

MERGER
IMPLEMENTING AGREEMENT
(Houston Hub Zones 1 and 2)
between the
UNION PACIFIC RAILROAD COMPANY
SOUTHERN PACIFIC TRANSPORTATION COMPANY
and the
BROTHERHOOD OF LOCOMOTIVE ENGINEERS

PREAMBLE

The U.S. Department of Transportation, Surface Transportation Board (“STB”) approved the merger of the Union Pacific Corporation (“UPC”), Union Pacific Railroad Company/Missouri Pacific Railroad Company (collectively referred to as “UP”) and Southern Pacific Rail Corporation, Southern Pacific Transportation Company (“SPT”), St. Louis Southwestern Railway Company (“SSW”), SPCSL Corp., and the Denver & Rio Grande Western Railroad Company (“DRGW”) (collectively referred to as SP”) in Finance Docket 32760. In approving this transaction, the STB imposed New York Dock labor protective conditions. Copy of the New York Dock conditions is attached as Attachment “A” to this Agreement.

Subsequent to the filing of Union Pacific’s application but prior to the decision of the SIB, the parties engaged in certain discussions which focused upon Carrier’s request that the Organization support the merger of UP and SP. These discussions resulted in the parties exchanging certain commitments, which were outlined in letters dated March 8 (2), March 9 and March 22, 1996. Copies of these letters are attached as Attachment “B” to this Agreement.

On August 29, 1996, the Carriers served notice of their intent to merge and consolidate operations generally between Houston, Texas and Avondale and Alexandria₁ Louisiana. On that same date the Carriers served notice of the sale of certain lines and facilities between Iowa Junction and Avondale, Louisiana to the Burlington Northern Santa Fe Company (“BNSF”). In order to permit the expedient consummation of this sale as mandated by the SIB, the parties entered into an Interim Agreement dated October 2, 1996. That Agreement is attached as Attachment “C” to this Agreement, and provides certain protective benefits which will be applied from the time of the line and facility sale to BNSF until the effective date of this Agreement.

Pursuant to Section 4 of the New York Dock protective conditions, in order to achieve the benefits of operational changes made possible by the transaction and to modify collective bargaining agreements to the extent necessary to obtain those benefits,

IT IS AGREED:

ARTICLE I - SENIORITY AND WORK CONSOLIDATIONS

The following seniority consolidations and/or modifications will be made to existing rosters:

A. Avondale West Seniority District - Zone I

1. Territory Covered: Avondale to Livonia (including Livonia)
Avondale to Lafayette (including Lafayette)
Avondale Terminal

The above includes all main lines, branch lines, industrial leads, yard tracks and stations between or located at the points identified. All UP operations between Livonia and Anchorage and Addis and Lettsworth, including Lobdell Junction to Baton Rouge, shall be included in the new Avondale West Seniority District.

2. Former Rosters Included:

<u>SP</u>	<u>UP</u>
Morgan, Louisiana & Texas District (34.52%) (Roster #31)	Avondale (Roster #1 61 01) (48.97%) DeQuincy (Roster #05101) (.98%) TPMP (Roster 17101) (15.54%)

- a. Seniority integration of the employees from the above affected former rosters into one consolidated prior rights seniority roster for Zone I will be done in the manner set forth in the Standby Seniority Merger Implementing Agreement executed this date. Based upon the equity data provided to the Organization, a merged roster will be developed by the Organization using the percentages denoted above. The number of engineers on such prior rights roster will be mutually agreed upon by the parties based upon anticipated service requirements prior to the formulation of the prior rights merged roster for Zone 1. Copy of the finalized prior rights seniority roster for Zone I shall be attached and identified as Attachment "0" to this Agreement.

- b. Service requirements for Zone 1 not filled by employees on the prior rights rosters described above shall be protected by engineers from the common seniority roster defined in Article II.D. of the Standby Seniority Merger Implementing Agreement.

3: Terminal Consolidation

Avondale - All UP and SP operations within the new Avondale Terminal limits shall be consolidated into a single operation. The westward terminal limits of the consolidated terminal are as follows:

Union Pacific: Mile Post 17.0.
Southern Pacific: Mile Post 17.77.

Preexisting eastward terminal limits remain unchanged.

4. Road Operation Consolidations

- a. All Avondale-Livonia/Lafayette pool operations shall be combined into one (1) pool with Avondale as the home terminal. Crews in this pool may operate to either of the destination terminals via any combination of former UP and SP trackage. Crews may also be transported between the destination terminals for the return trip to the home terminal, subject to the terms set forth in Side Letter No. 1.
- b. Any road switcher/zone local or local service may be established to operate from any point to any other point within the Avondale West Seniority District. Any yard assignments outside of the terminal limits of Avondale shall be converted to road switcher/zone local assignments. This provision is not intended to modify existing agreements currently in force, if any, which require maintenance of local service over certain specified territories.

B. Houston East Seniority District - Zone 2

- 1. Territory Covered:
 - Houston to Alexandria (not including Houston and not including Alexandria)
 - Houston to Livonia (not including Houston and not including Livonia)
 - Houston to Lafayette (not including Houston and not including Lafayette)
 - Houston to Baytown (not including Houston)
 - Alexandria to Lake Charles (not including Alexandria)
 - Houston to Kemah on the SP Galveston Branch

The above includes all main lines, branch lines, industrial leads, yard tracks and stations between the points identified. Where the phrase “not including” is used above, it refers to yard operations and does not restrict road crews from operating into/out of such terminals or from performing work in such terminals which is permissible under local and national agreements.

2. Former Rosters Included:

<u>SP</u>	<u>UP</u>
Texas & New Orleans	DeQuincy (Roster#05101)
District (66.78%)	(24.19%)
(Roster #01)	
	Lake Charles (Roster #350101)
	(2.67 %)
	Baytown (Roster #041101)
	(6.36%)

- a. Seniority integration of the employees from the above affected former rosters into one consolidated prior rights seniority roster for Zone 2 will be done in the manner set forth in the Standby Seniority Merger Implementing Agreement executed this date. Based upon the equity data provided to the Organization, a merged roster will be developed by the Organization using the percentages denoted above. The number of engineers on such prior rights roster will be mutually agreed upon by the parties based upon anticipated service requirements prior to the formulation of the prior rights merged roster for Zone 2. Copy of the finalized prior rights seniority roster for Zone 2 shall be attached and identified as Attachment “E” to this Agreement.
- b. Service requirements for Zone 2 not filled by employees on the prior rights rosters described above shall be protected by engineers from the common seniority roster defined in Article II.D. of the Standby Seniority Merger Implementing Agreement.

3. Road Operation Consolidations

- a. All Houston-Alexandria, Houston-Livonia and Houston-Lafayette pool operations shall be combined into one (1) pool with Houston as the home terminal. Crews in this pool may operate to any of the destination terminals via any combination of former UP and SP trackage. Crews may also be transported between Livonia and Lafayette for the return trip to the home terminal, subject to the terms set forth in Side Letter No. j.
- b. Any road switcher/zone local or local service may be established to operate from any point to any other point within the new Houston East Seniority District. Any yard assignments within the limits of this seniority district

except at Lake Charles and except the hump and trim jobs at Beaumont, shall be converted to road switcher/zone local assignments. This provision is not intended to modify existing agreements currently in force, if any, which require maintenance of local service over certain specified territories.

4; Other Operations

- a. SP Baytown Branch - All SP operations on its Baytown Branch, including yards at Dayton and Mont Belvieu, shall be included in the new prior rights Houston East Seniority District (Zone 2) and consolidated with other UP and SP operations as appropriate. Any pool freight service originating or terminating at Dayton may be protected by either the consolidated Houston-East pool established in 3.a. above, or a separate pool.
- b. UP Baytown Branch - All UP operations on its Baytown Branch shall be included in the new Houston East Seniority District (Zone 2) and consolidated with other UP and SP operations as appropriate.
- c. SF Galveston Branch - All SP operations on its Galveston Branch, including Strang Yard, to Kemah, but excluding that part of the line from Kemah to Galveston and Galveston Yard, shall be included in the new Houston East Seniority District (Zone 2) and consolidated with other UP and SP operations as appropriate.

C. Extra Boards

1. Guaranteed Extra Boards (road, yard, or combination road/yard) may be established at any location within the Houston East Seniority District (Zone 2) and Avondale West Seniority District (Zone 1) pursuant to the designated collective bargaining agreement provisions.. At any locations where multiple extra boards now exist, such boards may be consolidated.
 - a. At outside points the Company may establish guaranteed extra boards that cover assignments in multiple locations. For example, the Carrier may establish one extra board to cover the DeQuincy/Lake Charles area, or one extra board to cover the Beaumont / Orange / Ameila / Maruiceville area. When established, the Carrier shall designate the geographic area the extra board will cover. If exhausted, such extra board may be supplemented from the next nearest extra board in the seniority district in accordance with existing agreement rules and practices.

ARTICLE II- APPLICABLE AGREEMENTS

- A. All employees and assignments in the territories comprehended by this Implementing Agreement will work under the Collective Bargaining Agreement currently in effect between the Union Pacific Railroad Company and the Brotherhood of Locomotive Engineers dated October 1, 1977 (reprinted October 1, 1991), including all applicable national agreements, the “local/national” agreement of May 31, 1996, and all other side letters and addenda which have been entered into between date of last reprint and the date of this Implementing Agreement. Where conflicts arise, the specific provisions of this Agreement shall prevail. None of the provisions of these agreements are retroactive.
- B. All runs established pursuant to this Agreement will be governed by the conditions set forth in Section 2 through 6 of the Livonia Interdivisional Agreement dated February 27, 1995. These provisions are replicated in Attachment F
- C. Engineers protecting pool freight operations on the territories covered by this Agreement shall receive continuous held-away-from-home terminal pay (HAHT) for all time so held at the distant terminal after the expiration of sixteen (16) hours. All other provisions in existing agreement rules and practices pertaining to HAHT pay remain unchanged.
- D. Actual miles will be paid for runs in the new Houston East Seniority District and the new Avondale West Seniority District. Examples are illustrated in Attachment G

ARTICLE III - FAMILIARIZATION

- A. Engineers involved in the consolidation covered by this Agreement whose assignments require performance of duties on a new geographic territory not familiar to them will be given full cooperation, assistance and guidance in order that their familiarization shall be accomplished as quickly as possible. Engineers will not be required to lose time or ride the roads on their own time in order to qualify for these new operations.
- B. Engineers will be provided with a sufficient number of familiarization trips in order to become familiar with the new territory. Issues concerning individual qualification shall be handled with local operating officers. The parties recognize that different terrain and train tonnage impact The number of trips necessary and the operating officer assigned to the merger will work with the local Managers of Operating Practices in implementing this section. If disputes occur under this Article they may be addressed directly

with the appropriate Director of Labor Relations and the General Chairman for expeditious resolution.

- C. It is understood that familiarization required to implement the merger consolidation herein will be accomplished by calling a qualified engineer (or Manager of Operating Practices) to work with an engineer called for service on a geographic territory not familiar to him.
- D. Engineers hired subsequent to the effective date of this document will be qualified in accordance with current FRA certification regulations and paid in accordance with the local agreements that will cover the merged Hub.

ARTICLE IV - IMPLEMENTATION

- A. The Carrier will give at least sixty (60) days' written notice of its intent to implement this Agreement.
- B.
 - 1. Concurrent with the service of its notice, the Carrier will post a description of Zones 1 and 2 described in Article 1 herein.
 - 2. Twenty (20) days after posting of the information described in B.1. above, the appropriate Labor Relations Personnel, CMS Personnel, General Chairmen and Local Chairmen will convene a workshop to implement assembly of the merged seniority rosters. At this workshop, the representatives of the Organization will construct consolidated seniority rosters, without names, which reflect the equity distribution from the interested former rosters. After constructed, employees from the interested former rosters will be assigned to the new consolidated rosters pursuant to Article II.B.6. of the Standby Seniority Merger Implementing Agreement.
 - 3. Dependent upon the Carriers manpower needs, the Gamer may develop a pool of representatives of the Organization, with the concurrence of the General Chairmen, which, in addition to assisting in the preparation of the rosters, will assist in answering engineers' questions, including explanations of the seniority consolidation and implementing agreement issues, discussing merger integration issues with local Carrier officers and coordinating with respect to CMS issues relating to the transfer of engineers from one zone to another or the assignment of engineers to positions.
- C. The roster consolidation process shall be completed in seven (7) days, after which the finalized agreed-to rosters will be posted for information and protest in accordance with the applicable agreements. If the participants have not finalized agreed-to rosters, the Carrier will prepare such rosters,

post them for information and protest, will use those rosters in assigning positions, and will not be subject to claims or grievances as a result.

- D. Once rosters have been posted, those positions which have been created or consolidated will be bulletined for a period of seven (7) calendar days. Employees may bid on these bulletined assignments in accordance with applicable agreement rules. However, no later than ten (10) days after closing of the bulletins, assignments will be made.
- E.
 - 1. After all assignments are made, employees assigned to positions which require them to relocate will be given the opportunity to relocate within the next thirty (30) day period. During this period, the affected employees may be allowed to continue to occupy their existing positions. If required to assume duties at the new location immediately upon implementation date and prior to having received their thirty (30) days to relocate, such employees will be paid normal and necessary expenses at the new location until relocated. Payment of expenses will not exceed thirty (30) calendar days.
 - 2. The Carrier may, at its option, elect to phase-in the actual implementation of this Agreement. Employees will be given ten (10) days' notice of when their specific relocation/ reassignment is to occur.
- F. Engineers will be treated for vacation, entry rates and payment of arbitraries as though all their time on their original railroad had been performed on the merged railroad. Engineers assigned to the Hub on the effective date of this Agreement (including those engaged in engineer training on such date) shall have entry rate provisions waived and engineers hired/promoted after the effective date of this Agreement shall be subject to National Agreement rate progression provisions.

ARTICLE V - PROTECTIVE BENEFITS AND OBLIGATIONS

- A. All employees who are listed on the prior rights Avondale West (Zone 1) and Houston East (Zone 2) merged rosters shall be considered adversely affected by this transaction and consolidation and will be subject to the t-i-York Dock protective conditions which were imposed by the SIB. It is understood there shall not be any duplication or compounding of benefits under this Agreement and/or any other agreement or protective arrangement.
 - 1. Carrier will calculate and furnish TPA's for such employees to the Organization as soon as possible after implementation of the terms of this Agreement. The time frame used for calculating the TPA's in

accordance with New York Dock will be August 1, 1995 through and including July 31, 1996.

2. In consideration of blanket certification of all employees covered by this Agreement for wage protection, the provisions of New York Dock protective conditions relating to “average monthly time paid for” are waived under this Implementing Agreement. ‘-~
 3. Test period averages for designated union officers will be adjusted to reflect lost earnings while conducting business with the Carrier.
 4. National Termination of Seniority provisions shall not be applicable to engineers hired prior to the effective date of this Agreement.
- B. Engineers required to relocate under this Agreement will be governed by the relocation provisions of New York Dock. In lieu of New York Dock provisions, an employee required to relocate may elect one of the following options:
1. Non-homeowners may elect to receive an in-lieu of allowance in the amount of \$10,000 upon providing proof of actual relocation.
 2. Homeowners may elect to receive an “in lieu of” allowance in the amount of \$20,000 upon providing proof of actual relocation.
 3. Homeowners in Item 2 above who provide proof of a bona fide sale of their home at fair value at the location from which relocated shall be eligible to receive an additional allowance of \$10,000.
 - a) This option shall expire within five (5) years from date of application for the allowance under Item 2 above.
 - b) Proof of sale must be in the form of sale documents, deeds, and filings of these documents with the appropriate agency.
- Note: All requests for relocation allowance must be claimed on form which is attached as “Attachment “H”
4. With the exception of Item 3 above, no claim for an “in lieu of” relocation allowance will be accepted after two (2) years from date of implementation of this Agreement.

5. Under no circumstances shall an engineer be permitted to receive more than one (1) “in lieu of” relocation allowance under this Implementing Agreement.
6. Engineers receiving an in-lieu of” relocation allowance pursuant to this Implementing Agreement will be required to remain at the new location, seniority permitting, for a period of two (2) years.

ARTICLE VI- SAVINGS CLAUSES

- A. The provisions of the applicable Schedule Agreement will apply unless specifically modified herein.
- B. Nothing in this Agreement will preclude the use of any engineers to perform work permitted by other applicable agreements within the new Houston East Seniority District or the new Avondale West Seniority District, i.e., yard crews performing Hours of Service Law relief within the road/yard zone, ID crews performing service and deadheads between terminals, road switchers handling trains within their zones, etc.
- C. The provisions of this Agreement shall be applied to all employees covered by said Agreement without regard to race, creed, color, age, sex, national origin, or physical handicap, except in those cases where a bona fide occupational qualification exists. The masculine terminology herein is for the purpose of convenience only and does not intend to convey sex preference.

Signed at San Francisco this 17th day of January 1997

For the Brotherhood of Locomotive Engineers For the Carriers:

D. E. Penning
General Chairman BLE
R. A. Poe
General Chairman BLE
M. L. Royal, Jr.
General Chairman BLE

M. A. Hartman
General Director-Labor Relations
Union Pacific Railroad
W. E. Loomis
Director-Labor Relations
Southern Pacific Transportation
Company

Approved:
D. M. Hahs
Vice President BLE
J. L. McCoy
Vice President BLE

January 17,1997

Side Letter No. 1

Mr. M. L Royal, Jr.
General Chairman BLE
413 West Texas
Sherman, TX 75092-3755

Mr. R. A. Poe
General Chairman BLE
515 Northbelt East Suite 120
Houston, TX 77060

Mr. D. E. Penning
General Chairman BLE
12531 Missouri Bottom Road
Hazelwood, MO 63042

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Unes and the Brotherhood of Locomotive Engineers, specifically to Article I.A.4.a and I.B.3.a regarding repositioning engineers from one away from home terminal to another. Such handling will be subject to the following conditions:

- (a) Engineers may be deadheaded prior to tie-up after the initial trip.

Example: An engineer runs from Avondale to Lafayette. He can be deadheaded from Lafayette to Livonia for tie-up at Livonia from his original trip from Avondale.

- (b) Engineers may also be deadheaded after tie up and rest after the initial trip.

Example: An engineer runs from Avondale to Lafayette and ties up. After rest he can be deadheaded from Lafayette to Livonia for a trip from Livonia to Avondale.

1. This handling can only occur when there are no rested engineers at Livonia to protect the service from Livonia to Avondale, i.e., it is not permissible to deadhead an engineer to a different away from home terminal for additional rest, but only for a return trip to the home terminal.

- (C) Engineers will not be deadheaded by train between one away from home terminal to another away from home terminal. Other forms of transportation will be used.

- (d) Engineers hired prior to implementation of the Agreement will be paid highway miles for the deadhead portion of the trip and engineers hired subsequent to the implementation will be paid actual time for the deadhead portion of the trip.

- (e) Once deadheaded between two away from home terminals an engineer will not be deadheaded back except in an emergency situation such as a flood or major derailment.
- (f) It is not the intent of this Agreement provision to double deadhead” engineers. If double deadheaded then the engineer will be paid district miles for the second deadhead. A ‘double deadhead” in this instance is when an engineer is deadheaded from one away from home terminal to the other away from home terminal and then deadheaded back to the home terminal.
- (g) Engineers arriving at the away from home terminal by train and instructed to deadhead to another away from home terminal will remain on terminal time (if applicable) until they are in the vehicle to transport them to the other away from home terminal.

If the foregoing adequately and accurately sets forth our agreement in this matter, please so indicate by signing in the space provided for that purpose below.

Yours Truly,

M. A. Hartman
General Director - Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

R. A. Poe
General Chairman, BLE

M. L. Royal, Jr.
General Chairman, BLE

cc: D.M.Hahs
Vice President BLE
J. L. McCoy
Vice President BLE

January 17, 1997

Side Letter No. 2

Mr. M. L. Royal, Jr.
General Chairman BLE
413 West Texas
Sherman, TX 75092-3755

Mr. R. A. Poe
General Chairman BLE
515 Northbelt East Suite 120
Houston, TX 77060

Mr. D. E. Penning
General Chairman BLE
12531 Missouri Bottom Road
Hazelwood, MO 63042

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

During our negotiations we discussed ARTICLE 6- LIFE INSURANCE and ARTICLE 9-DISABILITY INSURANCE of the August 1, 1995 Agreement between Southern Pacific Lines and your Organization. It was your position that coverages provided by the former agreement should be preserved for the former Southern Pacific engineers covered by this Implementing Agreement.

This will confirm that Carrier agreed that these insurance premiums would be maintained at current levels and would be grandfathered to those former Southern Pacific engineers who are covered by this Implementing Agreement and who are presently covered under those plans. These insurance premiums will be maintained at current levels for such employees for a six (6) year period commencing January 1, **1998**, unless extended or modified pursuant to the Railway Labor Act.

It is understood this Agreement is made without prejudice to the positions of either party regarding whether or not such benefits are subject to preservation under New York Dock and it will not be cited by any party in any other negotiations or proceedings.

If the foregoing adequately and accurately sets forth our agreement in this matter, please so indicate by signing in the space provided for that purpose below.

Yours Truly,
M. A. Hartman
General Director - Labor Relations

M. L Royal. Jr.
General Chairman. BLE
R. A. Poe
General Chairman, BLE
D. E. Penning
General Chairman, BLE
cc: D. M. Hahs
Vice President BLE
J. L. McCoy
Vice President BLE

January 17, 1997

Side Letter No. 3

Mr. M. L. Royal, Jr.
General Chairman BLE
413 West Texas
Sherman, TX 75092-3755.

Mr. R. A. Poe
General Chairman BLE
515 Northbelt East Suite 120
Houston, TX 77060

Mr. D. E. Penning
General Chairman BLE
12531 Missouri Bottom Road
Hazelwood, MO 63042

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

During our negotiations we discussed ARTICLE 7- VACATION of the August 1, 1995 Agreement between Southern Pacific Lines and your Organization.

This will reflect our understanding that those former Southern Pacific engineers who are covered by this Implementing Agreement and who are presently covered by the above agreement provision shall be entitled to obtain the benefits of said ARTICLE 7 for the duration of the period covered by that agreement, i.e., through December 31, 1997. Thereafter, vacation benefits shall be as set forth in the controlling agreement on the merged territory.

If the foregoing adequately and accurately sets forth our agreement in this matter, please so indicate by signing in the space provided for that purpose below.

Yours Truly,
M. A. Hartman
General Director - Labor Relations

Approved:

M. L. Royal, GC BLE

R. A. Poe, GC BLE

D. E. Penning, GC BLE

Cc: D. M. Hahs, VP BLE

J. L. McCoy, VP BLE

January 17, 1997

Side Letter No. 4

Mr. M. L. Royal, Jr.
General Chairman BLE
413 West Texas
Sherman, TX 75092-3755

Mr. R. A. Poe
General Chairman BLE
515 Northbelt East Suite 120
Houston, TX 77060

Mr. D. E. Penning
General Chairman BLE
12531 Missouri Bottom Road
Hazelwood, MO 63042

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

During our negotiations we discussed the concern the Committee had with entering into an agreement only to find out that later bargaining in other areas resulted in more favorable terms. In that connection the Carrier agreed it was not its intent to penalize a Committee under such circumstances and that it was agreeable to granting this Committee the benefit of more favorable monetary terms that may be negotiated in future merger implementing agreements involving the SP and UP.

It is understood, however, that this Agreement refers to monetary terms which do not relate to operational changes because each area has differing operating needs thus requiring more or fewer pool consolidations and extra board consolidations, differing home terminals, etc. Secondly, this Agreement applies only to newly negotiated items and does not include provisions of an existing collective bargaining agreement which were in effect on UP or SP prior to the negotiation of a merger implementing agreement. An example of items which could potentially be covered by this agreement would be relocation allowance, labor protection, or separation allowance. However, the more favorable terms must be viewed in correlation to the whole agreement and not just one section. For example, a different Committee may agree to less protection in exchange for different relocation provisions which, on balance, do not constitute more favorable terms.

If the foregoing adequately and accurately sets forth our agreement in this matter, please so indicate by signing in the space provided for that purpose below.

Yours Truly,
M.A. Hartman
General Director - Labor Relations

Approved:

M. L. Royal, GC BLE

R. A. Poe, GC BLE

D. E. Penning, GC BLE

Cc: D. M. Hahs, VP BLE

J. L. McCoy, VP BLE

January 17, 1997

Side Letter No. 5

Mr. M. L. Royal, Jr.
General Chairman BLE
413 West Texas
Sherman, TX 75092-3755

Mr. R. A. Poe
General Chairman BLE
515 Northbelt East Suite 120
Houston, TX 77060

Mr. D. E. Penning
General Chairman BLE
12531 Missouri Bottom Road
Hazelwood, MO 63042

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

During the negotiations we discussed the relationship between this agreement and the Standby Seniority Merger Implementing Agreement insofar as concerns offering prior rights roster slots to engineers currently holding only common seniority in the Houston Hub territory. The conclusion reached from those discussions was that engineers with common seniority should be canvassed as to their election for all of the prior rights zone rosters at the same time. In other words, so that these common seniority engineers will have the benefit of knowing the total range of their seniority options, the slotting of non-prior rights engineers on the newly created rosters should occur simultaneously for all zones in the Houston Hub.

In order to accomplish the above result, it was agreed that when the roster formulation process takes place for Zones 1 and 2 under this Merger Implementing Agreement, prior rights and common engineers will make a temporary election for the preparation of a "working" roster which will be used in the territory covered by this Agreement until the parties have reached a merger implementing agreement for the balance of the Houston Hub. At that time, final rosters for all zones will be formulated, including those covered herein.

If the foregoing adequately and accurately sets forth our agreement in this matter, please so indicate by signing in the space provided for that purpose below.

Yours Truly,
M. A. Hartman
General Director - Labor Relations

Approved:

M. L. Royal, GC BLE

R. A. Poe, GC BLE

D. E. Penning, GC BLE

Cc: D. M. Hahs, VP BLE

J. L. McCoy, VP BLE

January 17, 1997

Side Letter No. 6

Mr. D. E. Penning
General Chairman BLE
12531 Missouri Bottom Road
Hazelwood, MO 63042

Sir:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

This refers to our discussions regarding Section 13(d) of the Livonia Interdivisional Agreement dated February 27, 1995. It was agreed that the "current identified employees" referred to in said Section 13(d) may remain on the extra board at Alexandria regardless of the expiration of the protective benefits there under, subject to Section 13(d)(1), (3) and (4) of said Agreement.

If the foregoing adequately and accurately sets forth our agreement in this matter, please so indicate by signing in the space provided for that purpose below.

Yours Truly,
M. A. Hartman
General Director - Labor Relations

Approved:

D. E. Penning, GC BLE

Cc: D. M. Hahs, VP BLE

J. L. McCoy, VP BLE

M. L. Royal, GC BLE

R. A. Poe, GC BLE

January 17, 1997

Side Letter No. 7

Mr. M. L. Royal; Jr.
General Chairman BLE
413 West Texas
Sherman, TX 75092-3755

Mr. R. A. Poe
General Chairman BLE
515 Northbett East Suite 120
Houston, TX 77060

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

This will confirm my commitment to you that when a merger implementing agreement is consummated for the balance of the territories encompassing the former SP Eastern Lines, the provisions of Article II.C. of this Agreement will be extended to such additional territories.

Yours Truly,

M. A. Hartman
General Director - Labor Relations

cc: D. M. Hahs
Vice President BLE

J. L McCoy
Vice President BLE

February 18, 1997

Side Letter No. 8

Mr. M. L. Royal, Jr.
General Chairman BLE
413 West Texas
Sherman, TX 75092-3755

Mr. R. A. Poe
General Chairman BLE
515 Northbelt East Suite 120
Houston, TX 77060

Mr. D. E. Penning
General Chairman BLE
12531 Missouri Bottom Rd
Hazelwood, MO 63042

Gentlemen:

This has reference to our negotiations covering the Merger Implementing Agreement entered into January 17, 1997 between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers. During these negotiations the Organization expressed concern that engineers who expire on the Hours of Service Law would not be transported in a timely manner to the destination terminal.

This will confirm the advice given to you, i.e., that when an engineer ties up on the Hours of Service before reaching the objective terminal, the Carrier will make every reasonable effort to relieve subject engineer and transport him to the tie up point, expeditiously. The Carrier recognized the interests of the railroad and its engineers are best served when a train reaches the final terminal within the hours of service. In the event this does not occur, the Carrier is committed to relieving that engineer and providing transportation as soon as practical.

In the event the Organization feels that this commitment is not being observed at a particular location, the General Chairman shall promptly contact the Director of Labor Relations in writing stating the reasons or circumstances thereof. Within ten (10) days after being contacted the Director of Labor Relations will schedule a conference between the parties to discuss the matter and seek a resolution. The conference will include the appropriate General Manager or his designate.

Respectfully,
M. A. Hartman
General Director - Labor Relations

cc: D. M. Hahs
Vice President BLE
J. L. McCoy
Vice President BLE

February 25, 1997

Side Letter No. 9

Mr. M. L. Royal, Jr.
General Chairman BLE
413 West Texas
Sherman, TX 75092-3755

Mr. R. A. Poe
General Chairman BLE
515 Northbelt East Suite 120
Houston, TX 77060

Mr. D. E. Penning
General Chairman BLE
12531 Missouri Bottom Rd
Hazelwood, MO 63042

Gentlemen:

This has reference to our negotiations covering the Merger Implementing Agreement entered into January 17, 1997 between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

During our negotiations we discussed the equity percentages contained in Articles **I.A.2** and **I.B.2**. concern was expressed about possible errors or omissions in the equity percentages referenced therein. This will confirm our understanding that should any errors or omissions be ascertained between the date of this Merger Implementing Agreement and the date established for the slotting of the affected rosters, the parties will promptly meet to review the alleged disputes and seek an adjustment to the equity percentages if necessary. It is understood that any changes to the equity percentages shown in Articles I.A.2. and I.B.2. which Carrier is requested to make, represent consensus among the Organization representatives.

If the foregoing adequately and accurately sets forth our consensus in the matter please so indicate **by** signing in the space provided below.

Respectfully,
M. A. Hartman
General Director - Labor Relations

Approved:

M. L. Royal, GC BLE

R. A. Poe, GC BLE

D. E. Penning, GC BLE

Cc: D. M. Hahs, VP BLE

J. L. McCoy, VP BLE

ATTACHMENT "D"

SENIORITY ROSTER FOR ZONE 1 TO BE PROVIDED

ATTACHMENT "E"

SENIORITY ROSTER FOR ZONE 2 TO BE PROVIDED

Attachment "F"

The provisions of Sections 2 through 6 of the Livonia Interdivisional Agreement dated February 27, 1995, as referred to in Article 11.B. of this Agreement, read:

Section 2: Rates of Pay - The provisions of the November 7, 1991 National Implementing Document will apply.

Section 3: Overtime - Overtime will be paid in accordance with Article IV of the November 7, 1991 National Implementing Document.

Section 4: Transportation - When a crew is required to report for duty or is relieved from duty at a point other than the on and off duty points fixed for the service established hereunder, the Carrier shall authorize and provide suitable transportation for the crew.

Note: Suitable transportation includes Carrier owned or provided passenger carrying motor vehicles or taxi, but excludes other forms of public transportation.

Section 5: Meal Allowance and Eatina In Route -

(a) On runs established hereunder, crews will be allowed a \$6.00 meal allowance after four (4) hours at the away-from-home terminal and another \$6.00 allowance after being held an additional eight (8) hours.

(b) In order to expedite the movement of interdivisional runs, crews on runs of miles equal to or less than the number encompassed in the basic day will not stop to eat except in cases of emergency or **unusual** delays. For crews on longer runs, the Carrier shall determine the conditions **under** which such crews may stop to eat. When crews on such runs are not permitted to stop to eat, crew members shall be paid an allowance of \$1.50 for the trip.

Note 1: If there are changes in the payments made for meal allowance and eating in route as a result of the parties' current Section 6 notices, those changes will govern.

Section 6: Suitable Lodging - Suitable lodging will be provided by the Carrier in accordance with existing agreements.'

Mileages¹ of Runs Attachment “G”

From/To Terminals_____	Miles Run
<u>Avondale to Lafayette</u>	136
<u>Avondale to Livonia</u>	103
<u>Alexandria to Lake Charles</u>	<u>basic day per class</u>
	<u>of service</u>
Houston - Alexandria:	
<u>via SP Houston-Iowa Jot., UP Iowa Jct.-Klnder</u>	247
<u>via SP Houston-Beaumont, UP Beaumont-Kinder</u>	237
<u>via UP Houston-Beaumont, SP Beaumont-Iowa Jct.</u>	248
<u>via UP Houston-Kinder</u>	228
Houston - Livonia:	
<u>via SP Houston-Iowa Jot, UP Iowa Jct.</u>	252
<u>via SP Houston-Beaumont, UP Beaumont-Kinder</u>	242
<u>via UP Houston-Kinder</u>	243
<u>via UP Houston-Beaumont, SP Beaumont-Iowa Jot.</u>	253
Houston - Lafayette:	
<u>via SP Houston-Iowa Jot</u>	214
<u>via UP Houston-Beaumont, SP Beaumont-Iowa Jot.</u>	215

‘All mileages shown above are approximations and are subject to final verification.

ATTACHMENT "H"
RELOCATION BENEFITS LOCATION

Please accept this as my application for relocation benefits as set forth in Article V.B. of this Merger Implementing Agreement. I understand that my election herein is in lieu of actual relocation benefits provided under New York Dock. This election must be exercised within two (2) years from the date of implementation of this Agreement. (Except that Option 3 shall expire within five (5) years from implementation). Please check one of the following three options:

- Option 1: I am a non-owner and accept a \$10,000 allowance in lieu of New York Dock relocation benefits
- Option 2: I am a homeowner and accept a \$20,000 allowance in lieu of New York Dock relocation benefits.

If I have accepted Option 1 or 2, I understand that I must submit "proof of actual relocation" in order to receive the "in lieu of" allowance.

- Option 3: I am a homeowner and having sold my home, accept a \$10,000 allowance in addition to the \$20,000 allowance I shall receive under Option 2, for a total of a \$30,000 allowance.

If I have accepted Option 3, I understand that I must not only submit "proof of actual relocation" but in addition I must provide "proof of a bona fide sale" of my home at fair value in the form of sale documents, deeds, and filings of these documents with the appropriate agency in order to receive the in lieu of allowance.

In addition, I understand that in accepting any of the three options above, I will be required to remain at the new location, seniority permitting, for a period of two (2) years. Please fax or send this completed form to J. E. Cvetas, Manager-Agreement Program Administration, 1416 Dodge Street, Room 332, Omaha, NE 68179; fax (402)271-2463. Mr. Cvetas can also be reached by phone at (402)271-4577.

NAME _____ SSN _____

SIGNATURE _____

CRAFT _____ DATE _____

OLD WORK LOCATION _____ NEW WORK LOCATION _____

April 23, 1997

Side Letter No. 10

Mr. M. L. Royal, Jr.
General Chairman BEE
413 West Texas
Sherman, TX 75092-3755

Mr. R. A. Poe
General Chairman BLE
515 Northbelt East Suite 120
Houston, TX 77060

Mr. D. E. Penning
General Chairman BEE
12531 Missouri Bottom Rd
Hazelwood, MO 63042

Gentlemen:

This refers to the Merger Implementing Agreement for the Houston Hub, Zones 1 and 2, dated January 17, 1997.

In discussing the relocation benefits in Article V.6. of the agreement, we discussed the situation where an employee may desire to sell his home prior to the actual implementation of the merger. Carrier committed to you that such employee would be entitled to treatment as a "homeowner" for relocation benefits purposes provided:

1. Upon actual implementation of the Merger Implementing Agreement the engineer meets the requisite test of having been "required to relocate",
2. The sale of the residence occurred at the same location where claimant was working immediately prior to implementation, and
3. The sale of the residence occurred after the date of this Side Letter.

If the foregoing adequately and accurately sets forth our agreement in this matter, please so indicate by signing in the space provided for that purpose below.

Yours truly,
M. A. Hartman General Director - Labor
Relations

Approved:

M. L. Royal, GC BLE

R. A. Poe, GC BLE

Cc: D. M. Hahs, VP BLE

J. L. McCoy, VP BLE

MERGER IMPLEMENTING AGREEMENT
AGREED UPON QUESTIONS & ANSWERS

ARTICLE I - Seniority and **Work** Consolidations

Sections A.2. and B. 2.:

- Q. 1. What is the significance of the percentages listed by the former rosters, and give an example of how those percentages are used to formulate an “equity” consolidated roster.
- A. 1. The formula used to accomplish this, since it is based upon the percentage of the total work brought by each interested roster to the new merged roster, actually incorporates or builds into the new rosters the prior rights of each interested roster to the work they brought. The formula is actually quite uncomplicated. Once all work equities have been measured and converted to a percentage of the total, those percentages are entered into the formula as indicated by the following example:

COMPUTATION-SELECTION ORDER LIST

Under the above formula, the first ten roster positions using the hypothetical percentages, of 46%, 39% and 15% would be:

1. a
2. b
3. c
4. a
5. b
6. a
7. b
8. a
9. b
10. c

To summarize, the roster profiles developed for each merged seniority district were based upon the percentage of work equity as inserted into the above-described formula.

Section A.3.:

- Q. 1. What is the impact of the terminal operation at Avondale being “consolidated into a single operation”?
- A. 1. In a consolidated terminal, all road crews can receive/leave their trains at any location within the boundaries of the new Avondale Terminal and may perform work anywhere within those boundaries pursuant to the applicable collective bargaining agreement. The Carrier will designate the on/off duty points for road crews. All rail lines, yards, and/or sidings within the new Avondale Terminal are considered as common to all crews working in, into and out of Avondale and all road crews may perform all permissible road/yard moves pursuant to the applicable collective bargaining agreements.

Section C:

- Q. 1. How many extra boards will be combined at implementation?
- A. 1. It is unknown at this time. The Carrier will give written notice of any consolidations whether at implementation or thereafter.
- Q.2. Are these guaranteed extra boards?
- A. 2. Yes. The pay provisions and guarantee offsets and reductions will be in accordance with the existing UP guaranteed extra board agreement.
- Q. 3. Will extra boards established under this section be confined to protecting extra work exclusively within the zone in which established?

- A. 3. Initially, all extra boards will Only protect extra work within one zone. After implementation, should the Carrier desire to establish extra boards which protect extra work in more than one zone, this will be done pursuant to the existing collective bargaining agreement, and the parties must reach agreement as to how engineers from the zones involved will be allowed to exercise seniority to such extra board(s).

ARTICLE II - Applicable Agreements

- Q. 1. When the Merger implementing Agreement becomes effective what happens to existing claims previously submitted under the prior agreements?
- A. 1. The existing claims shall continue to be handled in accordance with the former agreements and the Railway Labor Act. No new claims shall be filed under those former agreements once the time limit for filing claims has expired.

ARTICLE III - Familiarization

- Q.1. An engineer who makes familiarization trips only on that portion of the geographic territory where he intends to work may later exercise to another part of the territory with which he is not familiar. Does this Agreement apply to the necessary additional familiarization trips?
- A. 1. Yes, no matter how much time has elapsed from date of implementation of this Agreement.
- Q. 2. Who will approve an engineer as being properly familiarized on a new territory?
- A. 2. Manager of Operating Practices.
- Q. 3. May a brakeman, conductor, other employee not specified in the Agreement be used to familiarize an engineer on an unfamiliar geographic territory?
- A.3. No.
- Q.4. If an unqualified extra engineer stands first out for an assignment and the next extra engineer is qualified, may the first out extra engineer be run-around?
- A. 4. No. The first out extra engineer will be called for the assignment and the next out extra engineer qualified will be called to act as pilot.
- Q. 5. How shall a qualified engineer used as pilot be compensated?
- A. 5. The same as if he had operated the train.

ARTICLE V - Protective Benefits and Obligations

Section A:

Q. 1. What is blanket certification?

A. 1. An understanding reached by the parties that an engineer will be provided the benefits of the applicable labor protective conditions without having to prove he was adversely affected as a result of implementation of this Agreement.

Q.2. How will test period earnings be calculated for engineers returning to service following extended absence (a period of one year or more)?

A. 2. Their test period earnings will be the average of the test period earnings of the two (2) engineers next junior and two (2) engineers next senior to such individual returning to service.

Q. 3. How does the Carrier calculate test period earnings if, during the last twelve (12) months, an engineer has missed two (2) months compensated service?

A. 3. The Carrier will go back fourteen (14) months (or however many months necessary) to calculate the test period earnings based on twelve (12) months compensated service.

Q.4. How will an engineer be advised of his test period earnings?

A. 4. Test periods will be furnished to each individual and their appropriate General Chairman.

Q. 5. An engineer is off one or more days of a month in the test period account of an on-duty personal injury. Will that month be used in computing test period averages?

A. 5. Yes, if the engineer performed other compensated service during the month.

Q. 6. Is vacation pay received during the test period considered as compensation? A. 6. Yes.

Q.7. How is length of service calculated?

A. 7. It is the length of continuous service an engineer has in the service of the Carrier, as defined in the Washington Job Protection Agreement of 1936.

Q. 8. If an engineer has three years of engine service and three years of train service, how many years of protection will they have?

A.8. Six.

- Q. 9. Claims for a displacement allowance are subject to offset when an engineer is voluntarily absent. How are such offsets computed?
- A. 9. A prorated portion of the guarantee is deducted for each twenty-four (24) hour period or portion thereof. The proportion varies depending on the number of days in the month and the rest days of a regularly assigned engineer~ For example, in a thirty (30) day month, the through freight deduction would be 1/30th. For an engineer assigned to a six (6) day local, the proration would be 1/26th or 1/27th, depending on how rest days fell. For an unassigned yard engineer, the proration would be anywhere from 1/20th to 1/24th, depending on how the rest days fall. A deduction will not be made for an engineer required to lay-off due to mileage regulations.
- Q.10. An engineer assigned to the extra board lays off for one day. During the period of lay-off, he would not have otherwise had a work opportunity. What offset should be made in the engineers protective claim?
- A. 10. A prorata portion of the guarantee is deducted, such proportion depending on the number of days in the month, i.e., 1/28th, 1/29th, 1/30th or 1/31st. [Except mileage regulation lay-off].
- Q.11. What prorated portion of a protection guarantee will be deducted for an engineer working on a guaranteed extra board whereon such engineer is entitled to lay off up two (2) days per month without deduction of the extra board guarantee?
- A. 11. No deduction **will** be made from the protection guarantee for the first two (2) days of layoff during the month. Layoffs in excess of two (**2**) will result in a prorated deduction from the protection guarantee on the basis of the number of days in the month for each day of layoff in excess of two. [Except mileage regulation lay-off.]
- Q.12. How **will** engineers know which jobs are higher rated?
- A.12. The Carrier will periodically post job groupings identifying the highest to lowest paid jobs.
- Q.13. Will specific jobs be identified in each grouping?
- A.13. Pools, locals and extra boards, with different monetary guarantees, may be identified separately but yard jobs and road switchers will not be.
- Q.14. **If** an engineer is displaced from his assignment and not immediately notified of the displacement, will their New York Dock protection be reduced?
- A.14. An engineers reduction from New York Dock protection would commence with notification or attempted notification by the Carrier and would continue until the engineer placed himself.
- Q.15. What rights does an engineer have if he is already covered under~ labor protection provisions resulting from another transaction?

A. 15. Section 3 of New York Dock permits engineers to elect which labor protection they wish to be protected under. By agreement between the parties, if an engineer has three years remaining due to the previous implementation of Interdivisional Service the engineer may elect to remain under that protection for three years and then switch to the number of years remaining under New York Dock. If an engineer elects New York Dock then he/she cannot later go back to the original protection even if additional years remain. It is important to remember that an engineer may not receive duplicate benefits, extend their protection period or count protection payments under another protection provision toward their test period average for this transaction.

Q.16. Will the Carrier offer separation allowances?

A.1 6. The Carrier will review its manpower needs at each location and may offer separation allowances if the Carrier determines that they will assist in the merger~implementations. Article I Section 7 of New York Dock permits an engineer that is dismissed” as defined by New York Dock to request a separation allowance within seven days of his/her being placed in dismissed status in lieu of all other benefits.

Q.17. Does an engineer who elects to exercise his seniority outside the Houston Hub and not participate in the formulation of rosters for the new Houston Hub qualify for wage protection?

A.17. The certification agreed to under Article V applies only to those engineers who are slotted on the newly formed Houston Hub rosters.

Q.1 8. In applying the “highest rated job” standard to a protected engineer, may the Carrier require an engineer to take a higher rated job (or use those earnings as an offset against the protection guarantee) which would require a change in residence?

A.1 8. No, unless the job is protected from that source of supply point.

Q.19. Could you give some examples?

A.19. Example 1: An engineer, after implementation, is holding a job on a road switcher assignment at Beaumont. If he should subsequently be able to hold through freight service at Houston, such jobs, since they would require a change in residence, could not be used as an offset.

Example 2: An engineer, after implementation, is holding a job on a yard assignment at Avondale. If he should subsequently be able to hold a higher rated road switcher job at Donaldsonville (approximately 65 miles from Avon dale), since the source of supply for Donaldsonville jobs is Avondale, the earnings of such job could be used as an offset against his guarantee if he chose not to bid to it.

Section B:

Q. 1. Who is required to relocate and is thus eligible for the allowance?

A. 1. An engineer who can no longer hold a position at his location and must relocate to hold a position as a result of the merger. This excludes engineers who are borrow outs or forced to a location and released.

Q.2. Are there mileage components that govern the eligibility for an allowance?

A. 2. Yes, the engineer must have a reporting point farther than his old reporting point and at least 30 miles between the current home and the new reporting point and at least 30 miles between reporting points.

Q. 3. Can you give some examples?

A. 3. The following examples would be applicable.

Example 1: Engineer A lives 80 miles east of Houston and works a road switcher assignment at Houston. As a result of the merger he is assigned to a road switcher with an on duty point 20 miles east of Houston. Because his new reporting point is closer to his place of residence no relocation allowance is given.

Example 2: Engineer B lives 35 miles east of Houston and goes on duty at the UP yard office in Houston. As a result of the merger he goes on duty at the SP yard office in Houston which is one mile away. No allowance is given.

Example 3: Engineer C lives in Lake Charles and is unable to hold an assignment at that location and is placed in Zone 1, where a shortage exists, and placed on an assignment at Avondale. The engineer meets the requirement for an allowance and whether he is a home owner, a home owner who sells their home or a non-homeowner determines the amount of the allowance.

Example 4: Engineer D lives in Houston and can hold an assignment in Houston but elects to place on a road switcher 70 miles east of Houston. Because the engineer can hold in Houston, no allowance is given.

Q.4. Why are there different dollar amounts for non-home owners and homeowners?

A. 4. New York Dock has two provisions covering relocating. One is Article I Section 9 Moving expenses and the other is Section 12 Losses from home removal. The \$10,000 is in lieu of New York Dock moving expenses and the additional \$10,000 or \$20,000 is in lieu of loss on sale of home.

Q. 5. Why is there a set amount offered on loss on sale of home?

A. 5. It is an in lieu of amount. Engineers have an option of electing the in lieu of

amount or claiming New York Dock benefits. Some people may not experience a loss on sale of home or may not want to go through the procedures to claim the loss under New York Dock.

Q. 6. What is loss on sale of home for less than fair value?

A. 6. This refers to the loss on the value of the home that results from the Carrier implementing this merger transaction. In many locations the impact of the merger may not affect the value of a home and in some locations the merger may affect the value of a home.

Q. 7. Can you give an example?

A. 7. Prior to the merger announcement a home was worth \$60,000. Due to numerous employees transferring from a small city the value drops to \$50,000. Upon approval of the sale by the Carrier employee is entitled to \$10,000 under Section 12 and the expenses provided under Section 9, or the owner can claim the in lieu of amount of \$30,000.

Q. 8. If the parties cannot agree on the loss of fair value what happens?

A. 8. New York Dock Article I Section 12 (d) provides for a panel of real estate appraisers to determine the value before the merger announcement and the value after the merger transaction.

Q. 9. What happens if an employee sells a home valued at \$50,000 for \$20,000 to a family member?

A. 9. That is not a bona fide sale and the employee would not be entitled to either an in lieu of payment or a New York Dock payment for the difference below the fair value.

Q. 10. What is the most difficult part of New York Dock in the sale transaction?

A. 10. Determine the value of the home before the merger transaction. While this can be done through the use of professional appraisers, many people think their home is valued at a different amount.

SIDE LETTER NO. 3

Q. 1. Will an engineer gain or lose vacation benefits as a result of the merger?

A. 1. SP engineers will retain the number of weeks vacation earned for 1997 that they would have earned under their previous vacation agreement. Beginning with the 1998 calendar year they will be treated as if they had always been a UP engineer and will earn identical vacation benefits as a UP engineer who had the same hire date and same work schedule.

Q.2. When the agreement is implemented, which vacation agreement will apply?

A. 2. The vacation agreements used to schedule vacations for 1997 will be used for the remainder of 1997.

Q. 3. Will personal leave be applicable to SP engineers in 1997?

A. 3. When the agreement is implemented, personal leave will be prorated for the remainder of the year.

SIDE LETTER NO.4

Q. 1. Can you give some examples of items that would be and would not be covered by Side Letter #4?

A. 1. Covered:
relocation allowance length of protection
amount of separation allowance

Not Covered:
differences that currently exist between collective bargaining agreements UTU crew consist issues
seniority roster issues
number of extra boards and pools

Q. 2. Does the “me too” provision apply to arbitrated awards?

A. 2. No. Side Letter No.4 clearly refers to “more favorable monetary terms that may be negotiated”.

SIDE LETTER NO. 5

Q. 1. An engineer is entitled to a relocation as a result of this merger implementing agreement, but as a result of the “final” roster formulation for all 5 zones under the subsequent Houston Hub implementing agreement is again required to relocate, would the provision of Article V.5.5 still apply?

A. 1. Yes. The prohibition in that section is against receiving more than one “In lieu” payment, not against receiving eligibility for relocation benefits more than once. In the example, if the engineer elected “in lieu” benefits under this Implementing Agreement, a subsequent relocation required by virtue of the implementing agreement for the balance of the Houston Hub would entitle the engineer to New York Dock benefits **only**.