

PADUCAH & LOUISVILLE RAILWAY, INC.
EVANSVILLE WESTERN RAILWAY, INC.
("Company")

FAMILY AND MEDICAL LEAVE POLICY* (UNION)

In accordance with the Family and Medical Leave Act of 1993 (FMLA) and other applicable law, Company grants eligible employees up to 12 weeks of leave during any 12-month period, and up to 26 weeks of leave in any 12-month period for military caregiver leave (defined below).

Eligibility

To qualify for FMLA leave, an employee must: (1) have worked for Company for at least 12 months, though it need not be consecutive; (2) have worked at least 1,250 hours in the 12 month-period immediately preceding the date when leave is to commence; and (3) be employed at a location where 50 or more employees are employed by the employer within 75 miles of that location.

Leave Entitlement

An eligible employee may take up to 12 weeks of FMLA leave in a 12-month period, which is measured using a "rolling" method as defined below, for any of the following reasons:

- the birth of a child and in order to care for that child (leave to be completed within one year of the child's birth);
- the placement of a child for adoption or foster care and in order to care for the newly placed child (leave to be completed within one year of the child's placement);
- to care for a spouse, child or parent with a serious health condition;
- to care for the employee's own serious health condition, which renders the employee unable to perform the functions of the employee's job; or
- a qualifying exigency of a spouse, son, daughter or parent who is a covered military member on covered active duty or called to covered active duty (referred to as qualifying exigency leave).

An eligible employee may take up to 26 weeks of FMLA leave in a single 12-month period to care for a family member who is a covered military member and who has experienced a serious injury or illness related to active duty service (known as military caregiver leave).

Rolling 12-Month Period Applies

An eligible employee may take up to 12 weeks of FMLA leave (or up to 26 weeks of military caregiver leave) during any 12-month period. Company will calculate the 12-month period as a rolling 12-month period measured backward from the date that an employee uses any leave under this policy. Each time an employee takes leave, Company will compute the amount of leave the employee has taken under this policy in the last 12 months and subtract it from the 12 weeks (or 26 weeks for military caregiver leave) of available leave, with the balance remaining being the amount the employee is entitled to take at that time.

Both Spouses Employed by Company

Spouses who both work for Company who are both eligible to take leave for the birth of a child, adoption or placement of a child in foster care, or to care for a parent with a serious health condition may only take a combined total of 12 weeks of leave. Spouses who both work for Company who are both eligible to take military caregiver leave or a combination of military caregiver leave and certain types of other FMLA leave may only take a combined total of 26 weeks of leave.

Procedure for Requesting Leave

Any employee requesting FMLA leave must provide notice with an explanation of the reason(s) for the leave to the employee's supervisor. If the employee's need for FMLA leave is foreseeable, the employee must give Company at least 30 days' prior notice. If this is not possible, or where the need for leave is not foreseeable, the employee is expected to notify Company as soon as practicable, generally within one to two business days, of learning of the need for leave, except in extraordinary circumstances.

Any employee requesting FMLA leave should submit a written leave request form. Company further asks that employees provide a certification of their need for FMLA-qualifying leave. Request forms and certification forms are available from the Human Resources department.

If an employee is planning a medical treatment or a series of treatments, the employee must consult with Company first regarding the dates of such treatment to work out a schedule that best suits the needs of both the employee and Company.

Reporting While on Leave

If the employee takes leave because of the employee's own serious health condition or to care for a covered relative, Company requests that the employee report periodically to his/her supervisor regarding the employee's status and intention to return to work. In addition, the employee must give notice as soon as practicable if the dates of leave change or are extended or initially were unknown and become known.

Company is an Equal Opportunity Employer – We do not discriminate on the basis of race, color, religion, sex, national origin, age or disability.

Unpaid FMLA Leave; Substitution of Paid Leave; Concurrent Leave

Employees are required to substitute accrued paid leave for unpaid FMLA leave, in accordance with the following rules:

- Any unused paid sick leave must be substituted for unpaid FMLA leave taken for the purpose of the employee's own serious health condition.
- Any unused paid vacation leave may be, but is not required to be, substituted for unpaid FMLA leave taken for birth, placement of a child for adoption or foster care, or to care for a family member.
- The employee must satisfy the procedural and eligibility requirements of the applicable paid leave policy only in connection with the receipt of payment for such leave.

The term substitute as used in this section means that the paid leave provided by Company, and accrued pursuant to Company policies, will run concurrently with unpaid FMLA leave.

The use of accumulated paid leave does not extend the 12 or 26 weeks (whichever is applicable) of the FMLA leave period. In no case can the use of paid leave result in an employee's receipt of more than 100% of his/her salary. FMLA-qualifying absences that exceed an employee's accumulated paid leave allotment will be unpaid. An employee's FMLA leave runs concurrently with all other types of applicable leave to the extent permitted by Company policy and applicable law.

Health Benefits

During approved FMLA leave, Company will maintain the employee's health benefits as if the employee continued to be actively employed. During paid leave time, Company will deduct the employee's portion of the health plan premium as a regular payroll deduction. For any period of unpaid leave, the employee must pay the employee's portion of the premium to the Company Benefits Department on the same schedule as his/her payroll deductions would have occurred. Basic life insurance benefits will continue during an employee's FMLA leave to the same extent that such benefits would be available if the employee was not on leave.

Company is an Equal Opportunity Employer – We do not discriminate on the basis of race, color, religion, sex, national origin, age or disability.

Intermittent and Reduced Schedule Leave

If certified as medically necessary, FMLA leave occasioned by a serious health condition may be taken intermittently or on a reduced leave schedule.

Returning From Leave

If the employee takes leave (except for intermittent leave or leave on a reduced leave schedule) because of the employee's own serious health condition, the employee is required to provide medical certification that the employee is fit to resume work. The employee will not be permitted to resume work until such certification is provided.

* This policy is informational only. It is not a term or condition of employment. Company reserves the right to modify, revoke, suspend, terminate, or change this policy in whole or in part, at any time, without notice, to the extent permitted by law. The language in this policy is not intended to and does not create a contract between Company and any one or all of its employees.

Wherever terms in this policy conflict with the terms expressed in the applicable collective bargaining agreement with Company, employees should refer to the specific terms of the collective bargaining agreement, which will control.

61150445.1

Company is an Equal Opportunity Employer – We do not discriminate on the basis of race, color, religion, sex, national origin, age or disability.