

**MEMORANDUM  
of  
AGREEMENT**

**between**

**UNION PACIFIC RAILROAD COMPANY  
and  
HOUSTON BELT AND TERMINAL RAILWAY COMPANY**

**and**

**their employees represented by the**

**BROTHERHOOD OF LOCOMOTIVE ENGINEERS**

\*\*\*\*\*  
**UP & SP OVERHEAD AND LOCAL TRACKAGE RIGHTS ON HB&T**  
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The Surface Transportation Board (“STB”) approved, in Finance Docket No. 33461 (copy attached as Attachment “A”), Southern Pacific Transportation Company’s (“SP” or “Carrier”) application for a trackage rights exemption over certain Houston Belt & Terminal Railway Company (“HBT”) trackage. The trackage rights involve both overhead and local rights over HBT tracks known as the West Belt Subdivision, East Belt Subdivision and the Columbia Tap. Specifically, HBT has agreed to grant SP overhead rights on the West Belt Subdivision between MP 0.0 and MP 11.1, on the East Belt Subdivision between MP 0.0 and MP 14.3, and on the Columbia Tap from SP MP 9.2 to the end of the line. The local rights granted SP are on the West Belt Subdivision between MP 0.0 and the connection at MP 7.2, on the East Belt Subdivision between Belt Junction at MP 3.4 and GH&H connection at MP 12.5, and on the Columbia Tap near Pierce Junction at SP MP 92 to the end of the line (collectively referred to herein as “trackage rights lines”).

The STB approved, in Finance Docket No. 33462 (copy attached as Attachment “B”), Union Pacific Railroad Company’s (“UP” or “Carrier”) application for a trackage rights exemption over certain HBT trackage. The trackage rights involve both overhead and local rights over HBT tracks known as the West Belt Subdivision, East Belt Subdivision and the Columbia Tap. Specifically, HBT has agreed to grant UP local trackage rights on the West Belt Subdivision between MP 0.0 and the connection at MP 7.2, on the East Belt Subdivision between Belt Junction at MP 3.4 and GH&H connection at MP 12.5, and on the Columbia Tap near Pierce Junction at SP

MP 9.2 to the end of the line (collectively referred to herein as "trackage rights lines").

In the above-referenced decisions, STB approved the requested exemptions subject to assumption of the employee protective conditions imposed in Norfolk and Western Ry. Co. -- Trackage Rights - BN, 354 I.C.C. 605 (1978), as modified in Mendocino Coast RY., Inc. -- Lease and Operate, 360 I.C.C. 653 (1980) (copy attached as Attachment "C").

On September 30, 1997, UP and the Burlington Northern Santa Fe Railway Company ("BNSF") served the required notice on the involved Brotherhood of Locomotive Engineers ("BLE" or "Organization") General Chairmen advising of UP's and BNSF's desires to divide the operating craft personnel of HBT between UP and BNSF and assimilate HBT's operations on the involved trackage rights segments into UP's and BNSF's respective Houston operations (copy attached as Attachment "D"). Pursuant to the requirements of Section 4 of Norfolk & Western / Mendocino Coast and to provide for an effective, equitable and orderly transfer of the appropriate number of HBT employees and to facilitate assumption of the impacted HBT operations, the parties enter into this agreement to provide for the proper selection and rearrangement of forces necessary to effect this transaction.

Accordingly, **IT IS AGREED:**

#### **I. INTEGRATION OF TRACKAGE RIGHTS LINES AND OPERATIONS**

- A. Effective with the implementation of this Agreement, Carrier will assume responsibility for operation and control of former HBT assignments and operations on the trackage rights lines identified in the preamble above. All HBT policies, agreements, and practices previously applicable to yard service employees working on the involved assignments involved on said lines will be terminated.
- B. The yard assignments and operations involved on the trackage rights lines will be made a part of the consolidated Houston terminal and Houston Hub Zone 5.

**NOTE:** UP/SP's assumption of operations on the trackage rights lines is not intended to modify in any manner the operational capabilities and/or rights presently afforded and available to the Carrier pursuant to applicable practices or agreements, including relevant National Agreement provisions. Such capabilities and/or rights shall include, but are not limited to, interchange rights, performance of work by road crews within the terminal, and receiving / leaving trains at other points within the terminal without

additional compensation.

- C. The rates of pay, rules and working conditions for engineers assigned to jobs working on the trackage Yard will be governed by the covenants of the Collective Bargaining Agreement between the Union Pacific Railroad Company (former Missouri Pacific Railroad Company) and the Brotherhood of Locomotive Engineers, rewritten October 1, 1991, as amended by applicable National Agreement covenants. Accordingly, and effective with the implementation of this arrangement, the Agreement between the Brotherhood of Locomotive Engineers and the Houston Belt and Terminal Railway Company, dated July 1, 1971, shall be of no force or effect with respect to engine service employees working on UP/SP properties in Houston, including, but not limited to, the trackage right lines.

## **II. SENIORITY INTEGRATION**

- A. In order to effect the orderly allocation and integration of HBT forces with UP's forces and operations, the following shall govern establishment of seniority for HBT employees transferred to UP:

1. Fourteen (14) former HBT engineers will be transferred to UP. If a sufficient number of HBT engineers do not voluntarily transfer to UP, HBT engineers will be required to transfer in reverse seniority order to UP until the required number of engineers have been transferred.

**NOTE:** The number of HBT engineers to be transferred to UP indicated in this Section 1 is predicated on the number of HBT regular and extra assignments as of September 26, 1997. The parties recognize this number may change based on the number of actual HBT assignments, regular and extra, worked and their allocation (between UP and BNSF territories) at the time this agreement is implemented. Necessary adjustments in the number to be transferred will be made in accordance with the formula set forth on Attachment "E".

2. In conjunction with UP's assumption of these operations and the concomitant transfer of HBT engineers to UP, former HBT engineers will be placed on the Houston Hub seniority rosters in accordance with applicable provisions of the Standby Seniority Merger Implementing Agreement, dated January 17, 1997, including Side Letters No. 4 and No.

8 thereof.

3. HBT engineers transferring to UP will relinquish all HBT seniority rights upon their transfer to UP.
4. HBT engineers transferring to UP will be treated for vacation, entry rates and payment of arbitraries as though all their time and service in yard service on HBT had been performed on UP.

- B. Concurrent with the implementation of this Agreement, the Memorandum of Agreement between Houston Belt and Terminal Railway Company and International - Great Northern Railroad Company ("IGN") and the Brotherhood of Locomotive Engineers, dated March 30, 1950, is canceled and will not be of any force or effect on the HBT or UP.

### **III. TEMPORARY VACANCIES**

Regular assignments and temporary vacancies for yard assignments established on the trackage rights lines will be filled in accordance with the controlling agreement, as amended by Merger Implementing Agreement for Houston Hub Zones 3, 4 and 5, dated April 23, 1997, the Standby Seniority Merger Implementing Agreement for the Houston Hub and Spoke, dated January 17, 1997, and Side Letter No. 1 of this Agreement.

### **IV. IMPLEMENTATION**

- A. Carrier will provide the General Chairman with a twenty (20)-day advanced written notice of its intent to implement the provisions of this Agreement.
- B.
  1. Within five (5) calendar days from the date of Carrier's notice, the Organization will provide Carrier with a list of the names of the engineers who will be transferring to UP. If an insufficient number of names are provided, Carrier will add the needed number of engineers from HBT to the list in accordance with the provisions of Article II, Section A, Paragraph 1. Engineers names so added to the list will be placed on the Houston Hub seniority roster in accordance with the requirements of Article II.
  2. Concurrent with the serving of the notice set forth in Section A above, Carrier will post bulletins in Houston Hub Zone 5 advertising the new UP assignments to be created in connection with the assumption of control and operations of the trackage rights lines. Carrier will post these bulletins at locations accessible to all interested employees (including Union Station).

Assignments to these positions will be in accordance with applicable provisions of the Agreement. Carrier will advise the Organization and the involved employees of the effective date of these assignments.

## **VI. EMPLOYEE PROTECTIVE CONDITIONS**

- A.** Employees adversely affected as a result of the implementation of this Agreement will be entitled to the employee protection benefits provided in the Norfolk and Western / Mendocino Coast conditions.
- B.** Carrier will calculate and furnish test period averages for such adversely affected employees as soon as possible. Said test period averages will be calculated in accordance with the provisions of the Norfolk and Western / Mendocino Coast conditions.
- C.** Test period averages for designated union officers will be adjusted to reflect lost earnings while conducting business with the Carrier.
- D.** Employees currently eligible for other protective benefits must elect between those benefits and the benefits provided in connection with this Agreement. This election must take place within ten (10) days after the date of adverse affect. No benefits will be paid until the employee has made the election described herein.
- E.** There will be no pyramiding of benefits arising from this Agreement with benefits from other protective Agreements or arrangements.
- F.** HBT engineers transferring to UP will be provided health and welfare benefits in accordance with applicable provisions of the controlling Collective Bargaining Agreement.

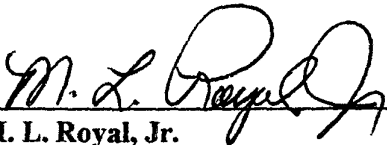
## **X. GENERAL**

- A.** In the event the provisions of existing Agreement rules conflict with the terms and intent of this Agreement, this Agreement shall apply.
- B.** This Agreement shall serve as the requisite implementing document, as required by Section 4 of the Norfolk and Western / Mendocino Coast conditions, governing UP's and SP's assumption of operations and control of the identified trackage rights lines.
- C.** The terms and conditions of this Agreement are made without prejudice to the

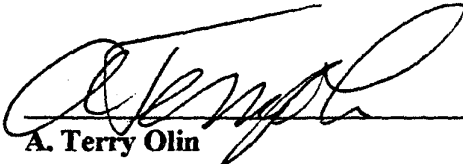
position(s) of either party and shall not be considered a precedent in the handling of such or similar matters.

Signed this 18th day of March, 1998, in Houston, Texas.

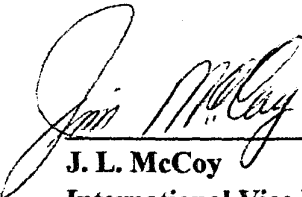
**FOR THE BROTHERHOOD OF  
LOCOMOTIVE ENGINEERS:**

  
\_\_\_\_\_  
M. L. Royal, Jr.  
General Chairman

**FOR THE UNION PACIFIC RAILROAD  
COMPANY:**

  
\_\_\_\_\_  
A. Terry Olin  
General Director - Labor Relations

**APPROVED:**

  
\_\_\_\_\_  
J. L. McCoy  
International Vice President

**FOR THE HOUSTON BELT AND  
TERMINAL RAILWAY COMPANY:**

  
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T. M. Stone  
Director - Labor Relations