

AGREEMENT

This Agreement is made and entered into this 1st day of April, 2007, between ALSTOM Transportation, Inc., Homell, New York facilities, (hereinafter referred to as the Company), and the International Association of Machinists and Aerospace Workers, District Lodge 19, Local Lodge 2741, AFL-CIO (hereinafter referred to as the Union).

PREAMBLE

Section 1. This Agreement is entered into by collective bargaining to promote labor harmony and to facilitate peaceful adjustment of grievances and disputes.

Section 2. It is the intent of the Parties that employees will receive fair and equitable treatment with respect to work assignments, shift assignments, vacation scheduling, and other matters.

ARTICLE 1 RECOGNITION AND COVERAGE

Section 1. The Company recognizes the Union as the exclusive representative for the purposes of collective bargaining in respect to rates of pay, wages, hours of employment and other conditions of employment for all employees described herein.

Section 2. The bargaining unit shall consist of all mechanical employees of the Company working in sheet metal, carpentry and pipe fitting, machinists, welders, electricians, maintenance, store keepers, painters, utility persons, and warehouse employees while they are exclusively employed by the Company at the Homell, New York facilities. Excluded from the coverage of this Agreement are guards, supervisors, office and clerical workers, quality control personnel, test technicians, technical and professional employees as defined in the National Labor Relations Act, as Amended. This Agreement represents the complete and full understanding of the Parties.

ARTICLE 2 NON-DISCRIMINATION

Section 1. The Company and the Union mutually agree that there shall be no discrimination against any employee because of race, creed, color, sex, age, disability, marital status, handicap, or national origin in violation of the provisions of applicable Federal and/or State regulations. Words used in the masculine gender in this Agreement include the feminine.

Section 2. The Company will not discriminate against employees covered by this Agreement because of their union affiliation, position held in the union, or performance of their duties as a steward.

Section 3. No bargaining unit employee, supervisor or Company officer shall use abusive, rude or profane language when talking to one another. All such persons shall treat each other with respect and dignity.

ARTICLE 3 MANAGEMENT RIGHTS

Section 1. The Company retains and shall exercise full and exclusive authority and responsibility for the management of its operations except to the extent otherwise agreed to pursuant to the terms of this Agreement.

Section 2. The foregoing enumeration of management rights shall not be deemed to exclude other functions not specifically set forth. The Company therefore retains all legal rights not specifically limited by this Agreement and all inherent management functions and prerogatives are retained and vested exclusively by the Company.

ARTICLE 4 UNION SECURITY

Section 1. Every employee covered by the Agreement shall, as a condition of employment, obtain and maintain membership in the Union, within sixty-one (61) consecutive calendar days of the effective date of this Agreement or the date of hire, whichever is later.

Section 2. The Company will within fifteen (15) calendar days after receipt of written notice from the Union discharge any employee who fails to pay the dues required by the Union.

Section 3. The Union agrees to indemnify and hold the Company harmless against any and all claims, demands, suits, or other forms of liability that shall arise out of or by reason of action taken or not taken by the Company for the purpose of complying with any provisions of this Article.

Section 4. The Company shall be obligated under this Article to terminate the employment of any employee by reason of their failure to obtain or maintain membership in the Union, as required by Section 1 of this Article, upon receipt of written request for such termination from the Union. Provided, however, that the Company shall have the right to refuse such request if it has reasonable grounds for believing (a) that such membership is not available to the employee on the same terms and conditions generally applicable to other members, or (b) that membership has been denied or terminated for reasons other than the failure of the employee to tender a reasonable initiation fee or periodic dues uniformly required as a condition of acquiring and/or retaining membership.

ARTICLE 5 EMPLOYEE ORIENTATION

Section 1. Within sixty (60) days following the effective date of this Agreement, the Employer will reproduce a sufficient number of copies of the Agreement for distribution. A copy of the Agreement will be distributed to each employee currently assigned to a position within the Bargaining Unit by the Union.

Section 2. Newly hired employees, recalled employees, and when requested transferred employees will be introduced by their Supervisor to the Division Shop Steward, who will provide a copy of this Agreement to them and who will be afforded sufficient time to confer with the new hire. Local union participation will be included in the orientation process.

ARTICLE 6 NEW HIRES

Section 1. New employees shall be considered probationary employees for their first ninety (90) normally scheduled workdays of active employment. Throughout this period supervisors will evaluate the probationary employee as to their work ethics and safety habits, productivity, willingness to accept and perform varied work assignments, attendance and disciplinary records, and general attitude toward the team effort. Probationary employees will not be penalized in the review process because of time missed due to a bona fide illness or attending a funeral, however, the probationary period will be extended equal to the amount of time off. During the review process, probationary employees will be apprised of any evaluation that may result in termination. The evaluations will be done in writing and the affected employee will sign the evaluation acknowledging such.

Section 2. Probationary welders will receive the probationary wage rate established for their primary work classification for the first sixty (60) calendar days of their employment.

Section 3. Probationary employees may be terminated without the right of recall. Probationary employees will not be entitled to paid days off until completion of forty-five (45) calendar days of active service. Such forty-five (45) day period will be extended a number of days directly proportionate to time missed due to a bona fide illness or attending a funeral.

Section 4. When probationary employees successfully complete the ninety (90) normally scheduled days worked probation period of employment, they will become a Schedule A or Schedule C employee. The Welder III pay rate will be the rate established for their primary work classification after sixty (60) calendar days of employment. The seniority date for Schedule A and Schedule C employees shall be the original date such employee first performed regular compensated service pursuant to the terms of this agreement.

ARTICLE 7 WORK FORCE PROFILE

Section 1. Employees shall be classified to properly reflect the work to which assigned. Employees who perform similar type work shall all be classified the same and be compensated accordingly. The percentage of the work force working in each classification established by Schedule "A" shall be maintained as stated in Section 2, below. The number of employees actually working in each classification will be decreased only if employees are laid off or when the work force is reduced because the Company elects not to fill a vacant position.

Adjustments in the work force profile due to 7% increase or 25% decrease of manpower requirements will be made, or once every six (6) months, whichever occurs first. Active employment level is defined as the number of active employees immediately preceding a hire, recall, or layoff. No employee shall move more than one classification during an adjustment period.

In calculating the number of employees to be in each classification, it is understood that a percentage point of .50 will be rounded up to the next whole number and percentage of less than .50 will be dropped to lower whole numbers, except that employees assigned to positions identified as Manufacturing Specialists will not be calculated in the top four classifications of the work force profile in Section 2 of this Article.

Section 2. The Company will utilize the concept of work force profile as follows:

Work Leaders.....12%
Manufacturing Specialist

Mechanic I.....11%
Welder I
Electrical I

Mechanic II.....18%
Welder II
Electrical II
Warehouse Worker I

Mechanic III.....32%
Welder III
Electrical III
Warehouse Worker II

Mechanic IV.....27%
Electrical IV
Warehouse Worker III

General Mechanic II – Wage Schedule C

ARTICLE 8 TRAINING

Section 1. The Company will provide instructions to the employees as to the Company's methods of operation as well as specific task and skill training. In addition, the Company will carefully assess a probationary employees' prior work experience and training to determine the level of initial on-the-job training an employee will receive.

Section 2. Schedule A and Schedule C employees will receive specific task and skill training from time to time to meet production demand and/or to broaden their capabilities.

Section 3. All employees are encouraged to support the Company's training programs in either the capacity of being trained or in assisting in the training of others. In regard to on the job training the Company will endeavor to utilize work leaders to the maximum extent possible for the purpose of training other employees. When employees are requested to attend training programs away from the Homell Facilities, the Company will pay, in addition to the appropriate hourly rate, an amount not to exceed a regular scheduled shift, all expenses such as travel, lodging and meals, directly relating to such employee's attendance at such training.

Section 4. The Company in recognition of the Union's interest in developing or enhancing employee work skills, agrees to seek available training funds from governmental agencies in order for interested employees to voluntarily participate in the training process outside their scheduled work hours.

Section 5. The joint Labor Management Committee will meet every other month beginning in January of each year or more often as may be required to discuss and plan training issues.

ARTICLE 9 UNIT WORK

Section 1. It is understood and agreed that none but regular assigned Schedule A and Schedule C employees of the Company who are represented by the International Association of Machinists and who are subject to the terms of this Agreement shall be permitted to work with tools to meet the Company's production and maintenance of facilities requirements, except as follows:

- a) where service requirements exceed the skills of the regular working force to perform the necessary kinds of work involved;
- b) in performing quality control or test related work; inclusive of MRB and NCR process
- c) for instruction and training purposes;
- d) for test, experimentation purposes, and/or prototyping purposes
- e) in emergencies not directly related to meet production needs and/or the maintenance of facilities;
- f) and when customer contract specifications require the utilization of outside personnel to meet Disadvantaged Business Enterprises (DBE), Minority Business Enterprises (MBE), Small Business Enterprises (SBE), and Women Business Enterprises (WBE) requirements necessary to acquire the work.

ARTICLE 10 JOINT LABOR-MANAGEMENT COMMITTEE

Section 1. The Parties to this Agreement hereby recognize the necessity of cooperation and the elimination of disputes and misunderstandings and to secure this end, it is hereby agreed that a Joint Labor-Management Committee Meeting be held once a month or as requested. Such request shall be in writing identifying the matter(s) to be discussed.

Section 2. The Employee Committee shall consist of the Union President, Vice President and appropriate Division Steward(s). The Parties shall, at such meetings, present facts concerning a practice or condition which might lead to a misunderstanding or dispute between the Parties.

Section 3. The Parties will exchange, seventy-two (72) hours prior to the joint labor management committee meeting, an agenda of the items each Party wishes to discuss at the scheduled meeting.

Section 4. The joint Union Management Committee shall review group insurance benefits and consider changes to insurance carrier or plan design to promote economical, high quality health care.