

APPENDIX - IGN SPECIAL AGREEMENTS

HOUSTON HUB IMPLEMENTING AGREEMENT

June 11, 1997

In Finance Docket No. 32760, the Surface Transportation Board approved the merger of Union Pacific Railroad Company/Missouri Pacific Railroad Company (Union Pacific or UP) with the Southern Pacific Rail Corporation, 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 New York Dock labor protective conditions.

In order to achieve the benefits of operational changes made possible by the transaction, to consolidate the seniority of all trainmen working in the territory covered by this Agreement into one common seniority district covered under a single, common collective bargaining agreement,

IT IS AGREED:

I. HOUSTON HUB.

A new seniority district shall be created that is within the following area:

- The entire terminal of Houston
- All territory between Houston and Alexandria via Kinder
- All territory between Houston and Avondale (New Orleans) via both UP and SP, including territory between Livonia and Anchorage and between Addis and Lettsworth, including Lobdell Junction to Baton Rouge
- All territory between Houston and Shreveport on SP, and on the UP line from Houston to Longview
- All territory between Houston and Heame on SP and between Houston and Valley Junction on UP
- All territory between Heame and Port Lavaca, including Victoria and Coleto Creek on SP
- All territory between Houston and Brownsville on both the UP and the SP, including Odem to Corpus Christi, McAllen, and Angleton to Freeport
- All territory on both UP and SP between Houston and Galveston
- All territory on both UP and SP between Houston and Baytown
- All territory between Houston and Victoria via Flatonia and between Houston and Glidden

II. SENIORITY AND WORK CONSOLIDATION.

To achieve the work efficiencies and allocation of forces that are necessary to make the Houston Hub operate efficiently as a unified system, a new seniority district will be formed and a master Trainmen's Seniority Roster -UP/UTU Houston Hub merged roster #1 - will be created for the employees holding seniority in the Houston Hub on October 8, 1996. (Where the word "Trainmen" is used in this Agreement, it refers to Conductors/Foremen and Brakemen/Yardmen collectively.) The new roster will be created as follows:

A. The new UP/UTU Houston Hub merged roster #1 seniority district will be divided into the following five (5) zones:

1. Zone 1 will include Avondale to Lafayette, Avondale to Livonia (including Livonia) and Avondale Terminal. This zone includes Livonia to Anchorage and Addis to Lettsworth, including Lobdell Junction to Baton Rouge.

2. Zone 2 will include Houston to Alexandria (not including Houston or Alexandria), Houston to Livonia (not including Houston or Livonia), Houston to Lafayette (not including Houston or Lafayette), Houston to Baytown (not including Houston), Houston to Kemah on the SP Galveston Line (not including Houston), and Alexandria to Lake Charles (not including Alexandria). Strang and Dayton on the SP are included in this zone.
 3. Zone 3 will include Houston to Longview (not including Houston or Longview), Houston to SP Shreveport (not including Houston or SP Shreveport), Houston to Galveston on the UP Branch (not including Houston but including Galveston, and Kemah to Galveston on the SP Branch (including Galveston).
 4. Zone 4 will include Houston to Valley Junction (not including Houston or Valley Junction), Houston to SP Hearne (not including Houston or SP Hearne), Houston to Brownsville (not including Houston but including Brownsville), Houston to Glidden and Houston to Victoria via Flatonia (not including Houston), and Hearne to Port Lavaca, including Hearne to Victoria and Coletto Creek on SP (not including SP Hearne). This zone includes Angleton to Freeport and Odem to Corpus Christi.
 5. Zone 5 will include all of the Houston Terminal (limits thereof are defined subsequently in this Agreement). This zone consists of only yard service assignments.
- B. Prior rights seniority rosters will be formed covering each of the five (5) zones outlined above. Trainmen who contributed work equity to the territory comprising each zone shall be entitled to placement on such rosters and awarding of prior rights on that zone.
1. The prior rights rosters for Zone 1 will consist of a prior rights conductor, brakeman and yardman (Avondale) roster.
 2. The prior rights rosters for Zone 2 will consist of a prior rights conductor, brakeman and yardman (Beaumont and Lake Charles) roster.
 3. The prior rights roster for Zone 3 will consist of a prior rights conductor, brakeman and yardman (Galveston and Palestine) roster
 4. The prior rights roster for Zone 4 will consist of a prior rights conductor and brakeman roster.
 5. The prior rights roster for Zone 5 will consist of a prior rights yard roster (For all yards within the Houston Terminal).
- C. Prior to the roster formulation process the Organization and Carrier shall reach agreement upon the number of employees assigned to the new UP/UTU Houston Hub merged roster #1 seniority district. Entitlement to assignment to this new merged roster shall be by canvass of the employees of the rosters contributing equity to each of the zones set forth above.
- D. Union Pacific trainmen currently on an inactive roster pursuant to previous merger agreements and other UP or SP trainmen on long term leave of absence shall not participate in the roster formulation process described above; however, in the event they return to active service, they will take the appropriate equity slot to which they would have been entitled at time of formulation of said rosters and stand immediately ahead of the trainman assigned to that slot. The Carrier and Organization shall jointly agree on all names of trainmen which are excluded from the roster formulation process and placed on an inactive roster.
- E. Subsequent to the implementation of this agreement there shall be an annual adjustment of the seniority rosters, which shall occur on the anniversary date of the effective (Implementation) date of this agreement, to realign ("ratchet") the roster slots required due to trainmen returning to active service from an inactive roster. The precise method and details surrounding this annual

roster adjustment will be determined between the Organization and the appropriate Director of Labor Relations during the 12 month period between the effective date of this agreement and the first anniversary date thereof.

- F. Each of the five (5) prior rights rosters will be consolidated based upon work equity. The source of determining such equity has been furnished to the Organization and the Organization will furnish Carrier with the necessary equity percentages for each prior rights zone prior to the roster formulation process.
- G. Trainmen holding seniority on one or more prior rights roster will be afforded common seniority on all other zone rosters in the Houston Hub. The common portion of the seniority roster for each zone shall be based upon date of hire as a trainman. If this process results in trainmen having identical common seniority dates, seniority will be determined by the age of the trainmen, with the older trainman placed first.
- H. With the creation of the new seniority district described herein, all previous seniority outside the Houston Hub held by trainmen on the new rosters shall be eliminated and all seniority inside the new Hub held by trainmen outside the Hub shall be eliminated.
- I. All trainman vacancies within the Houston Hub must be filled prior to any trainman being reduced from the working list or prior to trainmen being permitted to exercise to any reserve boards. This provision is not intended to modify or supersede existing agreement provisions, if any, which prohibit forcing prior rights trainmen to vacancies outside the territory comprehending their prior rights.
1. No trainman working in Zone 1 may be required to fill a vacancy in Zones 2 through 5 unless they are unable to hold a regular assignment (including extra board) anywhere in Zone 1, and the vacancy cannot be filled from surplus trainmen in any other zone.
 2. No trainman working in Zone 4 between Bloomington/Victoria and Brownsville or Hearne may be required to fill a vacancy outside that territory unless they are unable to hold a regular assignment (including extra board) anywhere in said territory and the vacancy cannot be filled from any other surplus trainmen in Zones 2, 3, 4 or 5.
- J. Trainmen will be treated for vacation and payment of arbitraries as though all their service on their original railroad had been performed on the merged railroad.
- K. Trainmen who have been promoted to engine service and held engine service seniority inside the Houston Hub on October 8, 1996 shall be placed on the appropriate roster(s) using their various trainmen seniority dates. Those engine service employees, who hold trainman seniority outside the Houston Hub will be canvassed during the roster formulation process for an election of where they desire to hold their trainman seniority after implementation, i.e., within or outside the Houston Hub.

III. TERMINAL CONSOLIDATIONS.

The terminal consolidations will be implemented in accordance with the following provisions:

- A. Houston Terminal. A new consolidated Houston Terminal will be created to include the entire area within the following limits:

<u>Southern Pacific</u>	<u>Mile Post</u>
Lufkin Subdivision	10.00
Galveston Branch	9.16
Glidden Subdivision	12.77
Lafayette Subdivision	354.59
Hearne Subdivision	9.00 8.7
Bellaire Branch	9.00

EUREKA

Union Pacific**Mile Post**

Palestine Subdivision	227.0
Ft. Worth Subdivision	227.0
Galveston Branch	194.3
Houston Subdivision	170.8
Beaumont Subdivision	381.6
Baytown Subdivision	1.2
Brownsville Subdivision	*19.4
Houston Subdivision Main Line (BN)	60.8 (BN M.P.)
Popp Industrial Lead (Sugarland Branch)	0.25
*ATSF M.P./former Tower 81	

1. All UP and SP operations within the new Houston Terminal limits shall be consolidated into a single operation. All road crews may receive/leave their trains at any location within the terminal and may perform work within the terminal pursuant to the applicable collective bargaining agreement, including national agreements. The Carrier will designate the on/off duty points for all road and yard crews, with these on/off duty points having appropriate facilities as currently required in the collective bargaining agreement or by governmental statute or regulations.
2. All UP/SP rail lines, yards and/or sidings within the Houston Terminal shall be considered as common to all trainmen working in, into and out of Houston. All crews will be permitted to perform all permissible road/yard moves. Interchange rules are not applicable to intra-carrier moves within the terminal.
3. Concurrent with the effective (implementation) date of this Merger Agreement, Mediation Agreement Case No. A-3297, dated March 31, 1950 shall be extinguished and shall have no further force or effect.
 - a. The UTU General Chairman and the appropriate Director of Labor Relations shall meet and endeavor to reach a compromise settlement of all outstanding disputed claims under Mediation Agreement Case No. A-3297. In the event they are unable to do so, the claims may be progressed to arbitration for final and binding adjudication, and this Agreement shall not be cited by either party in such proceedings.

- B. **Avondale Terminal.** All UP and SP operations within the new Avondale Terminal limits shall be consolidated into a unified terminal operation. The pre-existing eastward terminal limits remain unchanged. The westward terminal limits of the consolidated terminal shall be as follows:

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

- C. **Bloomington-Victoria.** All UP and SP operations within the greater Bloomington and Victoria area shall be consolidated into a unified terminal operation at Bloomington. Existing Bloomington terminal limits shall remain in effect. Victoria will become a station en route.
- D. **Other Terminal Limits.** Except where specific terminal limits have been detailed in this Agreement, it is not intended to change existing terminal limits under applicable agreements.
- E. **General Conditions for Terminal Operations.**
1. Initial delay and final delay will be governed by the controlling agreement, including the Duplicate Pay and Final Terminal Delay provisions of the 1985 and 1991 National Awards and implementing agreements.
 2. Trainmen will be transported to/from their designated on duty / off duty points in accordance with Article VIII, Section 1 of the October 31, 1985 National Agreement.

3. The current application of National Agreement provisions regarding road work and Hours of Service relief under the combined road/yard service zone shall continue to apply. Yard crews at any location within the Hub may perform such service in all directions out of their terminal.

Note: Items 1 through 3 are not intended to expand or to restrict existing rules.

IV. POOL OPERATIONS.

- A. The following pool consolidations may be implemented to achieve efficient operations in the Houston Hub:
 1. Avondale-Livonia/Lafayette. All Avondale-Livonia and Avondale-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.
 2. Houston-Alexandria/Livonia/Lafayette. 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.
 3. Houston-Longview/Shreveport. All Houston-Longview and Houston-Shreveport pool operations shall be combined into one (1) pool with Houston as the home terminal. Longview and Shreveport will be considered as the away from home terminals for this pool.
 - a. Crews will be provided lodging at a point between Longview and Shreveport, which may include either Longview or Shreveport. Time consumed in being transported from or to the lodging facility in excess of thirty (30) minutes, calculated from time tied up or call time, shall be paid for on the minute basis at the pro rata rate, separate and apart from the service trip.
 - b. When it is necessary due to wreck, washout, or other main line service interruption to revert temporarily to bi-directional running, crews in this service may leave or receive their trains anywhere between Longview and Marshall or between Shreveport and Marshall, depending upon which route is utilized for bi-directional running. When so used, crews will be paid on a minute basis or actual miles, whichever is greater with a minimum of four (4) hours at the basic through freight rate.
 - c. It is understood the Carrier intends to rely heavily upon an operational philosophy of directional train operations in the Houston-St. Louis corridor. The implementation of this type of operation cannot occur until merger negotiations for the balance of the UP and SP lines between Longview/Shreveport and St. Louis (Dexter Junction) have been completed. Therefore, the parties recognize that current bi-directional train operations on both lines, as separate pools, will continue during an interim period while negotiations for the balance of the corridor are being completed. Palestine will revert from a home terminal to an away from home terminal with the resulting necessary relocation of some trainmen to Houston.
 - d. Until the balance of negotiations are completed and directional train operations are instituted, crews in this service shall continue to operate to and from Palestine rather than Longview. During this interim arrangement, Carrier will maintain lodging facilities at both Palestine and Shreveport.

- e. Existing yard, road switcher/zone local and local service assignments with a home terminal of Longview or Shreveport or an on duty location on the UP Palestine Subdivision between Palestine and Longview are not covered by this Agreement. The parties intend to include these assignments within the Merger Implementing Agreement for the Longview Hub. Assignments with an on duty location on the UP Palestine Subdivision between Palestine (including Palestine) and Houston are covered by this Agreement. The phrase "including Palestine" does not refer to assignments operating between Palestine and Longview or between Palestine and Valley Junction/Hearne.
 - f. Existing yard, road switcher/zone local and local service assignments with a home terminal of Shreveport are not covered by this Agreement. The parties intend to include these assignments within the Merger Implementing Agreement for the Longview Hub. Assignments with a home terminal or an on duty location on the SP Lufkin Subdivision between Shreveport and Houston are covered by this Agreement.
4. Houston-Heame/Valley Junction - Existing UP operations between Fort Worth and Houston shall be modified to the extent that crews will change at Heame/Valley Junction. A sufficient number of UP trainmen at Fort Worth may be relocated to Houston to protect this service. All Houston-Valley Junction and Houston-Heame pool operations will be combined into one (1) pool with Houston as the home terminal. Valley Junction and Heame shall be considered as the away from home terminals and crews may originate or terminate their runs at either Valley Junction or Heame or at any point between Valley Junction and Heame.
- a. Trainmen will be provided lodging at Valley Junction/Heame pursuant to existing agreements and the Carrier shall provide transportation to crews between the on/off duty location and the designated lodging facility if necessary under existing agreements.
5. Houston-Bloomington/Victoria. All UP Houston-Bloomington and SP Houston-Victoria (via Flatonia) pool operations shall be combined into one (1) pool with Houston as the home terminal. Bloomington shall be the away from home terminal for this pool. The SP Houston-Glidden short pool shall also be protected by this freight pool.
- a. Existing SP operations between San Antonio and Houston shall continue under this Agreement. The home terminal for such service, whether pool or extra, shall be San Antonio. Upon implementation of this Agreement, the SP Houston to San Antonio long pool will be converted to a single ended pool with San Antonio as the home terminal and Houston as the away from home terminal. The Carrier will advertise a sufficient number of pool and extra jobs at San Antonio to protect this service. Trainmen at Houston who successfully bid these jobs will be relocated to San Antonio. Existing UP operations between Smithville and Houston shall continue under this Agreement with no change.
 - b. Concurrent with the implementation of this Agreement, a sufficient number of SP Trainmen in the Houston to Victoria pool with a home terminal of Victoria will be relocated to Houston. Bloomington will serve as the away from home terminal.
6. Bloomington-Heame/Kingsville - All SP pool operations Victoria-Heame and Victoria-Harlingen, and all UP pool operations Bloomington-Kingsville shall be combined into one (1) pool with Bloomington as the home terminal.
- a. Trainmen of the Bloomington Terminal, either pool or extra service, shall be called to handle trains between Victoria and Coleta Creek. Nothing in this Agreement precludes the use of inbound/outbound pool crews from leaving or receiving their trains at any point between Victoria and Coleta Creek or performing any work in connection therewith as permitted by local or national agreements.

- b. Existing SP operations between San Antonio and Hearne shall continue under this Agreement. The home terminal for such service, whether pool or extra, shall be San Antonio, with Hearne as the away from home terminal.
 - c. Existing SP operations between San Antonio and Victoria shall continue under this Agreement, but with Bloomington as the terminal rather than Victoria. The home terminal for all such service shall be San Antonio, and the away from home terminal shall be Bloomington. Concurrent with implementation of this Agreement, a proportionate number of SP trainmen in San Antonio to Victoria pool service with a home terminal of Victoria, if any, will be relocated to San Antonio.
 - d. Existing SP operations from Victoria to Corpus Christi (via Odem) shall continue under this Agreement, with Bloomington as the home terminal, and this service will be protected by the consolidated pool established in 6. above. Crews performing service between Bloomington and Kingsville may operate on the UP Corpus Christi Subdivision between Odem and Corpus Christi and may leave or receive their trains at any location between Odem and Corpus Christi, including Corpus Christi.
- 7. Kingsville-Brownsville. All pool operations between Kingsville and Brownsville shall be home terminated at Kingsville with Brownsville as the away from home terminal.
 - 8. Houston-Galveston. All UP and SP pool operations, including extra crews, between Houston and Galveston, when justified by business levels, shall be combined and operated as one (1) pool with Houston as the home terminal.
- B. Turnaround Service / HOS Relief. Except as otherwise specified herein, turnaround service / hours of service relief at both home and away from home terminals shall be handled by the appropriate protecting extra boards, if available, prior to using pool crews.
- 1. Nothing in this Section B.1. prevents the use of other trainmen to perform work currently permitted by the prevailing agreement.
- V. EXTRA BOARDS.
- A. The following extra boards shall be established to protect vacancies and other extra board work into or out of the Houston Hub or in the vicinity thereof:
- 1. Avondale. One combination conductor/brakeman extra board to protect the Avondale-Livonia/Lafayette pool and all other road service in Zone 1 except Livonia and Addis and surrounding areas. A separate yard extra board will be established to protect Avondale yard assignments.
 - 2. Livonia. One combination conductor/brakeman/switchman extra board to protect all assignments at and between Addis and Livonia and surrounding area, including the territory between Livonia and Anchorage and between Addis and Lettsworth, including Lobdell Junction to Baton Rouge.
 - 3. Houston. Within Zone 5 there shall be one yard extra board which protects all yard vacancies and yard extra service within that zone. In addition, there shall be one conductor/brakeman road extra board to protect each of the following pools:
 - a. Houston-Livonia/Lafayette/Alexandria
 - b. Houston-Longview/Shreveport
 - c. Houston-Valley Junction/Hearne
 - d. Houston-Bloomington (via UP route or via Flatonia, including the Glidden short pool)

The above pool extra boards will also protect any other service, including local, road switcher, work train, or Hours of Service relief originating at or in the vicinity of Houston

on their respective pool freight territories. For example, the extra board for the Houston-Longview/Shreveport pool would protect road switcher assignments at Spring. Exception: The extra board which protects the Houston-Livonia/Lafayette/Alexandria pool will also protect hours of service relief of crews in said pool.

4. Bloomington. One combination conductor/brakeman/switchman extra board to protect the Bloomington-Hearne/Kingsville pool and all other service, including local, road switcher, yard, work train or Hours of Service relief originating at or in the vicinity of Bloomington on the pool freight territories.
5. Kingsville. One combination conductor/brakeman/switchman board to protect the Kingsville-Brownsville pool, and all other service, including local, road switcher, yard, work train or Hours of Service relief originating at or in the vicinity of Kingsville on the pool freight territory.
6. DeQuincy. One combination conductor/brakeman/switchman board to protect all service, including local, road switcher, yard, work train or Hours of Service relief originating at or in the vicinity of DeQuincy and Lake Charles.
7. Beaumont. One combination conductor/brakeman/switchman board to protect all service, including local, road switcher, yard, work train or Hours of Service relief originating at or in the vicinity of Beaumont, Orange, Amelia, and Mauriceville.
8. Strang. One combination conductor/brakeman board to protect all service, including local, road switcher, work train or hours of service relief for Zone 2 which originates at or in the vicinity of Houston, including Mt. Belvieu, Dayton, Baytown, etc. Excluded from this extra board are Zone 2 pool freight vacancies and Hours of Service relief in such freight pool, which will belong to the pool freight extra board. These two (2) extra boards for Zone 2 at Houston will supplement each other when one is exhausted.
9. Angleton. One combination conductor/brakeman board to protect all service, including local, road switcher, work train or Hours of Service relief originating at between, or in the vicinity of Angleton and Freeport.

VI. AGREEMENT COVERAGE.

- A. Train service employees working in the Houston Hub shall be governed, in addition to the provisions of this Agreement, by the Agreement between the Union Pacific Railroad Company (former International-Great Northern Railroad Company, IGN) and the UTU, last reprinted April 15, 1991, including all applicable national agreements and all other side letters or addenda which have been entered into between date of last reprint and the date of this Implementing Agreement. Firemen shall likewise be governed by the current UP Agreement (between the former TP and BLF&E) effective September 1, 1949. Except as specifically provided herein, the system and national collective bargaining agreements, awards and interpretations shall prevail.
 1. Concurrent with the effective (implementation) date of this Merger Agreement, the specific Agreement identified in Side Letter #2 to the Implementing Agreement dated April 30, 1997 between the UTU, Union Pacific and Houston Belt Terminal (HBT) shall be extinguished and shall have no further force or effect.
 2. Entry rate provisions contained in current local or national agreements on UP(IGN) territories shall not be applied to current SP trainmen coming under the coverage of the UP(IGN) Agreement pursuant to this Implementing Agreement.
 3. The provisions of Article 6 of the UP(IGN) Agreement, "Main Line Local Freight Service - Pay and Rules" shall not be extended to any territories within the Houston Hub which were not subject to such rule prior to the date of the Implementing Agreement. Former UP territories in the Houston Hub (Zones 1 and 2) will not be exempt from the provisions of Article 6 if these territories were previously covered by a main line local freight service rule or agreement.

4. Former SP trainmen who are covered by this Implementing Agreement and who were formerly covered by an SP Vacation Agreement shall be entitled to obtain the benefits of said SP Vacation Agreement for the balance of the calendar year 1997, and for the calendar year 1998 if otherwise earned in 1997. Thereafter, vacation benefits shall be set forth by the UP(IGN) Agreement on the merged territory.
5. Trainmen 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.

VII. PROTECTION.

A. All trainmen (including firemen and fixture hostlers) who are listed on the Houston Hub merged rosters created pursuant to this Implementing Agreement shall be considered adversely affected by this transaction and consolidation and will be subject to the New York Dock protective conditions which were imposed by the STB. 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 trainmen 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 November 1, 1995 through October 31, 1996. Employees hired after October 31, 1996 will use current months for such calculations.
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.

B. Trainmen 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 allowances must be submitted on the appropriate form.

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 a trainmen be permitted to receive more than one (1) "in lieu of" relocation allowance under this Implementing Agreement.

6. Trainmen 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.

VIII. IMPLEMENTATION.

- A. The Carrier will give at least thirty (30) day's 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 the new merged seniority district described in Article II herein.
 2. The Organization and the Carrier shall reach agreement upon the number of trainmen to be assigned to those new rosters to meet the needs of the service.
 3. 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 Organization will construct consolidated seniority rosters, without names, which reflect the equity distribution from the interested former rosters. After constructed, trainmen from the interested former rosters will be assigned to the new consolidated rosters in accordance with the term of this Implementing Agreement.
- 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. Trainmen 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. After all assignments are made, trainmen 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 trainmen 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 trainmen will be paid normal and necessary expenses at the new location until relocated. Payment of expenses will not exceed thirty (30) calendar days.

IX. CREW CONSIST.

- A. Trainmen who come under the coverage of the UP(IGN) crew consist agreement shall be considered protected employees for crew consist purposes if their seniority date on their former carrier would have qualified them for such status had they worked under the UP(IGN) agreement since their entry into train service.
- B. As to the handling of the various productivity funds (where in existence), the following procedures will be followed:
 1. Productivity funds will be frozen as of the effective date of implementation of the Merger Implementing Agreement. Monies in those funds will be distributed in accordance with the governing Productivity Fund Agreements.
 2. A new Productivity Fund shall be created on implementation day that will cover those trainmen in the Houston Hub, and the funds that cover trainmen outside the Hub shall continue for the trainmen who remain outside the Hub. The Houston Hub trainmen shall

have no interest or share in payments made to those funds outside the hub after implementation date.

- C. Nothing in the Merger Implementing Agreement or this Article will change the manner in which Productivity Fund payments are made under applicable crew consist agreements.

X. FAMILIARIZATION.

- A. Trainmen will not be required to lose time or "ride the road" on their own time in order to qualify for the new operations. Trainmen will be provided with a sufficient number of familiarization trips in order to become familiar with the new territory. Issues concerning individual qualifications 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 and local chairmen in implementing this Section. It is understood that a Conductor who is making a familiarization trip pursuant to this provision shall undertake such trip with another Conductor who is familiar with such territory.

XI. FIREMEN.

- A. This Agreement covers firemen. Pre-October 31, 1985 firemen will only have the right to exercise their fireman's seniority if unable to work an engineer's assignment within the Houston Hub. If unable to hold such position, a Pre-October 31, 1985 fireman would be permitted to exercise their fireman's seniority in accordance with the provisions contained in the current TP Firemen Agreement.
- B. Post October 31, 1985 firemen shall continue to be restricted to mandatory fireman assignments and if unable to work an engineer's assignment within the Houston Hub, they will be required to exercise their train service seniority.
- C. The seniority rosters for firemen will be a straight seniority dovetail roster maintaining existing prior rights.

XII. HEALTH AND WELFARE.

All trainmen of both carriers who are presently covered under United Health Care (former Travelers GA-23000) benefits shall continue to maintain such coverage after implementation of this Agreement. Any trainman who presently belongs to the Union Pacific Hospital Association will be granted an option to retain such coverage, it being understood, however, that once such election is made, such employee may not elect at a later date to revert to United Health Care coverage.

XIII. EFFECTIVE DATE.

This Agreement implements the merger of the Union Pacific and Southern Pacific railroad operations in the area covered by Notices dated September 18, 1996 and February 19, 1997 (subsequently amended to April 1, 1997).

Signed at Houston, Texas this 11th day of June, 1997.

FOR THE UTU:

/s/ L P Barrilleaux
/s/ L W Parsons, Sr.
/s/ S B Rudel
/s/ R D Hogan
/s/ J A Saunders
/s/ C L Crawford
/s/ R J Rossi
/s/ B F Manning
General Chairmen

FOR THE UPRR:

/s/ M A Hartman
/s/ W E Loomis
General Directors - Labor Relations

/s/ R B Weiss
Manager - Labor Relations

/s/ M B Futhey, Jr.
/s/ P C Thompson
Vice Presidents

Side Letter #1
June 11, 1997
(former SP Life Insurance and Disability)

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the United Transportation Union.

During our negotiations we discussed Agreement provisions involving life insurance and disability insurance between Southern Pacific Lines and your Organization as follows:

UTU - C&T:	Articles 4 and 6 of the Agreement dated May 1, 1996
UTU - S:	Articles 2 and 8 of the Agreement dated May 21, 1996
UTU - E:	Articles 9 and 15 of the Agreement dated July 16, 1996

It was your position that coverages provided by the former agreement should be preserved for the former Southern Pacific employees 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 employees 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.

(Signatory Page Not Reproduced Herein, See Note Page 185)

Side Letter #2
June 11, 1997
(Galveston former SP Yard Assignment)

This refers to the Merger Implementing Agreement entered into this date, and specifically regarding the one (1) former SP yard assignment at Galveston.

It was agreed that former SP trainmen occupying the one (1) former SP Galveston yard assignment will have prior rights to that assignment as long as such assignment remains in effect, and so long as they are able in the normal course of seniority to hold such assignment.

If and when such trainmen vacate said assignment either through a voluntary exercise of seniority or through attrition such prior rights will cease to exist.

If the foregoing adequately and accurately describes our agreement in this regard, please do indicate by signing in the space provided for that purpose below.

(Signatory Page Not Reproduced Herein, See Note Page 185)

Side Letter #3
June 11, 1997
(Away From Home Terminals, AFHT - Repositioning Crews)

This refers to Article IV.A.1 and IV.A.2 regarding repositioning crews from one (1) away from home terminal to another. Such handling will be subject to the following conditions:

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

Example: A crew runs from Avondale to Lafayette. It can be deadheaded from Lafayette to Livonia for tie up at Livonia from its original trip from Avondale.

1. When a crew is deadheaded to the other terminal under this provision, it shall not be permissible for said crew to be inducted into any service upon conclusion of said deadhead trip.
2. It is not permissible to deadhead a crew under this provision if the working trip in question has resulted in the crew expiring under the Hours of Service law.

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

Example: A crew runs from Avondale to Lafayette and ties up. After rest it 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 crews at Livonia to protect the service from Livonia to Avondale, i.e., it is not permissible to deadhead a trainman to a different away from home terminal for additional rest, but only for a return trip to the home terminal.
- (c) Crews will not be deadheaded by train between one (1) away from home terminal to another away from home terminal. Other forms of transportation will be used.
- (d) Employees hired prior to implementation of the Agreement will be paid highway miles for the deadhead portion of the trip and employees 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 employee 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" employees. If double deadheaded then the employee will be paid district miles for the second deadhead. A "double deadhead" in this instance is when an employee is deadheaded from one (1) away from home terminal to the other away from home terminal and then deadheaded back to the home terminal.
- (g) Crews 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.

(Signatory Page Not Reproduced Herein, See Note Page 185)

Side Letter #4

June 11, 1997

(former SP Yard Assignment - Victoria)

This refers to the Merger Implementing Agreement entered into this date, and specifically regarding the one (1) former SP yard assignment at Victoria.

It was agreed that former SP trainmen occupying a Victoria yard assignment will have prior rights to that assignment as long as such assignment continues to operate, and so long as they are able in the normal course of seniority to hold such assignment.

When the Victoria yard assignment is converted to a road switcher/zone local (which the parties agreed may be done) subject SP trainmen will retain prior rights to such assignment as stated above.

If and when such trainmen vacate said assignment either through a voluntary exercise of seniority or through attrition such prior rights will cease to exist.

If the foregoing adequately and accurately describes our agreement in this regard, please do indicate by signing in the space provided for that purpose below.

(Signatory Page Not Reproduced Herein, See Note Page 185)

Side Letter #5

June 11, 1997

(former HBT Road Rights)

This has reference to the Merger Implementing Agreement entered into this date.

In our discussions regarding seniority integration, certain issues were raised regarding the impact of negotiations between UTU, Union Pacific, and HBT which commenced June 1995, resulting in the Implementing Agreement dated April 30, 1997 between the UTU, Union Pacific and Houston Belt Terminal (HBT) upon merger roster consolidation and prior rights territories.

During our discussions the parties recognized that the negotiations leading up to said April 30, 1997 Agreement were initiated prior to October 8, 1996, on which date the parties agreed to strike all the rosters involved in this Hub. In view of that fact, it was agreed that upon implementation of this Merger Implementing Agreement, each former HBT trainmen and MKT Houston Hub trainmen shall be canvassed in respective seniority order and required to make an election, which shall be irrevocable, to relinquish prior rights to any road service zone or to be afforded prior rights on either Zone 3 or Zone 4 (one zone only). All such employees would participate in the formulation of the common seniority rosters for the Houston Hub.

If the foregoing adequately and accurately describes our agreement in this regard, please do indicate by signing in the space provided for that purpose below.

(Signatory Page Not Reproduced Herein, See Note Page 185)

Side Letter #6

June 11, 1997

(Houston Livonia ID Agreement - Relocation)

This has reference to the Merger Implementing Agreement entered into this date.

During our discussion regarding roster formulation for Zone 1, we addressed those trainmen holding existing seniority between Avondale and Livonia who were relocated to Monroe and Shreveport to protect their equity in ID runs established under the Livonia ID Agreement. It was agreed that these trainmen, upon roster formulation, shall be canvassed and given the option to remain at their current locations and relinquish seniority in the Houston Hub or to return to their former territory and participate in the roster slotting process for the Houston Hub. Those trainmen choosing the latter shall be released from the five (5) year holddown which was applied to their move to Monroe and Shreveport.

If the foregoing adequately and accurately describes our agreement in this regard, please so indicate by signing the space provided below.

(Signatory Page Not Reproduced Herein, See Note Page 185)

Side Letter #7

June 11, 1997

(former SP Fixture Hostlers)

This has reference to the Merger Implementing Agreement entered into this date.

In our discussions regarding seniority integration the Organization asked about the status of former "fixture" SP hostlers in former SP yards at Houston, Texas who do not hold any firemen's seniority.

During our discussions the parties agreed that such "fixture" hostlers will have prior rights to hostling positions they occupied or could have occupied prior to the UP-SP Merger. In the event any such fixture hostler is unable to hold a prior rights hostling position at Houston he will be permitted to exercise his existing seniority as a trainman pursuant to local or national agreements.

The seniority roster for fixture hostlers will be maintained as a separate, stand-alone roster and will not be involved in trainman or fireman roster consolidations under this Merger Implementing Agreement.

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

(Signatory Page Not Reproduced Herein, See Note Page 185)

Side Letter #8

June 11, 1997

(Fringe Benefits in Later Hubs)

This has reference to the Merger Implementing Agreement entered into this date.

During our negotiations we discussed our respective positions regarding "fringe benefits". Suffice it to state we had differences of interpretation in that regard. In the Implementing Agreement we were able to achieve a satisfactory compromise on how we would handle such issues as vacation, supplemental sickness and life insurance benefits presently applicable to former SP employees. However, this compromise was reached on the basis that any subsequent agreement between the parties at a national/system-wide level, or subsequent STB ruling on such matters in response to the UTU review petition presently pending before that agency, to the extent they differ from the compromise achieved in this agreement, they shall supersede the terms of this Agreement and the territory comprehended by this agreement shall be governed thereby.

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

(Signatory Page Not Reproduced Herein, See Note Page 185)

Side Letter #9

June 11, 1997

(Conductor Promotion)

This has reference to the Merger Implementing Agreement entered into this date.

During our negotiations we discussed the issue of conductor promotion, and specifically the need to complete the conductor promotion classes on all the territories within the Houston Hub on an expedited basis so that the merged conductor rosters can be finalized.

In this regard it was agreed that the parties will mutually commit to an expedited process of scheduling/conducting conductor promotion classes throughout the Houston Hub so that all remaining trainmen have had the opportunity to participate in such program on or before April 1, 1998. Trainmen promoted to conductor during this window of opportunity shall be given a seniority date as conductor in accordance with the terms of the pre-existing agreement under which they were working prior to this Implementing Agreement.

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

(Signatory Page Not Reproduced Herein, See Note Page 185)

Side Letter #10
June 11, 1997
(Outside Seniority)

This has reference to the Merger Implementing Agreement entered into this date.

During our discussion regarding forfeiture of exterior seniority, your organization expressed concern regarding trainmen who may be forced from locations outside the Houston Hub to roster slots in the Houston Hub during the roster formulation process. In this specific regard, the Carrier agreed that such employees would be given rights to exercise seniority to other hubs where they previously held seniority in preference over new employees being hired for train service at such other hubs.

Trainmen exercising this option will be placed on the roster at the new hub in line with their original train service seniority date with all rights and privileges unimpaired.

The exercise of this option shall be considered a seniority move and shall be at the trainmen's own expense. A trainmen utilizing this provision to select a different hub will forfeit his seniority in the Houston Hub. The two (2) year holddown set forth in Article VII.B.6 shall not apply to such moves.

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

(Signatory Page Not Reproduced Herein, See Note Page 185)

Side Letter #11
June 11, 1997
(Engineers on Inactive Rosters)

This has reference to the Merger Implementing Agreement entered into this date.

In Article II.D and II.E we agreed to continue maintaining an inactive roster to avoid the situation of equity slots on the roster being occupied by a trainman who was unlikely to ever return to active train service and actually protect that roster slot.

This will confirm that we agreed to place trainmen who have been promoted to engineer and who are working in engine service on implementation date on said inactive rosters.

Also, it is understood that when the annual roster adjustment set forth in Article II.E occurs, the rosters will be realigned both upward and downward to account for trainmen attriting from the roster as well as those returning to active service from an inactive roster.

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

(Signatory Page Not Reproduced Herein, See Note Page 185)

Side Letter #12
June 11, 1997
(Houston Hub Agreement - Not A Precedent)

This has reference to the Merger Implementing Agreement entered into this date.

The parties acknowledge that reaching an Implementing Agreement for the Houston Hub was made more difficult due to complex and unique seniority issues, pre-existing operational agreements in the Houston Terminal, and other ICC authorized proceedings being handled concurrently in this same territory. Therefore, in the spirit of good faith bargaining, both parties agreed to unique solutions to resolve the particular issues confronting them. In so doing, the parties understand and agree that the terms of this Implementing Agreement will not constitute a precedent in other merger negotiations involving other hubs or territories, nor will the provisions of this agreement be cited by any party in any other proceeding.

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

(Signatory Page Not Reproduced Herein, See Note below)

Side Letter #13

June 11, 1997

(TPA - General Chairman)

This has reference to the Merger Implementing Agreement entered into this date.

In our negotiations regarding calculation of TPA's under Article VII.A.3., we discussed the specific case of a full-time General Chairman who might, as a result of implementation of the Agreement, return to active train service. Carrier agreed to treat such cases by calculating the average of the TPA's of the two full-time employees above and below the General Chairman on the roster and using that average, or the General Chairman's annual salary (divided by 12), whichever is greater, for purposes of applying protective benefits upon said General Chairman returning to active service.

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

(Signatory Page Not Reproduced Herein, See Note Below)

Note : The following is a list of signatories to the Houston Hub Agreement. Each General Chairman signed under the side letters pertaining to their seniority groups. Each Signatory page was not reproduced herein for the saving of space in the printed Agreement, but is on file in the General Committee Office:

/s/ L P Barrilleaux
/s/ L W Parsons, Sr.
/s/ S B Rudel
/s/ J A Saunders
General Chairmen, UTU

/s/R J Rossi
/s/ B F Manning
/s/ R D Hogan, Jr.
/s/ C L Crawford
General Chairmen, UTU

/s/ M. A. Hartman
General Director - Labor Relations
UPRR

/s/ M B Futhey, Jr.
/s. P C Thompson
Vice Presidents, UTU

Letter of Understanding

August 20, 1997

(Officer Crews Agreement #1)

Mr. Carl L. Crawford
Mr. Larry W. Parsons, Sr.
Mr. Robert J. Rossi

This refers to our several conversations during the past few weeks concerning the use of officer crews in Texas. As a result of our conversations, we have agreed to resolve this matter in the following manner:

1. Article V of the June 25, 1964 National Agreement, as amended and modified by subsequent national agreements and interpretations thereof, will apply to the entire Houston Hub upon implementation of the Houston Hub Agreement. The Houston Hub will be considered a Section 1 property under the 1964 National Agreement.
2. The current practices associated with rest days and job assignments (including daily marking up) for yard assignments as provided for in existing special agreements (SP-East) at the following locations will continue subsequent to the implementation of the Houston Hub Agreement:

Beaumont, Lake Charles, Victoria, Avondale and Englewood Yard (Houston). Carrier and UTU representatives will meet prior to implementation of the Houston Hub to address issues associated with the application of this practice in the Houston Hub.

3. A three (3) hour call will be provided to those UP and SP employees within the Houston Hub and to those UP Fort Worth South employees operating Fort Worth to Valley Junction/Heame who, as of June 1, 1997, are entitled to a three (3) hour call for the pools where they have the three (3) hour call. In addition, those employees will also be entitled to a three (3) hour call if working in a merger-created pool which is made up of part of a previous three (3) hour call pool.
4. Entry rates for employees within the Houston Hub shall be governed by the following: new hire employees, after completion of training, will be compensated at ninety (90) percent of the established rate of pay; and, this rate will increase to one hundred (100) percent of the established rate of pay when the employee is promoted to conductor, yard foreman or yardmaster or after two (2) years, whichever occurs first.
5. The standard UP "borrow out" practice may continue on any territory subject to, the jurisdiction of the General Chairpersons signatory to this understanding.
6. The carrier may hire qualified locomotive engineers "off the street" subject to the following:
 - a. Any UTU represented employee who is on a seniority roster at the time the "off the street" engineer is hired will be slotted ahead of that engineer at the time of promotion to engine service. Failure to take promotion in accordance with an employee's individual trainman's seniority standing will result in the loss of the preserved slot.
 - b. The carrier may hire engineers off the street for the Houston Hub until September 16, 1997, and for other territories subject to the jurisdiction of the General Chairpersons signatory to the understanding until October 1, 1997.
7. The carrier may continue to use officer crews on the territories subject to the jurisdiction of the General Chairpersons signatory to this understanding subject to the following:
 - a. All reasonable efforts will be made to use a union employee (either UP or SP) before an officer is used.
 - b. Weekly reports will be finished the General Chairpersons concerning the use of officer crews. The reports will list the officers used and the efforts employed to find a union employee.
 - c. The use of officer crews will be revisited by the parties during the week of November 15, 1997.
 - d. The carrier will take the necessary steps to withdraw the court case in federal District Court in Houston, Texas, between the carrier and the UTU involving the issue of the use of officer crews.
8. This understanding is absolutely non-precedential, and neither the Organization nor the carrier, their officers, employees, attorneys and agents will use its application in any way in the future, including, but not limited to, in negotiations, arbitration resulting from those negotiations, any agency proceeding before or involving any agency of the federal government or the state governments of the 50 states, or any court proceeding, state or federal, and the like.

If the foregoing correctly states our understanding, please sign in the place provided below.

/s/ C. L. Crawford
/s/ L. W. Parsons, Sr.
/s/ R. J. Rossi
General Chairmen, UTU

/s/ A. T. Olin
/s/ R. D. Meredith
Labor Relations

Letter of Understanding
January 7, 1998
(Officer Crews Agreement #2)

This has reference to the parties' discussions in Houston, Texas, Wednesday, December 10, 1997, regarding Carrier's use of officers to supplement its trainman forces in the territories under your respective jurisdictions. In conjunction therewith, this letter will serve to confirm the commitments made during that meeting.

Pursuant to those discussions, the parties have agreed to the following items:

1. (a). Item 4 of the Letter of Understanding dated August 20, 1997, regarding Carrier's use of officer crews is amended to read as follows:
 - "4. Entry rates for employees working on the territories under the jurisdiction of the undersigned shall be governed by the following: new hire employees, after completion of training will be compensated at ninety (90) percent of the established rate of pay; and, this rate will increase to one hundred (100) percent of the established rate of pay when the employee is promoted to conductor, yard foreman or yardmaster or after two (2) years, whichever occurs first."
- (b). The provisions of Section 1(a) above will be made effective retroactive to November 1, 1997.
2. (a). Trainmen protecting through freight assignments on the territories under the jurisdiction of the undersigned shall receive continuous held away from home terminal pay ("HAHT") for all time so held at the distant (away from home terminal after the expiration of sixteen (16) hours. All other provisions in existing agreement rules and practices pertaining to HAHT pay remain in effect and unchanged.
- (b). Paragraph (a) of this Section 2 will remain in effect until a UP/SP New York Dock Merger Implementing Agreement or arbitration award covering the location or service is implemented.
- (c). The provisions of Section 2(a) above will be made effective retroactive to November 1, 1997.
3. (a). Overtime will be paid to all trainmen under the jurisdiction of the undersigned after the expiration of twelve (12) hours on duty, subject to the following conditions:
 - (i). Employees presently eligible to receive overtime prior to the expiration of twelve (12) will continue to receive overtime pursuant to such arrangements. It is not the intent of this Section 1 to modify existing Agreement covenants providing for payment of overtime prior to the expiration of twelve (12) hours.

Note: In the application of this Section 3, it is not intended employees will be required to "run off" any additional miles as may be required pursuant to application of the overtime divisor once they have been on duty in excess of twelve (12) hours.

 - (ii). Except as specifically set forth herein, the provisions of this Section 3 are not intended to otherwise modify the existing rules, practices or procedures pertaining to the payment of overtime.
 - (iii). The provisions of this Section 3 will automatically terminate on December 31, 1999, and will thereafter be of no force or effect.
- (b). The provisions of Section 3(a) above will be made effective retroactive to November 1, 1997.

If the foregoing properly and accurately reflects the parties' understandings, please so indicate by affixing your respective signatures in the space provided below.

AGREED:
/s/ L. W. Parsons, Sr.
/s/ C. L. Crawford

Sincerely,
/s/ A. Terry Olin
/s/ R. D. Meredith

Side Letter #10a
September 4, 1997
(Voluntarily Bidding to Houston Hub - Palestine)

Mr. L. W. Parsons, Sr.

This refers to Side Letter #10 to the Houston Hub Implementing Agreement dated June 11, 1997.

In subsequent discussions we reviewed a potential problem whereby employees forced to the Houston Hub might come from locations other than Palestine, which was not an intended result of our Implementing Agreement. It was concluded that our mutual interests would be better served by expanding the rights in Side Letter #10 to those Palestine employees who voluntarily bid to the Houston Hub, rather than to only those who are forced to such Hub.

To summarize, Palestine employees who are assigned seniority slots in the Houston Hub, either by application or by force assignment, would retain rights to exercise seniority to other hubs where they previously held seniority, on the following basis:

1. Trainmen may go to a new hub on the implementation date of that hub but are not required to do so. Upon the Carrier giving notice of hiring at the new hub, that will initiate the provisions of Side Letter #10.
2. Once the new hub has been implemented, trainmen may only exercise this option in preference to new employees being hired for train service at such hubs. The Carrier must actually be soliciting applicants for hiring before this option is triggered.

Note: It is understood the exercise of this option by Palestine employees may be utilized more than once as additional hubs are implemented.

3. Trainmen exercising this option will be placed on the roster at the new hub in line with their original train service date in each craft with all rights and privileges unimpaired.
4. Any trainman who applies for and accepts a relocation allowance shall be precluded from exercising the options of this letter or Side Letter #10.

Agreed:
L. W. Parsons, Sr.

A. T. Olin

Side Letter #10b
September 10, 1997
(Outside Seniority of Houston Hub - Palestine)
(Held in Abeyance)

Mr. Larry W. Parsons, Sr.

This refers to my September 4, 1997, letter which modified Side Letter #10 to the June 11, 1997, Houston Hub Implementing Agreement.

In your conversation today you expressed concern that the wording of Item 4 improperly precluded Palestine employees from exercising their option to exercise their right to participate in future hubs if they applied for and received a relocation allowance. This is to confirm it was not the intent of the parties to deny a trainmen the opportunity to participate in another hub should he be allowed a relocation allowance to move to Houston. However, it is also understood that should an employee receive a moving allowance and elect to move to another hub such move will be considered a seniority move and shall be at the trainmen's own expense.

If the above properly reflects your understanding, please sign the second copy of this letter, returning one (1) copy to me.

Agreed:
/s/ L. W. Parsons, Sr.

/s/ A. Terry Olin

Side Letter #10c
September 4, 1997
(Ft. Worth South - Held in Abeyance)

Mr. Larry W. Parsons, Sr

This has reference to Side Letter #10 of the Houston Merger Implementing Agreement entered into on June 11, 1997.

In subsequent conversations concerning forfeiture of exterior seniority by Ft. Worth South seniority district trainmen, it was agreed to clarify the options afforded by both Side Letter #10 and the formation of future hubs being implemented as the merger process continues. It was agreed that:

1. Trainmen presently working outside the Houston hub who hold existing seniority in any portion of the Houston Hub who elect not to participate in the formulation of the rosters for the Houston Hub will forfeit all existing seniority in the Houston Hub.
2. Ft. Worth South trainmen participating in the roster formulation process for the Houston Hub who presently hold trainman seniority outside of the Houston Hub will be handled as follows:
 - a) All trainman seniority outside the Houston Hub will be held in abeyance and may be used upon implementation of a new Implementing Hub Agreement or as described in Side Letter #10 of the June 11, 1997 Agreement without having to be forced into the Houston Hub.
 - b) Any trainman who applies for and accepts a relocation allowance shall be precluded from exercising the options of this letter or Side Letter #10.
3. Trainmen who exercise the options in this letter or Side Letter #10 will have their seniority handled in the manner described in Side Letter #10. All seniority will be handled by a trainman's oldest date in the craft of the roster he is being placed.
4. The exercise of the seniority held in abeyance as described in this letter does not preclude an individual from receiving a moving allowance in the new Hub subject to the normal rules and conditions.

Example: Ft. Worth South Employee A who lives near Ft. Worth and temporarily elects to participate in the Houston Hub, but upon implementation of the Ft. Worth Hub elects to exercise the option granted in this letter and return to Ft. Worth may be eligible for a moving allowance if he/she is unable to hold in Ft. Worth and is required to work out of another location; i.e., Waco.

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.

Agreed:
LW. Parsons, Sr.

/s/ A. Terry Olin

Side Letter #10d
October 10, 1997
(former SP Held in Abeyance)
(Exercising Remaining Outside Seniority)

This has reference to the June 11, 1997 New York Dock Merger Implementing Agreement for the Houston Hub and, specifically, those provisions pertaining to the establishment of seniority in the Houston Hub and the exercise of any remaining exterior seniority (Article II).

In regards to the application of Article II, it is hereby agreed the following conditions shall apply:

1. Trainmen/yardmen presently working in the Houston Hub who elect not to stay and participate in the formulation of new rosters for the Houston Hub will forfeit all existing seniority they may hold in any portion of the Houston Hub.
2. Trainmen/yardmen presently working in the Houston Hub who hold existing seniority in any portion of the Houston Hub who elect not to participate in the formulation of new rosters for the Houston Hub will forfeit all existing seniority in any position of the Houston Hub.
3. Trainmen/yardmen participation in the roster formulation process for the Houston Hub who presently hold trainman/yardman seniority outside the Houston Hub will be handled as follows:
4.
 - A. All trainman/yardman seniority outside the Houston Hub will be held in abeyance and may not be utilized for any purposes except as outlined in the Section 3.
 - B. When subsequent implementing agreements are concluded in other hubs which encompass the seniority described in Paragraph A above, which has been held in abeyance, such seniority may be exercised during the roster formulation process for such Hub(s), subject to the following limitations:
 - (1) The exercise of such option shall be considered a seniority move and shall be at the employee's own expense.
 - (2) An employee utilizing this provision to select a different hub will forfeit all seniority in the Houston Hub.
 - (3) Trainmen/yardmen making application for or receiving a relocation allowance in this Hub will be considered as forfeiting the option as set forth in the Letter of Agreement.
5. The rights set forth in Paragraph B above may be exercised only to the extent that there is an unfilled need for trainmen at such hub at the time rosters for such hub are formulated. Carrier reserves the right to limit the number of such request made based upon manpower requirements and the number accepted will be in seniority order. In the event such move will create a shortage of trainmen/yardmen within the Houston Hub, Carrier may hold such applicant(s) for a reasonable amount of time to allow for acquiring a replacement.
6. If applications are declined pursuant to Section 4 above, said applicants will be considered in the future on a seniority order basis prior to Carrier hiring additional trainmen/yardmen.
7. Trainmen exercising this option will be placed on the roster at the new hub in line with their original train service seniority date with all rights and privileges unimpaired.
8. Any trainmen/yardmen who participates in the formulation of roster in/for the Houston Hub, whether voluntary or by force assignment, and who applies for and receives any relocation benefits provided in the June 11, 1997 New York Dock Merger Implementing Agreement, shall be precluded from exercising the option(s) set forth in the Letter of Understanding; i.e., the

right(s) to participation in the formulation of rosters in other hubs in which seniority may be held shall be considered forfeited.

If the foregoing properly reflects the parties' understanding in this matter, please so indicate by affixing your signatures in the spaces provide below.

AGREED:

/s/ L. W. Parsons, Sr.

/s/ R. J. Rossi

/s/ C. L. Crawford

/s/ L. P. Barrilleaux

General Chairmen, UTU

/s/ S. B. Rudel

/s/ J. A. Saunders

/s/ R. D. Hogan, Jr.

Sincerely,

/s/ A. Terry Olin

General Director - Labor Relations UPRR

IGN Import Agreement

March 30, 1998

Mr. L. W. Parsons, Sr.

This has reference to the parties' discussions regarding various issues and agreements concerning implementation of the New York Dock UP/SP Merger Implementing Agreement for the Houston Hub (hereinafter referred to as "Merger Agreement").

In connection with those discussions, this letter will confirm the parties' agreement regarding various items associated with either commencement of merged operations in the territories comprising the Houston Hub or interpretation/application of the Merger Agreement. Those understandings and agreements are summarized below:

I. Interdivisional (ID) Service Operations

- A.
 - 1. Existing UP interdivisional service agreements not modified by the Merger Agreement or by the terms of this accord will continue to be applied and/or interpreted according to existing agreement(s) and/or present practices. In the event there is a conflict between the referenced interdivisional service agreements and the Merger Agreement, the provisions of the Merger Agreement will prevail and apply.
 - 2. For those territories comprising the Houston Hub, the provisions of the Merger Agreement will supersede all SP Eastern Lines interdivisional (ID) service agreements.
- B.
 - 1. Interdivisional service between Houston and Freeport, Texas, will be governed by the Houston/Freeport Interseniorty Freight Service Agreement, dated May 23, 1988. With implementation of the Merger Agreement, Sections 2, 3 and 9 of the Houston/Freeport Interseniorty Freight Service Agreement are amended to read as follows:
 - "2 Service on this intra-zone run will be protected by a pool of freight crews from Zone 4."
 - "3. Houston will be the designated home terminal for conductors and brakemen in this service who will operate between Houston and Freeport return."
 - ...
 - "9 When tied up on line of road crews in this service will be deadheaded or towed to Houston immediately after being tied up. If necessary to call a relief crew, said crew may be obtained from either the Zone 4 extra board at Houston or the Zone 4 extra board at Angleton."
 - 2. The modifications set forth above are intended only to make the terms of the May 23,

1988 Interseniory Freight Service Agreement consistent with the provisions of the Merger Agreement. The changes set forth herein and the parties' retention of this accord are not intended to modify any other existing agreement provisions, including applicable National Agreement provisions, and/or existing practice or arbitral precedent concerning this or any other interdivisional (ID) service operation.

- C. 1. Interdivisional (ID) service between Spring and Angleton, Texas, will be governed by the Spring/Angleton Interseniory Freight Service Agreement, dated May 8, 1991. With implementation of the Merger Agreement, Sections 2, 3 and 9 of the Spring/Angleton Interseniory Freight Service Agreement are amended to read as follows:

"2 Service in this inter-zone run will be protected by pool freight crew(s) from Seniority Zone 3 and Seniority Zone 4, who will share in manning the runs on a prorated mileage basis. The method of prorating the mileage between seniority zones will be worked out between the Local Chairman and CMS, with the approval of the General Chairman and the Director - Labor Relations. To assist in the proration of miles, the Carrier will provide each Local Chairman and the General Chairman with mileage statements showing the number of trips and mileage made each calendar month by the employees in this service.

"3. The mileage between Spring (Lloyd Yard) and Angleton is 72.5 miles, or 145 miles round trip. For proration of mileage between Zone 3 and Zone 4, the following will govern for each round trip (subject to verification):

Zone 3 -	43.5 miles or 30%
Zone 4 -	101.5 miles or 70%

"9. When tied up on line of road, crews in this service will be deadheaded or towed to Spring immediately after being tied up. If necessary to call a relief crew to retrieve a train tied up on former StLBM, a relief crew will be called off the Zone 4 Houston extra board or the Zone 4 Angleton extra board; if tie up is at or north of Houston, a relief crew will be called off the Zone 3 extra board at Houston."

2. The modifications set forth above are intended only to make the terms of the May 8, 1991 Interseniory Freight Service Agreement consistent with the provisions of the Merger Agreement. The changes set forth herein and the parties' retention of this accord are not intended to modify any other existing agreement provisions, including applicable National Agreement provisions, and/or existing practice or arbitral precedent pertaining to this or any other interdivisional (ID) service operation.

- D. 1. With implementation of the Merger Agreement, Section 8 (d) of the March 15, 1995 Livonia Interdivisional (ID) Service Agreement is amended to read as follows:

"(d) Livonia - Use respective first out away from home terminal ID pool and deadhead home upon completion of trip. If Houston origin train does not reach Opelousas, then use DeQuincy Extra Board (or Beaumont extra board if DeQuincy extra board is exhausted)."

2. With implementation of the Merger Agreement, Section 8 (e) of the March 15, 1995 Livonia Interdivisional (ID) Service Agreement is amended to read as follows:

"(e) Alexandria - DeQuincy extra board (Beaumont extra board if DeQuincy extra board is exhausted)."

3. With implementation of the Merger Agreement, Section 8 (g) of the March 15, 1995 Livonia Interdivisional (ID) Service Agreement is amended to read as follows:

"(g) Amelia - DeQuincy Extra Board (Beaumont extra board if DeQuincy extra board is exhausted) if beyond Opelousas."

4. With implementation of the Merger Agreement, Section 8 (h) of the March 15, 1995 Livonia Interdivisional (ID) Service Agreement is amended to read as follows:

“(h) Houston - If west of Amelia, use Houston extra board, and if at Amelia or west of Opelousas, use DeQuincy extra board (Beaumont extra board if DeQuincy extra board is exhausted) and deadhead home.”
5. With implementation of the Merger Agreement, the following paragraph is added to Section 8 of the March 15, 1996 Livonia Interdivisional (ID) Service Agreement:

“(k) Lafayette - Use respective first out away from home terminal pool crew and deadhead home upon completion of trip. If Houston origin train does not reach Kinder or Iowa Junction, then use DeQuincy Extra Board (or Beaumont extra board DeQuincy extra board is exhausted).”
6. With implementation of the Merger Agreement, Section 11 of the March 15, 1995 Livonia Interdivisional (ID) Service Agreement is amended, in relevant part, to read as follows:

“Section 11. Agreement Application. The following chart identifies the controlling agreement for employees home terminated at the locations referred to for the establishment and use of Extra Boards a provisions governing crew consist and other pool freight rules:

Home Terminal	Controlling Agreement
North Little Rock	MPUL
Monroe	MPUL
Shreveport Longview	T&P
Houston	IGN
Amelia	IGN
New Orleans	IGN
Alexandria (Road Assignments Operating South)	IGN
... ”	

7. Section 16, Paragraph (a), Subparagraphs (2) and (3) of the March 15, 1995 Livonia Interdivisional (ID) Service Agreement will not be applicable upon implementation of the Merger Agreement.
8. The modifications set forth above are intended only to make the terms of the March 15, 1995 Livonia Interdivisional (ID) Service Agreement consistent with the provisions of the Merger Agreement. The changes set forth herein and the parties' retention of this accord are not intended to modify any other existing agreement provisions, including applicable National Agreement provisions, and/or existing practice or arbitral precedent pertaining to this or any other interdivisional service operation.
9. Nothing herein shall be interpreted to limit Carrier's right to reposition crews as set forth in Side Letter #3 of the Merger Agreement. Likewise, nothing herein shall be interpreted as modifying the provisions of Side Letter #3.

II. Hours of Service Relief at Bloomington

The Bloomington extra board may be used, besides the Zone 4 extra board at Houston, to provided hours of service relief for trains operating between Houston and Bloomington/Victoria via either Flatonia or Kingsville.

III. Establishment of TSE and/or Local Assignments in Houston

- A. TSE and/or local freight assignments originating within the Houston Terminal (Zone 5) will be protected by trainmen from the seniority zone (Zones 2, 3 or 4) where the preponderance of the TSE's or local's work is located.
- B. In the event a question arises on which Zone a TSE or local originating in the Houston Terminal (Zone 5) should be bulletined, the involved Local Chairman (Chairmen) and the involved Manager(s) - Train Operations will promptly meet to review the work to be performed by the assignment and resolve the matter to their mutual satisfaction. Said resolution will be subject to the approval of the General Chairman and the Director - Labor Relations.
- C. The work performed by such assignments may, at the request of either party, be periodically reviewed to decide whether the zone from which crewmen protecting the assignment is the zone where the preponderance of the assignment's work is performed. Upon serving of the request, the local Carrier and Organization representatives will promptly meet to review the duties of the involved assignment and jointly determine where the preponderance of the work is being performed.

IV. Conversion/Elimination of Switch Engine at Addis (TSE)

Carrier may convert existing yard assignment(s) at Addis, Louisiana, to traveling switch engine (road switcher or dodger) assignment(s). This conversion is made to address the unique circumstances associated with the merging of UP and SP operations on Zone 1 and is accordingly made without prejudice to either parties' position(s). In that regard, this agreement will not serve as a precedent for the handling or resolution of such or similar matters and will not be cited by either party for any reason in any future forum or proceeding.

V. Extra Board at Shreveport

- A. The Carrier may establish a guaranteed combination road/yard (conductor/brakeman) extra board at Shreveport, Louisiana.
- B. This extra board may be used to protect Zone 3 vacancies in and near Shreveport and provide hours of service relief in the Shreveport area.
- C. This extra board will be governed by applicable provisions of the IGN Agreement pertaining to guaranteed extra boards.

VI. Selection of Trainmen for Promotion to Engine Service

- A. Notices advertising for volunteers/applicants for engine service training in the Houston Hub will be posted at locations available to interested employees in the Houston Hub.
- B. Selection (or assignment) of trainmen for engine service training will be made in seniority order, based on the employee's oldest Houston Hub trainman seniority date.

VII. Hostler Positions

- A. Except as provided in the Merger Agreement, hostler positions in the Houston Hub will be filled according to applicable provisions of the IGN Agreement and National Agreement provisions.
- B. Hostler vacancies will be protected by the protecting yard extra board. Hostler vacancies at Settegast Yard will first be protected by the Settegast Yard extra board (if the Settegast Yard extra board is depleted, the Houston Zone 5 extra board at Englewood Yard may be used). Hostler vacancies at Englewood Yard will be protected by the Houston Zone 5 extra board (if this extra board is depleted, the Settegast Yard extra board may be used) if there are no "fixture" hostlers available, pursuant to Side Letter #7 of the Merger Agreement, to protect the assignments. If there are hostler vacancies elsewhere in Zone 5 (outside Englewood and/or Settegast Yards), such vacancies will be protected by the Zone 5 extra board.

VIII. Movement Between Zones

- A. The exercise of seniority between zones will be governed by applicable provisions of the IGN Agreement, as amended. In connection therewith, it is understood the IGN "Pass Up" rule is in effect for the entirety of the territory comprising the Houston Hub.
- Note:** The exercise of seniority pursuant to the IGN "Pass Up" rule, will be governed by the employee's relative seniority standing in the zone that he or she is attempting to exercise his or her displacement .
- B. Nothing herein will be interpreted to amend or otherwise alter existing limitations and/or restrictions contained in the "Pass Up" rule governing the exercise of seniority between road and yard service assignments.
- C. In the event problems arise in connection with the exercise of seniority between zones comprising the Houston Hub, the parties agree to promptly meet to resolve such problems and/or issues.

If the foregoing properly reflects the parties' understandings, please so indicate by affixing your signature in the space provided below.

AGREED:
/s/ L. W. Parsons, Sr.

Sincerely,
/s/ A. Terry Olin

MEMORANDUM of AGREEMENT HBT Settegast Yard Agreement April 30, 1997

**HB&T TERMINATION OF SETTEGAST YARD LEASE AND TRANSFER
OF OPERATION AND CONTROL OF SETTEGAST YARD TO UP**

In its decision dated April 26, 1995, in Docket No. AB-423 (Sub-No. 1X), (copy attached as Attachment "A"), the Interstate Commerce Commission ("ICC") approved the discontinuance of Houston Belt & Terminal Railway Company's ("HBT") lease arrangement with Missouri Pacific Railroad Company (hereinafter also referred to as "UP" or "Carrier") for operation and control of Settegast Yard. In the same decision, the ICC also authorized UP's assumption of operation and control of Settegast Yard under its residual common carrier obligation. In addition, the ICC imposed the employee protective conditions set forth in Oregon Short Line R. Co. -- Abandonment -- Goshen, 360 I.C.C. 91 (1979), (copy attached as Attachment "B").

On June 15, 1995, Union Pacific Railroad Company ("UP" or "Carrier") served the required notice on the involved United Transportation Union ("UTU") General Chairmen advising of UP's desire to assimilate Settegast Yard into UP's Houston-area operations and the conditions attendant thereto (copy attached as Attachment "C"). Pursuant to the requirements of Section 4 of Oregon Short Line and in order to provide for the orderly assumption of operations at Settegast Yard by UP the parties enter into this agreement to provide for the proper and effective rearrangement of forces necessary to implement this transaction.

Accordingly, IT IS AGREED:

I. INTEGRATION OF SETTEGAST YARD

- A. Effective with the implementation of this Agreement, UP will assume responsibility for operation and control of Settegast Yard. All HBT policies, agreements, and practices previously applicable to yard service employees working in Settegast Yard will be of no force or effect in Settegast Yard.