

SUMMARY OF SOUTHWEST HUB IMPLEMENTING AGREEMENT

In order to fully understand this Implementing Agreement and the enormous amount of effort put into negotiating these provisions it is necessary for you each to understand that bargaining over an Implementing Agreement under New York Dock provisions is very different from negotiating collective bargaining conditions.

First of all mergers are not made to benefit the employees of the railroads involved but are done to provide cost savings to the railroad and increase dividends for the stock holders. Therefore it is necessary for you to understand that this is not the proper forum to conduct negotiations to improve your collective bargaining agreement or address the unjust treatment of our post 1985 engineers.

If a voluntary Implementing Agreement is not reached under the terms and conditions of New York Dock the issue is then placed before an Arbitrator who - after hearing the case - issues a decision that becomes the Implementing Agreement. The Arbitrator is limited by the New York Dock conditions in what he can and can not rule on and that is significant when it comes to blanket certification and relocation benefits.

Listed below are the conditions negotiated on your behalf and where appropriate the corresponding New York Dock Benefits:

Implementing Agreement

Automatic (blanket) Certification:

- ⇒ This provides that each engineer (even demoted) working in the Southwest Hub on the date of implementation, will be protected against loss in earnings as long as he works the highest paying job he can in the hub.
- ⇒ No forms need to be filed.

New York Dock Conditions

Adversely affected employees:

- ⇒ New York Dock provides that each employee who thinks they have been placed in an adverse position due to the merger must make a claim to the railroad - and then proves that the adverse conditions are actually merger related.
- ⇒ Forms need to be filed every month.
- ⇒ Each denied claim must be arbitrated separately.
- ⇒ Arbitration is on a party pay basis.

Implementing Agreement

Length of Protection:

⇒ Up to six (6) years - equal to length of service.

Relocation Benefits; In Lieu Of Allowance:

- ⇒ \$10,000 if a renter:
- ⇒ \$20,000 if a homeowner and does not elect to sell home.
- ⇒ \$10,000 additional if a homeowner and elects to sell home.
- ⇒ Or New York Dock Conditions

Hub & Spoke Concept:

⇒ This was part of UP's operating plan submitted to the Surface Transportation Board wherein the majority of assignments will work out of a central (Hub) location in various directions allowing for better utilization of manpower. Results in relocating many outside employees into the central area but should eliminate future relocations.

Seniority:

- ⇒ Allows expanded opportunity to all engineer assignments within the Hub to all engineers on the new Southwest Hub Merged Seniority Roster, in accordance with the agreement provisions.
- ⇒ Engineers assigned on the Zone Seniority Rosters will be dovetailed based on their current engineers seniority date.

1. Zone 1 will cover the Tucson-El Paso pool; assignments at Yuma will be protected by the West Colton source of supply until attrited out.
2. Zone 2 – except for El Paso yard assignments, Clifton local and pool assignments all Zone 2 positions will be filled from the common dovetail Zone roster.

New York Dock Conditions

Length of Protection:

⇒ Up to six (6) years - equal to length of service

Relocation Benefits:

- ⇒ Allowance for actual loss on sale of home due to the merger.
- ⇒ Three days allowed for looking for new home.
- ⇒ Actual moving expense reimbursement.

Hub & Spoke Concept:

⇒ Since the operating plan of the UP included this concept the Arbitrator will impose it.

Seniority:

⇒ The Arbitrator will make his decision based on the submissions of each party in accordance with the operating plan submitted to the Surface Transportation Board.

New York Dock Conditions

Implementing Agreement

Zone 3 – Except for pools all positions shall be filled from the common dovetail zone roster.

Pool Assignments:

Zone 1

Tucson – El Paso Pool – even slots to engineers who relocate to Zone 1 and odd slots to those with zone prior rights.

Zone 2

1. El Paso – Lordsburg – 100% SPWL – baseline of 26
2. El Paso – Vaughn - 100% EP&SW - baseline of 47
3. El Paso – Alpine – 100% SPEL – baseline of 31
4. El Paso – Toyah – 100% UP - baseline 8
5. El Paso – Alpine/Toyah (when Combined) 79% SPEL and 21% UP baseline 39

Zone 3

1. Pratt – Dalhart/Dalhart –Pratt - 100% SSW – baseline 38
2. Dalhart – Vaughn - 50% SSW(even) 50% EP&SW(odd) – baseline 38
3. Dalhart – Childress/Lubbock – 100% SSW - baseline 5

El Paso yard prior rights shall be 100% for the first three years – Fourth year third shift goes to common roster- fifth year second shift goes to common roster – sixth year all common roster.

Pool baseline prior rights will phase out at 25% a year commencing with the fourth year with exceptions

Vacations:

⇒ All service with original railroad will be counted for vacation eligibility and arbitrables and special allowances.

Implementing Agreement

Terminal Consolidations:

⇒ The following terminals will be consolidated :

1. El Paso

Terms & Conditions:

⇒ Twenty-five mile zone: Allows pool crews to receive their train up to 25 miles on the far side of specified terminals - ½ basic day allowance.

Agreement Coverage:

- ⇒ The carrier has selected the SP WEST modified BLE Agreements.
- ⇒ Entry rate provision shall be waived for engineers with a trainmen/engineerman seniority date on the effective date of implementation.

Familiarization:

- ⇒ Engineers will be provided sufficient number of trips with no "loss of time."
- ⇒ All engineers training engineers will receive and allowance of 1 hour.

Extra Boards:

- ⇒ Combination road/yard extra boards will be established at :
 - Dalhart
 - El Paso (2)
 - Tucson
 - Phoenix
 - Yuma
 - Pratt

New York Dock Conditions

Terminal Consolidations:

⇒ Will be fashioned by Arbitrator in accordance with the operating plan submitted to the STB due to transportation benefits, such as better service or reduced rates for shippers.

Terms & Conditions:

⇒ Not covered by New York Dock

Agreement Coverage:

⇒ Arbitrator will select a single agreement on basis of transportation benefits to shippers and public.

Implementing Agreement

Health & Welfare:

⇒ Maintenance of Life & Disability Insurance for SP/SSW engineers for 6 years from January 1, 1998.

Side Letter #1:

⇒ Addresses how taking a personal leave day will affect protection.

Side Letter # 2:

⇒ Defines the note to Article I.

Side Letter # 3:

Addresses the question of extra boards in Yuma..

Side Letter # 4:

⇒ Commitment to provide safe transportation.

Side Letter # 5:

⇒ Commitment to provide timely transportation after trip.