence of illegal drugs or alcohol.

c. It is a violation of the Employer policy for anyone to use prescription drugs illegally. (However, nothing in this Article precludes the appropriate use of legally prescribed medications – see Prescription Medication below.)

d. Violations of this Article are subject to disciplinary action up to and including termination.

All employees are required to comply with this Substance Abuse Article as set forth herein.

Section 2. Prohibited Substances And Conduct. The non-prescriptive use, sale, possession, distribution, dispensation, manufacture, or transfer of drugs, drug-related paraphernalia, or otherwise legal but illicitly used substances, or being under the influence of such substances, at any time on company property or on working time is strictly prohibited.

a. Prescription Medication: An employee using a drug pursuant to a valid prescription must report such use to the Human Resources Department prior to performing any work after beginning use of the prescribed drug where the employee is informed or has reason to believe that his/her physical or mental condition may be impaired during working hours by use of the drug such that it will adversely affect his/her ability to safely and efficiently perform his/her normal job. If an employee performs work without first making such a report, he/she will be considered in violation of this Article. If, in the judgment of management, use of the prescribed drug would adversely affect the employee’s ability to safely and efficiently perform his/her normal job, the employee may be temporarily assigned other duties or placed on an unpaid leave of absence, at the Employer’s option, during use of the prescribed drug. Upon request, the employee shall furnish the Employer with the physician’s statement regarding the effects of the medication.

b. Alcohol Use. An employee who is under the influence of alcoholic beverages at any time while working shall be guilty of misconduct and is subject to
discipline including discharge or suspension without pay from employment, in accordance with Section VI below, even for the first offense.

Section 3.  Prospective Employee Testing

a.  The Employer has a substance abuse-screening program for applicants considered for employment after a conditional offer of employment has been made.  The employment offer is conditional and confirmed only upon the potential employee passing such test.  All job applicants at this Employer will undergo testing for the presence of illegal drugs and alcohol as a condition of employment.  Any applicant with a confirmed positive test will be denied employment.

b.  Applicants will be required to submit voluntarily to a urinalysis test at a laboratory chosen by this Employer, and by signing a consent agreement will release this Employer from liability.

c.  If the physician, official or lab personnel have reasonable suspicion to believe that the job-applicant has tampered with the specimen the applicant will not be considered for employment.

Section 4.  Employee Testing.  This Employer has adopted testing practices to identify employees who use illegal drugs on or off the job.  It shall be a condition of continued employment for all employees to submit to substance abuse testing under the following circumstances:

a.  When two supervisors, after observing the employee, have reasonable suspicion to believe that an employee is using illegal drugs and/or alcohol (provided that a second supervisor is available);

b.  Injury or Accident: (a) when the employee has caused, directly or indirectly, an on-the-job injury, and an employee is required to seek care from a licensed medical provider; or (b) when an employee is involved in an on-the-job accident requiring attention from a licensed medical provider or causing actual or potential damage in excess of $750; or

c.  As part of a follow-up program to treatment for drug abuse; or

d.  The employer has provided the union with four (4) calendar days advance notice and credible information establishing a reasonable belief of a serious and significant drug or alcohol problem in the workplace.  Unless otherwise agreed by the union, the employer may in this case institute random drug testing for a period of three (3) months, commencing on the fifth (5th) calendar day following the notice.

Employees with a confirmed positive test result may, at their option and expense, have a second confirmation test made on the same specimen.  An employee will not be allowed to submit another specimen for testing.
Employees who have a positive confirmed test result may explain or contest the result to the employer within five (5) working days, after the employer contacts the employee in writing and provides him or her with a copy of the positive test result as it was received from the laboratory in writing.

Section 5. Confidentiality: The confidentiality of any information received by the Employer through the substance abuse testing program shall be maintained as provided for by law.

Section 6. Discipline, Termination And Denial Of Benefits

a. Employees who test positive for alcohol at the level of 0.04 – 0.079 shall be immediately suspended for a period of five (5) working days, without pay. This suspension/opportunity for reinstatement shall be available on a one-time-only basis during an employee’s employment by the Employer.

b. Employees who test positive for alcohol at the level of 0.08 and above, or who test positive for alcohol at the level of 0.04 – 0.079 and have previously tested positive at this level any time in the course of their employment with the Employer, shall be immediately suspended for a period of sixty (60) calendar days, without pay, during which time the employee shall be required to enroll in and complete successfully a bona fide alcohol treatment program as a condition of reinstatement. The employee will be responsible for the cost of such program. If outpatient follow-up treatment is recommended, including after the employee is reinstated, the employee must follow the treatment recommendation. The employee will provide the employer with proof that he/she has enrolled in and completed successfully all recommended treatment. For employees who follow these requirements, the employer will reinstate the employee to his/her former position or an equivalent position. This suspension/opportunity for reinstatement shall be available on a one-time-only basis during an employee’s employment by the Employer.

c. Except as provided in paragraphs 1 and 2 above, employees who test positive for substances or drugs prohibited by this Article or are otherwise found to be in violation of this Article are subject to disciplinary action up to and including termination, and denial of benefits, including denial of workers’ compensation benefits.

d. Any employee refusing to submit to a test required under this Article or to execute documents related to this Article as required by the Employer or to comply with other requirements of this Article will be subject to discipline, including termination and denial of benefits, including denial of workers’ compensation benefits.
Section 7. Testing Facilities: Testing required by the Employer will be done at the Employer’s expense. All testing incident to this Article will be conducted by licensed, professional laboratories and clinics. Individuals tested for drugs will be required to sign a consent and release form. Cut-off levels for drug tests, and specimen collection procedures to the extent applicable, will be in accordance with the Department of Health and Human Services’ Mandatory Guidelines for Federal Workplace Testing, published on November 25, 2008 (and amended on December 10, 2008, and April 30, 2010). The cut-off level for alcohol tests will be a blood alcohol level of .04 or higher.

Section 8. Searches: Based on reasonable suspicion or evidence of sale, possession or use of any substance in violation of this Article, an employee may be required to:

a. Submit to a search of his/her person/articles brought on Employer premises. Failure to submit to a search may result in termination.

b. Submit to seizure of any controlled substances.

Any search of an employee’s personal property or vehicle on company property shall be conducted in the presence of a shop steward or union representative.

ARTICLE XXVII
GRIEVANCE AND ARBITRATION

A grievance shall be defined as any dispute or complaint on the part of the Union or Employer arising out of the terms and conditions of this Agreement. Grievances may be brought by the Union or the Employer, but no individual employee may file a grievance without the express approval of the Union. All grievances shall be signed by a representative of the Union. Grievances shall be processed in the following manner:

Section 1. Procedures

Step 1 – Manager: Within a reasonable time but not more than ten (10) business days following the alleged occurrence giving rise to the grievance, the Union shall submit a written grievance to the Employer in a form to be mutually agreed upon by the parties, which shall state briefly the factual basis for the grievance, the alleged violations of the agreement, and the relief requested. The written and signed grievance form shall be submitted to the Labor Relations Manager. The Labor Relations Manager and/or the supervisor will meet with the Shop Steward within five (5) business days of the submission. The Labor Relations Manager shall give an answer in writing to the Shop Steward within five (5) business days after the meeting.

Step 2 – Labor Relations Manager: If the grievance is not resolved at Step 1, the grievance may be presented at Step 2 by submission of the grievance to the
Labor Relations Manager, within ten (10) business days after the answer or denial at Step 1. The Labor Relations Manager and the Union’s designated representative shall meet within five (5) business days of the submission. The Labor Relations Manager shall give an answer in writing to the Union within five (5) business days after the meeting.

Anything herein to the contrary notwithstanding, grievances concerning the following may be presented at Step 2 in the first instance, within the time limit specified in Step 1 of this Article: (1) grievances involving discharges; (2) class grievances of general applicability; or (3) grievances initiated by the employer.

Step 3 – Arbitration. If the grievance is not resolved at Step 2, the grievance may be moved to Step 3 through a written Demand for Arbitration by the Union, submitted within twenty-one (21) business days after the answer or denial at Step 2. The Union’s Demand for Arbitration shall be submitted simultaneously to the [Labor Relations Manager] and to the American Arbitration Association (AAA). Employees shall have no independent right to make a Demand for Arbitration, and a decision by the Union not to submit a grievance to arbitration also shall be final and binding upon the employees covered by this Agreement.

Section 2. Selection of Arbitrator. The AAA shall provide the parties with a list of nine (9) names of arbitrators in the Greater Philadelphia Region, which list may include arbitrators based in Southern New Jersey. If the Employer and the Union are unable to agree upon an Arbitrator, whether or not such Arbitrator appears on the AAA list, then no later than five (5) working days after receipt of the AAA list, the Employer and the Union shall confer and shall alternately strike names from the list until one (1) name remains who shall be the Arbitrator to hear and determine the dispute. The parties will alternate the first strike based on which party last exercised the first strike in relation to a matter moved to arbitration.

Section 3. Fees and Expenses. The fee and expenses of the Arbitrator and the expense of the room where the arbitration hearing is held shall be shared equally by the Employer and the Union.

Section 4. Arbitrator’s Authority. The arbitrator shall have jurisdiction only over disputes arising out of grievances, as defined in this Article, and he/she shall have no power to add to, subtract from, amend, or modify in any way any of the terms of this Agreement or to establish new terms or conditions under this Agreement. The Arbitrator shall determine any question of arbitrability and shall have the authority to interpret and apply the Agreement and to formulate an appropriate remedy. The Arbitrator shall have no authority to base the award on an alleged oral agreement.

Section 5. Arbitrator’s Award. The Arbitrator shall issue a decision within the latter of thirty (30) calendar days of the close of the hearing or submission of briefs. The decision of the Arbitrator shall be final and binding upon the Employer, the Union and the employees covered by this Agreement.
Section 6. Time Limitations. The time limitations set forth in this Article are of the essence of this Agreement. No grievance shall be accepted by the Employer unless it is submitted or appealed within the time limits set forth in this Article. If the grievance is not timely submitted to Step 1, Step 2, or arbitration, it shall be considered waived by the union.

Any time limits under this Article may be extended by mutual agreement of the parties in writing or by electronic mail.

"Business days" for purposes of this Article shall consist of Monday through Friday, excluding any holiday recognized under this Agreement.

ARTICLE XXVIII
SAFETY

Section 1. Compliance with Laws. The Employer and the Union agree that the health and safety of employees are of the utmost importance. It is further agreed that the Employer shall comply with all applicable health and safety laws and regulations, and, in accordance with such laws and regulations, will provide a safe and healthy work environment through the establishment and maintenance of safe operating procedures and programs.

Section 2. Safety Committee. Two (2) representatives from among the bargaining unit employees will be appointed to serve as standing members of the Employer’s Safety Committee to review and suggest improvements in safe operating procedures and programs. The Employer shall appoint one (1) such representative, and the Union shall appoint one (1) such representative. Bargaining unit representatives will be excused from work with pay to attend the monthly meetings of the Safety Committee.

ARTICLE XXIX
NON-DISCRIMINATION

Section 1. In accordance with applicable law, the Employer and the Union agree that neither party shall discriminate against any bargaining unit member because of such individual’s race, ethnicity, color, sex, sexual orientation, gender identity, religion, national origin, ancestry, age, marital status, disability, familial status, genetic information, and domestic or sexual violence victim status.

Section 2. The Employer and the Union agree that neither party shall discriminate against any bargaining unit member because of such employee’s membership in the Union or because of any employee’s lawful activity.
ARTICLE XXX
FOOD AND BEVERAGE

Section 1. No food or drink of any kind is permitted in the rail cars. In work areas outside the rail cars, beverages (but not food) are permitted, provided that beverages are contained in a bottle or cup with a lid or cap, or other sealed container. Any spills must be cleaned up immediately.

Section 2. The Employer will provide at least one refrigerator that is dedicated to storage of bargaining unit employees' lunches.

Section 3. The Employer will provide cold water on the plant floor and will permit employees reasonable access to such water during working time.

ARTICLE XXXI
RADIOS, MUSIC AND CELLULAR PHONES

Section 1. Employees will be permitted to play music at their workstations while working, provided that this practice does not interfere with the safe and productive working conditions for all employees, as follows: (1) no headphones or ear buds (including Bluetooth or similar devices) can be used; and (2) an employee may play a radio or IPod device if the volume is kept at a reasonable level and the music does not interfere with efficient production.

Section 2. Employees may not use personal cell phones for calls, texting, or any other purpose during working time. This means that employees may not use MP3s or other music-playing devices or programs built into a cell phone or handheld device that has calling and/or texting capabilities.

Section 3. The Employer will not use the employee's personal cell phone for purposes of issuing work instructions when employees are in the facility; however, the Employer may contact employees by personal cell phone if the Employer is unable to locate the employee in the facility.
ARTICLE XXXII
WAIVER

A party's failure to exercise any right reserved to it by an express provision of this Agreement, or the party's exercise of such right in a particular way, shall not be considered a waiver of that party's right to exercise such right, or preclude it from exercising the same right in some other way, not in conflict with the this Agreement. Nothing in this Article is intended to modify any past practice that may exist or arise between the parties or to expand or modify the time limits under the Grievance and Arbitration Article.

ARTICLE XXXIII
DURATION

Section 1. Term: This Agreement shall be effective for a period of three (3) years, beginning on January 1, 2012, and shall continue in full force and effect until 12:00 midnight on December 31, 2014.

Section 2. Termination: In the absence of written notice by either party of its intention to terminate or renegotiate this Agreement, given at least sixty (60) calendar days prior to the expiration date of this Agreement, this Agreement shall automatically be renewed for a period of one (1) year and from year to year thereafter until such time as sixty (60) days' notice is given prior to the annual expiration date.

FOR HYUNDAI ROTEM USA CORP. FOR TRANSPORT WORKERS UNION LOCAL 234

NAME Dated: NAME Dated:

NAME Dated: NAME Dated:

NAME Dated: