

AGREEMENT

between the

UNION PACIFIC RAILROAD COMPANY

and the

**UNITED TRANSPORTATION UNION
(SP WEST)**

In Finance Docket No. 32760, the Surface Transportation Board (STB) approved the merger of Union Pacific Railroad Company/Missouri Pacific Railroad Company (Union Pacific or UP) with the Southern Pacific Transportation Company, the SPCSL Corp., the SSW Railway and the Denver and Rio Grande Western Railroad Company (SP). In approving this transaction, the STB imposed the New York Dock Labor Protective Conditions.

The parties understand that this document is the result of voluntary negotiations outside of merger negotiations and that the provisions entered into below are separate and apart from merger notices. Complete negotiations beginning with the service of notice under New York Dock conditions must still be handled for each merger area and those requirements are not waived by this Agreement. However, in order to reach a mutually satisfactory understanding for the handling of future UP/UTU SP West negotiations with regards to the collective bargaining agreement that will be selected by the Carrier and to equalize many of the pay and work rules on the UP system,

IT IS AGREED:

I. MUTUAL COMMITMENT

A. Union Pacific agrees that the SP-West UTU collective bargaining agreement (CBA), as amended by this Agreement, will be the governing collective bargaining agreement for the following territory: Starting either with the Portland Hub (as defined in the applicable merger implementing agreement/award) and The Dalles or one crew change point south out of Portland and The Dalles; to Elko, Nevada; to Yermo, California, and ending either one crew change point west out of El Paso or one crew change point northeast, east and southeast out of El Paso.

NOTE: The trackage between Barstow, California and Mojave, California will be joint trackage for both SP and UP South employees until that area is under a single collective bargaining agreement.

B. SP-West UTU agrees the collective bargaining provisions set forth below, in Sections II- XI and attachments (A-E) will constitute agreed-upon changes to the SP-West UTU collective bargaining agreement.

II. PROTECTION

A. All- SP West trainmen/switchmen (not including UP borrow outs on the SP) with a seniority date prior to June 1, 1997, working under the provisions of the SP-West UTU CBA as amended, will receive one test period average (TPA) composed of two parts - one part based on the employee's wages for calendar year 1996 and one part based on the employee's productivity fund payments earned in the productivity fund year 1996, if any. The wages part of the TPA shall be computed in accordance with the provisions of New York Dock. The total amount, wages plus productivity fund payments will be divided by twelve (12) to achieve a monthly TPA.

NOTE 1: In accordance with New York Dock, an employee's TPA will not include certain taxable and non-taxable items such as but not limited to relocation, lump sums, lump sum claims settlements, protection payments and away-from-home meal allowances. It will include the \$12.50 for in lieu meal allowances.

NOTE 2: Without prejudice to either party's position, the 1996 TPAs will include claim settlements paid in that year, including penalty payments, whether attributable to that test period or not. During the protective period, similar payments will be used as an offset to the monthly protection. This does not include lump sum claim settlements such as, but not limited to, the electric switch settlement nor the other items referred to in the Agreement and the letter included as Attachment "F" hereto.

B. Each employee who receives a TPA under Section II(A), above, will be automatically certified as a protected employee at the time of implementation of this amendment to the SP-West UTU Collective Bargaining Agreement. This protection shall be known as "Interim protection" and shall apply until the employee is covered by a New York Dock implementing agreement/award. Interim protection shall apply to all employees regardless of whether pre-July 9, 1990 crew consist protected or not. (See Paragraph F, below, for protection coverage after the employee's New York Dock protective period expires.) Any protection afforded because of this section and which occurs prior to the beginning of an employee's New York Dock protective period under a separate New York Dock implementing agreement/award, will be separate and apart from that protection and will not be used as an offset against the employee's New York Dock protective period.

EXAMPLE

	Emp A*@	Emp B*@	Emp C#	Emp D*@
Date of Hire	5/20/78	6/13/62	4/10/94	7/7/67
Eff. Date of Agmt	11/1/97	11/1/97	11/1/97	11/1/97
Date of Interim Prot	11/1/97	11/1/97	11/1/97	11/1/97
Date of Mer Imp Agmt	12/1/97	1/1/98	4/1/98	8/1/98
Merger Protection	NYDock	NYDock	NYDock	NYDock
Exp of NY Dock	12/1/03	1/1/04	4/1/02	8/1/04
Crew Consist Prot	Yes	Yes	No	Yes

*Crew Consist Protected employee

@NYDock protection for 6 years (based on length of service with a maximum of 6 years of service)

#NYDock protection for 4 years (based on length of service with 4 years of service)

The purpose of this example is to show that the interim protection is not offset against the number of years entitled under New York Dock.

C. Employees now covered by a protective arrangement may elect to continue coverage under that arrangement consistent with the New York Dock labor protective conditions.

Note : In accordance with Paragraph C, above, employees eligible for Peninsula Commute Service (PCS) or Siskiyou labor protection may elect to retain that coverage and convert to the protection afforded by this agreement upon expiration of the PCS or Siskiyou protection. (Employees who elect that protection shall remember that productivity funds have been converted to protection under this agreement and are not available under PCS and Siskiyou protection).

D. Each SP-West employee who worked a minimum of 150 yard shifts in 1996 as a regularly assigned yard employee will have that portion of his/her TPA that is based on calendar year 1996 wages increased by 14.82%. This is a one-time adjustment to equalize SP yard rates with National yard rates and will only apply to those SP-West employees who meet the requirements set forth in this Paragraph D. This increase will not apply to that portion of the TPAs based upon productivity fund payments.

E. Each SP-West UTU certified employee's TPA (wages plus productivity fund) will be subject to change based on future wage and COLA adjustments. The time period for computing such changes will begin with the implementation of this Agreement and shall run for the length of the employee's New York Dock protection. If this Agreement is initialed prior to August 14, 1997, then the July 1, 1997 National Increase shall apply if this Agreement is subsequently approved.

F. After expiration of the employee's New York Dock protective period, each pre-July 9, 1990 crew consist protected SP-West UTU employee will continue as a Crew Consist Protection protected employee for the employee's remaining employment in the craft of trainman/switchman subject to the following: the employee's TPA will be at the amount of the employee's final protection rate established in accordance with Paragraph E, above, and shall not be subject to future increases. The handling of crew consist protection payments and offsets will continue to be handled in the same manner as under New York Dock as detailed in this Agreement.

G. The TPAs for full-time and part time union officers will be based on the officer's own TPA or a TPA average derived from the two employees directly above and the two employees directly below the official, working at the official's normal work location and on the official's seniority roster. In calculating such an average, UP will "de-select" any employees with unusually low or high earnings. Full time and part time union officers are defined as General Committee and Local Committee officers.

H. All protection afforded and referenced in this Article II will be income (wage plus productivity fund where applicable) protection only. There will be no hours computation/hours protection for any afforded/referenced protection. Protection offsets are set forth in the Q&A's.

I. Employees will be eligible for the interim protection upon implementation of this Agreement. They shall become eligible for New York Dock and Crew Consist Protection only upon implementation or imposition of the negotiated merger proposal for each Hub, and if the SP-West agreement is applicable in that Hub after the merger. The parties agree to use best efforts to achieve a negotiated settlement.

III. NATIONAL WAGES AND RULES

A. SP-West UTU wage rates will now equal the national wage rates. (A copy of those wage rates is attached as Attachment E.) Previous lump sum payments provided for in the November 11, 1991 and May 8, 1996 National Agreements will not be made; however, future lump sum payments will be made in accordance with national agreements.

B. All provisions of the November 11, 1991 and May 8, 1996 National Agreements will apply to territory governed by the SP-West UTU collective bargaining agreement unless specifically provided for in this Agreement. Agreement provisions which will apply include, but are not limited to, the following: Promotion to Conductor, Expenses Away from Home, Road/Yard Work, Special Relief-Customer Service-Yard Crews, Interdivisional Service and Basic Day.

C. The current SP-West UTU eating rule will apply for local and road switcher service. Yard service will be governed by the national standard for eating in yard service. The Carrier will continue to pay the \$12.50 in lieu of allowance for pool freight runs until an area has been finalized in the merger with an agreement or award. Once an area has

been incorporated in a merger Hub, then the national \$1.50 in lieu of allowance will be paid on all pool freight runs.

D. All current employees (employees working in train/yard service at the time of implementation of this agreement) will have the entry rate provisions waived and will be paid at 100% of the National wage rate.

E. All new hires after the date of implementation will be subject to the following: entry rates will start at 85% of the national rate provided for in Section III(A), above, for first-year employees; at 90% for second-year employees; at 95% for third-year employees; and, at 100% for fourth year employees. These employees will be entitled to the 5% bump for promotion as provided for in Article VIII of the May 8, 1996, UTU National Agreement. Employees promoted to another craft will not restart their protection.

F. Current employees will retain the 100% entry rate of pay percentage at the time of promotion to another craft.

G. The SP-West UTU collective bargaining agreement will be subject to the National Moratorium set forth in the May 8, 1996, National Agreement, and all local notices and re-opener provisions in conflict with that Moratorium are null and void.

IV. CREW CONSIST

A. Because of the extended protection for crew consist protected employees provided for in Section II, above, all SP-West UTU special allowances and productivity fund payments will cease with the implementation of this Agreement.

B. (1) The standard crew for all through freight and for all hours-of-service relief will be one (1) conductor. There will be no car count or train length limitations in the operation of crews with one (1) conductor. There will be no car count, train length or work event restrictions of any type in the operation of crews with one (1) conductor/foreman and (1) brakeman/helper

(2) Trains operated with a crew of one (1) conductor will be restricted to no more than three work events en route between the initial and final terminals, subject to the following:

- a. A work event is considered to be a straight pick-up or set-out.
- b. Picking-up, setting-out or exchanging one or more locomotives and setting-out a bad order car shall not be considered a work event.
- c. Work performed in the initial and/or final terminal will be governed by applicable rules, including all national rules.
- d. Should a conductor be required to exceed three work events en route between terminals, the conductor shall also be paid the missing brakeman's wages. Only one such payment will be made regardless of the number of excess work events performed.

