

AGREEMENT

between the

UNION PACIFIC RAILROAD COMPANY

and the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

(SP WEST INCLUDING THE FORMER EP&SW)

The SP-West BLE committee was not a party to the National negotiations of 1991 and 1996. As a result the SP West BLE is not a party to the same agreements as their UP BLE counterparts. Since the SP has been purchased by the UP and in an effort to equalize many of the pay and work rules on the entire UP system, the parties have entered into the following:

IT IS AGREED:

I. AGREEMENT

A. BLE SP-West agrees the collective bargaining provisions set forth below, in Sections II- IX, the questions and answers and any attachments will constitute agreed- upon changes to the BLE SP-West collective bargaining agreement.

B. Changes to this agreement are without prejudice to either party's position concerning the selection of a surviving collective bargaining agreement in a merged area involving the BLE SP-West.

II. PROTECTION

A. All SP-West engineers working under the current SP-West agreement on July 1, 1997, will receive temporary protection (will be automatically certified) pending the outcome of merger negotiations in each Hub. This temporary protection shall extend until a merger agreement or arbitration award is issued in each Hub, respectively. The test period

average shall be composed of two parts-one based on the engineers earnings for the calendar year 1996 based on New York Dock principles and the other part based on the engineer's supplemental fund payment paid or should have been paid in 1996, if any. The total amount of the two parts will be divided by twelve (12) to achieve a monthly TPA. If this Agreement is initialed prior to August 15, 1997 then the July 1, 1997 National Increase shall apply if this Agreement is subsequently ratified.

NOTE 1: The parties recognize that the temporary protection provided in Paragraph A is not intended to be long-term but is intended to last only until the parties, through their respective good faith efforts, reach a negotiated implementing agreement or receive an implementing arbitration award.

NOTE 2: Without prejudice to either party's position, the 1996 TPAs will include claim settlements paid in that year, including penalty payments, whether attributable to that test period or not. During the protective period, similar payments will be used as an offset to the monthly protection. This does not include lump sum claim settlements nor the other items referred to in the Agreement *and July 21, 1997 letter included as Attachment "C"* hereto.

B. In accordance with New York Dock provisions an employee's TPA will not include certain taxable and non-taxable items such as relocation, lump sums, lump sum claim settlements, protection payments and away-from-home meal allowances. It will include the \$12.50 for in lieu en route meal allowances. Each SP-West engineer who worked a minimum of 150 yard shifts in 1996 as a regularly assigned yard engineer will have that portion of his/her TPA that is based on wages in the calendar year 1996 increased by 2.3%. This is a one-time adjustment to equalize SP yard engineer rates with National yard engineer rates and will only apply to those SP-West employees who meet the requirements set forth in this Paragraph B.

C. Employees now covered by a protective arrangement may elect to continue coverage under that arrangement consistent with the New York Dock labor protective conditions and in lieu of the protection provided in this Agreement.

D. Each SP-West BLE employee's interim protection TPA will be subject to change based on future wage and COLA adjustments until an implementing agreement or an award is issued.

E. The TPAs for the General Chairman, Vice General Chairman and part time Union Officers will be based on an earnings average derived from the two employees directly above and the two employees directly below the official who have regular work records or their normal TPA, whichever is higher.

F. Should the SP-West BLE Agreement, as amended, be selected in a merger Hub and the merger Hub negotiated proposal be ratified or imposed, then SP-West engineers who have temporary wage protection under this agreement shall be entitled to twice the number of years wage protection available to each engineer under New York Dock. For

example, an engineer entitled to six years protection shall be entitled to twelve years protection. This protection is wage only with hours not counted and does not extend any relocation benefits beyond the normal New York Dock provisions. Offsets for all protection are referred to in the questions and answers.

G. Should an employee elect the protection in (F) above rather than the ratified or imposed merger proposal protection or some other protection arrangement, the protection shall be subject to change based on future wage and COLA adjustments only for the same period of time as regular New York Dock protection. For example, if an employee is subject to six years New York Dock and elects the twelve years then the changes based on future wage and COLA adjustments shall only be for six years.

H. The provisions for handling offsets to protection in (A) and/or (F) above are detailed in the questions and answers. Regular New York Dock provisions will apply for issues involving "treated as" payments. All protection referenced in this Article shall be wage protection only and there shall be no hours computation/protection.

III. NATIONAL WAGES AND RULES

A. BLE SP-West wage rates will now equal the national wage rates as adjusted by the on-property system agreement (\$6.00 no-fireman roll-in). (A copy of those wage rates is attached as Attachment B.) Previous lump sum payments provided for in the 1991 and 1996 National Agreements will not be made; however, future lump sum payments will be made in accordance with national agreements.

B. All provisions of the 1991 and 1996 National Agreements will apply to territory governed by the BLE SP-West collective bargaining agreement unless specifically omitted from coverage or amended by this Agreement. All National Agreement provisions apply and include, but are not limited to, the following: Expenses Away from Home, Road/Yard Work, Special Relief-Customer Service-Yard Crews, Interdivisional Service (including the elimination of Article 14 of the 8/1/95 SP West BLE Agreement), Basic Day, Personal Leave and Special Pay Differential (15 and 15). Current SP-West BLE pay rates and arbitraries are amended to comply with these provisions and are not retained as separate rates and arbitraries whether previously rolled into the basic day or paid separately.

C. The BLE SP-West collective bargaining agreement will be subject to the National Moratorium set forth in the 1996 National Agreement, and all local notices and re-openers in conflict with that Moratorium are null and void. Section B of Article 22 of the 9/1/95 SP-West BLE Agreement and Section B of Article 22 of the 8/1/95 generic BLE Agreement (effective on SP-West on 9/1/95) is eliminated without prejudice to either party's position.

D. The current SP-West eating rule will apply for local and road switcher service. Yard service will continue to be governed by the local rule for eating in yard service. The Carrier will continue to pay the \$12.50 in lieu of allowance for pool freight runs until an area has been finalized in the merger with an agreement or award. Once an area has been incorporated in a merger Hub, then the national \$1.50 in lieu of allowance will be paid on all pool freight runs, both interdivisional and non-interdivisional.

E. All current engineers will have the National entry rate provisions waived and will be paid at 100% of the National wage rate. All trainmen/firemen who were at the 100% rate at the time of implementation of this Agreement will continue at that rate when promoted to engineer. Other employees promoted after the implementing date of this Agreement shall be subject to the following: entry rates will start at 85% of the national rate provided for in Section III(A), above, for first-year employees; at 90% for second-year employees; at 95% for third-year employees; and, at 100% for fourth year employees. These employees will be entitled to the 5% bump for promotion as set forth in Article VIII of the June 1, 1996 BLE National Agreement.

IV. DISABILITY/LIFE INSURANCE/MEDICAL

A. All current SP-West BLE employees and subsequent new-hire employees who will work under the SP-West BLE collective bargaining agreement will be covered for medical benefits by the applicable National Plan (Health & Welfare, Dental and, as of 1/1/99, Vision). The current payroll deduction for SP engineers for vision shall continue for those employees until the start of the National Vision provisions.

B. Current SP-West employees will continue to receive the disability (\$63.10) and life insurance premium payments now afforded them under the SP-West BLE collective bargaining agreement for six years from January 1, 1998 whether a merger implementation agreement is or is not reached for each Hub . Those former SP-West BLE Ogden Seniority District engineers who transferred to the Salt Lake City Hub will continue their disability and life insurance for the same period so that the group benefit ends on the same day. After the end of the six year protective period, the disability and life insurance policies will be eliminated from the BLE-West collective bargaining agreement, unless otherwise provided.

C. The BLE committee may discuss joining the Union Pacific Employee Health Systems (UPEHS). The Carrier agrees is a matter between the BLE and UPEHS.

V. SYSTEM WORK RULES AND AGREEMENT MODIFICATIONS

A. SYSTEM AGREEMENTS-The March 21, 1996 BLE-UP System agreements shall be applicable on the SP-West and all current agreements that conflict with these agreements are eliminated except as provided below.

B. Due to the application of other provisions of this Agreement including the application of the 1991 and 1996 National Agreements, the Agreements listed below are modified by the provisions of this Agreement. As such the following Articles, Side Letters and Questions and Answers are retained and those not listed have been replaced or modified by other provisions:

July 1, 1991 System Agreement (Local Issues):

Article 3 - Engineer Reserve Boards

Side Letter #1

July 1, 1991 Western Lines Agreement (Generic Agreement):

Superseded by the 1995 SP Agreement, this proposal or National Agreements

August 1, 1995 Agreement:

Article 12 - Bereavement Leave

Article 16 - 6/7 Days in yard

Article 18 - Expunge Discipline Record

Article 20 - Mandatory Classes

Side Letter #4

September 1, 1995 Agreement (Local Issues):

Article 1 - Union Shop

Article 2 - Seniority Exchange

Article 3 - Consolidated Seniority

Article 4 - Temporarily Transferring Engineers from Other Lines

Article 5 - Advertisements

Article 6 - Temporary Vacancies

Article 8 - Mileage Regulation

Article 9 - Accumulation of Seniority by Officers

Article 10 - Shortage of Engineers

Article 11 - Vacation

Article 15 - Jury Duty

Article 17 - Updated Agreement

Article 19 - Calling

Article 20 - Temporary Transfers

Article 21 - Personal Leave Days

Side Letter # 1

Side Letter #2

Side Letter #4

Side Letter #5

July 8, 1994 Agreement (Me Too):

Articles 2, 3, 7, 9, 10

Question and Answer #1

C. The basic agreement rest rule, force assignment to yard no-bid vacancies and scope rule that existed in the November 1, 1982 agreement are reinstated.

D. All competitive adjustment clauses (me too) are eliminated, including, but not limited to, the payment made due to the trainman's supplemental productivity fund.

E. Assigned pool freight engineers will be allowed to trade pool turn positions with other engineers in the same pool subject to the following conditions:

1. *The BLE Local Chairman or their designated representative shall submit the request to Carrier's CMS on behalf of the engineers wishing to exchange pool turns.*

2. *Both engineers shall be at their home terminal when the request is made in order to avoid any disruptions to the operation of the pool. However, an exchange may be made where one engineer is on vacation provided the vacation turn is vacant or concurrence is reached with the engineer temporarily assigned.*

3. *A trade may be made at any time up to call time provided the engineer who must accept the call is rested and available. A engineer may initiate only two trades per year.*

4. *No time claims involving runarounds or other penalties arising out of the trading/exchanging of turns under these provisions shall be progressed by or in behalf of any employee.*

5. *It is the intent of the parties that engineers will limit the use of these provisions to those situations in which they would otherwise have no choice and would be required to miss their turn.*

F. Runarounds. A terminal runaround may only occur when engineers from the same pool, going to the same destination, depart the same yard in other than the order called and both trains have their power attached to their train. "Depart" means that a train has started moving for a bonafide departure.

Example 1: Two engineers are called on duty in the Roseville-Bakersfield pool. The first out engineer receives his train in the Roseville departure yard and the second out engineer receives his train in the Roseville receiving Yard. There cannot be a terminal runaround because the engineers did not depart from the same yard.

Example 2: Two engineers are called on duty in the same pool and both engineers receive their trains in the Roseville departure Yard. If both trains have their power attached a terminal runaround can occur.

Example 3: Same set of facts as example 2, however, one engineer is required to go to the mechanical facilities to obtain all or part of his power. If the second engineer departs the yard prior to the first engineer returning to his train and putting the power on it, no runaround has occurred.

Example 4: Two engineers are called from the same pool and the first one is called Roseville-Sparks and the other is called Roseville-Portola. No runaround can occur even if they depart from the same yard.

Note: Crews leaving on trains located on main lines and other trackage between specific yard confines cannot be runaround by crews obtaining their trains within those yard confines and vice versa.

G. Overtime - Employees who have an engineer/train service seniority date prior to October 31, 1985 shall begin overtime at the expiration of eight (8) hours for those through freight runs that are one hundred sixty miles or less and on runs in excess of one hundred sixty miles overtime will begin when the time on duty exceeds the miles run divided by 20, or in any case, when on duty in excess of 10 hours. When overtime, initial terminal delay and final terminal delay accrue on the same trip, allowance will be the combined initial and final terminal delay time, or overtime, whichever is the greater. Employees hired after October 31, 1985 shall be paid overtime in accordance with the National Rules governing same and in the same manner previously paid on the Union Pacific prior to the merger.

H. Calling availability - If a regular assignment is vacant because of lay off, missed call or any other reason except rest, and the extra board is exhausted when that turn reaches first out, it shall be rotated to the bottom of the board at call time. Employees not available due to legal or agreement rest shall hold their turn first out until rested and the next turn shall be treated as first out and called or rotated to the bottom of the board.

I. The current SP-West 401K plan shall no longer be available for future deposits as of the close of business December 31, 1997, and the current UP 401K plan governing engineers shall apply to SP-West engineers. The parties are currently negotiating agreements merging the two plans.

J. Held Away from Home Time - The current rule governing continuous held away from home terminal time shall apply for all existing pool runs and in those pool runs created/consolidated in the merger. Should Interdivisional Services notices be served after the merger is completed in an area, then Held Away Time shall be subject to negotiation similar to other provisions.

K. Engineers in pool freight service who misses a call for service because of the lack of current available or correct information from the central calling point (CMS), when the engineer has sought such information, will maintain his first out status and will be called for the next turn. On return to the home terminal, the engineer will be placed in the same relative position occupied in the pool prior to the missed call.

An extra engineer who misses a call for pool freight service because of the lack of current available or correct information from the central calling point (CMS), when the engineer has sought such information, will maintain his first out status on the extra board.

No runaround penalties will be paid as a result of the application of this Section K.

L. Vacations - vacations earned in 1997 for 1998 shall be granted however, beginning in 1998 for 1999 the national agreement vacation provisions will govern.

M. Lodging-The current in lieu of lodging rule will continue unless the Carrier either contracts to build a new lodging facility at a location or increases the number of rooms by 25 % from the current total. If either of these two events occur then the in lieu of

lodging rule will not apply at that location to any engineer who was not previously exercising that rule. Where it does apply employees must give notice of their use of the rule in December of each year for the following year.

N. Extra Board - The extra board rule is set forth in Attachment A.

VI. CLAIMS SETTLEMENT

A. All time claims and grievances of record (a time claim or grievance of record is a time claim or grievance that has been denied by the carrier at any level, including Timekeeping, and includes any claims involving gainsharing) submitted by either an employee or by the BLE as of December 31, 1996 will be settled and resolved by the payment of \$3700.00 to each active SP-West BLE employee in service as an engineer in engine service on December 31, 1996 or who has retired in 1997.

B. This settlement does not cover outstanding discipline, medical and non- monetary (such as seniority disputes) cases but covers all other time claims and grievances and gainsharing claims, including those cases which have been docketed for arbitration but not argued and those cases argued at arbitration but no decision has been rendered. This does not cover claims for relocation under previous SP agreements.

C. This settlement is without prejudice or precedent to either party's position with regard to the subject matter of the time claims and grievances except gainsharing and claims involving the GRIDPAD issue which are withdrawn by the BLE with prejudice and shall not be progressed at a future date. All other claims are not to be cited by either party in any future claims conferences, arbitration or negotiation.

D. Since the settlement of these time claims and grievances of record will create a new environment for the grievance process, the BLE system claim handling process will be used for all future claims.

E. When settlements are consummated by the BLE General Chairman, his representative or BLE Local Chairman, the appropriate Carrier Officer shall notify, in writing, the appropriate BLE Chairman of the approximate date of payment, method of payment, and the approximate amount of money the individual employee will receive. The employee shall be notified of payment in his/her pay stub.

VII. IMPLEMENTATION

This agreement will be effective in two parts. Article II-Protection, Article IV- Disability/Life Insurance/Medical and Article VI- Claims Settlement shall become effective on the first of the month following a five (5) day notice from the BLE that the Agreement was approved. The Carrier will begin processing the claim settlement checks as soon as possible. In order to give timekeeping and CMS sufficient time to program required changes the remaining Articles shall be effective on the payroll period following five (5) days' notice by the Carrier.

VIII. SAVINGS CLAUSE

The parties agree that all agreements, side letters, understandings, or any other benefits of the former Southern Pacific (Western Lines) including the former El Paso and Southwestern (EP&SW) Engineer's Agreement will remain in full force and effect unless specifically changed, modified by, and/or in conflict with this Agreement, Side Letters, and Questions & Answers. If changed, modified and/or conflicting, then this Agreement shall govern. Future changes shall be subject to the Railway Labor Act as amended.

Signed at San Francisco, California, this _____ day of August, 1997.

FOR THE ORGANIZATION: FOR THE CARRIER:

General Chairman, BLE AVP Employee Relations

_____ *General Director Labor Relations*

QUESTIONS AND ANSWERS

Q1. Under Article VI(A) (Claims Settlement), what constitutes an "active BLE SP-West employee in service as an engineer on the date of December 31, 1996?"

A1. An SP-West employee who was working as an engineer (either on the SP-West or borrowed-out elsewhere on the UP System) or who is on a bona fide leave of absence as a union officer, carrier official or for medical reasons, at any time during the month of December 1996, or if dismissed and later reinstated. A Carrier Officer had to have worked as an engineer between January 1, 1982 and December 31, 1996. Carrier Officers and those dismissed and later reinstated will be paid only if they return to engine service.

Q2. Under Article II, does the section cover employees who are on a bona fide leave of absence?

A2. Employees on a bona fide leave of absence or dismissed and later reinstated will be afforded TPA's upon their return to active service as engineers. The TPAs for all such employees will be calculated in accordance with the procedure set forth in Paragraph E of Article II.

Q3. In Article IV(B), will employees on a bona fide leave of absence or dismissed and later reinstated be considered "current SP-West employees" who are now eligible for the disability and life insurance coverage provided for in that paragraph?

A3. Yes, upon return to service.

Q4. How will the TPA be calculated for an employee who has less than 12 months compensated service in 1996.

A4. Standard New York Dock conditions will apply.

Q5. Is compensation referred to as "in lieu of" vacation for employees assigned to an Auxiliary Board excluded from an employees' TPA?

A5. No. Such compensation is not a double payment and will be included in an employee's TPA.

Q6. How will reductions from protection be calculated?

A6. In an effort to minimize uncertainty concerning the amount of reductions and simplify this process, the parties have agreed to handle reductions from Protection as follows:

1. Pool freight assignments- 1/15 of the monthly test period average will be reduced for each unpaid absence of up to 48 hours or part thereof. Absences beyond 48 hours will result in another 1/15 reduction for each additional 48 hour period or part thereof.

2. Five day assignments- 1/22 of the monthly test period average will be reduced for each unpaid absence of up to 24 hours or part thereof. Absences beyond 24 hours will result in another 1/22 reduction for each additional 24 hour period or part thereof.

3. Six and Seven day assignments- The same process as above except 1/26 for a six day assignment and 1/30 for a seven day assignment.

NOTE: Rest days for five and six day assignments and Section 3 of the GXB agreement will not be used to offset protection payments.

4. Extra board assignments- 1/30 of the monthly test period average will be reduced for each unpaid absence of up to 24 hours or part thereof. Absences beyond 24 hours will result in another 1/30 reduction for each additional 24 hour period or part thereof. Absences on the extra board shall be calculated from the time of unavailability (layoff, missed call, etc) until the next time called for service. For example: If an employee lays off on Monday at noon, marks up the next day Tuesday and does not work until 2AM on Wednesday then they shall be off for protection purposes for thirty- eight (38) hours and shall be deducted 2/30 of their protection

Q7. May employees who have deadheaded terminal to terminal tie up for extra rest?

A7. If the deadhead is after full rest then no, however, if not after full rest then yes.

Q8. If the Conductors on the same territory as this agreement do not have a separate productivity fund that is paid into on a per trip basis, will the 15 and 15 provisions of the National Agreement apply?

A8. No.

Q9. What happens to the current 401K money in the SP plan?

A9. If the plans are merged, it will be subject to those IRS qualifications which usually permit the rolling over of the money into the new plan. If not merged, then the money will remain in the current funds but no new money will be added to it.

Q10. Are the Pacific Electric engineers covered by this Agreement?

A10. No, however the parties will be meeting to review their situation.

Q11. When will the 1997 supplemental distribution be made?

A11. In the same manner as required in the pre-modification agreement.

Q12. Which years' supplemental distribution will be in the TPA?

A12. Monies that should have been distributed in December 1996.

Q13. Will the supplemental fund continue after this distribution year (1997)?

A13. No, because engineers will have it included in their TPA.

Q14. Due to the claim settlement in Article VI(A), how will TPAs be calculated?

A14. The lump sum claim settlement will not be part of the TPA. However, claims paid in the normal claim handling of 1996 will be included if applicable.

Q15. On Attachment "B", which rate applies for pool freight overmiles?

A15. Article 7 of the 1995 Local Agreement provides that in Attachment "B" the arbitrary rate will apply. Pursuant to this Agreement, the higher of the arbitrary rate or mileage rate will apply. For example, if through National Agreement increases the mileage rate exceeds the arbitrary rate, then the mileage rate will apply.

ATTACHMENT A

GUARANTEED EXTRA BOARD

Guaranteed engineers' extra boards may be established in the territory subject to the SP-West BLE collective bargaining agreement subject to the following:

*1. **OPERATION.** At the carrier's discretion, guaranteed extra boards may be established, upon thirty (30) days' written notice to the General Chairman, at any location where deemed necessary. Likewise, in the event there is insufficient work to justify an extra board(s), the extra board(s) may be suspended upon thirty (30) days' written notice to the General Chairman.*

The engineers' guaranteed extra board will operate on a rotary basis. Any engineer displacing on or marking up for service will be placed on the bottom of the board at the time of such displacement or mark-up. Engineers returned to the board after working will be placed at the bottom of the extra board per tie-up time. If more than one tie-up at the same time, previous board standing will govern.

*2. **GUARANTEE** Engineers assigned to the extra board shall receive a semi-monthly guarantee of \$2693.70 per pay period (determined by multiplying 18 x \$149.65). This rate is subject to future general wage adjustments including COLA. The guarantee shall be computed on a daily basis and shall not apply to any calendar day the extra engineer*

lays off or otherwise becomes not available for service or any following calendar day on which an extra engineer continues to lay off or to be unavailable past 12:00 Noon.

All earnings received by extra engineers assigned to the extra board will be used in computing such guarantee. Extra engineers laying off on call, missing call or not available for call will have their guarantee reduced by the amount they would have earned had they not laid off on call or missed call with a minimum of a guaranteed day reduction. Extra engineers missing call when other than first-out will have their guarantee reduced by one day only. Extra engineers unavailable more than two (2) occurrences per pay period, or being unavailable more than 96 combined hours per pay period, will have their guarantee suspended for such pay period. This will include any unavailable status including extra rest, but will exclude layoffs for company business and by local chairmen, legislative representatives, vice local chairmen, secretary-treasurer or division president who must lay off for union business. Engineers taking extra rest (UDR) will be handled per questions and answers 17 and 18 of Attachment 2 hereto.

Engineers added to the extra board will be paid guarantee for the day added provided they meet the availability requirement of this Attachment and all earnings made on the day added will be included in computation of guarantee. Guarantee will not be paid to an engineer on the day reduced from the extra board.

NOTE: See "Attachment 1" for examples of guarantee payment.

*3. **REST DAY/INCENTIVE PAYMENT.** Engineers assigned to the guaranteed extra board for an entire pay period (or who are reduced from the board by the carrier prior to completion of the pay period) shall be entitled to one (1) rest day (a 24-hour period or portion thereof) during the pay period for which no deduction will be made from the guarantee, subject to the following conditions:*

(a) At the time of the rest day, the engineer must be other than first out.

(b) The rest day must be taken at any time commencing 12:01 AM Monday and concluding by 11:59 PM Thursday.

(c) The rest day cannot exceed twenty-four (24) hours.

(d) This provision does not affect or modify any provision contained in the paid holiday agreement.

Engineers assigned to the guaranteed extra board for an entire pay period who remain marked-up and available for service during that entire pay period shall be entitled to an incentive payment of one prorated guarantee day representing the one (1) rest day to which entitled under this Item 3 but not taken. This incentive for full availability during the pay period shall be paid regardless of whether an engineer does or does not exceed the guarantee for the period and shall be in addition thereto. Reductions in guarantee due to layoffs/absences do not apply when taking rest day(s) under this

Item 3.

4. **LAYING OFF OTHER THAN ON CALL (AT HOME TERMINAL)** An extra engineer laying off for any reason and at any time other than on call will not be permitted to mark-up for twelve (12) hours from the time he laid off. The engineer must mark-up to resume service.

5. **LAYING OFF(ON CALL) AT HOME TERMINAL** An extra engineer laying off on call will be held in (will not be permitted to mark-up) until the tie-up of the engineer taking the call or twelve (12) hours from the time of the lay-off, whichever is later, and must mark-up to resume duty. It is understood that this provision does not estop the carrier from administering such discipline as it deems proper for a missed call.

6. **MISSING CALL(AT HOME TERMINAL)** An engineer missing call at the home terminal will be automatically marked to the bottom of the extra board at the time of such missed call.

7. **MISSING CALL (AT FAR TERMINAL)** For guarantee purposes, an extra engineer missing a call or laying off at the far terminal will be treated the same as an extra engineer laying off on call at the home terminal and will not be returned to the extra board until tie- up of the assignment for which the call was missed.

8. **OUTLYING VACANCY** An extra engineer who misses a call, lays off on call or ties up for extra rest when he stood for an outlying vacancy will, upon reporting for service, be required to relieve the engineer who accepted the call if that engineer is still occupying the outlying vacancy. The engineer's guarantee will be reduced by the amount he would have earned with a minimum reduction of one guarantee day for each day laid off.

9. **TYING UP FOR EXTRA REST** An extra engineer tying up for extra rest will retain his position on the extra board. If the engineer becomes first-out they shall hold their turn until the rest period is over and then be available for call.

10. **REGULATION** The carrier shall have the unqualified and unchallenged right to determine the number of engineers to be placed and maintained on a guaranteed extra board. The carrier will, however, ensure there are sufficient engineers on a guaranteed extra board to permit those engineers reasonable absence privileges. Assignments to the guaranteed extra board shall be made in accordance with applicable rules.

NOTE: The Carrier will not be penalized in any way for the application of the above.

Engineers added to the guaranteed extra board shall not be removed therefrom for a period of seven (7) days but may bid off or be displaced sooner.

EXAMPLE: The guaranteed extra board is added to on May 1. An engineer assigned to the guaranteed extra board on May 1 may not be removed from the board until May 8.

11. **DEADHEADING** Deadheading which results from the regulation of the guaranteed extra board will not be paid for.

12. **SHORT TURNAROUNDS** Extra engineers making a short turnaround trip out of the home terminal of the assignment will be placed at the bottom of the extra board.

ATTACHMENT 1 TO ATTACHMENT A

EXAMPLES FOR PAYMENT OF GUARANTEE

1. An extra engineer when first-out and laying off:

a. Lays off or lays off on call at 10:30PM on January 3 and marks-up at 12Noon on January 4. The extra engineer will lose guarantee or the amount he would have earned for the calendar day January 3.

b. If the extra engineer had not marked-up until 12:01PM on January 4, he would have lost guarantee or the amount he would have earned for calendar days January 3 and 4.

c. If the extra engineer continued to lay-off for greater than 96 hours, he will have his guarantee suspended for the half.

d. Lays off at 1:00AM on January 3 and marks-up at 1:00PM on January 3. The extra engineer will lose guarantee for the calendar day January 3.

e. Misses call at 11:00AM on January 3. The extra engineer will lose guarantee for January 3 or the amount he would have earned for January 3.

2. An extra engineer when second out and missing a call:

a. Misses one call at the home terminal at 11:00AM on January 3. The extra engineer will lose one day's guarantee.

b. Misses two calls at the home terminal at 11:00AM and 4:00PM both on January 3. The extra engineer will lose guarantee or the amount he would have earned for January 3, whichever is greater.

c. Misses three calls at the home terminal at 11:00AM, 4:00PM and 10:00PM all on January 3. The engineer will lose his guarantee for the first-half pay period of January.

NOTE: In the examples 1(e) and 2(a), 2(b) and 2(c), above, the extra engineer automatically drops to the bottom of the extra board at the time of the miss call.

ATTACHMENT 2 TO ATTACHMENT A

QUESTIONS AND ANSWERS

Q1. What effect does vacation have on the "incentive" day?

A1. The agreements require an engineer "remain marked up and available for service during the entire pay period" and further states "This incentive for full availability during the pay period..." Thus, any absence, paid or unpaid, voids the "incentive day".

Q2. What effect does a single day vacation or personal leave day have on the "incentive day"?

A2. Same as A1

Q3. What effect does "OS" status (other service at Carrier's Direction) have on the "incentive day"?

A3. "OS" status is used to denote an individual performing other service at the direction of the carrier. An individual in such status is not "laid off" and is considered available, following proper rest, after being released from "OS" status, thus the "incentive day" is unaffected.

Q4. If an engineer is granted time off without any type of pay, may that employee elect whether or not the "incentive day" is charged?

A4. Any layoff, whether paid or unpaid, voids the "incentive day"

Q5. Does taking a "rest day" as defined in the agreement count toward unavailable time?

A5. Yes. However, if taken within the constraints of the agreement, guarantee is not reduced.

Q6. Does taking a "rest day" count as an occurrence as defined in the agreement?

A6. Yes.

Q7. Must an engineer work 15 days before he/she is entitled to a "rest day" or "incentive pay" in lieu thereof?

A7. There is no requirement to work any specified number of days.

Q8. May an engineer's request for a "rest day" be denied?

A8. Requests for "rest days", like any non-emergency absence, are subject to the needs of the service and manpower availability; however, every reasonable effort is to be made in response to such requests.

Q9. May a "rest day" be requested a day or more in advance?

A9. The agreement does not preclude such; however, approval of the request by CMS would be subject to the needs of the service and manpower availability.

Q10. Once a "rest day" is requested and granted, would a subsequent absence within the same pay period result in a reduction in guarantee for the "rest day"?

A10. No, those reductions in guarantee due to layoffs/absences do not apply to "rest days" taken within the constraints of the agreement.

Q11. Must a request be submitted for payment of the "incentive day"?

A11. Yes. The "Incentive day" may be submitted along with claim for guarantee.

Q12. Will an engineer tying up for "Undisturbed Rest" lose the "incentive day"?

A12. Yes. See A1.

Q13. Is "incentive day" pay used to offset guarantee?

A13. No. "Incentive day" pay is allowed whether an engineer does or does not exceed guarantee for the period; it is paid in addition to guarantee.

Q14. At what rate of pay is the "incentive day" to be paid?

A14. One prorated guarantee day.

Q15. Several of the GEB agreements contain a provision which results in suspension of the guarantee if "unavailable for more than two (2) calls per pay period, or being unavailable for more than 96 combined hours per pay period". Will the GEB allowable 'rest day' function in any manner to activate such agreement provision?

A15. Yes. (See Q&A #5 and #6).

Q16. An Engineer observes "free" lay-off day within the conditions set forth in the

Extra Board Agreement. Later, within the same payroll period, the engineer lays off. Do the hours of the "free" lay-off day count in the calculation of the "96 combined hours" of unavailability in the pay period?

A16. Yes. (See Q&A #5).

Q17. Extra board engineer on a pool turn vacancy qualifies for and requests UDR at the away-from-home terminal. Is guarantee affected?

A17. If this is the first UDR in the pay period, guarantee is unaffected. If this were the second (or greater) UDR in the pay period, engineer will be considered unavailable IF would have been called and the guarantee will be reduced one guarantee day; otherwise, guarantee is unaffected.

Q18. Should a GEB Engineer qualify for and take UDR a second (or successive) time in a pay period, will his guarantee be reduced?

A18. Yes, if the engineer would have been called had extra rest not been taken; otherwise, no reduction will be made.

Q19. When GEB Engineers are utilizing the 'rest day' provision, must they so advise CMS Crew Dispatcher so that a special status can be initiated in the CMS records for GEB pay purposes?

A19. Yes. Currently such absences are being identified as "LM".

Q20. Do GEB Engineers receive Instructor Engineer pay in addition to (over and above) their GEB guarantee?

A20. No. All earnings, including the instructor allowance, are used as an offset against GEB guarantee.

Q21. Where there is a conflict between a guarantee extra board agreement regarding extra rest and the local rule governing extra or undisturbed rest, which rule will apply?

A21. Where there is such a conflict, the local rule governing extra rest will apply.

Q22. Is an Engineer entitled to a "rest day" with pay if the engineer lays off prior to or after taking a rest day for personal leave, vacation, sick, personal or misses call in the same half?

A22. No. An Engineer must be marked up (other than first out) when requesting a "rest day" which cannot exceed 24 hours.

Q23. Can a "rest day" encompass a portion of a calendar day (example: 10:00AM Tuesday through 10:00AM Wednesday) without any loss of guarantee?

A23. Yes. The agreement provides: "the rest day must be taken any time commencing 12:01AM Monday and concluded by 11:59PM Thursday".

Q24. Is an engineer entitled to "incentive pay" if he/she takes a hold down on another job during the pay period?

A24. No. An engineer who takes a different job takes the conditions of that assignment and is not considered available for purposes of computing guarantee or incentive pay.

Q25. Can you give examples of extra board guarantees when time claims are settled months after the guarantee is paid.

A25. Example 1:

An employee on an extra board collects \$200.00 in guarantee for the first half of June 1998. He also filed a claim for final terminal delay in the same period which was denied. The claim, which amounted to \$50.00 is subsequently allowed in December 1998 when the employee is in through freight service. No adjustment will be due since the guarantee paid in June 1998 exceeded the amount of the final terminal delay claim.

Example 2:

An employee in pool freight service files a final terminal delay claim in June 1998. The claim is denied. The employee subsequently moves to an extra board and during the first pay period of December 1998 is allowed \$200.00 guarantee. The June 1998 final terminal delay claim which amounted to \$50.00 is allowed in the first pay period of December 1998. The \$50.00 payment is allowed in addition to the \$200.00 guarantee payment because it was for a pay period when not on the guarantee extra board.

August 8, 1997

Side Letter No. 1

Mr. L.E. Pruitt

BLE General Chairman

38750 Paseo Padre Parkway, Suite A-7

Fremont, California 94536

Dear Sir:

This refers to our negotiations modifying the SP-West BLE collective bargaining agreement and that portion dealing with protection offsets when not working. These

offsets were set forth in Questions and Answers. During our discussions the BLE pointed out that current agreements permit Local Chairmen to layoff of pool turns and the extra board to handle union business and to hold their turns and if they move to first out they are held first out until they mark up again. It was the BLE's position that the offsets for pool layoffs and extra board layoffs should not be the same for those Local Chairman who hold their turn as compared to regular employees who are not governed by these same conditions.

In recognition of the difference it was agreed that Local Chairmen who lay off Union Business would be deducted 1/30 for each 24 hour period or part thereof laid off until marked back up when holding pool or extra board assignments and they hold their turns. If they do not hold their turn then the regular offset provisions will apply.

Should the above properly reflect our understanding please sign below.

Yours truly,

W.S. Hinckley

General Director Labor Relations

Agreed:

General Chairman BLE

August 8, 1997

Side Letter No. 2

Mr. Lee Pruitt

General Chairman BLE

38750 Paseo Padre Parkway, Suite A-7

Fremont, California 94536

Dear Sir:

This has reference to our conversation this date concerning the calculation of Test Period Averages (TPA) for employees eligible for protection under this Agreement. As information, it was agreed that items excluded from calculation of TPAs include, but are not limited to, the following:

Non-agreement earnings (unless affected while non-agreement)

Payments in lieu of vacation (see Question No. 5)

Lump sum or bonus payments

Protection payments from previous transactions

Away from home terminal and lodging allowances

Items which are included in the calculation of TPAs include, but are not limited to, the following:

The \$12.50 in lieu of meal allowances [see Article II(A), Note 1]

Claim settlements paid in 1996, regardless of when earned (except lump sum claim settlements)

Penalty payments

Off-assignment and ahead-of-shift compensation

Items included in the calculation of the TPA shall, when paid during the protective period, be used as an offset when calculating the protective allowance due an employee. There shall be no protective allowance offset permitted for compensation items not included in the TPA. For example, the lump sum claim settlement in Article VIII will not be used to offset protection.

One of the questions discussed pertained to the handling of "off assignment" and "ahead of shift" earnings. For example, if an employee was called and worked ahead of shift and received additional compensation for the service in accordance with applicable agreement rules (such as difference in earnings or the earnings of the later assignment in

addition to what the employee earned on the earlier assignment) all such compensation shall be included when calculating the employee's TPA.

Additionally, filing a claim for a displacement allowance is not required as protective benefits are calculated automatically and paid on regular payroll vouchers.

The above is recognized as a special agreement and is without precedent or prejudice to either party's position regarding the correct method of handling TPAs.

Yours truly,

W.S. Hinckley

General Director Labor Relations

Agreed:

BLE General Chairperson