

**I&S Draft 8  
IMPLEMENTING AGREEMENT  
BETWEEN  
IDAHO & SEDALIA TRANSPORTATION COMPANY, LLC  
AND THE  
BROTHERHOOD OF RAILROAD SIGNALMEN**

Union Pacific Railroad Company (UP) and the Brotherhood of Railroad Signalmen (BRS) have entered into an agreement which transfers all of the work presently performed by BRS members in the Sedalia Signal Shop from UP to the Idaho and Sedalia Transportation Company, LLC, (I&S). I&S and BRS have entered into this agreement to provide for the transfer of that work. The parties agree that the work will be transferred back to UP if I&S fails to meet terms outlined in the Agreement between UP and I&S.

**IT IS THEREFORE AGREED:**

**Section 1 - Bargaining Agent** I&S recognizes BRS as the bargaining agent for employees performing work in the Signal Shop. In order to permit BRS to stay abreast of issues pertaining to its membership I&S will designate a BRS Officer to serve permanently on the Board of Directors of I&S.

**Section 2 - Pre-wired Cases** I&S agrees that it will not enter into any arrangement to purchase or procure pre-wired cases, houses, or bungalows during the life of this agreement. I&S further commits that BRS employees will continue to perform all work presently performed by the Signal Shop employees.

**Section 3 - Relocation of Shop** It is agreed that the I&S Signal Shop will not be relocated without consent of the BRS.

**Section 4 – Transfer Allowance** The parties anticipate that I&S will expand operations in the Signal Shop, to that end, UP employees who transfer to I&S after the effective date of this agreement, who are subsequently furloughed by I&S, will be permitted to return to UP as outlined in Section 2 (a) of the Implementing Agreement dated \_\_\_\_\_ between BRS and UP. Such employees will receive a transfer allowance of \$2,500 within two weeks of their actual displacement.

**Section 5 - Protected Rates & Guarantees** The parties recognize that certain individuals in the Signal Shop are currently being paid guarantees or protected rates. It is agreed that those guarantees or protected rates will continue and will be adjusted with each subsequent general wage increase in the future.

**Section 6 – Employment Security** - It is recognized that all of the current shop employees are protected employees and it is therefore agreed that the shop workforce will not be reduced below 31. The senior 31 current Union Pacific employees who are employed by I&S will be covered by Section J of the Master National Agreement. Subsequently employees hired by I&S after the effective date of this agreement, are not subject to the provisions of Section J of the Master National Agreement. Protected employees cannot be forced onto second or third shift positions.

**Section 7 - Incentive Pay** Union Pacific employees who opt to accept employment with I&S during the initial transfer will receive \$3,000 incentive pay. \$1,500 will be paid on December 1, 2005 and the other \$1,500 will be paid on the first anniversary date of this Agreement.

**Section 8 - Profit Sharing** Beginning in the Calendar year 2006, Shop Employees will participate in a Profit Sharing Program based on 2.5% of the Shop's pre-taxed income. The profit goal is \$1.5 million annually. If the profit goal is met or exceeded, the following formula will be used for determining the amount paid to employees under this program:

60% for meeting the profit goal  
40% for meeting safety goals

The 40% shown above will be adjusted as follows if employees have "FRA reportable accidents" during the calendar year:

Number of hours worked (Shown in Thousands)	<u>60</u>	<u>70</u>	<u>80</u>	<u>90</u>	<u>100</u>	<u>110</u>	<u>120</u>
Reduce 40% to for :							
1 reportable accident	40%	40%	40%	40%	40%	40%	40%
2 reportable accidents	25%	30%	35%	40%	40%	40%	40%
3 reportable accidents	15%	20%	25%	30%	35%	40%	40%
4 or more	0%	0%	5%	10%	15%	20%	25%
5 or more	0%	0%	0%	0%	0%	5%	10%

Payments to employees under this formula will be prorated based on each employee's percentage of the actual total number of hours worked by the group.

I&S will supply the BRS' Board Member and the General Chairman with written documentation of the pre-taxed earnings of the I&S Shop. Employees will receive profit sharing payments no later than ninety (90) days after year end beginning with the year ended December 31, 2006.

**Section 9 - 401 K program** The employees of the Sedalia Shop will be permitted to voluntarily participate in the company's 401 K program.

**Section 10 - Establishment of I&S Railroad** – A copy of the agreement establishing the Idaho & Sedalia Transportation Company, LLC is made part of this Agreement and is marked as Attachment "A".

**Section 11 - Reward Program** Employees who offer ideas or inventions that save the company significant amounts of money will share in those savings. Any employee desiring to participate in this program must submit his/her idea or invention in writing to the Shop Manager. Should the Company, at its sole discretion, determine that the idea or invention saves the company a significant amount of money on an on going basis, the employee will receive 25% of the money saved for the first full calendar year as determined solely by the Company.

**Section 12 – Effective Date** This Agreement will become effective when BRS notifies I&S in writing, that it has been ratified by the Union Pacific General Committee.

Signed in Omaha, Nebraska, on the \_\_\_\_\_ day of \_\_\_\_\_, 2004.

FOR THE ORGANIZATION:

FOR THE COMPANY:

\_\_\_\_\_  
General Chairman, BRS

\_\_\_\_\_  
General Manager

APPROVED:

\_\_\_\_\_  
Vice President BRS

DATE

Side Letter No. 1

Mr. Grover E. Pankey  
General Chairman  
P. O. Box 1417

Upland, CA 91785

Dear Sir:

During negotiations pertaining to work at the Union Pacific Signal Shop being transferred to the Idaho and Sedalia Transportation Company, LLC (I&S), you expressed concern that I&S would seek to take over the operations at the Circuit Card Repair Facility in Council Bluffs, IA.

This letter is to assure you that I&S has no interest in taking over this facility and will not make any attempt to do so in the future.

Sincerely yours,

General Manager, I&S

DATE

Side Letter No. 2

Mr. Grover E. Pankey  
General Chairman  
P. O. Box 1417  
Upland, CA 91785

Dear Sir:

During negotiations pertaining to work at the Union Pacific Signal Shop being transferred to the Idaho and Sedalia Transportation Company, LLC (I&S), you expressed concerns over the effect such transfer of work would have on other Class I Railroad **Signal Shops**.

I&S will not consolidate the Sedalia Shop with that of any other Class I Railroad. I&S will not enter into contracts with any Class I Railroad Signal Shop to perform wiring **or other shop work** at the Sedalia Shop without written prior approval of BRS.

If I&S enters into similar agreements with other Class I railroads, I&S will recognize BRS as the bargaining representative of such employees. If I&S seeks to obtain contracts with any other Class I railroad such contracts will be similar to the agreement reached in the Sedalia Signal Shop.

If the foregoing reflects our understanding, please sign where indicated below.

Sincerely yours,

General Manager, I&S

AGREED: \_\_\_\_\_  
General Chairman

APPROVED: \_\_\_\_\_  
Vice President

Side Letter No. 3

Mr. Grover E. Pankey  
General Chairman  
P. O. Box 1417  
Upland, CA 91785

Dear Sir:

During negotiations pertaining to work at the Union Pacific Signal Shop being transferred to the Idaho and Sedalia Transportation Company, LLC (I&S), you noted that Union Pacific policy allows employees to be reimbursed for the purchase of certain safety equipment, including but not limited to, safety boots and prescription safety glasses. It was also noted that UP policy pays for eye

examinations and re-examinations. Similarly UP has a policy that pays for membership fees for employees to enroll in Health Club facilities.

It was agreed that I&S will implement policies that meet or exceed the UP policies.

If the foregoing correctly reflects our understanding please sign where indicated below.

Sincerely yours,

General Manager, I&S

AGREED: \_\_\_\_\_  
General Chairman

APPROVED: \_\_\_\_\_  
Vice President

Side Letter No. 4

Mr. Grover E. Pankey  
General Chairman  
P. O. Box 1417  
Upland, CA 91785

Dear Sir:

In connection with the Implementing Agreement pertaining to Union Pacific transferring work at the Sedalia Signal Shop to the Idaho and Sedalia Transportation Company, LLC, it was agreed that the following items in the Collective Bargaining Agreement (CBA) should be amended to reflect the specific nature of work performed by employees covered by this Agreement:

1. Rule 49, Investigations, Discipline and Appeals.

2. Rule G Agreement - Appendix B, Page 32.
3. Companion Agreement – Appendix C, Page 34.
4. Training Agreement – Appendix D, Page 39
5. Advanced Training – Appendix F, Part 2, Master National Agreement.

Therefore it is agreed:

Within the 30 days after the effective date of this Agreement, the parties will designate a committee to develop programs and create agreements addressing the items enumerated above. The parties will complete this work within six months after the effective date of this Agreement. The newly negotiated agreements will supersede the appendices cited above. If the parties are unable to successfully negotiate new agreements, the above appendices will remain in full force and effect and be binding on the parties.

If the foregoing correctly reflects our understanding please sign where indicated below.

Sincerely yours,

General Manager, I&S

AGREED: \_\_\_\_\_  
General Chairman

APPROVED: \_\_\_\_\_  
Vice President  
Side Letter No. 5

Mr. Grover E. Pankey  
General Chairman  
P. O. Box 1417  
Upland, CA 91785

Dear Sir:

During negotiations concerning Union Pacific transferring work at the Sedalia Signal Shop to Idaho and Sedalia Transportation Company, LLC, (I&S) it was agreed that employees covered under the Collective Bargaining Agreement (CBA) between I&S and BRS would be covered by the Railroad Retirement Act and the Federal Employer's Liability Act.

If the foregoing correctly reflects our understanding please sign where indicated below.

Sincerely yours,

General Manager, I&S

AGREED: \_\_\_\_\_  
General Chairman

APPROVED: \_\_\_\_\_  
Vice President

SL-6

Mr. Grover E. Pankey  
General Chairman  
P. O. Box 1417  
Upland, CA 91785

Dear Sir:

During negotiations concerning Union Pacific transferring work at the Sedalia Signal Shop to Idaho and Sedalia Transportation Company, LLC, (I&S) discussions were held regarding offsets paid by employees covered under the National Health Care Plan GA 23000 and/or plans provided by the Union Pacific Railroad Employees Health Systems (UPREHS). It was noted that employees currently make co-payments each month for health care benefits under the National Health Care Plan GA23000.

It was agreed that all employees and their dependents will be covered by this plan. The company will pay 50% of the offset amount for each employee.

If the foregoing correctly reflects our understanding please sign where indicated below.



Sincerely yours,

General Manager, I&S

AGREED: \_\_\_\_\_  
General Chairman

APPROVED: \_\_\_\_\_  
Vice President

SL-6

Mr. Grover E. Pankey  
General Chairman  
P. O. Box 1417  
Upland, CA 91785

Dear Sir:

Section 6 of this agreement provides that the senior 31 Union Pacific employees who transfer to I&S will be entitled to employment security under Section J of the Master National Agreement.

During negotiations it was agreed that protection will be extended to any and all of the existing shop employees who transfer to I&S during the initial transfer period as outlined in this Implementing Agreement.

If the foregoing correctly reflects our understanding please sign where indicated below.

Sincerely yours,

General Manager, I&S

AGREED: \_\_\_\_\_  
General Chairman

APPROVED: \_\_\_\_\_  
Vice President