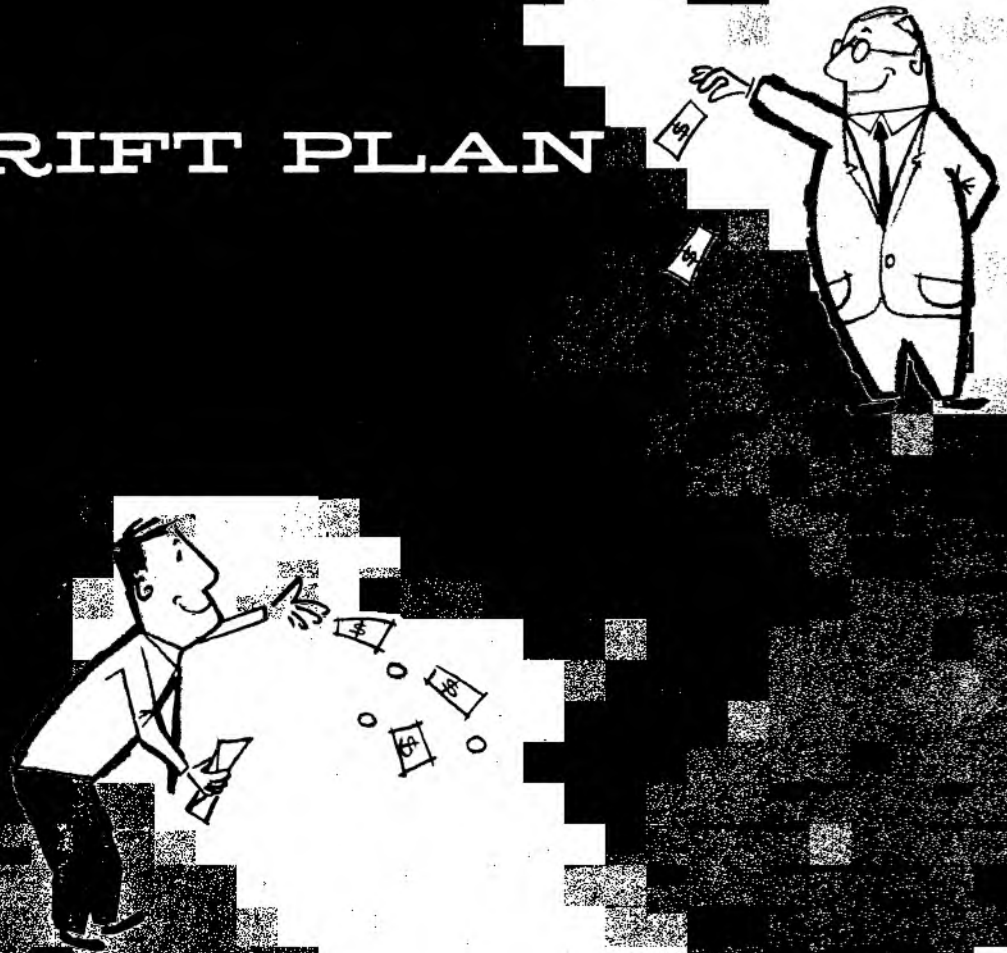




# THRIFT PLAN



March 1, 1957  
Philadelphia, Pa.

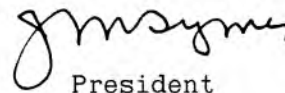
Dear

The Thrift Plan for officers and non-agreement employes of The Pennsylvania Railroad Company became effective March 1, 1957. It provides you with a means of saving regularly by purchasing United States Savings Bonds, and at the same time gives you the opportunity to acquire stock in your Company on a regular basis.

If you become a member of the Plan, the Company will contribute one-half ( $\frac{1}{2}$ ) of the amount you save. You will find further Plan highlights in the first section of this booklet, the full text in section two, and a facsimile of the "Application for Membership" card at the end.

After reading this booklet, please take up any questions you may have about the Plan with your supervisor. While I personally feel that this is a good plan, I want you to understand that participation in it is entirely voluntary.

Sincerely,



President





# CONTENTS

These are the most important provisions of the Plan and the pages on which you can find general information about each:

**WHO IS ELIGIBLE . . . . .**

**HOW MUCH YOU CAN INVEST . . . . .**

**WHAT THE COMPANY WILL PAY . . . . .**

**WHAT HAPPENS TO THE MONEY . . . . .**

**WHEN YOU RECEIVE BENEFITS . . . . .**

**WHO ADMINISTERS THE PLAN . . . . .**

**page**

..... **4**

..... **5**

..... **6**

..... **7**

..... **8**

..... **10**

# 1

## WHO IS ELIGIBLE

If you

—have 24 months of compensated service,

*and*

—are paid on a fixed monthly or annual basis in a position not covered by labor agreements,

you can join the Plan.

All you need to do is to complete and sign an “Application for Membership” card. Please remember that membership in the Thrift Plan is entirely voluntary on your part.



## HOW MUCH YOU CAN INVEST

You have a choice of the amount you can invest in the Plan:

- as little as \$5 a month
- as much as 5% of your fixed monthly salary.

The amount deducted from your pay for any payroll period must be at least \$5 and must be in multiples of even dollars.

### *changes in payroll deductions*

You may change your authorized payroll deductions if they have been in effect for six months.

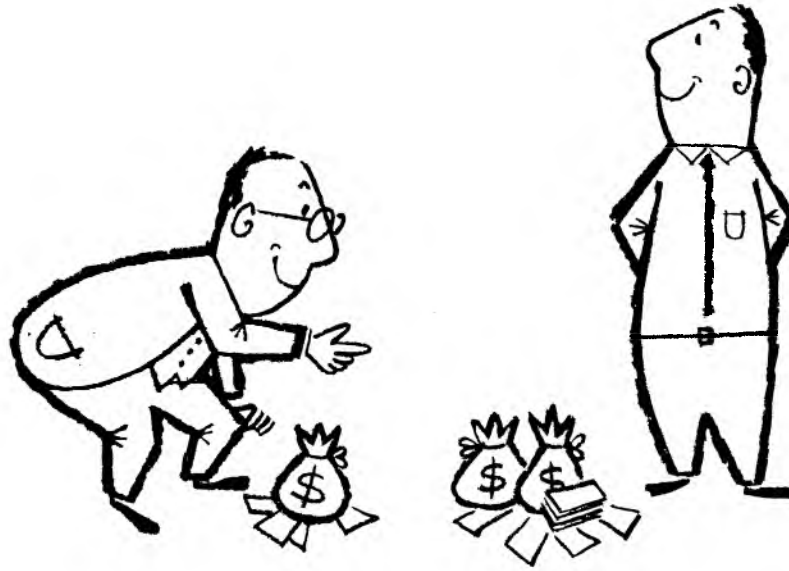
You may change the deductions at any time your pay changes and you may stop deductions at any time.

If you decide to stop your deductions, you may start deductions again any time after six months from the time you stopped.

The foregoing changes will be effective with the first payroll period following 30 days' notice by you to the Trustees.



3



### WHAT THE COMPANY WILL PAY

The Company will contribute exactly one-half of the amount you authorize to be deducted from your pay. In other words, it will pay 50 cents for every dollar you invest.

## WHAT HAPPENS TO THE MONEY

The Trustees use the money to purchase United States Savings Bonds (Series E or similar issues) and P.R.R. Stock at market prices on the following basis:

- **half of your deductions—  
United States Savings Bonds**
- **the other half of your deductions and  
all of the Company's contributions—  
P.R.R. Stock**

In addition to the amount you invest and the amount the Company contributes, you will also be credited each year with a portion of any stock purchased with Company contributions forfeited by other members who withdraw from the Plan. This amount will be added to your account based on the shares you hold each December 31 in relation to the total held by all members. This additional stock will be treated in the same manner as other stock purchased with Company contributions on your behalf.



# 5

## WHEN YOU RECEIVE BENEFITS

### *during your years at P.R.R.*

All cash dividends on the stock will be paid to you currently. Interest will accrue on Savings Bonds while they are held by the Trustees.

All stocks and bonds credited to you in a calendar year will be turned over to you at the beginning of the fifth following year. You may, however, ask that your stock be held until retirement, death, or termination of service by notifying the Trustees at least one year before the year in which the stock would otherwise be delivered to you. This election, which is irrevocable, can be made for any calendar year. If you make such an election for any year, subsequent dividends on that year's stock will be invested by the Trustees in additional P.R.R. Stock.

Unless you have made the foregoing irrevocable election, you may withdraw the securities and uninvested cash credited to you at any time by giving 30 days' notice to the Trustees. Stock purchased with Company contributions and uninvested Company contributions will be subject to the Forfeiture Provisions at the bottom of the opposite page, if it has been held by the Trustees for less than sixty months.

You are entitled to instruct the Trustees how to vote the full shares of stock held for you at each stockholders' meeting.

### *retirement or death*

At your retirement all of your securities and any uninvested cash will be given to you. Upon your death they will be turned over to the person or persons you have designated to receive them.

### *termination of service*

If you leave the Company or if you are furloughed for 12 consecutive months, you will receive the securities and uninvested cash credited to your account subject to the Forfeiture Provisions listed below.

### *forfeiture provisions*

At termination of service (other than retirement or death) or withdrawal from the Plan, the following percentages of stock purchased with Company contributions and uninvested Company contributions will be forfeited:

If held by the Trustees for less than:

<b>12 months</b>
<b>24</b> "
<b>36</b> "
<b>48</b> "
<b>60</b> "

Percentage forfeited:

<b>100%</b>
<b>80%</b>
<b>60%</b>
<b>40%</b>
<b>20%</b>



# 6

## WHO ADMINISTERS THE PLAN

A Board of three Trustees, appointed by the Board of Directors, is responsible for administration of the Plan.

### **Annual Statement**

At least once each year you will receive a Statement showing:

- the United States Savings Bonds,
- the number of shares of P.R.R. Stock, and
- the amount of any uninvested cash in your account.

### **Changes or Discontinuance**

While the Company reserves the right to modify or discontinue the Plan, no change will have a retroactive effect on the contributions already made on your behalf.

### **Plan Text Governs**

This brief summary is intended only to describe the Plan generally. The complete official Plan text which follows will govern in all cases.

### **Inquiries**

All questions about the Plan should be referred to Manager, Employee Benefits, 15 North 32nd Street, Philadelphia 4, Pennsylvania.

# THE PENNSYLVANIA RAILROAD THRIFT PLAN

*Effective March 1, 1957*

The Board of Directors of The Pennsylvania Railroad Company (hereinafter referred to as the Company) has approved the following plan for the purchase by eligible employes of United States Savings Bonds and Company stock with contributions by the Company toward the purchase of Company stock, for the purpose of encouraging thrift and providing such employes with the opportunity, at reduced cost, to become stockholders of the Company, and through such ownership interest to increase their incentive to improve the efficiency of Company operations and the quality of the Company's public service.

## *1. Administration*

(a) The plan shall be administered by a board of three Trustees, all of whom shall be appointed by the Board of Directors of the Company and who shall serve until their successors shall be appointed in like manner.

(b) The Trustees may appoint such persons as they may select to record their proceedings, to have custody of funds and securities in their charge, to make examination of their accounts, and to perform other acts under the direction of the Trustees.

(c) The Trustees shall report to the Board of Directors of the Company from time to time upon their operations. Any dispute between the Trustees and any member or members of this plan as to the application of the provisions of the plan shall be submitted in writing to the Board of Directors of the Company whose decision shall be final and binding on the Trustees and on the members of the plan.

(d) The Trustees shall make and enforce such rules and regulations as they may deem expedient for the efficient administration of the plan. A majority of the Trustees shall constitute a quorum for all purposes of this plan.

(e) Title to Company stock purchased by the Trustees from the Company pursuant to the provisions of this plan may be taken in the names of the Trustees, or in the discretion of the Trustees and upon advice of counsel may be taken in the name of a nominee. Said Trustees or any two of them are authorized to sell or transfer such shares of Company stock in such manner and at such times as may be necessary in their judgment in order to carry out the purposes of the plan. In the event of the death, resignation, or termination of appointment of any Trustee, his successor upon appointment shall succeed to all the powers conferred on and shall perform all the obligations imposed upon such Trustee under this plan. United States bonds purchased by the Trustees pursuant to the provisions of this plan shall be registered in the name of the member for whose account the bonds are purchased, or in such name or names as may be designated in writing by such member in his application or any modification thereof.

## *2. Eligibility*

(a) Employes shall be eligible for membership in the plan if they are in positions not covered by labor agreements (including positions excluded from the agreement between this Company and its employes represented by the Brotherhood of Railway and Steamship Clerks by paragraph 1C of the Supplemental Agreement covering such employes) with fixed monthly or annual salary rates and if they have performed twenty-four (24) months or more of compensated service for the Company.

(b) An employe who meets the requirements of paragraph (a) of this Article may elect to become a member of this plan at any time. However, if an employe elects to become a member of the plan and thereafter voluntarily ceases to make contributions as required by Article 3 hereof, he shall

not be entitled to resume contributions under the plan until the expiration of six (6) months from the end of the month for which his last contribution was made and until thirty (30) days after he has notified the Trustees of his election to resume contributions.

**(c)** If at any time after contributions begin a member ceases to hold a position which qualifies him for membership in the plan as set forth in paragraph (a) of this Article, contributions shall cease unless and until he returns to such a position.

### *3. Member Contribution*

**(a)** Each member shall contribute monthly, by payroll deduction, an amount authorized by him, not in excess of five percent (5%) of his fixed monthly salary rate (including contingent compensation). The amount of contribution for any payroll period shall be limited to multiples of one dollar (\$1.00), and the minimum authorized deduction for any payroll period shall be five dollars (\$5.00). Contributions shall begin with respect to the calendar month following the date when the individual files with the Trustees of the plan his application for membership, and shall be made only with respect to months in which payroll compensation is paid to the member by the Company; provided, however, that if the member is not in active employment with the Company for a period of six (6) months contributions shall cease until he returns to active employment.

**(b)** A member may change the amount of his monthly contribution or cease making contributions to the plan if he files notice of such intent with the Trustees in the form prescribed by them. Any such change shall be effective with the first payroll period beginning after thirty (30) days from the date such notice is filed, provided, however, that no change shall be made in an authorized amount of contributions (except a cessation of contributions or a change in contributions incident to a change in the member's salary rate) unless it has been in effect for six (6) months. A member who, after

voluntarily ceasing to make contributions to the plan, by notice to the Trustees, desires to resume contributions may not do so until after the expiration of six (6) months from the month in which his contributions terminated.

#### *4. Company Contribution*

The Company shall contribute currently an amount equal to one-half ( $\frac{1}{2}$ ) of the member's contributions as provided by Article 3.

#### *5. Investment of Contributions*

Fifty percent (50%) of each member's contributions under Article 3 shall be used by the Trustees to purchase United States Series "E" Savings Bonds for the account of the member and the remaining fifty percent (50%) of such contributions, together with the Company contributions under Article 4, shall be used by the Trustees for the purchase of Company stock for the account of the member as provided in Article 6; provided, however, that in the event that Series "E" Savings Bonds shall no longer be issued, fifty percent (50%) of each member's contributions thereafter shall be used by the Trustees to purchase such other bonds issued by the United States Treasury as may be determined by the Trustees in their discretion to be most appropriate for the purposes of this plan.

#### *6. Purchase of Bonds and Company Stock*

(a) The Trustees shall purchase United States Series "E" Savings Bonds with the contributions made by members for such purpose, in such denominations as the Trustees in their discretion may determine, with reasonable promptness after the receipt by the Trustees of such contributions.

(b) The Company shall purchase in the open market shares of Company stock for resale to the Trustees in accordance with this Article. Such purchases shall be made in such

manner and at such times as the Company in its discretion may determine; provided, that the Company shall not purchase stock for this plan in advance except to meet purchase requirements for contributions becoming available during the current month. The Trustees shall purchase from the Company such shares of Company stock with the contributions made by members and the Company for such purpose, and the cost to the Trustees shall be equal to the total price paid by the Company for such shares of stock, including commissions, fees, etc. All transfer taxes shall be assumed by the Company.

The shares of Company stock purchased by the Trustees from the Company shall be credited proportionately to the individual members' accounts. An average cost shall be assigned to each share purchased, based upon the total amount paid by the Trustee, including commissions, fees, etc. for all the stock purchased for the month with respect to which the payroll deduction was made.

## *7. Transfer of Bonds and Stock to Members*

(a) Except as provided in paragraphs (c) and (d) of this Article, and in Article 10, all United States Savings Bonds and shares of Company stock purchased by the Trustees for the account of a member, with member and Company contributions received by the Trustees for any calendar year, shall be delivered or transferred to the member, or to the designee or designees of the member, as soon as practical after the expiration of five (5) years from the first day of such calendar year.

(b) In the distribution of stock as provided in paragraph (a) of this Article, any fractional share of stock held by the Trustees for the account of a member as of the end of any calendar year shall be considered as having been purchased with contributions received by the Trustees for the following year, except that if the member did not make contributions under the plan in such following year, the Trustees shall pay to the member the cash value of such fractional share as of the date of distribution. In the distribution of United States

Savings Bonds under paragraph (a) of this Article, all such bonds only partially paid for with contributions received by the Trustees for any calendar year shall be considered as having been purchased with contributions received by the Trustees for the following year, except that if the member did not make any contributions under the plan for such following year the Trustees shall pay to the member in cash the balance of his contributions for bond purchases for such calendar year.

(c) In the event of the retirement or death of a member, all United States Savings Bonds and shares of Company stock then held by the Trustees for the account of the member, together with any member or Company contributions standing to his account, shall be delivered, transferred or paid as soon as practical to the member, in case of retirement, or to the beneficiary or beneficiaries designated in his application for membership or to his estate, in the case of death.

(d) Subject to Article 10(a) of this plan, a member may elect to have shares of Company stock purchased for his account by the Trustees with contributions received by the Trustees under Articles 3 and 4 for any calendar year [together with shares of Company stock distributed to the account of the member for such calendar year under Article 10(b)] held by the Trustees until his retirement or death, provided, however, that such election with regard to any such year shall be irrevocable and shall be made in writing in the form prescribed by the Trustees and filed with them prior to January 1 of the calendar year preceding the year in which distribution under paragraph (a) of this Article would otherwise be made. If such an election is made with regard to any year, all dividends declared on such stock after the notice of election is filed shall be invested by the Trustees in additional Company stock which shall also be held by the Trustees until the retirement or death of the member. Shares of Company stock purchased with such dividends shall not be included in determining the stock held for the member for the purpose of distributing forfeited shares and contributions in accordance with Article 10(b).

## *8. Dividends*

Except as provided in Article 7(d), all cash dividends, or dividends other than cash to the extent not convertible to whole shares, on Company stock held by the Trustees for the account of a member shall be paid or transferred to the member currently.

Where the purchases of Company stock by the Trustees from the Company with contributions received for any month are made over a period including the record date for dividends, the dividends on such stock purchased by the Trustees prior to such date shall be distributed pro rata among all the members for whose accounts shares were purchased with contributions received for such month on the basis of the number of shares purchased for each member.

## *9. Voting of Stock*

The Trustees, upon and in accordance with written instructions from a member, shall give proxies for or vote at each stockholders' meeting full shares of stock then held for the account of the member.

## *10. Resignation or Dismissal; Forfeitures*

(a) Upon the resignation or dismissal of a member his membership in the plan shall cease and the Trustees shall pay to him, as soon as may be practicable, any uninvested contributions held for his account and shall deliver or transfer to him or to his designee or designees all United States Savings Bonds and shares of Company stock held for his account, subject, however, to the following:

- (1) Shares of Company stock to the extent purchased by the Trustees with Company contributions for the account of the member shall be subject to the following forfeitures:

If held by the Trustees for	Amount of Forfeitures
less than	
12 months	100%
24 months	80%
36 months	60%
48 months	40%
60 months	20%

- (2) Company contributions not yet invested in Company stock at the time of resignation or dismissal shall be forfeited in their entirety.

**(b)** All shares of Company stock and Company contributions forfeited under this Article and any other provisions of this plan shall be held by the Trustees for the use and benefit of the members of the plan. Dividends received on such forfeited shares pending distribution shall be invested in Company stock as prescribed in Article 6, paragraph (b) and all the aforementioned forfeitures shall be distributed annually by the Trustees, on December 31st, to the accounts of such members for whom the Trustees held shares of Company stock on such dates, in the ratio which the number of shares of stock held for a member bears to the total number of shares of stock held for all members. While held for the account of a member, all such distributions, being Company contributions, shall be subject to the forfeitures provided in paragraph (a) hereof.

**(c)** When a member is furloughed, other than for Military service, and is not recalled to service prior to the expiration of twelve (12) months from the date of his furlough, he shall be regarded as having resigned at the expiration of such period of twelve (12) months for the purposes of the forfeitures provided in paragraph (a) hereof.

### *11. Withdrawal of Bonds, Stock or Contributions*

Any member to the extent that he has not made an election under Article 7(d), whether or not currently making contributions under Article 3, may at any time withdraw all

United States Bonds and shares of Company stock held for him by the Trustees, and uninvested contributions held by the Trustees for his account, upon thirty (30) days' written notice to the Trustees on the form prescribed by them. Any such withdrawals shall be subject to the forfeitures provided in Article 10(a), sub-paragraphs 1 and 2. Bonds, shares of stock, and contributions withdrawn shall be delivered, transferred or paid to the member or his designee or designees as soon as practicable after thirty (30) days from the date the notice is filed with the Trustees. Upon written request from the member, the shares of Company stock withdrawn will be sold by the Trustees on the open market and the net proceeds thereof paid to the member in accordance with this Article. A member may not replace any savings or Company contributions withdrawn under this Article.

### *12. Modification or Discontinuance of Plan*

The Company reserves the right to modify, amend, or restrict the plan, or to discontinue it altogether, but no amendment shall be made which shall deprive the members of any of the benefits of the provisions of the plan with respect to their contributions made prior to the effective date of such amendment, nor shall any amendment be made which would effect a diversion of any of the monies contributed to purposes other than for the exclusive benefit of the members or their beneficiaries.

### *13. Attachments*

United States Savings Bonds, shares of Company stock and uninvested contributions held by the Trustees for the account of members shall not be subject to attachment, garnishment or seizure by creditors of members.

### *14. Cost of Administration*

All administration costs arising under this plan shall be borne by the Company.

## *15. Limitations*

No member shall at any time be entitled to withdraw his contributions from the plan other than in the manner specified in Articles 7, 10 and 11, hereof, and no member shall have any right to a cash refund of his contributions in lieu of receiving the bonds or shares of Company stock purchased for his account or the net proceeds of the sale of such stock on the open market by the Trustees.

The liability of the Company under this plan shall be only for the making of contributions as specified in the plan; and any employe who elects to become a member of the plan shall in his application for membership agree to be bound by this and all other provisions of the plan.

Nothing contained in this plan or in any amendment thereto shall be held or construed to give any employe any right to be retained in the service of the Company, but on the contrary the Company shall have the right and privilege to discontinue the service of any member with the same freedom as if the plan were not in existence.

The Company does not guarantee that the market value of Company stock at the time of distribution or withdrawal will be equal to the purchase price of such stock, or that the total amount distributed or withdrawn in bonds, stock or cash with respect to any calendar year will be equal to or greater than the amount of the member's payroll deductions for such year. Each member assumes all risk in connection with any decrease in the market price of any Company stock purchased for or allocated to his account in accordance with the provisions of the plan.

## *16. Statements*

The Trustees shall furnish at least annually to each member a statement showing (1) the United States Savings Bonds, if any, in his account, (2) the number of shares of Company stock, if any, in his account, and (3) the amount of any uninvested cash in his account.

**PENNSYLVANIA RAILROAD THRIFT PLAN  
APPLICATION FOR MEMBERSHIP**

To the Trustees of The Pennsylvania Railroad Thrift Plan:

I hereby apply for membership in The Pennsylvania Railroad Thrift Plan and agree to be bound by all the terms and conditions of the plan.

I understand and agree that:

- (1) under the plan one-half of my contributions will be invested in United States Savings Bonds, Series E, (or similar issues) and that the other half of my contributions, together with the Company contributions on my behalf, will be invested in Pennsylvania Railroad stock purchased at market prices;
- (2) if I leave the service of the Company (except by retirement or death) or withdraw my contributions or securities purchased with such contributions, or am furloughed for twelve months, Company contributions on my behalf or stock purchased therewith will be subject to forfeiture under the plan in accordance with the following table:

If held by the Trustees less than	Amount of Forfeiture
12 months	100%
24 months	80%
36 months	60%
48 months	40%
60 months	20%

- (3) there is no guarantee that the market value of Company stock when distributed to me or withdrawn by me will equal or exceed the purchase price of such stock or that the total amount of securities or cash distributed or withdrawn with regard to any period will equal or exceed the amount of my payroll deductions for that period; and

- (4) this is a voluntary plan and is subject to amendment or termination by the Board of Directors of the Company.

I hereby authorize and direct The Pennsylvania Railroad Company to make the following deductions from my monthly compensation and to make payment of such deductions to the Trustees for the purpose of the Plan. (The amount of contribution for any payroll period shall be in even \$1.00 amounts and no deduction shall be for less than \$5.00.)

Semimonthly Payroll Periods		Weekly Payroll Periods	
Period	Amount	Period	Amount
1st half of month . . . . .	\$ _____	1st week of month . . . . .	\$ _____
2nd half of month . . . . .	\$ _____	2nd week of month . . . . .	\$ _____
		3rd week of month . . . . .	\$ _____
		4th week of month . . . . .	\$ _____
<b>TOTAL</b> (not to exceed 5% of fixed monthly salary rate)	<b>\$ _____</b>		<b>\$ _____</b>

I direct that until I give further notice in writing United States Savings Bonds purchased by the Trustees with my contributions be registered as follows:

<b>EMPLOYEE OR DESIGNEE:</b>	}	NAME	Miss _____	_____	_____	_____
			Mrs. _____	(Last Name)	(Middle Name or Initial)	(First Name)
		ADDRESS	_____	_____	_____	_____
			(Number and Street)	(City or Town)	(Zone)	(State)
<b>CO-OWNER IF DESIRED:</b>	}	NAME	Miss _____	_____	_____	_____
			Mrs. _____	(Last Name)	(Middle Name or Initial)	(First Name)
		ADDRESS	_____	_____	_____	_____
			(Number and Street)	(City or Town)	(Zone)	(State)

I direct that in the event of my death all bonds, securities or cash held by the Trustees for me under the plan be delivered, transferred or paid to:

\_\_\_\_\_

(Beneficiary or Beneficiaries)

or if such beneficiary or beneficiaries be not then living, then to my estate.

Witness \_\_\_\_\_ (Signature of Applicant)

Date \_\_\_\_\_

Home Address of Applicant \_\_\_\_\_ (Number and Street)

\_\_\_\_\_ (City or Town) (Zone) (State)

\_\_\_\_\_ (Social Security Number) (Employee Identification Number) (Payroll Identification Code Number)

**IMPORTANT: This facsimile is not an "Application for Membership." You can obtain the proper form from your Supervisor.**

THE PENNSYLVANIA RAILROAD COMPANY