

MEMORANDUM OF AGREEMENT

by and between the
SOUTHERN PACIFIC TRANSPORTATION COMPANY (WESTERN LINES)
and its Trainmen and Switchmen
represented by the
UNITED TRANSPORTATION UNION

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PREAMBLE

The following Agreement is in full and final settlement of Section 6 notices served by the United Transportation Union (Organization), dated July 25, 1988, and Section 6 notices served by Southern Pacific (Company) dated January 8, 1991. The parties recognize the applicability of Article III of the November 1, 1991 IMPLEMENTING DOCUMENT concerning health and welfare and early retirement/major medical to trainmen and switchmen on Southern Pacific (Western Lines). In this respect the parties agree that trainmen/switchmen covered by this specific contract will not be required to pay any part of the costs of health insurance for the life of this Agreement.

In the event legislation/regulations are passed which modify Article III of the November 1, 1991 Implementing Document concerning health and welfare and early retirement/major medical, such modifications will be applicable to trainmen/switchmen on Southern Pacific (Western Lines).

It is understood that trainmen/switchmen on Southern Pacific (Western Lines) will not be required to pay any health and welfare and early retirement/major medical costs which other employees of Southern Pacific Lines covered by national agreements are not required to pay.

IT IS AGREED:

ARTICLE I - VOLUNTARY SEPARATION PROGRAM

Section A. Commencing 15 days after the effective date of this Agreement, the Company shall offer a Voluntary Separation Program (VSP) to active/eligible Western Lines trainmen/switchmen as defined in Item 2 below.

1.The Voluntary Separation Program will provide for a separation allowance in the gross amount of \$73,500, payable in one of three options:

- a.Lump-sum allowance at time of separation; or
- b.Lump-sum allowance deferred until a specified date (not to exceed six months) after separation; or
- c.Paid over a period of from 2 to 36 months as selected by the employee.

2.Active/eligible employees for the VSP will be trainmen/switchmen, union officers/committeemen who earned an average of \$2,000 a month or more from either reserve board earnings or compensated service from SP or UTU, or who performed service for the Company for an average of at least 15 days per month during the period January 1, 1993 through May 31, 1993.

Section B. Trainmen/switchmen who elect to separate under the VSP will retain their entitlement to the Supplemental and/or Basic Productivity Fund to be distributed in December 1993 and December 1994.

Section C. Active/eligible employees may make written application for the VSP during the 30-day period commencing with the first date on which applications may be submitted. At the end of the application period, the Company will accept applications up to 210 eligible employees in seniority order without regard to an applicant's location. The Company is under no obligation, but may accept, in excess of 210 applications.

Section D. Depending on the work force needs at a source of supply, the Company may elect to defer the effective date of an accepted applicant's separation until a replacement can be obtained, but such deferral will not extend beyond six months after the close of the VSP.

Section E. Although a party to this Agreement, the Organization will not be considered a party to the VSP. The terms and conditions of the VSP, other than set forth in this Agreement, will be determined by the Company and distributed to all active/eligible trainmen/switchmen in the form of a Summary Plan Description.

ARTICLE II - POST VSP REDUCTION

Section A. This Article will only become effective if fewer than 210 trainmen/switchmen accept VSP pursuant to Article I. In this event, the shortfall (i.e., 210 less the number accepting voluntary separation) will be eliminated as set forth in this

Article.

Section B. If fewer than 210 trainmen/switchmen accept the VSP pursuant to Article I, the Company will first attempt to eliminate the shortfall as set forth below:

1. Western Lines trainmen/switchmen will be offered transfer to engine service under applicable UTU Agreements. Credit toward the 210 will be given for each trainman/switchman accepting an engine service position at the time the employee acquires a seniority date as a locomotive fireman.
- 2.A protected trainman/switchman who transfers to engine service will be entitled to an incentive payment of \$35,000. This payment will be structured on the basis of \$10,000 when the employee acquires seniority as locomotive fireman, and \$25,000 when the employee successfully completes training pursuant to UTU-E agreements and establishes seniority as a locomotive engineer.
3. Protected trainmen/switchmen who transfer to engine service under the provisions of this Section will not be eligible for the relocation allowance in Section D of this Article.

Section C. If fewer than 210 trainmen/switchmen accept the VSP pursuant to Article I, or transfer to engine service pursuant to Article II, Section B, VSP will be offered to yardmasters. Credit toward the 210 will be given for each yardmaster, who hold trainmen/switchmen seniority on SP Western Lines, accepting the VSP. The Company may prioritize the location(s) for yardmaster VSP.

Section D. If Article I and Article II, Sections B and C fail to achieve a combined total of 210 trainmen/switchmen, the Company will offer relocation. For purposes of relocation under this Article, the following definitions are applicable:

1. If the combined supply of available trainmen/ switchmen at all locations within a region exceeds the combined demand numbers in Attachment A (see Article III, Section C) for all of the locations within that region, the region will be considered a "surplus" region.
2. If the combined supply of available trainmen/ switchmen at

all locations within a region is less than or equal to the combined demand numbers for all of the locations within that region, the region will be considered a "shortage" region.

a. Relocation from a surplus region to a source of supply of shortage (within a shortage region) will be offered to trainmen/switchmen, with a relocation allowance of \$30,000. Credit toward the 210 will be given for each relocation.

b. Employees who accept a relocation allowance under this Section will thereafter temporarily be precluded from exercising seniority in any region other than the region to which relocated, unless unable to hold any assignment in the region to which relocated, except as follows:

(1) Switchmen/trainmen accepting an offer of relocation pursuant to this Section will be permitted to return to the region from which relocated in the event new hire trainmen/switchmen are to be hired in that region, and provided that the trainman/switchman exercises such right when hiring is scheduled.

Section E. In the event the application of Sections B, C and D of this Article does not eliminate the shortfall defined in Section A of this Article, then this Section shall become effective.

1. The junior trainmen/switchmen among all surplus regions will be required to elect one of the following options. The number of employees required to elect one of the following options will equal the shortfall by which the number of trainmen/switchmen separating pursuant to Article I, plus the number accepting Article II, Sections B, C and D, fell short of 210.

a. Accept VSP in return for a lump-sum allowance in the gross amount of \$45,000.

b. Accept voluntary relocation to a source of supply of shortage within a shortage region in return for a lump-sum allowance of \$15,000. A trainman/switchman accepting relocation pursuant to this Section E.1.b will be subject to the conditions of Section D.2.b of this Article.

c. Accept voluntary furlough. A trainman/ switchman who accepts voluntary furlough will receive Company paid health and welfare benefits for a maximum of 24 months while in furlough status. The employee must remain in furlough status until:

(1) Recalled by the Company for active service at the location from which furloughed. The employee will be recalled when the supply of employees at that location falls below the demand number.

(2) Recalled by the Company for the Region/ System Board (R/S) in that region. After trainmen/switchmen have been placed in voluntary furlough status, attrition (retirement, resignation, death or dismissal) of active trainmen/switchmen in the region shall result in the recall of trainmen/switchmen from voluntary furlough status on a one for one basis in order of seniority.

(3) The employee elects to relocate to a source of supply of shortage within a shortage region, subject to the seniority provisions contained in Section D.2.b of this Article.

Section F. With the exception of the limited seniority modification as stipulated in Sections D.2.b, E.1.b and E.1.c(3) above, after the shortfall (as defined in Section A of this Article) has been eliminated as the result of Sections B, C, D or E of this Article, this Article II shall have been fulfilled and no longer in effect.

ARTICLE III - WORK FORCE ALLOCATION

Section A. Forty-five days after the effective date of this Agreement, all reserve board positions established pursuant to Section C of the July 9, 1990 Conductor-Only Agreement will be abolished and reserve board pay for employees holding such position will cease. All such employees will be required to return to service, subject to the normal requirements. Employees may go from the reserve board to VSP without returning to service.

Section B. "Regions," as used in this Agreement, are the five

seniority regions established pursuant to Section A.6 of the July 9, 1990 Conductor-Only Agreement (Fresno will be placed in Region No. 4). An employee establishing seniority as a trainman/switchman after the effective date of this Agreement will have seniority as a switchman in only the one region in which he/she first performs service as a trainman or switchman. All other provisions of Section A.6 will remain in effect.

Section C.

1. The demand numbers in Attachment A are the minimum number of trainmen permitted to work on other than the R/S Board (see Article IV, Section B) from each road source of supply, and the minimum number of switchmen permitted to work on other than the R/S Board from each yard source of supply during the term of this Agreement.
2. Section B.7 (number of trainmen permitted to work from a source of supply) of the July 9, 1990 Conductor-only agreement is no longer applicable.

Section D.

1. On the effective date of this Agreement, the ability of a trainman/switchman to exercise seniority between sources of supply shall be temporarily restricted as follows:
 - a. Employees at a source of supply, where the supply of active employees is equal to or less than the demand number, shall not be allowed to transfer to a source of supply where the supply of active employees, with seniority established prior to the effective date of this Agreement, is equal to or greater than the demand number for that source of supply.
2. Active employees are those employees who hold a regular, extra, or R/S Board position at a source of supply and who have earned compensation as a trainman/switchman under the schedule agreement during the last 30 days. Trainmen/switchmen who commence a leave of absence, are dismissed, or reach the 30th day of absence for reasons such as suspension, illness or injury, shall no longer be considered active until they return to service and earn compensation as a trainman/switchman under schedule agreements.

ARTICLE IV - REGION/SYSTEM BOARD

The Region/System Board concept is adapted from the airline industry in an effort to balance the work force at each source of supply without relocating employees. Employees assigned to the R/S Board can be used at any source of supply on the SP Western Lines, with transportation, lodging, and a per diem allowance provided by the Company. Employees working from the R/S Board will be paid a salary of \$4400 a month and productivity credits. The R/S Board employee will not be required to work more than 20 days in a month and will be guaranteed the rest of the month off.

Section A. This Article will not become effective until the reduction of 210 employees as set forth in Articles I and II.

Section B. One R/S Board will be established in each of the seniority regions set forth in Section A.6. of the July 9, 1990 Conductor-Only Agreement, as amended by Section B of Article III of this Agreement. While on a R/S Board, an employee is subject to being used in the capacity of an extra trainman or extra switchman at any source of supply on Western Lines.

1.VOLUNTARY R/S BOARD ASSIGNMENTS (QUARTERLY)

a.R/S Board voluntary positions will be determined on a quarterly basis as follows:

(1)For each source of supply in a region, a number of positions on the R/S Board equal to the number by which the supply of active employees exceeds the demand number may be made available for seniority choice of employees at that source of supply.

(2)If the Company's need for employees at a source of supply exceeds the demand number, the Company may bulletin fewer R/S Board positions and allow employees in excess of the demand number to continue working at that source of supply. In that event, the number of employees allowed to work at that source of supply shall not be reduced until the next quarterly R/S Board assignments are effective.

b.The Company will bulletin voluntary R/S Board positions by Noon Pacific Time on the first day of the month preceding the month of assignment. Bids will close at Noon Pacific Time the 7th day of the month preceding the month of assignment and posted by Noon the 8th day.

c.Employees who select the R/S Board by seniority choice will be known as voluntary R/S Board employees and

must remain thereon for three months. During the period of time he/she is on the R/S Board, a voluntary R/S Board employee will not be entitled to exercise seniority. Such employee will be allowed full exercise of seniority, subject to Article II, Section D.2.b, E.1.b and E.1.c(3), upon completion of their R/S Board obligation, in accordance with applicable agreements. The five-day notice contained in GEN 154-18 (transfer between road and yard or vice versa) will not apply to an employee who elects to transfer to another source of supply at the completion of the R/S Board obligation.

2. INVOLUNTARY R/S BOARD ASSIGNMENTS (MONTHLY)

a. The Company may elect to assign involuntary R/S Board positions, subject to the demand number for that source of supply, or to the number of employees allowed to remain at that source of supply at the beginning of the quarter as provided for in Section 1.a.2, this Article. Involuntary R/S Board positions will be assigned on a monthly basis at Noon Pacific Time on the 10th day of the month preceding the effective month of the assignment, as follows:

(1) At a yard source of supply, if there are insufficient voluntary R/S Board employees to fill the number of R/S Board positions, the junior switchmen equal to the number of R/S Board positions not filled by voluntary R/S Board employees, will be placed on the R/S Board.

(2) At a road source of supply, if there are insufficient voluntary R/S Board employees to fill the number of R/S Board positions, the junior trainmen on the brakemen's extra board equal to the number of positions on the R/S Board not filled by voluntary R/S Board employees, will be placed on the R/S Board.

b. These R/S Board employees will be known as involuntary R/S Board employees and, when released by the Company from their R/S Board obligation, will be allowed to mark to the extra board at the source of supply from which assigned.

c. Involuntary R/S Board employees may exercise seniority from a R/S Board to a road source of supply as follows:

(1) May mark to the extra board if the number of non-R/S Board trainmen at that source of supply is less than the demand number for that source of supply; or,

(2) By bid or bump to a road regular position, subject to applicable agreements.

d. Involuntary R/S Board employees may exercise seniority from the R/S Board to a yard source of supply as follows:

(1) If the number of non-R/S Board switchmen at that source of supply is less than the demand number for that source of supply; or,

(2) May replace a junior switchman working (not on an R/S Board) at a source of supply where the supply of working switchmen is equal to or exceeds the demand number for that source of supply. The most junior employees will be allowed to continue working at that source of supply or be placed on the R/S Board when subject to assignment subject to the provisions of this article.

e. Assigned involuntary R/S Board employees must make application to exercise seniority from the R/S Board by Noon Pacific Time the 8th day of the month preceding the month in which the exercise of seniority will become effective.

f. Involuntary R/S Board employees will not be released from the R/S Board until the end of a cycle (month) as set forth in Section C of this Article.

g. The portion of GEN 154-18 requiring a five-day written notice for transfer from road to yard or vice versa will not apply to R/S Board employees.

h. The augment provision of Section B.9 of the July 9, 1990 Conductor-only Agreement is intended to be used in emergency situations.

Section C. The Company will make work assignments, referred to as cycles, available for seniority choice (date of hire as a trainman or switchman) to R/S Board employees on the first day of the month preceding the month of assignment. Bids will close at Noon Pacific Time the 15th day of the month preceding the month of assignment and posted by Noon the 20th day. Failure of an R/S Board employee to indicate a preference will be considered as no preference and such employee's cycle will be assigned by the Company.

A Region/System Board employee will be used on one of the following cycles:

1.31-day month:

a.Cycle - 20 consecutive 24-hour periods (work segment), with 11 consecutive 24-hour periods (rest segment); or,

b.Split Cycle - 10 consecutive-24 hour periods (work segment) with 5 consecutive 24-hour periods (rest segment) followed by 10 consecutive 24-hour periods (work segment) with 6 consecutive 24-hour periods (rest segment).

2.30-day month:

a.Cycle - 20 consecutive 24-hour periods (work segment), with 10 consecutive 24-hour periods (rest segment); or,

b.Split Cycle - 10 consecutive 24-hour periods (work segment) with 5 consecutive 24-hour periods (rest segment) followed by 10 consecutive 24-hour periods (work segment) with 5 consecutive 24-hour periods (rest segment).

3.29-day month:

a.Cycle - 20 consecutive 24-hour periods (work segment) with 9 consecutive 24-hour periods (rest segment); or,

b.Split Cycle - 10 consecutive 24-hour periods (work segment) with 5 consecutive 24-hour periods (rest segment) followed by 10 consecutive 24-hour periods (work segment) with 4 consecutive 24-hour periods (rest segment).

4.28-day month:

a.Cycle - 19 consecutive 24-hour periods (work segment) with 9 consecutive 24-hour periods (rest segment); or,

b.Split Cycle - 10 consecutive 24-hour periods (work segment) with 5 consecutive 24-hour periods (rest segment) followed by 9 consecutive 24-hour periods (work segment) with 4 consecutive 24-hour periods (rest segment).

Section D. Work segments for a R/S Board employee shall begin at the time the employee reports to the on-duty point of the source of supply from which the employee bid or was placed on the R/S Board, and shall end at the time the employee is released from the

work segment at that same source of supply.

1.The scheduled end of a R/S Board employee's work segment will be based on the date and time the work segment began. For example, a 20-day work segment which begins at 7:30 AM on July 11 will end at 7:30 AM on July 31. In the event that an R/S Board employee is not returned to his/her home location at the scheduled end of his/her work segment, or the scheduled end of the voluntarily extended work segment, the employee will be compensated as follows:

a.If arrival is less than four hours past scheduled end time:
no extra compensation

b.If arrival is four hours or more, but less than eight hours past scheduled end time: \$220.00 in addition to regular salary

c.If arrival is eight hours or more, but less than 24 hours past scheduled end time: \$220.00 in addition to regular salary plus succeeding work segment will be reduced by one day (24 hours).

d.If arrival is 24 hours or more, but less than 48 hours past scheduled end time: \$440.00 in addition to regular salary plus the succeeding work segment will be reduced by two days (48 hours).

e.For each additional 24 hours past the scheduled end time, until the employee returns to his/her home location: An additional \$220 plus the succeeding work segment will be reduced by one additional day (24 hours).

2.The Company will have the option of returning the R/S Board employee to his/her home source of supply prior to the scheduled expiration of his/her work segment in order to avoid delay in commencement of scheduled rest segment.

3.A R/S Board employee performing service on an outside assignment will not be required to complete a seven-day obligation which will delay the beginning of his/her rest segment.

Section E.

1.R/S Board employees will be marked to their work segment extra boards in accordance with their arrival time at the lodging facility. If two or more employees have the same arrival time, the employees will be marked to the board in reverse seniority order.

R/S Board employees who have been given advance approval to drive their vehicle will be treated, for purposes of board markup and rest, the same as if they had utilized Company- provided transportation.

2.R/S Board employees will only be required to protect service from one source of supply during a work segment. R/S Board employees utilized as extra trainmen will be marked to the bottom of the brakemen's extra board at a source of supply and will be used, in turn, with extra brakemen already on that extra board. R/S Board employees used in the capacity of extra switchmen will be marked to a "secondary" switchmen's extra board at a yard. R/S Board employees on such "secondary" switchmen's extra board will be used in turn, first in-first out to fill vacancies on yard assignments when no extra board switchmen are available with eight hours to work.

Section F. R/S Board employees used at a location other than their home location will be entitled to transportation to and from their work segment, lodging, transportation between lodging and work assignments, and a daily meal allowance. If transportation to and from work segment is anticipated to exceed six hours, air transportation will be used where available.

1.Although under no obligation to do so, R/S Board employees may use their vehicle for transportation in lieu of Company-provided transportation upon advance approval from the Company. R/S Board employees who utilize their vehicle will be compensated for mileage (one round trip) from the employee's residence to and from the source of supply where used, and for work-related use while at that source of supply, in accordance with the Company's current mileage rate.

2.R/S Board employees will be compensated a day's meal allowance (\$32.00) for any day on which they are away from their home location. For travel days, the meal allowance will be paid for any day the employee leaves his/her home location prior to 5:00 PM or arrives back at his/her home location after 11:00 AM.

3.For each work segment, an R/S Board employee may elect a daily lodging allowance of \$20.00 in lieu of Company-provided lodging.

Section G.

1.All R/S Board employees shall be paid a monthly salary of

\$4,400 (subject to future wage and cost-of-living adjustments), for all deadhead and service performed within the schedule agreements during the work segments for that month. Penalties arising account violations of the schedule agreement will be paid in addition to the salary. The salary will be paid in semi-monthly installments of \$2,200 each. Deductions in the amount of \$220 for each calendar day, or portion thereof, will be made for each day of layoff or when the R/S Board employee otherwise makes him/herself unavailable. The R/S Board salary will not be reduced for absences such as bereavement leave, jury duty, Company business (including physical and rules examinations), Employee Involvement Programs, etc., nor will payment in addition to the salary be made for such reasons.

EXAMPLES OF ITEMS

INCLUDED IN SALARY

Straight Time
 Overtime
 Initial Terminal Delay
 Final Terminal Delay
 Initial Terminal Switching
 Final Terminal Switching
 Air Test
 All other duplicate pay
 arbitrary and allowance
 payments
 Deadhead
 Crew Consist Special Allowance
 Conductor-only Allowance

NOT INCLUDED IN SALARY

TRAINMEN

Road/Yard violations
 Runarounds (depart and call in
 turn)
 \$125 Conductor-only penalty
 Improper use of brakeman as
 emergency conductor
 Service outside assignment
 Penalty for work outside scope
 of UTU(T) agreement
 Claims prior to employee
 placing on R/S Board

SWITCHMEN

Straight Time
 Overtime
 Crew Consist Special Allowance
 Cannonball
 Service outside yard limits
 permitted by agreement
 Any duplicate payment
 Deadheads permitted by
 agreement
 Hours-of-service relief
 Footboard yardmaster
 Use of foreman for flagging or
 for self-propelled equipment

Runarounds
 Interchange violations
 Service outside of assignment
 Call and Release
 Performing work of other yard
 crew
 Road/Yard violations
 Penalty for work outside scope
 of UTU(S) agreement
 Claims prior to employee
 placing on R/S Board
 Meal penalty
 Others performing switchman
 duties
 Penalties arising from
 improper use of foreman or
 helper

2. Although under no obligation to do so, R/S Board employees who accept an offer to extend their work segment, or perform service during their rest segment, will be paid for such service at the applicable road or yard rate, but not less than \$220 per day (24 hours), in addition to their monthly salary. R/S Board employees on a secondary switchmen's extra board who accept an offer to extend their work segment, or perform service during their rest segment, will only be used when no regular or extra board switchman is available with eight hours to work.
3. Protected R/S Board employees will accrue credits to the Basic Productivity Fund. Protected R/S Board employees will accrue credits to the Supplemental Productivity Fund, except R/S Board employees who bid yard work segments. Productivity Fund credits for these employees will be based on salary and will accrue in the same manner as guarantee payments to the brakemen's extra board, one productivity credit for each \$99.12 in salary.
4. R/S Board employees will accrue vacation credits based on one vacation credit for each \$99.12 in salary.

Section H.

1. In lieu of vacation and holidays/personal leave days, R/S Board employees will be allowed paid time off as follows:
 - a. All employees with 20 years or more of service will be allowed the equivalent of three 13/14/15/16-day split cycles.
 - b. All employees with less than 20 years service will be allowed the equivalent of two 13/14/15/16-day split cycles.
2. The work segment(s) allowed as "in lieu time" will be scheduled as closely as possible to the employee's scheduled vacation.
3. In the event an employee is on the R/S Board for only a portion of a calendar year, vacation days and holiday/personal leave days due or already taken during periods not on the R/S Board will be taken into account. An employee on the R/S Board for a portion of a calendar year, and who leaves the R/S Board during the year, will be entitled to vacation and holiday/personal leave days pursuant to the applicable agreement, less in lieu time taken while

on the R/S Board. The total number of remaining days of entitlement will be divided by seven to determine the week(s) of vacation; all remaining days will be considered as personal leave days/holidays.

4. An employee who places to the R/S Board during a calendar year will have his/her in lieu time reduced by the number of vacation and holidays/ personal leave days taken prior to his/her placing on the R/S Board. If the remainder of the vacation and/or holidays/personal leave days is not equal to a complete work segment, the remaining vacation and/or personal leave days will be taken at the beginning or end of a 19/20-day work segment.

5. Examples of in lieu time for an employee on the R/S Board for only a portion of a calendar year:

EXAMPLE ONE: Sixteen-year road employee entitled to 21 days' vacation and eight personal leave days (total of 29) uses two weeks of vacation (14 days) and three personal leave days in a calendar year prior to placing on the R/S Board. While on the R/S Board, this employee is entitled to two split cycles (13, 14, 15 or 16 days, depending on the month) or one cycle (28, 29, 30 or 31 days, depending on the month) as in lieu time, less the 17 days taken previously in the calendar year. If this R/S Board employee were to take in lieu time during September (30-day month), he/she would report 13 days late for the work segment or be released 13 days early from the work segment. Those 13 days combined with the 17 days taken previously would deplete this employee's in lieu time for the calendar year.

EXAMPLE TWO: Twenty-three year road employee entitled to 28 days' vacation and 11 personal leave days (total of 39) is on the R/S Board from the beginning of a calendar year through September. While on the R/S Board, this employee is entitled to three split cycles or one cycle and one split cycle as in lieu time. While on the R/S Board, the employee takes July (a 31-day month) as in lieu days. After coming off the R/S Board at the end of September, this employee has eight days remaining, of which seven are considered vacation and one personal leave day.

EXAMPLE THREE: Fifteen-year yard employee entitled to 21 days' vacation and 11 holidays (total of 32) is on R/S Board from beginning of calendar year through

end of June, at which time he/she comes off R/S Board and bids in a regular position as a switchman. During the period of time on the R/S Board the employee did not use any in lieu time. For the remainder of the calendar year (July 1 - December 31), the employee would be entitled to three weeks of vacation and seven holidays. The reason only seven holidays remain is that the other four were observed while the employee was on the R/S Board.

EXAMPLE FOUR: Twenty-six year yard employee entitled to 35 days' vacation and 11 personal leave days (having elected personal leave instead of holidays for the calendar year, pursuant to Article XXII of this Agreement for a total of 46) is on the R/S Board for the entire calendar year. The employee takes April (a 30-day month) and the first half of August (15 days) as in lieu time. This depletes the employee's in lieu entitlement for the calendar year.

ARTICLE V - RATE PROGRESSION PROVISIONS

Section A. The rate progression provisions of Article IV, Section 6 of the October 31, 1985 UTU National Agreement will not apply to employees who have acquired seniority as a trainman/switchman prior to the effective date of this Agreement.

ARTICLE VI - TRAINING ALLOWANCE

Section A. A training allowance will be paid to conductor/foreman and brakemen/helpers on whose crew a new hire (who has not yet established a seniority date as a trainman/switchman) has been placed for student/training trips.

Section B. In the event such new hire is placed on a crew consisting of conductor/foreman-only, the conductor/foreman on that crew shall receive \$20.00 per trip or tour of duty in addition to all other earnings each date training is performed. If the crew consists of more than a conductor/foreman, the allowance will be \$10.00 per crew member.

Section C. Conductors/foremen and brakemen/helpers paid this allowance may be required to complete evaluation forms concerning the new hire being trained.

ARTICLE VII - VACATION

Section A. Trainmen and switchmen will be permitted to elect up to two weeks of their vacation as daily splits.

Section B.

1. Trainmen and switchmen may request daily splits of one or two weeks (7 or 14 days), of their qualifying weeks of vacation, with the remainder of vacation weeks, if any, assigned in accordance with applicable agreements.

a. Trainmen and switchmen must indicate the number of weeks to be utilized as daily splits on the annual vacation request form. Failure to stipulate requests for splits will result in vacation being assigned in accordance with applicable agreements.

b. Daily rates of pay for the week(s) utilized for daily splits will be calculated pursuant to rules currently in effect.

2. For each week of vacation, an employee shall be paid 1/52 of the compensation earned by such employee under schedule agreements during the calendar year preceding the year in which the vacation is taken; provided that, if the vacation is taken during the time such employee is working in road service such pay shall be not less than six minimum basic days' pay at the rate of the last road service rendered, and if the vacation is taken during the time such employee is working in yard service, such pay shall be not less than five minimum basic days' pay at the rate of the last yard service rendered. It is understood that for purposes of daily vacation splits, the monetary calculations for the week's vacation specified in each instance above will be divided by seven for determining the basic daily rate.

EXAMPLE ONE: Earnings of \$53,000) 52 weeks = \$1,019.23) 7
days = \$145.60 daily vacation rate.

EXAMPLE TWO: Basic road rate of \$117.20 x 6 days = \$703.20)
7 days = \$100.46 daily vacation rate.

EXAMPLE THREE: Basic yard rate of \$125.42 x 5 days = \$627.10
) 7 days = \$89.59 daily vacation rate.

Section C. Daily splits may be granted one to five days at a time, as requested, if there are sufficient trainmen/switchmen to protect the service.

Section D. Daily splits, when allowed, will be on a first request submitted basis; however, no request may be made earlier than 48 hours before the daily splits are taken.

Section E. Daily splits shall commence at 12:01 AM and shall end at 12:01 AM the following day.

1. Extra employees must be available for service by the end of the last day of any period of split vacation. Extra employees will be automatically marked up at 12:01 AM of the day following the last daily split unless other arrangements are made in advance with the appropriate Company authority.

Section F. All daily splits must be taken between January 1 and November 30 of the calendar year.

1. Trainmen/switchmen who have not utilized their daily splits by November 30 will have the remaining days scheduled in January, February, or March of the following year, with participation of the Local Chairperson.

Section G. It will be the responsibility of the individual trainman/switchman to track his/her daily split(s) to assure that days are not scheduled in a manner to cause excess vacation to be taken.

Section H. Except as otherwise provided herein, all provisions of the April 29, 1949 Vacation Agreement, as amended, and Decisions of the Disputes Committee will remain in full force and effect.

Section I. Article VII, Sections A through I, is without prejudice to the position of either party, will not be referred to in connection with any other agreement (local or national), case and/or arbitration, and may be canceled by either party upon ten days' written notice by September 1 of each calendar year, to become effective December 31 of that year, commencing September 1 of 1994.

Section J. Trainmen/switchmen who become eligible for an additional week's vacation during their anniversary year (2nd, 8th, 17th and 25th under existing agreement provisions) will be granted the additional week on or after the anniversary date.

Q: Will the employee be allowed the additional week of vacation, if they have taken all, or any portion of their assigned vacation prior to their anniversary date?

A: Yes.

Section K. Article VII shall become effective with vacation scheduled for 1994.

ARTICLE VIII - BEREAVEMENT LEAVE

Section A.

- 1.The application of bereavement leave as set forth in Article XII of the August 25, 1978, National UTU Agreement shall be modified to permit payment of three minimum basic days' 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.
- 2.Bereavement leave will be allowed in the case of death of an employee's following relatives:

Brother

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

ARTICLE IX - EMPLOYEE INVOLVEMENT PROGRAMS

Section A - Selection of Participants. The Company's General Manager, or designate, and the Local Chairperson of the UTU will select employees for participation in Employee Involvement Programs. Every effort will be made to offer participation in employee involvement to as many employees as possible. An employee's participation in multiple projects at the same time should be avoided.

Section B - Review and Veto Rights.

- 1.All projects, subjects and topics of consideration of the Employee Involvement Program will be available for review by the General Chairperson. When the General Chairperson determines that a project is subject to or is in conflict with the terms and conditions of the collective bargaining agreement, the General Chairperson shall have the absolute right to review and/or terminate the project, subject and/or topic of consideration.
- 2.The work force needs of the service will be considered when scheduling employee participation. If the needs of the service are not being met, the General Chairperson, after conference with the General

Manager, shall have the right to temporarily suspend a project until such time as sufficient work force is available to provide for the needs of the service.

Section C - Compensation. Employees will be compensated for a day's attendance in involvement programs in the following manner:

- 1.If the employee does not lose a work opportunity, the employee will be compensated a minimum basic day at the applicable straight time rate of pay.

- 2.If the employee loses a work opportunity, the employee will be compensated for all lost wages and credits, which includes the crew consist special allowances, as if the employee had worked his/her lost work opportunity.

Section D - Training. Employees participating in Employee Involvement Programs will be jointly selected for corporate education programs by the General Manager, or designate, and the Local Chairperson.

ARTICLE X - 401(k) PLAN

Section A. The Company agrees to provide a 401(k) plan effective April 1, 1994, not limited to the Productivity Fund, to the extent permissible by law/regulation for all employees covered by the terms and conditions of this Agreement. The Company agrees to absorb the administrative costs of such plan.

ARTICLE XI - DISABILITY INSURANCE

Section A. The Company shall contribute toward the cost of a disability policy for Western Lines trainmen. The Company's contribution shall not exceed \$35.00 per month for each active Western Lines trainman. The General Chairperson has a one-time option to select the insurance carrier to cover all Western Lines trainmen. Depending on the level of benefits selected, employee contributions may be necessary should the monthly premium cost exceed \$35.00 per month for each active trainman.

Section B. The insurance set forth in Section A of this Article shall become effective January 1, 1994.

Section C. Western Lines switchmen shall retain coverage under the existing Provident R455A and R605 policies.

Section D. In the event the trainmen select a plan different from the switchmen's, the parties will meet to determine how coverage will apply when transferring between crafts.

ARTICLE XII - RESOLUTION OF HOSTLING DISPUTE

Section A. The parties agree that not later than 12 months from the conclusion of the VSP program set forth in Article I of this Agreement, trainmen and switchmen will no longer be subject to assignment to regular or extra hostling positions or be used to fill temporary vacancies in hostling service. If after the conclusion of this one-year period this work has not been transferred to the UTU(E), then Sections C.2, C.3 and C.4 of this Article will continue to apply.

Section B. Assignments in hostling service, both regular and extra, will be filled by employees who have established seniority in engine service pursuant to applicable UTU(E) Agreements, and the representation, rates of pay, conditions and work rules for hostling service will be under the sole jurisdiction of the UTU(E) Committee.

Section C.

1. In the event UTU(E) and SP fail to obtain a ratified agreement which would exclude the use of trainmen/switchmen in hostling service by June 1, 1994, trainmen and switchmen used in hostling service after that date will receive a monthly "make-whole" allowance for each month their earnings in hostling service are less than they would have made in train or yard service. This make whole provision will also apply during the period August 23, 1993 through May 30, 1994, provided this Agreement is ratified by November 15, 1993.

a. The amount of allowance due will be determined by subtracting earnings in hostling service from the employee's average monthly compensation as a trainman/switchman for the three months immediately preceding the employee's use in hostling service. "Average monthly compensation," as used in the preceding sentence, will be no less than \$128.40 (subject to future wage and/or cost-of-living adjustments) times the number of days in the month for which the allowance is applicable.

b. Earnings as a hostler missed because of the employee laying off, missing call, or otherwise making him/herself unavailable, will be added to actual earnings in hostling service prior to calculating any allowance due.

c. Periods of use in hostling service of less than a calendar month will be prorated. Earnings as other than a hostler in a prorated month will not be

used to offset the "make-whole" allowance.

d.Allowance due will be included with the regular paycheck for the first pay period of the month following the month in which the allowance was earned.

2.Payment of the "make-whole" will not establish any contractual right of Western Lines trainmen/switchmen to perform hostling work and will not prevent the Company from ceasing to use trainmen/switchmen for such work in the future.

3.If agreement with UTU(E) is not reached and ratified by June 1, 1994, SP will revert to "fall-back" arrangement in Section C.1, above.

4.SP and UTU(E) negotiations will continue, and when agreement is reached on returning the hostling work to hostlers/firemen, the trainmen and switchmen will be removed from hostling work pursuant to the terms of the agreement.

5.Trainmen/switchmen used in hostling service shall be covered by the provisions of the applicable disability insurance policy.

Section D. This Article does not supersede the provisions of the July 19, 1972 Manning Agreement, as revised.

Section E. This Article constitutes full and final settlement of Section 6 notices served on November 15, 1990 (switchmen) and November 19, 1990 (trainmen) which have been docketed as Mediation Case No. A-12499. The parties will jointly request that the National Mediation Board close its files in this case.

ARTICLE XIII - LOCAL CHAIRPERSON CONFERENCE OF TIME CLAIMS

Section A. A time claim conference requiring access to centralized crew records will be scheduled as needed. A Local Chairperson attending will be allowed auto mileage or be provided airline tickets (in advance when requested), lodging if overnight stay is required, and will be allowed \$200.00 for each day.

Q.Will the Local Chairperson be reimbursed if he/she obtains his/her own airline ticket?

A.Yes, providing such ticket involves a fare reasonably comparable to the ticket which would be furnished by the Company.

Section B. Within 90 days from the Company's denial, the Local Chairperson will prepare and present to the Manager of Timekeeping, a list of claims to be conferenced. Time limits

outlined in Article 58, Section C.2 of the Trainmen's Agreement, revised by TRN 2-156, Section B.2 and Article 19, Section (a), Item 2 of the Switchmen's Agreement, will be suspended until the claim is conferenced.

1. Once the claim has been conferenced:

a. If allowed, payment will be made within 30 days.

b. If denied in conference, the Local Chairperson will have 90 days following date of conference to appeal the claim to the Manager of Timekeeping. The 90 days is to be computed from the date of conference to the date of postmark of appeal.

2. Article 19, Section (a), Item 3 of the Switchmen's Agreement is modified to the extent that it shall no longer be necessary to advise an officer of the Company of the intention to appeal.

ARTICLE XIV - LOCAL ROAD ISSUES

Section A. The parties acknowledge and agree that at the local level there are unique conditions which may require local agreement modifications. They include, but are not limited to, an agreement change in the manner in which crews are handled and operated within the Los Angeles Basin and the creation of single assignment operations at various locations.

Section B. In order to mutually address and resolve these conditions, it is agreed that 60 days from the effective date of this Agreement, the parties will meet in the Los Angeles Basin.

Section C. During the first day of the above referenced meeting, the parties will identify the issues to be addressed. The Local Chairpersons, having jurisdiction within the territories where issues exist, will participate in these discussions.

Section D. The parties further agree that within 90 days of the commencement of this process (except by mutual agreement) we will have definitive proposals articulated in response to the issues identified in Section C herein.

ARTICLE XV - BACKLOG OF ROAD CLAIMS

Section A. The parties will commence a process of expedited claims review with a goal of reducing the backlog of claims. Meetings will be scheduled at the rate of two days per month, during which claims that have not previously been discussed in conference will be reviewed in sequential order. Those claims which the parties cannot settle (pay/withdraw) will be placed in one of two categories:

1. Those which will go to regular arbitration (Special Adjustment Board 18).
2. Those which will go to expedited arbitration (Special Board of Adjustment 1017).

Section B. The claims which are scheduled to go to expedited arbitration will be analogous categories to the extent possible.

Section C. Claims submitted to expedited arbitration will be handled in the usual manner (i.e., files mailed to the arbitrator without written submission by either party). The parties may, by agreement, handle selected expedited cases at a hearing of the Board in San Francisco. For such cases, neither party will prepare written submission, but each party will be allowed a brief oral argument to state their position.

Section D. Six months after commencing this expedited claims review process, the parties will meet and make modifications to the process as warranted.

ARTICLE XVI - BRAKEMEN'S EXTRA BOARD GUARANTEE

Section A. The guarantee provision for protected trainmen on freight brakemen extra boards will be changed from 4,400 miles per month, as established by the June 6, 1988 arbitration award (GEN 2-75), to \$2,200 per semi-monthly pay period. This \$2,200 guarantee, which is subject to wage and/or cost-of-living adjustments, will become effective with the first month following the effective date of this Agreement. This \$2,200 guarantee shall apply to protected brakemen on all Western Lines extra boards on a permanent basis, not subject to blankable positions having been "blanked." In return for making the guarantee permanent, the Company may blank any occupied blankable position, subject to the demand number in Article III, Section C. Employees who are not available for service (except as provided in Section B of this Article) shall have an amount of money deducted from their semi-monthly guarantee equal to the semi-monthly guarantee divided by the number of days in the pay period for each calendar day, or portion thereof, they are unavailable.

Section B. Extra board guarantees will not be reduced (offset) for items of pay such as personal leave days, bereavement pay, jury duty, vacation, Company business (including physical and rules examinations), Employee Involvement Programs, and holiday pay, etc. The amount of compensation paid for such allowances shall be counted toward earnings made by the employee during the relevant guarantee period and the calendar day will be counted as a day protecting the extra board. The following examples illustrate the intent of this Article:

EXAMPLE ONE (using hypothetical numbers):

First half of June 1994
Semi-monthly guarantee of \$2,200.00

Employee "A" does the following during the half:
June 1 to June 6 - on board and earns \$745.00
June 7 to June 13 - vacation for which paid \$855.00
June 14 - on board and earns \$210.00
June 15 - personal leave day for which paid \$147.00

Total days on board = 15
Total earnings made = \$1,957.00
Guarantee due = \$ 243.00

EXAMPLE TWO (using hypothetical numbers):

Second period of August 1994
Semi-monthly guarantee of \$2,200.00 (daily equivalent of \$137.50)

Employee "B" does the following during the half:
August 16 to August 22 - is regularly assigned on a job
August 23 to August 27 - on extra board and earns \$894.00
August 28 to August 29 - jury duty for which paid \$286.00
August 30 to August 31 - on extra board and earns \$476.00

Total days on board = 9 (August 23 - August 31)
Pro-rated guarantee for period August 23-August 31 = \$1,237.50
Total earnings made = \$1,656.00
Guarantee due = none

Section C. Extra brakemen and extra conductors marked up for service who have remained in first-out position for 24 continuous hours, will be dropped to the last-out position on the extra board, subject to the availability of other extra employees, and the next extra employee in turn shall become first-out. The 24-hour rotation provision will not apply to extra boards operated on a seniority basis. This Section will be subject to cancellation by either party upon 30 days' written notice, but such cancellation will not be exercised until the parties have discussed the issue in conference. (Note: Subject to CCATS capability. The parties agree to meet within 30 days after ratification to discuss modification of this language in order to assure that it can be computer programmed.)

ARTICLE XVII - MEALS

Section A. Trainmen in through (pool) freight service, will not be permitted to stop and eat en route and will bring a meal with them if they desire to eat en route. In lieu of being permitted to stop and eat en route, trainmen will be paid a fixed allowance (not subject to future wage and/or cost-of-living adjustments) of \$12.50 for service trips or wherein a combination of service and deadhead is performed, but will not be paid for trips consisting

of deadhead only. This Section A supersedes all portions of Article 64, Trainmen's Agreement, with respect to through (pool) freight service.

Section B. The Organization shall have the option to include on a source of supply basis, trainmen in local freight and road switcher service within the coverage of Section A of this Article.

Section C. The meal allowance provided in Article XIV of the October 31, 1985 National UTU Agreement will be increased from \$4.15 to \$6.00 on the effective date of this Agreement. An employee held at the away-from-home terminal will be entitled to the allowance after being held 4, 8 and 12 hours. If not on continuous held-away-from-home terminal pay, the cycle will repeat itself after the expiration of 24 hours from tie-up time. In all other regards, the allowance will be paid consistent with the manner in which this allowance has been paid in the past.

ARTICLE XVIII - AWAY FROM HOME LODGING

Section A. Trainmen who desire not to utilize Company-provided lodging at the away-from-home terminal will be entitled to an allowance of \$20.00 per trip in lieu of lodging. Trainmen desiring to exercise the option must declare in writing to the designated Company official, with a copy to the Local Chairperson, for each calendar year. Thereafter, the declaration will remain in effect for 12 months, unless the employee changes freight districts, in which case a new declaration may be submitted. While at the away-from-home terminal, trainmen eligible for this \$20.00 allowance must remain available for call by commercial telephone.

ARTICLE XIX - CHANGES IN HOME TERMINALS

Section A. No interdivisional service requiring a change in home terminal will be implemented prior to December 31, 1997, unless agreed between the parties, with the exception of interdivisional service proposed between West Colton and Long Beach (ICTF). The restriction set forth in the prior sentence shall also apply to interdivisional notices (if any) which have been served, but not yet implemented, through December 31, 1997.

ARTICLE XX - LOCAL AND ROAD SWITCHER GUARANTEE

Section A.

1. Eligible trainmen will be guaranteed monthly earnings based on their earnings during calendar year 1992. This guarantee will commence January 1, 1994 and continue through December 31, 1997. The applicable guarantee for any month shall be determined by

dividing earnings during calendar year 1992 by 366 days (1992 was a leap year). The quotient thus obtained shall be multiplied by the number of days in the month to determine the guarantee for that month. Example of determining the guarantee for June 1995 based on 1992 earnings of \$49,812:

Annual earnings during 1992 =	\$ 49,812.00
\$ 49,812) by 366 days to obtain	
daily rate.....	\$ 136.098
\$ 136.098 x 30 days to obtain	
guarantee for June	\$ 4,082.95
June 1995 guarantee =	\$ 4,082.95

2. Guarantee due will be included with the regular paycheck for the first pay period of the month following the month in which the guarantee was earned.
3. The amount of any guarantee due will not be offset by payment of penalty claims such as, but not limited to, outside of assignments or road/yard violations.

Section B. Eligible employees will be train service employees who were regularly assigned to road switcher or local freight service in 1992 and whose earnings while regularly assigned to road switcher or local freight service were 50% or more of his/her 1992 calendar year earnings. Such employee will be guaranteed by the Company to earn not less than their 1992 earnings subject to the following conditions:

1. The employee must be regularly assigned to the same class of service, operating the same number of days per week, and working from the same source of supply (L.A. and P.E. being the same) that the 1992 earnings were made.
2. The employee must not relinquish, forfeit or waive rights to work in any class or type of service.
3. Earnings lost as a result of laying off or otherwise making him/herself unavailable will be deducted from guarantee otherwise payable.
4. This guarantee will not be reduced (offset) for items of pay such as personal leave days, bereavement pay, jury duty, vacation, Company business (including physical and rules examinations), Employee Involvement Programs, and holiday pay, etc. The amount of compensation paid for such allowances shall be counted toward earnings made by the employee during the relevant guarantee period.

Section C. Productivity Fund credits for purpose of distributions from the Basic and Supplemental Productivity Fund will be granted for amounts paid in guarantee on the same basis as granted for

extra board guarantee.

Section D. Contributions received from the Supplemental and/or Basic Productivity Fund in December 1992 (regardless of whether contributed to the 401-k) will be included in 1992 calendar year earnings for the purposes of Section A of this Article. The amount of contribution from the Basic and Supplemental Productivity Fund due to an employee in December 1994, 1995, 1996 or 1997 may be reduced (i.e., the money paid to the Company) by any monthly guarantee provided for under this Article, and paid to that employee, during the period November 1 of the previous calendar year through October 31 of that calendar year.

EXAMPLE ONE: Employee "F" earned \$38,000 plus \$4,000 from the Productivity Fund during 1992, for a total of \$42,000. During 1994, Employee "F" earns \$40,000 plus is eligible for a distribution from the productivity fund of \$5,000 in December 1994. Employee "F" was not entitled to guarantee for any month during 1994. None of employee "F"'s 1994 distribution from the Productivity Fund is subject to being reduced.

EXAMPLE TWO: Employee "S" earned \$43,000 plus \$4,500 from the Productivity Fund during 1992 for a total of \$47,500. During 1994, employee "S" earns \$42,500 and is paid \$5,000 in guarantee pursuant to this Article. Employee "S" is eligible for a December 1994 distribution from the Productivity Fund of \$6,000. Of that \$6,000 amount, \$1,000 will be distributed to employee "S" and \$5,000 will be returned to the Company.

Section E. Employees who are eligible under the provisions of Section B and worked part-time for the union during 1992 will have their 1992 earnings adjusted (for purposes of establishing a base for guarantee pursuant to this Article) as shown in the following example:

EXAMPLE: Employee "W" earned \$38,456 during 1992 and was off for UTU business a total of 27 days during 1992. For purposes of guarantee pursuant to this Article, employee "W" shall be considered to have earned \$41,519 during 1992, determined as follows:

366 minus 27 days UTU business = 339 days

339		\$ 38,456
	=	
366		X

366 times \$38,456 divided by 339 = X = \$41,519

Employee "W" shall be considered to have earned \$41,519 for purposes of establishing a base for guarantee paid pursuant to this Article.

ARTICLE XXI - YARD GUARANTEE AND EXTRA BOARDS

Section A. All yard extra boards will be guaranteed the same as if that yard had positions closed pursuant to the December 5, 1988 Guarantee Agreement.

Section B.

1. Eligible switchmen will be guaranteed monthly earnings based on their earnings during calendar year 1992, provided that in that month and at that source of supply a R/S Board employee is assigned to that yard from another source of supply. This guarantee will commence January 1, 1994 and continue through December 31, 1997. The applicable guarantee for any month shall be determined by dividing earnings during calendar year 1992 by 366 days (1992 was a leap year). The quotient thus obtained shall be multiplied by the number of days in the month to determine the guarantee for that month. Example of determining the guarantee for June 1995 based on 1992 earnings of \$49,812:

Annual earnings during 1992 =	\$ 49,812.00
\$ 49,812) by 366 days to obtain	
daily rate.....	\$ 136.098
\$ 136.098 x 30 days to obtain	
guarantee for June	\$ 4,082.95
June 1995 guarantee =	\$ 4,082.95

2. Guarantee due will be included with the regular paycheck for the first pay period of the month following the month in which the guarantee was earned.

3. The amount of any guarantee due will not be offset by payment of penalty claims such as, but not limited to, service outside of assignment, runarounds or road/yard violations.

Section C. In order to be eligible for this guarantee, an employee:

1. Must have earned the majority of earnings during the period July 1, 1992 through June 30, 1993 in yard service. An employee whose majority of earnings during this period was from road service but who worked the majority of time during the period in yard service shall be eligible for this guarantee.
2. Must be working in the same yard in which the majority of yard service during the period July 1, 1992 through June 30, 1993 was performed.

3. Must maximize his/her availability for service.

a. Each calendar day during which the employee lays off, or otherwise makes him/herself unavailable, will result in a 4.6% reduction in the amount of guarantee applicable for the month.

(1) Extra board employees must protect all three calling ranges during a calendar day in accordance with local agreements, as addressed in the December 5, 1988 Guarantee Agreement. Employees who do not protect the calling ranges for all three shifts on that calendar day will not be entitled to the guarantee for that day. The monthly guarantee will be reduced by the percentage expressed in item 3.a of Section C.

(2) Regularly assigned employees must hold themselves available during assigned calling hours for extra work when rested under the Hours of Service Act. If a regularly assigned employee is not available for service or declines extra work when rested, the employee's monthly guarantee will be reduced for that day by the percentage expressed in Item 3.a of this Section C.

(3) An employee who is properly notified that he/she has been displaced from a regular assignment and who immediately moves to the extra board subject to Section F of this Article, or who, within two hours, exercises his/her seniority to a regular assignment will be considered as having maximized his/her availability.

(4) A switchman reduced from the extra board in accordance with Section F of this Article and who exercises his/her seniority to a regular assignment within two hours will be considered as having protected the extra board for the three shifts that day.

b. Employees must not relinquish, forfeit or waive rights to work in service (such as car retarder operator, console herder, etc.) for which the employee was qualified during part, or all, of the period set forth in Section C.1 above.

c. This guarantee will not be reduced (offset) for items of pay such as personal leave days, bereavement pay, jury duty, vacation, Company business

(including physical and rules examinations), Employee Involvement Programs, and holiday pay, etc. The amount of compensation paid for such allowances shall be counted toward earnings made by the employee during the relevant guarantee period.

Section D. Productivity Fund credits for purposes of distribution from the Basic Productivity Fund will be granted for amounts paid in guarantee on the same basis as granted for extra board guarantee paid pursuant to the agreement of December 5, 1988.

Section E. Contributions received from the Supplemental and/or Basic Productivity Fund in December 1992 (regardless of whether contributed to the 401-k) will be included in 1992 calendar year earnings for the purposes of Section B of this Article. The amount of contribution from the Basic Productivity Fund due to an employee in December 1994, 1995, 1996 or 1997 may be reduced (i.e., the money paid to the Company) by any monthly guarantee provided for under this Article, and paid to that employee, during the period November 1 of the previous calendar year through October 31 of that calendar year.

EXAMPLE ONE: Employee "F" earned \$38,000 plus \$4,000 from the Productivity Fund during 1992 for a total of \$42,000. During 1994, employee "F" earns \$40,000 plus is eligible for a distribution of \$5,000 in December 1994. Employee "F" was not entitled to guarantee for any month during 1994. None of employee "F"'s 1994 distribution from the Productivity Fund is subject to being reduced.

EXAMPLE TWO: Employee "S" earned \$43,000 plus \$4,500 from the Productivity Fund during 1992 for a total of \$47,500. During 1994, employee "S" earns \$42,500 and is paid \$5,000 in guarantee pursuant to this Article. Employee "S" is eligible for a December 1994 distribution from the Productivity Fund of \$6,000. Of that \$6,000 amount, \$1,000 will be distributed to employee "S" and \$5,000 will be returned to the Company.

Section F. During periods of time that switchmen in a yard are eligible for guarantee pursuant to this Article (i.e., a R/S Board employee has been assigned from another source of supply in that month), the Company may limit the number of switchmen on the extra board to not less than the difference between the demand number (Article III, Section C) and the number of regular positions in that yard.

EXAMPLE: Demand number in yard "G" 50
Regular positions in "G" yard 37

Company may limit the number of
switchmen on the extra board in "G"

yard to not less than 13¹

SECTION G. Employees who worked full or part-time for the union during 1992 will have their 1992 earnings adjusted (for purposes of establishing a base for guarantee pursuant to this Article) as shown in the following example:

EXAMPLE: Employee "W" earned \$38,456 during 1992 and was off for UTU business a total of 27 days during 1992. For purposes of guarantee pursuant to this Article, employee "W" shall be considered to have earned \$41,519 during 1992, determined as follows:

366 (number of days in 1992) minus 27 days UTU business =
339 days

339 \$ 38,456
= _____
366 X

366 times \$38,456 divided by 339 = X = \$41,519

Employee "W" shall be considered to have earned \$41,519 for purposes of establishing a base for guarantee paid pursuant to this Article.

ARTICLE XXII - PERSONAL LEAVE DAYS

Section A. On an annual basis, switchmen shall have the option of electing to take personal leave days in lieu of holidays. Employees may not change their election during the calendar year.

Section B. A switchman who has elected personal leave days in lieu of holidays shall be paid one basic day at the rate of the last yard service performed for each personal leave day. Any yard service employee performing service on a holiday will be paid at the applicable time-and-one-half rate of pay.

Section C. A switchman who has elected personal leave days in lieu of holidays for a calendar year, and who works on a holiday, will not be entitled to holiday pay (the basic day's pay).

Section D.

1.A request for a personal leave day by a switchman must be made and promptly confirmed in writing by the employee to the appropriate Company representative at least two hours in advance of the calling time to fill the position on the day or days to be taken

¹ Company may choose to have more than 13 on the extra board.

and shall be granted to the extent permitted by the requirements of the service. Requests for personal leave days must be timely made in order to schedule all approved requests prior to the expiration of the calendar year.

2.If the requirements of the service do not permit the employee to take the requested personal leave days, and the Company representative refuses to grant the request, the number of personal leave days so requested and not granted may be carried over, but requests must be confirmed in writing and granted prior to May 1 of the following year.

ARTICLE XXIII - MAKE WHOLE

Section A. Article 12, Section (e)1 of the Switchmen's Agreement shall be modified with respect to an extra switchman who is not called in turn and who performs no service prior to the next subsequent shift range, through no fault of his/her own. Such extra switchman will be allowed the amount of earnings he/she would have made, except crew consist special allowances, if he/she had been properly called in turn.

ARTICLE XXIV - LOCAL YARD ISSUES

Section A. The parties acknowledge and agree that at the local level there are unique conditions which may require local agreement modifications. They include, but are not limited to, a local agreement which would establish an order of call for Southern Pacific, El Paso (Western Lines) switchmen when used on T & L (Eastern Lines) jobs and an order of call for filling Phoenix yard positions.

Section B. In order to mutually address and resolve these and other conditions which may arise, it is agreed that within 60 days from the effective date of this Agreement, the parties will meet in Phoenix and El Paso.

Section C. During the first day of the above referenced meeting, the parties will identify the issues to be addressed. The Local Chairperson(s), having jurisdiction within the territories where issues exist, will participate in these discussions.

Section D. The parties further agree that within 90 days of the commencement of this process (except by mutual agreement) definitive proposals will be articulated in response to the issues identified in Section C herein.

ARTICLE XXV - GROWTH PARTICIPATION

Section A. This Article sets forth the terms and conditions of a "gainsharing" plan that provides that certain payments may become payable if the Company's turnaround plan is successful and if the combined carriers meet or exceed operating income levels as described below:

- 1.If operating income in any year (1994, 1995, 1996, or 1997) exceeds \$258.6 million, employees will be entitled to a 3% lump-sum payment based on the individual's W-2 earnings plus 401(k) contributions to be paid by the end of the first quarter in the year immediately following the year in which operating income met or exceeded the target.

ARTICLE XXVI - PLANT "RATIONALIZATION"

Section A. The Company has proposed selling or leasing certain branch lines listed below. These proposed transactions have progressed to the point of having operating and marketing plans prepared and financial bids submitted. These include the Tillamook, Siskiyou, Coos Bay, NWP, Napa, Vallejo, West Side, West Valley, Ione, SJVR expansion (Buttonwillow/Lower Westside/Riverdale), Santa Paula (use of VCY), Torrance/El Segundo branches and sales or leases of lines to public transit agencies for passenger operations.

Section B. Without prejudice to the above, and preserving the Organization's rights regarding any and all line sales, the selling or leasing of other lines on the Western Lines will not be initiated, progressed or consummated during the term of this Agreement without Western Lines and UTU first entering into a negotiated agreement with respect to the employment or protection of those employees affected by such sale or lease.

ARTICLE XXVII - SCOPE RULE

Section A. The term "employees" as used herein shall include all ground service employees (conductors/foremen and brakemen/switchmen) represented by the United Transportation Union.

Section B. 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 employees represented by the UTU. Nothing in this Agreement is intended to alter the line of demarcation as established by existing agreements and practices.

Section C. In addition to the above, for the life of this Agreement the parties agree that the Company will not enter into

any agreements with other labor organizations that provide for the following without the concurrence of the UTU Western Lines:

- 1.The operation of remote control devices (black boxes).
- 2.Additions to or changes in crew positions on trains or engines including, but not limited to, co-engineer positions.

ARTICLE XXVIII - SAVINGS CLAUSE

Section A. The parties to this Agreement agree that all Agreements, Side Letter Agreements, moratoriums, understandings, including, but not limited to, crew consist allowances, Productivity Funds and basic day mileage in effect between the parties, will remain in full force and effect subject to its terms unless specifically changed and/or modified by this Agreement.

ARTICLE XXIX - GENERAL

Section A. The parties to this Agreement shall not serve nor progress prior to January 1, 1997 (not to become effective before January 1, 1998) any Section 6 notice or proposal for changing any matter contained in this Agreement.

Section B. No party to this Agreement shall serve nor progress, prior to January 1, 1997 (not to become effective before January 1, 1998) any Section 6 notice or proposal which might properly have been served prior to the effective date of this Agreement.

Section C. This Article shall not bar the parties from agreeing upon any subject of mutual interest.

Section D. The parties hereto recognize the complexities involved in this Agreement, and in keeping with its intent and purpose and the rights and responsibilities of the parties thereunder, arrangements will be made for periodic conferences for the purpose of agreeing on interpretations. It is further agreed that at least for the first year the agreement is in effect, disputes arising from its application will be handled expeditiously in conference by the General Chairperson and the Company's highest designated officer of Labor Relations. Such conferences will be held promptly at the request of either party.

DEMAND NUMBERS

LOCATION	SOURCES OF SUPPLY	
	Yard Demand Number	Road Demand Number ● / ●●
REGION #1		
Portland	29	30 / 28
Albany		7
Eugene	87	52 / 31
Roseburg (Medford)		37 / 0
Klamath Falls		38
Dunsmuir		67 / 64
REGION #2		
Sparks	12	31
Carlin		9
Ogden		32
REGION #3		
Sacramento	13	
Roseville North - Road		75
Roseville South - Road		47
Roseville - Yard	105	
Tracy		18
Stockton	17	
Ozol	24	
Oakland	69	86
San Francisco	6	20
San Jose	15	
Watsonville		24
REGION #4		
Fresno	6	6
Bakersfield	18	92
Los Angeles	64	257
West Colton	108	97
REGION #5		
Yuma		48
Phoenix	33	14
Tucson	87	159
El Paso (NL) - Road		45
El Paso (EL) - Road		22
El Paso - Yard	27	
Tucumcari		24

- Prior to the pending transaction listed in Article XXVI

- At the completion of the transaction listed in Article XXVI

Attachment B

REGION / SYSTEM BOARD

BIDDING

R/S BOARD POSITIONS	DAY OF THE MONTH	R/S BOARD CYCLES
Voluntary = Quarterly Involuntary = Monthly		Monthly
12:00 Noon, Pacific Time Voluntary positions bulletined for following month at each source of supply	1	Cycles bulletined for following month for each Region
12:00 Noon, Pacific Time Bids close for voluntary positions	7	
12:00 Noon, Pacific Time Voluntary positions posted	8	
12:00 Noon, Pacific Time Involuntary positions assigned	10	
	15	12:00 Noon, Pacific Time Bids close for cycles
	20	12:00 Noon, Pacific Time Cycles posted. Employee has 72 hours to correct any error in his / her assignment

This Agreement shall become effective on _____, 1993.

For the United Transportation Union

For the Southern Pacific
Transportation Company:

Kevin Klein

J. L. Jordan

Robert W. Cosner

D. E. Torrey

L. B. Holder

W. E. Loomis

W. F. May, II

L. L. Phipps

R. H. Morgan

Tom Matthews

L. W. Partridge, UTU(S)

Daniel E. Johnson, UTU(T)

For the UTU International:

Byron A. Boyd, Jr.