

PACIFIC HARBOR LINE, INC.
EMPLOYEE RETENTION PROGRAM

Pacific Harbor Line, Inc. (“**PHL**” or the “**Company**”) and its employees represented by the Brotherhood of Locomotive Engineers and Trainmen (“**BLET**” or the “**Union**”) share a common interest in the retention of qualified Locomotive Engineers, Assistant Engineers, MOW Foremen and Trackmen employed by PHL and the continued availability of qualified Employees to provide excellent customer service.

Accordingly, PHL is implementing the Employee Retention Program described below (the “**Program**”) to encourage PHL employees to continue their employment with the Company through December 31, 2025 and beyond. The Program will be in effect for an initial period of January 1, 2024 to December 31, 2025; however, it may be terminated sooner (effective as of the last day of the then-current Subject Period), or extended for future periods, at the sole discretion of the Company.

Relationship to the Collective Bargaining Agreement. The Program is a voluntary initiative on the part of PHL. The payments provided for in this Program are in addition to the negotiated rates of pay under PHL’s collective bargaining agreement (“**CBA**”) with the union and are not included in the hourly rates of pay .

Eligible Employees. The Program shall apply to all active non-probationary Engineers, Assistant Engineers, Maintenance of Way Foremen, and Trackmen employed by the Company on and after January 1, 2024 (“**Eligible Employees**”).

Qualifying Employees. Each Eligible Employee who meets the program requirements during an entire Subject Period is referred to as a “**Qualifying Employee**” during the six-month “**Subject Period**” periods as defined below:

- Period 1: January 1, 2024, through June 30, 2024.
- Period 2: July 1, 2024, through December 31, 2024.
- Period 3: January 1, 2025, through June 30, 2025.
- Period 4: July 1, 2025, through December 31, 2025.

Qualifying Employees will receive the Subject Period payments as described below. To qualify, employees must be employed by PHL at each Subject Period payment dates for the payments to be deemed earned and payable.

Subject Period Payments. The Company will pay each Qualifying Employee \$2,000 bonus payment less all required deductions within ten business days after the end of the Subject Period.

Retention Payment. If PHL is successful in being selected by POLA and POLB as the switching company in the ports on and after January 1, 2026, for a term of at least five years and with a franchise that is substantially similar to PHL’s current franchise (a “**Successful Franchise Extension**”), employees who receive one or more Subject Period payments, as calculated above, and remain in active service with PHL through December 31, 2025, will receive a payment of \$2,500 (a “**Retention Payment**”) for each Subject Period payment received during which he or she was a Qualified Employee. No Retention Payment will be made to employees who terminate employment with PHL before December 31, 2025. Retention Payment will be made within ten business days after the end of calendar year 2025 (i.e., January 10, 2026).

This chart illustrates the above assuming the Program continues through December 31, 2025, and there is a Successful Franchise Extension:

All Eligible Employees	Period 1	Period 2	Period 3	Period 4	Total Potential Subject Period Payments	Retention Payment [Assuming Successful Franchise Extension]	Potential Employee Total Payment
Four entire periods	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 8,000.00	\$10,000.00	\$18,000.00
Three entire periods		\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 6,000.00	\$ 7,500.00	\$13,500.00
Two entire periods			\$ 2,000.00	\$ 2,000.00	\$ 4,000.00	\$ 5,000.00	\$ 9,000.00
One entire period				\$ 2,000.00	\$ 2,000.00	\$ 2,500.00	\$ 4,500.00

As noted above, the Company, in its discretion, may terminate the Program before December 31, 2025 (effective at the end of the then-current Subject Period) or extend it for periods after December 31, 2025. The Company will provide timely notice if the Program is either terminated before December 31, 2025, or extended beyond that date.

Examples.

1. Assume an Eligible Employee qualifies for each of the four Subject Periods from January 1, 2024, through December 31, 2025, and PHL is successful in franchise extension. The Company would make the following payments:

- \$2,000 by July 10, 2024.
- \$2,000 by January 10, 2025.
- \$2,000 by July 10, 2025.
- \$2,000 by January 10, 2026.
- A Retention Payment of \$10,000 (\$2,500 x 4) by January 10, 2026.

2. Assume an Eligible Employee qualifies for the Subject Period from January 1, 2024, through June 30, 2024, and resigns from the Company to accept another job on July 31, 2024. The Company would make the Subject Period payment for that period as scheduled but the employee would not receive a Retention Payment.

NOTE: If the Qualifying Employee resigned from the Company on July 5, 2024, before the Company made the Subject Period payment, the Employee would not qualify for or receive the payment.

3. Assume an Eligible Employee qualifies for the following Subject Periods and PHL is successful in franchise extension:

- January 1, 2024, through June 30, 2024.
- January 1, 2025, through June 30, 2025.
- July 1, 2025, through December 31, 2025.

The Company would make the following payments:

- \$2,000 by July 10, 2024.
- \$2,000 by July 10, 2025.
- \$2,000 by January 10, 2026.
- A Retention Payment of \$7,500 (3 x \$2,500) by January 10, 2026.

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President

Pacific Harbor Lines, Inc.

B.P. Carr 6/17/24

B.P. Carr
General Chairman, BLET