

E&F 188-145

AGREEMENT

BETWEEN

SOUTHERN PACIFIC LINES

DENVER & RIO GRANDE WESTERN RAILROAD COMPANY

SOUTHERN PACIFIC TRANSPORTATION COMPANY

(WESTERN LINES) (including former EP&SW)

SOUTHERN PACIFIC TRANSPORTATION COMPANY

(Former PACIFIC ELECTRIC)

SOUTHERN PACIFIC TRANSPORTATION COMPANY

(EASTERN LINES)

ST. LOUIS SOUTHWESTERN RAILWAY COMPANY

AND THEIR ENGINEERS REPRESENTED BY

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

* * * * *

IT IS AGREED:

ARTICLE 1

This agreement is the result of voluntary bargaining by all parties involved and is reached in lieu of bargaining as a result of Section 6 notices served by the parties on or after November 1, 1994, not to become effective prior to January 1, 1995. The term "1991 National Agreement" used in this Agreement refers to the BLE document dated July 29, 1991 which resulted from the process involving Emergency Board 219 and the Special Board established pursuant to Public Law 102-29.

ARTICLE 2 - SCOPE

Nothing in this Agreement or Article is intended to change, modify or alter the specific practices or agreement provisions between the parties regarding the scope of duties held by certified locomotive engineers represented by the Brotherhood of Locomotive Engineers. A certified locomotive engineer whose name appears on an engineer's seniority roster will be used to operate all sources of motive power operated by an employee of Southern Pacific Lines on any and all tracks of Southern Pacific Lines, with the exception of operation of motive power within engine service facility tracks, and operation of motive power by hostlers/hostler helpers in accordance with practice and/or applicable agreements. However, this exclusivity of operation will not apply to operation

of motive power on SP Lines tracks under the control of another company with authority to operate on SP Lines trackage. It is understood that nothing in this article is intended to change past practice regarding the use of Road Foremen of Engines to handle engines.

ARTICLE 3 - RATE PROGRESSION

On the effective date of this agreement, Article IV, Section 6 of the May 19, 1986 Award of Arbitration Board No. 458 will be eliminated. On that date all engineers subject to rate progression will be brought up to full (100%) rates. Any engineer becoming certified as a locomotive engineer subsequent to the effective date of this agreement shall not be subject to rate progression.

ARTICLE 4 - ROLL IN OF \$15 AND CERTIFICATION ALLOWANCE

Section A: On the effective date of this Agreement, the fifteen dollar (\$15.00) differential paid to engineers pursuant to Article 6 of the July 1, 1991 Agreement will be rolled into the engineers' basic daily rates of pay where not already rolled in. Thereafter, the \$15.00 differential specified in Article 6 of the July 1, 1991 Agreement will no longer be payable. This rate with the fifteen dollars rolled in shall be applicable to all engineers with seniority as of the effective date of this agreement, and to employees who:

- (i) Establish seniority as an engineer subsequent to the effective date of this agreement, and is a system hostler or "protected employee" under a crew consist agreement in effect with a Carrier signatory to this Agreement, or
- (ii) Have established seniority as a locomotive fireman as of the effective date of this agreement with a Carrier signatory to this Agreement.

Section B: Engineers who become certified as a Locomotive Engineer pursuant to 49 CFR part 240 after the effective date of this Agreement, and who are not identified in Section A (i) or (ii) above, will be paid a certification allowance as follows:

- (i) Commencing with his/her date of certification, an engineer will be paid a certification allowance in the amount of \$ 5.00 for each tour of duty worked. On the first anniversary of the engineer's certification, this allowance will increase to \$ 10.00. On the second anniversary of the engineer's certification, payment of a separate certification allowance will cease and the engineer will become eligible for the rate specified in Section A above.
- (ii) The certification allowance will not be paid for deadhead tours of duty unless deadheading is combined with service and paid for on a combination basis.
- (iii) The \$ 5.00 and \$ 10.00 amounts of the certification allowance are not subject to future wage and/or cost-of-living increases.

Section C: On those portions of Southern Pacific Lines where the \$6.00/64 "no-fireman" rate or crew consist "special allowance" is payable as set forth in Side Letter #20 of the

May 19, 1986 Award of Arbitration Board No. 458, these allowances will be paid in addition to the basic daily rate in Sections A or B of this Article.

Section D: The basic daily rates referenced in Sections A & B of this Article will be used to calculate all compensation for which the basic daily rate was used immediately prior to the effective date of this Agreement, such as, but not limited to, overtime, deadhead, guarantees and vacation pay. No change in the application of Article IV, Section 5 or Article VI, Section 2(b) of the May 19, 1986 Award of Arbitration Board No. 458 is intended by this Agreement.

ARTICLE 5 - HIGHEST PAID MEMBER OF THE CREW

Section A. During Presidential Emergency Board No. 219 the BLE argued that the historical pay relationship between engineers and other members of the crew had been changed to the extent that the engineer was no longer the highest paid member of the crew. PEB 219 recommended as follows:

"The Board does not believe that a practice which has taken a number of years to evolve should be changed all at once. Accordingly, while recognizing that an initial acknowledgement of the locomotive engineer's problems must be made, the Board will not attempt to write the last word on this subject. Rather, we recommend that the carriers make a payment of \$12.00 a trip effective immediately to each engineers who operates a train without a fireman, which train crew has any member receiving 'productivity fund' payments. The payment should be increased to \$15.00 per trip on January 1, 1995."

Section B. Subsequent to the recommendation of PEB 219 the BLE and the Company entered into an agreement incorporating the recommendations of PEB 219 in a way the parties felt best fit the situation at S.P. The parties to this Agreement reaffirm their continuing belief in the validity of the recommendations of PEB 219. In recognition of the possibility that other railroads may enter into agreements that respond affirmatively to this "highest paid member of the crew" issue, e.g. increase the \$15.00, the Company agrees to the following:

1. If such provisions exist at 1 of the 3 western (BN, ATSF or UP) railroads, BLE shall have the right to initiate non Section 6 negotiations with the Company in order to seek commensurate additional compensation.
2. If such provisions exist at 2 of the 3 railroads listed above (1 of the 2 in the event BN & ATSF merge), such additional compensation will be granted to engineers represented by the committees signatory to this agreement.
3. If the parties are unable to agree on the future application of Section B. 2. of this article, this issue shall be progressed to expedited final and binding arbitration. The arbitrator has the authority and discretion to issue any decision which the arbitrator deems fair and reasonable taking into consideration all of the relevant circumstances. The Carrier will not argue financial hardship as a basis for an arbitration decision.

ARTICLE 6 - LIFE INSURANCE

Section A. The Company will provide life insurance to supplement that provided as part of the Railroad Employees National Health & Welfare Plan ("The Plan") so that the total benefit payable to the employee's estate will equal fifty thousand dollars (\$50,000). In the event the IRS limit on imputed income to the employee is increased (currently \$ 50,000), the Company agrees to increase the death benefit so that the total benefit payable is increased to the new IRS limit.

Section B. In the event of accidental death of an employee, the total benefit payable shall be twice that stated in Section A above.

Section C. The Company will work with BLE to establish a payroll deduction program for those employees who desire to purchase additional life insurance coverage.

Section D. This Article will become effective sixty (60) days following the effective date of this agreement.

ARTICLE 7 - VACATION

Section A. Insofar as applicable to employees represented by the Brotherhood of Locomotive Engineers, the Vacation Agreement dated April 29, 1949, as amended, is further amended effective January 1, 1996 by substituting the following paragraphs for the corresponding provisions contained in Sections 1(a), 1(b), 1(c), 1(d) and 1(e):

(a) Effective January 1, 1996, each employee, subject to the scope of schedule agreements held by organizations signatory to the April 29, 1949 Vacation Agreement, will be qualified for an annual vacation of two weeks with pay, or pay in lieu thereof, if during the preceding calendar year the employee renders service under schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement amounting to one hundred sixty (160) basic days in miles or hours paid for, as provided in individual schedules.

(b) Effective January 1, 1996, each employee, subject to the scope of schedule agreements held by organizations signatory to the April 29, 1949 Vacation Agreement, having two or more years of continuous service with employing carrier will be qualified for an annual vacation of three weeks with pay, or pay in lieu thereof, if during the preceding calendar year the employee renders service under schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement amounting to one hundred sixty (160) basic days in miles or hours paid for, as provided in individual schedules and during the said two or more years of continuous service renders service of not less than three hundred twenty (320) basic days in miles or hours paid for as provided in individual schedules.

(c) Effective January 1, 1996, each employee, subject to the scope of schedule agreements held by organizations signatory to the April 29, 1949 Vacation Agreement,

having eight or more years of continuous service with employing carrier will be qualified for an annual vacation of four weeks with pay, or pay in lieu thereof, if during the preceding calendar year the employee renders service under schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement amounting to one hundred sixty (160) basic days in miles or hours paid for, as provided in individual schedules and during the said eight or more years of continuous service renders service of not less than one thousand two hundred and eighty (1280) basic days in miles or hours paid for as provided in individual schedules.

(d) Effective January 1, 1996, each employee, subject to the scope of schedule agreements held by organizations signatory to the April 29, 1949 Vacation Agreement, having seventeen or more years of continuous service with employing carrier will be qualified for an annual vacation of five weeks with pay, or pay in lieu thereof, if during the preceding calendar year the employee renders service under schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement amounting to one hundred sixty (160) basic days in miles or hours paid for, as provided in individual schedules and during the said seventeen or more years of continuous service renders service of not less than two thousand seven hundred and twenty (2720) basic days in miles or hours paid for as provided in individual schedules.

(e) Effective January 1, 1996, each employee, subject to the scope of schedule agreements held by organizations signatory to the April 29, 1949 Vacation Agreement, having twenty five or more years of continuous service with employing carrier will be qualified for an annual vacation of six weeks with pay, or pay in lieu thereof, if during the preceding calendar year the employee renders service under schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement amounting to one hundred sixty (160) basic days in miles or hours paid for, as provided in individual schedules and during the said twenty five or more years of continuous service renders service of not less than four thousand (4,000) basic days in miles or hours paid for as provided in individual schedules.

Section B. This Article is not intended to change past practices relating to applications of the vacation agreements, but is only intended to add one additional week of vacation to each qualifying period.

ARTICLE 8 - HEALTH AND WELFARE

The parties hereby recognize the applicability of Article III of the 1991 National Agreement concerning the Railroad Employees National Health and Welfare Plan ("The Plan") and the Early Retirement Major Medical Benefit Plan ("ERMA"). In the event legislation/regulations are passed which modify Article III of the 1991 National Agreement concerning health and welfare and early retirement/major medical, such modifications will be applicable to engineers employed by Southern Pacific Lines. It is understood that engineers employed by Southern Pacific Lines will not be required to pay any health and welfare and early retirement/major medical costs except customary

deductibles, co-payments, etc. required under the Plan or unless modified as set forth in the second sentence hereof.

If there are major benefit changes in the National Health and Welfare Plan the parties will meet to explore other alternatives and/or options available.

ARTICLE 9 - DISABILITY INSURANCE

The Company's contribution per engineer for disability insurance shall be increased from thirty five dollars (\$ 35.00) to sixty three dollars and ten cents (\$ 63.10) per month effective January 1, 1995. If the monthly contribution necessary to maintain the current level of benefits changes after December 31, 1997, the Company will pay the new amount, however, the Company reserves the right to revert to paying \$ 63.10 per month upon ninety (90) day's advance notice given on or after January 1, 1998. This Article 9 supersedes Side Letter #4 of the July 1, 1991 Agreement.

ARTICLE 10- COMPETITIVE ADJUSTMENT

Article 7 of the July 1, 1991 Agreement is superseded and replaced with the following:

Section A. Should another member of the operating crew with whom an engineer works receive additional compensation, in excess of what was provided by agreement on the effective date of this Agreement, engineers will also receive such additional compensation.

Section B. This entitlement to initiate a demand for equivalent additional compensation shall continue until the effective date of settlement of a Section 6 notice served in accordance with Article 22 of this Agreement.

Section C. Additional "compensation" as used in this Article 10 is defined as compensation (either additional compensation for time worked or pay for time not worked, e.g. additional vacation, personal leave days, holidays or sick leave, etc.) in excess of the compensation paid on the effective date of this Agreement, with exceptions as listed in Section D below. If such additional compensation to another member of the operating crew requires the performance of a specific task, such compensation will only be payable to the engineer if the engineer assists in the performance of the specific task. Such additional compensation shall be paid to the engineer on a comparable, or essentially matching, basis as paid to other members of the operating crew with whom the engineer works unless, as negotiated in the past, the parties mutually agree to a different form of compensation. Compensation other than earnings for the tour of duty accruing to another member of the operating crew shall also apply to the engineer.

Section D - Exceptions

1. Lump sum payments, general wage increases or cost-of-living allowances provided to another operating crew member as the result of the PEB 219/Special Board process.

2. Compensation to another operating crew member identical to, or essentially matching, compensation provided to engineers in this agreement or in companion local issues agreements.

3. Voluntary separation or dismissal allowances, or payments under a labor protective condition, either imposed or agreed between the parties.

4. If additional compensation is paid to more than one other member of the operating crew with whom the engineer works, it is not intended that the engineer receive multiple payments. For example, if the conductor and brakeman on a crew with whom the engineer works are each paid an additional \$ 10.00 per tour of duty, the engineer would be entitled to an additional payment of \$ 10.00 only, not the total of \$ 20.00 received by other members of the operating crew.

ARTICLE 11 - GAINSHARING

Section A. Engineers will be entitled to a gainsharing lump sum payment if Southern Pacific Lines (the combined carriers) meets or exceeds the operating ratio targets set forth in the Executive Stock Grant Plan:

(i) Engineers will be entitled to a 3% lump-sum payment based on the individual's W-2 earnings as an engineer (including 401-k contributions) if the operating ratio for 1995 is at or lower than the operating ratio goal established in the Executive Stock Grant Plan (currently 88.0). The lump-sum to be paid by the end of the first quarter of 1996.

(ii) Engineers will be entitled to a 3% lump-sum payment based on the individual's W-2 earnings as an engineer (including 401-k contributions) if the operating ratio for 1996 is at or lower than the operating ratio goal established in the Executive Stock Grant Plan (currently 85.0). The lump-sum to be paid by the end of the first quarter of 1997.

(iii) Engineers will be entitled to a 3% lump-sum payment based on the individual's W-2 earnings as an engineer (including 401-k contributions, if the operating ratio for 1997 is at or lower than the operating ratio goal established in the Executive Stock Grant Plan (currently 83.0). The lump-sum to be paid by the end of the first quarter of 1998.

Section B. The following options are available to employees receiving the above lump sum payments (which are not to be offset against any guarantee):

(i) Accept payment of dollar amount by separate check.

(ii) Accept Company stock in an amount equal to the lump sum payment based on the dollar value of the stock on the open market as of close of trading December 31 of the operating ratio qualifying year.

(iii) Accept as payment a transfer into the employee's respective 401K Plan, subject to applicable IRS regulations and limitations.

(iv) Accept payment in the form of Company stock in an amount equal to the lump sum payment based on the dollar value of the stock on the open market as of close of trading December 31 of the operating ratio qualifying year, transferred into the employee's respective 401K Plan, subject to IRS regulations and limitations.

The Company reserves the right to make any lump sum payments due under this Article 11 pursuant to items (i) or (iii) above in cash instead of stock.

Section C. In the event the operating ratio for a particular year is not achieved but the Compensation Committee, as noted on page 66 of the Southern Pacific Corporation Common Stock Prospectus dated February 23, 1994, awards all or a portion of the number of bonus shares, or cash in lieu of, to any officer of Southern Pacific Lines, employees covered by this Agreement will be paid a fraction of the 3% lump sum corresponding to the portion of the bonus or, the 3% lump sum payment as provided above if all of the bonus is awarded.

Section D. There shall be no duplication of lump sum payments by virtue of employment under an agreement with another organization.

Section E. In the event the Executive Stock Grant Option plan is eliminated (or modified in a manner that adversely affects the ability of engineers to earn the gainsharing payment) during the life of this Agreement, the parties may thereafter commence negotiations pursuant to Section 6 of the Railway Labor Act regarding a wage increase which, if adopted, would be effective July 1, 1996.

Section F. In the event gainsharing agreements are reached with other organizations, which differ from the terms of this understanding, the BLE may, at its option, reopen negotiations on the subject of gainsharing for the purpose of reaching an agreement of the same value and type reached with such other organizations.

ARTICLE 12 - BEREAVEMENT LEAVE

Section A. The application of Bereavement Leave as set forth in Article XI of the June 26, 1978 National BLE Agreement shall be modified to permit payment of 3 minimum day's pay at the rate of the last service rendered for Bereavement Leave without regard to whether the employee stood to perform service on any of the three days.

Section B. Bereavement Leave will be allowed in the case of death of any engineer's following relatives:

Brother Sister Parent Child Spouse Spouse's Parent Half-brother Half-sister

ARTICLE 13 - WEIGHT ON DRIVERS

Section A. In order to apply a uniform method of paying engineers based on the number of units in the consist instead of the weight on drivers, the existing agreement provisions

relating to pay based on weight on drivers (such as Rule 1 A on D&RGW; Article 33 on Western Lines; Article 27, Sections 11(a) and (b) on former EP&SW; Article 28, Section 7 on Eastern Lines and Article 34 on SSW) are cancelled and replaced with the following system.

Section B. The parties have agreed upon an average weight for a three-unit pool (through) freight consist as 1,200,000 to 1,250,000 pounds. Therefore, pool (through) freight engineers shall be paid based on the existing rates for 1,200,000 to 1,250,000 pounds with \$ 1.44 per unit per basic day and 1.444 per unit per overmile in excess of three.

Section C. The parties have agreed upon an average weight for a two-unit consist in local freight/road switcher/yard/other service as 700,000 to 750,000 pounds. Therefore, local freight/road switcher/yard/other engineers shall be paid based on the existing rates for 700,000 to 750,000 pounds with \$1.26 per unit per basic day and 1.264 per unit per overmile for each unit in excess of two.

Section D. The 1,200,000 to 1,250,000 pounds rate for pool (through) freight service and the 700,000 to 750,000 pound rates for local/road switcher/yard and other service which existed on the day immediately prior to the effective date of this agreement shall be used for all purposes for which a minimum basic day is specified in the agreement except for extra board guarantees. Extra board guarantees which are stated as a specified number of basic days per period will be calculated using the lowest (least amount of weight) rate which existed prior to the effective date of this agreement. No change to Article 4 of the May 19, 1986 Award of Arbitration Board No. 458 is intended by this Article 13.

ARTICLE 14 - CLAIMS CONFERENCES

Section A. Claims conferences requiring access to centralized crew records will be scheduled as needed at the Company's centralized timekeeping office. Local Chairmen attending will be allowed auto mileage or be provided airline tickets, meal allowance, lodging if overnight stay is required, and will be allowed all necessary and reasonable expenses in addition to 175 miles at the five day yard rate of pay for each day.

Section B. Local Chairmen will be reimbursed if they obtain their own airline ticket, provided such ticket involves a fare reasonably comparable to the ticket which would be furnished by the Company.

ARTICLE 15 - REST RULE

Section A. No engineer shall be required to be on duty when he/she needs rest, nor shall any engineer be permitted to run on the road when his/her physical ability has been fairly taxed by previous service before he/she has had needed rest.

Section B. When an engineer feels he/she needs rest, he/she must indicate at the time tying up the number of hours required from time of tying up until time called. The

number of hours of rest indicated, if any, at the time of tying up will not be changed. The number of hours of rest at the away-from-home-terminal may be either eight (8), ten (10) or twelve (12) hours undisturbed. The number of hours at the home terminal may be eight (8), ten (10), twelve (12) or eighteen (18) hours undisturbed.

Section C. This article is not intended to change past practices relating to application of the rest rule as to, but not limited to, runarounds and entitlement to compensation.

ARTICLE 16 - YARD ENGINEERS

On the effective date of this agreement, Article 16 will become effective except at locations on the system where regularly assigned relief yard jobs currently exist. At these locations on a yard-by-yard basis the BLE membership will have a one-time opportunity to accept the provisions of this Article 16 on an experimental basis for 180 days. At locations where accepted, all regularly assigned relief yard jobs will be abolished. At the end of the 180 day period, each yard will have a one-time opportunity to retain this Article 16 or opt out permanently.

Section A. If service is required by Carrier, regularly assigned yard engineers, at their option, will be allowed to work one or both their regularly assigned days off ahead of engineers requesting to make up days and the engineers' extra board provided they have worked five (5) shifts (either straight time or overtime) in yard service in the work week previous to their regularly assigned days off. A regularly assigned yard engineer working his/her days off, under this agreement, will be paid at the applicable overtime five-day yard rate for the first eight hours. Hours in excess of eight shall be paid at the double time rate if the regularly assigned yard engineer works on the sixth and seventh day of his/her assignment.

Note: If the regularly-assigned job is blanked by the Carrier, the day(s) on which the job is blanked and days on which the regularly assigned engineer does not perform service on his/her regularly assigned job at the instance of the Company, union business, vacation, jury duty, bereavement leave or personal leave days will be counted toward the five shift requirement.

Section B. If service is required by Carrier, an engineer regularly assigned to a five (5) day yard assignment that is not relieved on its rest days and who has worked five shifts during the week as set forth in Section 1 above, may, at his/her option, request to be placed on the makeup board. Service performed by makeup board engineers on their rest days shall be paid at the applicable overtime five-day yard rate for the first eight hours, with hours in excess of eight at the double time rate

Section C. Engineers on the makeup board stand for service after engineers contemplated by Section 1 above and ahead of the engineers' extra list in seniority order among those on the makeup board who are rested and whose use would not cause them to be not rested for their own assignments.

Section D. Regularly assigned yard engineers desiring to work their days off or engineers desiring to work the makeup board must notify the crew dispatcher not later than one hour following completion of their last yard shift prior to their rest days. Regularly assigned engineers who have notified the crew dispatcher of their desire to work the rest days of their assignment will be expected to report for such work without benefit of call.

Section E. All agreements, rules and practices relating to yard service not specifically modified herein remain in full force and effect.

ARTICLE 17 - LUMP SUM PAYMENTS

All lump sum payments, other than those which may be paid due to a shortage in the engineers regular pay, received may be placed into the engineer's 401-K plan to the extent that the laws/regulations at the time of payment allows.

ARTICLE 18 - EXPUNGE DISCIPLINE RECORD

Information concerning discipline more than five (5) years old contained in personal records will be expunged with the exception of suspension or dismissal involving violations of FRA regulations or Safety Rules, which were upheld in arbitration.

ARTICLE 19 - COST OF LIVING ALLOWANCES AND ADJUSTMENTS

The effective date of the first cost of living allowance pursuant to Article 5 of the July 1, 1991 Agreement shall be deferred from July 1, 1995 until July 1, 1998. Accordingly, the measurement period for the first allowance shall compare March 1998 with September 1997.

ARTICLE 20 - MANDATORY CLASSES

Carrier will provide mandatory classes in response to FRA requirements. When engineers are required to attend mandatory classes, they will be compensated in accordance with current agreement provisions. In addition, Carrier will provide educational materials to engineers to cover new technology and equipment that engineers are required to operate or which changes the environment in which the engineer is required to operate.

ARTICLE 21 - VISION CARE

The Company will establish a payroll deduction program for those employees who desire to purchase vision care.

ARTICLE 22 - GENERAL AND MORATORIUM

Section A. This Agreement and the companion local issue agreements supersede all portions of existing agreements with which they conflict and replace specific agreement provisions as designated herein. Unless set forth in this Agreement, none of the

provisions contained in the 1991 National Agreement shall apply to engineers employed by Southern Pacific Lines.

Section B. Neither Southern Pacific Lines nor BLE (one or more of the General Committees of Adjustment participating in this agreement) shall participate in future national handling of rates of pay, rules and working conditions without agreement in advance on which provisions of the then existing collective bargaining agreements (in effect on the Committee(s) which will participate in national handling) will not be subject to change as the result of national handling.

Section C. The parties to this Agreement shall not serve nor progress prior to January 1, 1997 (not to become effective before January 1, 1998) any notice or proposal for changing any matter contained in this Agreement or the companion local issue agreements or any notice or proposal which might properly have been served when the last moratorium ended on November 1, 1994. This moratorium shall not bar the parties from agreeing upon any subject of mutual interest.

This Agreement shall become effective on _____ 1995.

FOR THE BROTHERHOOD OF LOCOMOTIVE FOR THE CARRIER:
ENGINEERS:

D. M.
Hahs, General Chairman E. A. Christie SPT (Eastern Lines) Manager - Labor Relations

C. L. James, General Chairman K. E. Johnson D&RGW Manager, Labor Relations

E. L.
Pruitt, General Chairman C. M. Senter SPT (Western Lines) Manager, Labor Relations

H. F.
Stewart, General Chairman W. E. Loomis former Pacific Electric Director, Labor Relations

D. E.
Thompson, General Chairman J. T. Verhaal SSW Vice President - Transportation

Ron Dean,
Vice President T. J. Matthews Chief Administrative Officer

SOUTHERN PACIFIC LINES

Labor Relations Department _ One Market Plaza, Room 304 _ San Francisco, California
94105 _ Fax 415-541-1087

CHIEF ADMINISTRATIVE OFFICER T. J. MATTHEWS _____, 1995

Mr. H. F. Stewart, General Chairman Side Letter #1 Brotherhood of Locomotive Engineers (former PE) Fireman Differential 335 Arroyo Drive San Gabriel, CA 91775

Mr. D. E. Thompson, General Chairman Brotherhood of Locomotive Engineers 414 Missouri Boulevard Scott City, MO 63780

Gentlemen:

Reference the agreement reached today between Southern Pacific Lines and the Brotherhood of Locomotive Engineers. It is agreed that the provisions of the agreement will apply to firemen represented by your Committee, with the exceptions of Articles 2, 4, 5 and 10. It is further understood the \$14 differential will be rolled into the basic day for firemen represented by your Committees.

If you concur with the foregoing, please so indicate by signing in the space provided below.

Respectfully,

T. J. Matthews Chief Administrative Officer

CONCUR:

_____ H. F. Stewart, General Chairman

_____ D. E. Thompson, General Chairman

SOUTHERN PACIFIC LINES

Labor Relations Department _ One Market Plaza, Room 304 _ San Francisco, California 94105 _ Fax 415-541-1087

CHIEF ADMINISTRATIVE OFFICER T. J. MATTHEWS

_____, 1995 Side Letter #2 Vacations

Mr. D. M. Hahs, General Chairman Mr. C. L. James, General Chairman Brotherhood of Locomotive Engineers Brotherhood of Locomotive Engineers 515 Northbelt, Suite 120 P. O. Box 7443 Houston, Texas 77060 Pueblo West, Colorado 81007

Mr. E. L. Pruitt, General Chairman Mr. H. F. Stewart, General Chairman Brotherhood of Locomotive Engineers Brotherhood of Locomotive Engineers 38750 Paseo Padre Parkway, Suite A-7 335 N. Arroyo Drive Fremont, California 94536 San Gabriel, CA 91775

Mr. D. E. Thompson, General Chairman Brotherhood of Locomotive Engineers 414
Missouri Boulevard Scott City, MO 63780

Gentlemen:

This is in regard to Article 7 - Vacations of the agreement effective today. It is my understanding we have agreed to schedule an employee's vacation in the following year based on his/her status (engineer/fireman or other) on December 1st (November 1st on Eastern Lines) of each year.

The parties recognize that an employee's entitlement to vacation is determined by the craft the employee is working in when the vacation is actually taken. If an employee is disadvantaged because of having been scheduled for fewer weeks vacation due to the craft he/she was working in on December 1st (November 1st on the Eastern Lines), then the BLE General Chairman will meet with the designated Labor Relations Manager to determine the number of weeks vacation the employee is entitled.

If you concur with the foregoing, please so indicate by signing in the space provided below.

Respectfully,

T. J. Matthews Chief Administrative Officer _____

QUESTIONS AND ANSWERS

Q1. (Article 10)

In the event Southern Pacific reached agreement with the Western Lines UTU(T) to buy out the Supplemental Productivity Fund for a lump sum payment to each trainman, would the Western Lines engineers be entitled to receive an identical lump sum payment because of Article 10 ?

A1. No. If the UTU(T) Supplemental Productivity Fund is bought out, Western Lines engineers would be entitled to continue to receive the level of payments accruing to them at the time of the buyout until the expiration of the entitlement arising pursuant to Article 10.

Q2. (Article 10)

In the event Southern Pacific reached agreement with the Eastern Lines UTU(T) to pay a \$125 penalty for setouts or pickups in through freight service in excess of an allowance number, would Eastern Lines engineers be entitled to also receive the penalty?

A2. Yes, subject to the expiration of the entitlement arising pursuant to Article 10.

Q3. (Article 10)

Is the existing \$125 penalty paid to Western Lines conductors instructed to perform more than two (2) enroute work events on a conductor only train payable to the engineer working on that train?

A3. No.

Q4. (Article 10)

If the \$125 penalty applicable in conductor only service on Western Lines is increased to \$175, would the engineer on a conductor only train on which the conductor qualified for the \$ 175 penalty be entitled to \$50 (the difference between \$175 and \$125)?

A4. Yes, subject to the expiration of the entitlement arising pursuant to Article 10.

Q5. (Article 10)

If other members of the operating crew with which a Cotton Belt engineer works received additional compensation as defined by Article 10, would Eastern Lines engineers, for example, be entitled to equivalent additional compensation?

A5. No, only Cotton Belt engineer working with member of the operating crew receiving the compensation would be entitled to equivalent compensation.

QUESTIONS AND ANSWERS - page 2

Q6. (Article 10)

If another member of the operating crew with whom the engineer works receives additional compensation for use of computer (e.g. grid pad) will the engineer be entitled to additional compensation?

A.6. Yes.

Q7. (Article 10)

Do any of these Questions and Answers imply an intention to pay equivalent additional compensation pursuant to Article 10 to an engineer establishing seniority as such subsequent to the effective date of this agreement?

A7. Yes - See Article 10.

Q8. (Article 13)

Using the following hypothetical rate table for purposes of illustration, what rate would be paid to an engineer on a two-unit consist in pool (through) freight service for the first 108 miles of a 175 mile run?

WEIGHT ON FROZEN CURRENT FROZEN FROZEN DRIVERS BASIC BASIC
DAY OVERMILE OVERMILE DAY RATE (I/D) RATE (NON I/D)

POOL (THROUGH) FREIGHT SERVICE

Less than 80,000 \$106.00 \$140.00 \$106.00 \$97.00 1,200,000 to 1,250,000 \$110.00
\$144.00 \$110.00 \$101.00

ROAD SWITCHER/YARD SERVICE

Less than 500,000 \$114.00 \$148.00 ----- 700,000 to 750,000 \$115.00 \$149.00 ---

A8. \$144.00

Q9. Using the illustrative rate table in Question 8, what would be the rate per overmile for miles in excess of the basis day for an engineer in pool (through) freight service on a four unit consist in interdivisional (I/D) service?

A9. \$ 1.1144 cents per mile (\$ 110.00/100 = \$ 1.10 plus 1.444 = \$ 1.1144)

Q10. If extra board guarantee is specified as 18 basic days (at the pool freight rate) per pay period, what rate will be used to calculate extra board guarantee?

A10. \$140.00

QUESTIONS AND ANSWERS - page 3

Q11. What rate would be used to calculate initial terminal delay for an engineer in pool (through) freight service?

A11. \$ 110.00

Q12. Does Article 13 eliminate through freight valley and mountain rates?

A12. No, these rates will continue to apply on districts where currently applicable.

Q13. Does Article 13 eliminate the local freight differential?

A13. No, the local freight differential will continue to apply as specified in the BLE Agreements.

SOUTHERN PACIFIC LINES

Labor Relations Department _ One Market Plaza, Room 304 _ San Francisco, California
94105 _ Fax 415-541-1087

CHIEF ADMINISTRATIVE OFFICER T. J. MATTHEWS

_____, 1995

Side Letter #3

Mr. D. M. Hahs, General Chairman Mr. C. L. James, General Chairman Brotherhood of
Locomotive Engineers Brotherhood of Locomotive Engineers 515 Northbelt, Suite 120 P.
O. Box 7443 Houston, Texas 77060 Pueblo West, Colorado 81007

Mr. E. L. Pruitt, General Chairman Mr. H. F. Stewart, General Chairman Brotherhood of
Locomotive Engineers Brotherhood of Locomotive Engineers 38750 Paseo Padre
Parkway, Suite A-7 335 N. Arroyo Drive Fremont, California 94536 San Gabriel, CA
91775

Mr. D. E. Thompson, General Chairman Brotherhood of Locomotive Engineers 414
Missouri Boulevard Scott City, MO 63780

Gentlemen:

This is to confirm our discussion in connection with Section D. 2. of the agreement dated
_____. The parties recognize that Article 6 - Life Insurance; Article 7 -
Vacations and Article 9 - Disability Insurance of the agreement dated _____
represent changes in compensation. However, these changes were in lieu of cost-of-living
increases every six months effective 7/1/95, three personal leave days annually negotiated
in the 1991 agreement and the 15 cent (154) increase in overmiles provided on page 79 of
Presidential Emergency Board 219. Therefore, if additional compensation of an identical
or essentially matching nature is granted to another member of the crew without an
identical or comparable offset, then the additional compensation will be subject to the
provisions of this article.

Respectfully,

T. J. Matthews Chief Administrative Officer

SOUTHERN PACIFIC LINES

Labor Relations Department _ One Market Plaza, Room 304 _ San Francisco, California
94105 _ Fax 415-541-1087

CHIEF ADMINISTRATIVE OFFICER T. J. MATTHEWS

_____, 1995

Side Letter #4

Mr. D. M. Hahs, General Chairman Mr. C. L. James, General Chairman Brotherhood of Locomotive Engineers Brotherhood of Locomotive Engineers 515 Northbelt, Suite 120 P. O. Box 7443 Houston, Texas 77060 Pueblo West, Colorado 81007

Mr. E. L. Pruitt, General Chairman Mr. H. F. Stewart, General Chairman Brotherhood of Locomotive Engineers Brotherhood of Locomotive Engineers 38750 Paseo Padre Parkway, Suite A-7 335 N. Arroyo Drive Fremont, California 94536 San Gabriel, CA 91775

Mr. D. E. Thompson, General Chairman Brotherhood of Locomotive Engineers 414 Missouri Boulevard Scott City, MO 63780

Gentlemen:

This is to confirm our discussion in connection with Article 7 (Vacations) of the agreement dated _____. For purpose of vacation qualification, employees will be credited with 160 basic days for each year spent as a full-time BLE representative, with proration for periods of less than one year. The intention is that employees returning from a position as a full-time BLE representative to active duty with SP will not lose entitlement to vacation because of their time spent with BLE. It is not the intention of this letter to provide paid vacation from SP during any year the employee is entitled to paid vacation from BLE.

Respectfully,

T. J. Matthews Chief Administrative Officer
