

**STANDBY**  
**SENIORITY MERGER**  
**IMPLEMENTING AGREEMENT**

between the  
**UNION PACIFIC RAILROAD COMPANY**  
**SOUTHERN PACIFIC TRANSPORTATION COMPANY**

and the  
**BROTHERHOOD OF LOCOMOTIVE ENGINEERS**  
**(for the Houston Hub and Spoke)**

**PREAMBLE**

The U.S. Department of Transportation, Surface Transportation Board (“STB”) approved the merger of the Union Pacific Corporation (“UPC”), Union Pacific Railroad Company/Missouri Pacific Railroad Company (collectively referred to as “UP”) and Southern Pacific Rail Corporation, Southern Pacific Transportation Company <sup>(US-)</sup> St. Louis Southwestern Railway Company (“55W”), SPCSL Corp., and the Denver & Rio Grande Western Railroad Company (“DRGW”) (collectively referred to as “SP”) in Finance Docket 32760.

The parties recognize that the size and complexity of this merger creates unique challenges in achieving orderly consolidation and rearrangement of forces. While the operating plan is premised in large part on “**hub and spoke**” consolidations and directional operations, the integral pieces of the overall operating plan must be phased in overtime to accommodate TCS implementation, crossover, connection, siding and other similar construction projects, line upgrades, and a variety of other such factors. Because of these timing issues, the parties have concluded that in order to address seniority consolidation in a specific territory which comprises one or more “spokes” of a larger hub, it is necessary to resolve the fundamental seniority issues for the entire hub.

Therefore, in order to provide for the orderly consolidation of seniority in all of the territory comprising the Houston Hub,

IT IS AGREED:

I. **HOUSTON HUB**

A new seniority territory 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 or SP, including territory between Livonia and Anchorage and between Addicks 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 Hearne on SP and between Houston and Valley Junction on UP.
- All territory between Hearne and Port Lavaca, including Victoria and Coleto Creek on the SP.
- All territory between Houston and Brownsville on both the UP and the SP, including 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.

### SENIORITY 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 Engineer Seniority Roster—UP/BLE Houston Hub Merged Roster #1—will be created for the employees assigned in the Houston Hub on December 1, 1996. The new roster will be created as follows:

- A. The new UP/BLE Houston Hub Merged Roster #1 seniority district will be divided into the following five (5) zones:
  1. Zone 1 will include Avondale to Lafayette (including Lafayette) and Avondale to Livonia (including Livonia) and Avondale Terminal. This includes all Livonia to Anchorage and Addis to Lettsworth, including Lobdell to Baton Rouge.
  2. Zone 2 will include Houston to Alexandria (not including Houston and not including Alexandria) and Houston to Livonia (not including Houston and not including Livonia) and Houston to Lafayette (not including Houston and not including Lafayette) and Houston to Baytown (not including Houston) and Houston to Kemah on the SP Galveston Line and Alexandria to Lake Charles (not including Alexandria).
  3. Zone 3 will include Houston to Longview (not including Houston and not including Longview) and Houston to SP Shreveport (not including Houston and not including SP Shreveport).
  4. Zone 4 will include Houston to Valley Junction, Texas (not including Houston and not including Valley Junction, Texas) and Houston to SP Hearne (not including Houston and not including SP Hearne) and Houston to Brownsville, Texas (not including Houston but including Odem to Corpus Christi and Angleton to Freeport) and Houston to Victoria via Flatonia (not including Houston) and Hearne to Victoria (not including SP Hearne) and Houston to Galveston on the UP Branch (including Galveston, Texas) and Kemah to Galveston on the SP Branch (including Galveston, Texas).

5. Zone 5 will include all of the Houston Terminal.
- B. Prior rights seniority rosters will be formed covering each of the five (5) zones outlined above. Placement on these rosters and awarding of prior rights to their respective zones shall be based on the following:
1. **Zone 1** - this roster will consist of former SP engineers with prior rights on the Morgan, Louisiana and Texas District (Roster #31) and former UP engineers on the Avondale (Roster #16101), DeQuincy (Roster #05101) and TPMP (Roster#17101).
  2. **Zone 2**- this roster will consist of former SP engineers with prior rights on the Houston-Lafayette District, T&NO (Roster #01) and former UP engineers on the DeQuincy (Roster #05101), Lake Charles/Louisiana Division (Roster #35101) and Baytown (Roster #04101).
  3. **Zone 3**- this roster will consist of former SP engineers with prior rights on the Houston-Shreveport, HE&WT-H&S (Roster #03) and former UP engineers, Houston-Longview, on the Merged 10 Palestine (Roster #1 4111).
  4. **Zone 4**- this roster will consist of former SP engineers with prior rights on the Houston-Hearne District -H&TC (Roster #01), Houston~Lafayette District, T&NO (Roster #01), the Houston to Victoria/Del Rio District, GH&SA (Roster #26), and former UP engineers on the Merged 8 Ft. Worth South (Roster #06111), Kingsville (Roster #03101), and Merged 10 Palestine (Roster #14111).
  5. **Zone 5**-this roster will consist of those engineers in the final Houston Hub who hold dual (road/yard) or yard prior rights seniority.
  6. Entitlement to assignment to one or more prior rights rosters shall be on the following order of priority:
    - a. Engineers with prior rights on the interested pre-merged rosters.
    - b. Engineers working on the SPT Engineers System Seniority

Roster with no prior rights status on the interested pre-merge, rosters.

7. Any engineer working in one of zones on or before December 1, 1996, but currently reduced from the engineers working list, shall also be given a place on the roster and prior rights in the appropriate zone. Engineers currently forced to the Houston Hub will be given a place on the roster and prior rights in the zone in which working if so desired; otherwise, they will be released when their services are no longer required and will not establish a place on the new roster.
  8. Union Pacific engineers currently on an inactive roster pursuant to previous merger agreements and other UP or SP engineers who are 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 roster and stand immediately ahead of the engineer assigned that slot. The Carrier and Organization shall jointly agree on all names of employees which are excluded from the roster formulation process and placed on an inactive roster.
- C. Each of the prior rights rosters will be consolidated based upon work equity. The source of developing such equity and the actual roster consolidation shall be determined more precisely by the terms of the merger implementing agreement for that particular territory. That process, by whatever means it is conducted, will result in one consolidated prior rights roster for each zone, with no other seniority restrictions within that zone or roster. Once an engineer is afforded seniority on one or more of the primary prior rights rosters set forth in this agreement, that engineer will forfeit any other engineer seniority outside the UP/BLE Houston Hub Merged Roster #1, except as specifically provided for in Side Letter No.5. (See Side Letter No. 2 with regard to trainman/fireman seniority.)

- D. Engineers on each of the prior rights rosters described above will be afforded common seniority on the other zones outside their prior rights zone(s). All such common seniority shall be based upon the current date of seniority as a locomotive engineer. If this process results in employees having identical common seniority dates, seniority will be determined by the employee's fireman's date and if there are still identical dates, seniority will be determined by the employee's earliest continuous hire date with their Carrier.
- E. Engineer trainees assigned to the new merged roster after implementation shall be assigned to a zone based on the Carrier's determination of the needs of service at that time in the Houston Hub but without prior rights. Student engineers in training on or before December 1, 1996, will be assigned a zone based on the area designated in the bulletin seeking application for engine service.
- F. The purpose of creating zones is twofold: First, to provide Seniority in an area where employees had seniority prior to the merger or contributed equity to the territory involved after the merger, and thus preference to some of their prior work over employees in other zones. Second, to provide a defined territory where an engineer can become familiar with its trackage and train operations, so as not to be required to cover a multitude of different sections of track on a daily basis. As such the following will govern:
  - 1. Engineers will be allowed to make application for an assignment in a different zone as vacancies arise, If reduced from the working list, the engineer may displace any junior engineer not holding prior rights to an assignment in any of the remaining four zones.
  - 2. Engineers may not hold a reserve or supplemental board outside their zone.
  - 3. Engineers who move to another zone by application must remain in that zone, seniority permitting, pursuant to applicable agreements.
- G. All engineer vacancies within the Hub must be filled prior to any engineer being reduced from the working list or prior to engineers being permitted to exercise to any reserve or

supplemental boards. Prior rights engineers in their prior rights zone must displace any common engineers working in that zone prior to being permitted to exercise to any reserve or supplemental boards.

- H. The total number of engineers given roster slots in the Houston Hub will be mutually agreed upon by the parties based upon anticipated service requirements prior to formulation of the merged rosters.

### III. EXTRA BOARDS

This Agreement does not address the subject of extra boards, and shall not be construed as constituting any precedent as to where, how many, or in what manner extra boards may be established, nor does it stand for the premise that extra boards may only protect work in one defined zone.

### IV. AGREEMENT APPLICATION

- A. This Agreement constitutes the agreed to seniority district for the Houston Hub, and the method by which that seniority district will be created. It is intended that when individual merger negotiations are undertaken covering one or more portions of the territories within the Houston Hub, this Standby Agreement will apply regarding the method and scope of seniority integrations. If negotiations covering any specific territory within the Houston Hub require arbitration, the parties intend that the Arbitrator be governed by this Agreement with regard to seniority integration.
- B. This Standby Agreement is not intended to constitute a precedent, nor does it prejudice the positions of any party in any other negotiation or Proceeding with regard to the method of integration of seniority.

Signed at San Francisco this 17<sup>th</sup> day of January 1997

**FOR THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS:**

D. E. Penning General Chairman, BLE

R. A. Poe General Chairman, BLE

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

**FOR THE CARRIERS:**

M. A. Hartman

General Director-Labor Relations

Union Pacific Railroad Co.

**W. E. Loomis**

Director-Labor Relations  
Southern Pacific Transportation Co.

APPROVED:

DM. Hahs, Vice President, BLE

**J. L. McCoy**, Vice President, BLE



January 17, 1997

Side Letter  
No. 1

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

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

Gentlemen:

This has reference to the Standby Seniority Merger implementing Agreement entered into this date.

Throughout our negotiations there has existed a co-dependency between this Standby Seniority Merger implementing Agreement for the entire Houston Hub and the Merger Implementing Agreement for the territory between Houston and Avondale and Houston and Alexandria (Zones 1 and 2). The relationship between these two agreements requires the parties to reach certain agreements prospectively regarding the following matters:

1. Interim Protection

A. All engineers whose assignments comprehend performance of service in the territory described in Article II.A.3.,4. and 5. of the Standby Seniority Merger Implementing Agreement shall be certified for wage protection purposes as a result of the consummation of said Agreement. This protection shall commence on the effective (implementation) date of the Standby Seniority Merger implementing Agreement, and terminate upon consummation and implementation of a merger implementing agreement for this territory.

B. This protection applies to wages only, and hours will not be taken into account. The purpose of this arrangement is to provide engineers in the territory involved with an interim protection period for the time frame between implementation of the Standby Seniority Merger Implementing Agreement and the consummation of a merger implementing agreement for the territories covered by Zones 3,4 and 5.

C. If the interim protection period is less than one (1) year, when the interim period terminates, engineers certified as part of this agreement will have their protection period start over. If the interim period is in excess of one year the

engineers' final protection period will begin after one year.

2. Mediation Agreement Case No. A-3297

A. Concurrent with the effective (implementation) date of a merger implementing agreement for the territory described in Article II.A.3.,4. and 5. of the Standby Seniority Merger Implementing Agreement, Mediation Agreement Case No. A-3297, dated March 31, 1950, shall be extinguished and shall have no further force or effect.

B. All former HBT employees who transfer to Union Pacific as a result of UP assumption of operation of Settegast Yard shall be entitled to protection benefits contained in the merger implementing agreement for the territory covered by Zones 3, 4 and 5 on an equal basis with all other Union Pacific engineers in those territories. Length of service on the HBT shall be included in determining length of protection under the New York Dock conditions.

C. The BLE General Chairman and the appropriate Director of Labor Relations shall endeavor to reach a compromise settlement of all outstanding disputed time 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.

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

Yours Truly,

M. A. Hartman  
General Director - Labor Relations

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

January 17, 1997

Side Letter No. 2

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

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

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

Gentlemen:

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

During the negotiations there was concern expressed regarding the disposition of trainman/fireman seniority of employees whose seniority territory as engineer is being modified by this Agreement.

This will confirm my advice to the Organization that Carrier is currently engaged in similar negotiations with the other operating craft, and every effort will be made to achieve agreements with that craft which results in seniority territory changes which match those set forth herein as closely as possible in order to avoid engineers being required to go great distances in order to exercise said trainman/fireman seniority.

When those negotiations have been concluded, Carrier will advise your Organization further regarding this matter.

Yours truly,

M. A. Hartman

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

January 17, 1997

Side Letter No. 3

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

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

Gentlemen:

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

During the negotiations there was concern expressed that in pursuing implementing agreement negotiations covering the balance of the territory in the Houston Hub (Zones 3, 4 and 5) the Carrier may be unwilling to replicate some of the agreement provisions which were negotiated for Zones 1 and 2. Carrier expressed the same concern regarding operational consolidations for the balance of the Houston Hub.

This letter will confirm Carrier's commitment to you that it intends that there be both operational and contractual conformity throughout the consolidated Houston Hub, and Carrier intends to pursue an implementing agreement for the balance of the Houston Hub which achieves that result. The parties both understand, of course, that automatic certification for protection benefits is dependent upon fulfilling the requirements of the March 8, 1996 commitment letter as supplemented. —

Yours truly,  
M. A. Hartman

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

January 17, 1997

Side Letter No. 4

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

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

Gentlemen:

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

The manner of consolidation of seniority and access to assignments within the Houston Terminal was extraordinarily complex because some of the former interested rosters did not have combination road/yard rights and one former roster had only yard rights. After much discussion regarding how seniority would be consolidated in the Houston Terminal, the parties reached conceptual agreement that Zone 5 would be protected by a prior rights roster consisting of the five (5) former rosters having yard prior rights, i.e.,

UP .former Palestine  
UP .former HBT  
SP .former T#NO  
SP .former HE&WT  
ST .former H&TC

Engineers on all other former rosters in the Houston Hub would be placed at the foot of the prior rights roster described above in seniority date order to form the common roster.

A separate (6th) dovetailed roster composed of the prior rights rosters of all five (5) zones in the Houston Hub would be formulated for use in assignment of engineers to the Zone 5 Extra Board.

The parties also agreed that the filling of regular assignments within Zone 5 would be accomplished by applying the prior rights roster described above to an order of selection list which incorporates the relative equities of the former rosters.

The details of formulation of the rosters, developing the order of selection list, order of boards, and other procedural issues necessary to implement this concept will be resolved by a working committee composed of two Carrier representatives from the Hamman Center and two BLE

representatives to be appointed by your Committees. This committee will have an agreed-to work product to present to the parties to this agreement prior to agreement implementation.

Finally, it was understood that this compromise resolution of our differences surrounding Zone 5 was with the understanding that such arrangement will in no way compromise the Carrier's right to operate the Houston Terminal as a consolidated terminal as set forth in the Implementing Agreement.

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

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

AGREED:  
M. L Royal General Chairman, BLE  
R. Poe General Chairman, BLE  
cc: D.M.Hahs Vice President BLE  
J. L McCoy Vice President BLE

February 27, 1997

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

Side Letter No. 5  
Mr. R. A. Poe  
General Chairman BLE  
515 Northbelt East Suite 120  
Houston, TX 77060

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

Gentlemen:

This has reference to the Standby Seniority Merger Implementing Agreement entered into January 17, 1997. With regard to Article II.C., and particularly the last sentence thereof, the following shall apply:

- 1) Engineers 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) Engineers 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 new rosters for the Houston Hub will forfeit all existing seniority in any portion of the Houston Hub.
- 3) Engineers participating in the roster formulation process for the Houston Hub who presently hold engine service seniority outside the Houston Hub will be handled as follows:
  - a) All engine service seniority outside the Houston Hub will be held in abeyance and may not be utilized for any purposes except as outlined below:
  - b) When subsequent implementing agreements are concluded in other hubs which encompass the seniority described in a) above, which has been held in abeyance, such seniority may be exercised in 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 engineer's own expense.

2) An engineer utilizing this provision to select a different hub will forfeit all seniority in the Houston Hub.

4) The rights set forth in (b) above may only be exercised to the extent that there is an unfilled need for engineers at such hub at the time rosters for such hub are formulated. Carrier reserves the right to limit the number of such requests made based upon manpower requirements and, the number accepted will be in seniority order. In the event such move will create a shortage of engineers within the Houston Hub the Carrier may hold such applicant for a reasonable amount of time to allow for a replacement.

5) If applications are declined under (4) above, they will be considered in the future on a seniority order basis prior to the Carrier posting a bulletin or advertisement for new engineer trainees.

6) Engineers accepting the option set forth in (5) above will be placed at the bottom of the common roster at the new hub with a new seniority date.

It is understood this Agreement is made without prejudice to the position of any party, does not constitute a precedent, and may not be cited or referred to 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.

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

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



April 23, 1997

Side Letter No. 6

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

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

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

Gentlemen:

This has reference to the Standby Seniority Merger Implementing Agreement dated January 17, 1997.

During our continuing merger negotiations on the Houston Hub consolidations the parties reached further clarification and agreement on the application of Side Letter No. 5 to this Standby Seniority Implementing Agreement. Specifically, it was agreed that an engineer who participates in the formulation of rosters in the Houston Hub, whether voluntary or by force-assignment, and who applies for and receives relocation benefits, shall be precluded from exercising the option set forth in Item 3) of Side Letter No. 5, i.e., rights to participation in the formulation of rosters in other hubs in which seniority may be held shall be considered forfeited.

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.

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

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

April 23, 1997

Side Letter No. 7

Mr. M. L. Royal, Jr.  
General Chairman BLE  
413 West Texas  
Sherman, TX 750923755

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

Mr. O. E. Penning

General Chairman BLE  
12531 Missouri Bottom Rd  
Hazelwood, MO 63042

Gentlemen:

This has reference to the Standby Seniority Merger Implementing Agreement dated January 17, 1997.

Throughout our negotiations we have discussed the difficulties inherent in merging operations and seniority in phases due to the size and complexity of the merger. The agreement provides for consolidation of seniority and formulation of merged rosters in the Houston Hub on a one-time, final basis, with a limited opportunity for engineers with seniority outside the Houston Hub to use that seniority to participate in merger consolidations in other Hubs, but the rosters in the Houston Hub do not ever <sup>M</sup>re-open (Side Letter No. 5).

The Organization suggests that some sort of final seniority rationalization should occur upon completion of all the merger consolidations involving the committees party to this Agreement (i.e., Houston, Longview, Dallas-Fort Worth, San Antonio and El Paso). The Carrier has obvious concerns regarding this request because it would perpetuate workforce instability in the merged Hubs and postpone finality in the merger process, because it could generate seniority disputes, because it could result in additional relocation claims, and because it would place an additional burden on those who administer seniority rosters.

Despite these concerns of the Carrier, it is clear the potential exists, upon completion of the merger agreement implementations, for the need to make seniority roster adjustments between hubs to resolve perceived inequities, correct mis-sizing of rosters, and other issues which the parties did not anticipate when they entered into these agreements. Therefore, Carrier commits to a process which will become effective after completion of merger agreements and implementations at all five of the Hubs referenced in the preceding paragraph. Under the process, which may be initiated by the

Organization upon service of a thirty (30) day notice upon Carriers highest designated officer(s), Carrier commits to engage in negotiations regarding the matters described above and make a good faith effort to reach agreement to resolve outstanding issues which have arisen out of the roster consolidation process. In return, Carrier expects the Organization will make an equal good faith effort to resolve imbalances in manpower resulting from mis-sizing of rosters when originally consolidated.

Finally, whether or not the above process results in a voluntary agreement which addresses these matters, Carrier will join with the Organization, within ninety (90) days of implementation of the last of those merged Hubs described above, to execute a one-time upward "ratcheting" of all rosters in all such Hubs which have been consolidated on the basis of work equity. This adjustment, which consists of assigning all vacant equity roster slots to engineers who are occupying identical, lower equity slots on that same roster, will resolve any possible loss of equity roster slots which may have occurred as a result of the phased consolidation of the Hubs and exercises of moves between Hubs which might occur under Side Letter No. 5 to this Standby Seniority Implementing Agreement. It is clearly understood that upon completion of this one-time upward ratcheting of merged rosters, such rosters are considered closed to any future such adjustments.

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.

Respectfully,

M. A. Hartman  
General Director-Labor Relations

AGREED:

M. L. Royal, General Chairman BLE

R. A. Poe, General Chairman BLE

D. E. Penning, General Chairman BLE

CC: D. M. Hahs, Vice President BLE

J. L. McCoy Vice President BLE

# UNION PACIFIC RAILROAD COMPANY

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3MAI~A. NEE5~iASKA 66179

Side Letter No. \$

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

Mr. Robert A. Poe  
General Chairman, BLE  
515 North Belt, Suite 120  
Houston, TX 77060

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

Gentlemen:

This has reference to the Standby Seniority Merger Implementing Agreement entered into on January 17, 1997.

Prior to the consummation of Implementing Agreements covering the merger of SP and UP in the Houston Hub, an Implementing Agreement was entered into between the BLE, the HBT and the UP pursuant to the Oregon Short Line Conditions. This Agreement, dated July 31, 1997, implemented the decision of the I.C.C. in Docket No. AB-423 (Sub-No IX) of April 26, 1995, authorizing HBT's termination of their Settegast Yard lease and transfer of operation and control of Settegast Yard to UP.

The method of integration of HBT engineers with UP engineers on the seniority rosters was to be by "top and bottom"; i.e., it was agreed that UP Palestine Seniority District engineers would be placed at the bottom of the list of transferring HBT engineers, and the list of transferring HBT engineers would be placed at the bottom of the UP Palestine Seniority District engineers.

Additionally, it was agreed that in anticipation of a second phase of dissolution of HBT operations (which is presently pending before the Surface Transportation Board), roster slots on the two (2) "top and bottom" rosters described above would be reserved for the additional group of HBT engineers who will transfer to the UP as a result of that transaction. When that transaction is approved and an implementing agreement executed, such additional HBT engineers will be placed on the reserved slots as though they had participated in the original seniority consolidation under the July 31, 1997 Implementing Agreement. In addition, said HBT engineers will be appropriately placed, via a detailing of their engineer seniority, on all applicable common seniority rosters comprising or involved in the Houston Hub

Side Letter No. 4 to the Standby Seniority Merger Implementing Agreement describes

the method by which assignments will be accessed within the Houston Terminal, and it is the intent of the parties that the two rosters described above will be used in the exercise of prior rights seniority to prior HBT and Palestine assignments within Zone 5.

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

Respectfully,

**M. A. Hartman**  
General Director - Labor Relations

**AGREED:**

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

**D. E. Penning**  
General Chairman, BLE

**R. A. Poe**  
General Chairman, BLE

cc: Mr. D M H.ahs  
Vice President, BLE

Mr. **J L. McCoy**  
Vice President, BLE

**STANDBY SENIORITY MERGER IMPLEMENTING AGREEMENT  
AGREED UPON QUESTIONS & ANSWERS**

General Questions

- Q. 1. What is the purpose of entering into a “Standby” Agreement regarding Houston Hub seniority?
- A. 1. In implementing the merger agreement for the territory between Houston and Avondale and Houston and Alexandria, employees making seniority elections may be better informed as to the overall seniority structure of the eventual Houston Hub, how prior rights rosters in each of the zones will operate in relation to the whole, and how common seniority will be established throughout the Houston Hub.

ARTICLE II – SENIORITY CONSOLIDATION

- Q. 1. In Article II.B.7. what does the phrase “when their services are no longer required” mean?
- A. 1. It is the parties intent to release forced/borrow out employees as soon as practical but without causing an added burden on those employees who remain in the territory. If the change in operations results in surplus employees then the forced/borrow out employees services will no longer be required and they will be released on a one for one basis.
- Q. 2. May an engineer end up with a prior rights slot on more than one zone roster in the Houston Hub?
- A. 2. This can only occur where an engineer holds existing rights to both road and yard work. In that instance, the engineer will hold a slot on the relevant prior rights road roster, as well as on the prior rights yard (Zone 5) roster.
- Q. 3. May an engineer who, prior to the roster consolidation, held only yard seniority acquire prior rights seniority on one of the prior rights road rosters (Zones 1, 2, 3, or 4)?
- A. 3. No, in that instance the engineer would acquire prior rights to the Zone 5 roster only, but would acquire common road seniority on the other four (4) zones in accordance with Section D. of Article II.
- Q. 4. Does the last sentence of Section C of Article II mean that engineers whose current seniority (either prior rights or common) extends to territories outside the newly defined Houston Hub will no longer retain that seniority?
- A. 4. Yes. By virtue of acquiring new seniority (both prior rights and common) throughout the entire territory comprising the new Houston Hub, an engineer electing a roster slot under this Agreement would forfeit seniority on that

other territory.

- Q. 5. Suppose an SF engineer, for example, held prior rights seniority at El Paso, but was working in Houston under his system (common) seniority. What are his options?
- A. 5. If that engineer chose to stay and work in the new Houston Hub, by electing a roster slot in the Houston Hub, that engineer would be giving up the seniority at El Paso. In that particular case, the seniority date used to select a roster slot would be the common (system) date. Conversely, if the engineer desired to retain the seniority at El Paso, he would be required to exercise such prior rights seniority back to that location and elect not to participate in the formulation of new rosters in the Houston Hub.
- Q. 6. If the engineer described above elected to return to El Paso and not participate in the formulation of new rosters in the Houston Hub, would that election affect previous common (system) seniority held on some of the territory now comprising the Houston Hub?
- A. 6. Yes, since the Houston Hub rosters are newly formed, former seniority which may have attached to some portion of that trackage prior to the merger does not survive or attach to the new Houston Hub rosters. That is why the parties agreed under Article II.B.6 not to limit bidding for roster slots to only those engineers working in the territories comprising the new Houston Hub.
- Q. 7. How would this election process affect eligibility for relocation benefits?
- A. 7. In these negotiations it is significant to note the parties anticipate no surplus engineers after consolidations, and possible shortages may still exist when completed. Due to these particular facts, and since an engineer presently working outside the Houston Hub must “choose or lose” seniority within the Hub, an election from outside the Hub to take a roster slot in the Hub which required a change in residence would be covered by the relocation benefits. Conversely, an employee presently working in the Houston Hub electing not to stay and participate in the roster formulation process would be making a voluntary seniority move out of the Hub and would not be eligible for such relocation benefits.
- Q. 8. In Article II.G. what does it mean when it refers to protecting all engineer vacancies within a zone?
- A. 8. If a vacancy exists in a zone, it must be filled by a prior rights employee prior to placing employees on reserve or supplemental boards. If a non prior rights employee is working in a zone then a prior rights employee must displace that person prior to going to a reserve or supplemental board. If a vacancy exists in one zone and an employee in another zone is on a reserve or supplemental board that person will be recalled prior to the Carrier promoting additional engineers.

## SIDE LETTER NO. 1

Q. 1. Can you give an example of how the interim protection for the balance of the Houston Hub and regular protection will operate?

A. 1. The following examples cover employees with less than six years of service and more than six years of service.:

Example 1: Employee A has eight years of service when the agreement is implemented on April 1, 1997. The interim period runs until January 1, 1998. The employee will receive interim protection until January 1, 1998 and on that date will receive six years New York Dock protection.

Example 2: Employee B has three years of service under the same facts as Example 1. Employee B will have interim protection until January 1, 1998 and will then have three years nine months New York Dock protection.

Example 3: Employee A has eight years of service when the agreement is implemented on April 1, 1997. The interim period runs until June 1, 1998. The employee will receive interim protection until April 1, 1998 and will begin regular protection on April 1, 1998 for six years.

Example 4: Employee B has three years of service under the same facts as Example 3. Employee B will have interim protection until April 1, 1998 and will begin four years New York Dock protection on that date.

## SIDE LETTER NO. 2

Q. 1. What is the status of trainmen/firemen seniority?

A. 1. Those will be determined in negotiations/arbitration with the other organization. Employees with pre November 1, 1985 firemen rights will be treated as firemen should they not be able to hold as an engineer.