BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 32760, SUB-FILE 43

IN THE MATTER OF ARBITRATION BETWEEN UNION PACIFIC RAILROAD COMPANY AND BROTHERHOOD OF LOCOMOTIVE ENGINEERS & TRAINMEN, NEW YORK DOCK ARBITRATION, CASE NO. 03/074

(Arbitration Review)

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APPEAL FROM ARBITRATION AWARD

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INTRODUCTION

This Petition raises the significant and recurring issue of whether the terms of an implementing agreement entered into under the Board's New York Dock conditions, New York Dock Ry. - Control - Brooklyn Eastern District, 360 I.C.C. 60 (1979), aff'd sub nom. New York Dock Ry. v. United States, 609 F.2d 83 (2nd Cir. 1979) (NYD"), ever become subject to amendment or modification under the procedures of the Railway Labor Act ("RLA"), 45 U.S.C. §§ 151 et seq. Years ago, the Interstate Commerce Commission ("ICC") answered this question in the affirmative, specifically holding that its jurisdiction over NYD implementing agreements was not "timeless and limitless." Delaware & Hudson Ry. Co. - Lease and Trackage Rights Exemption - Springfield Terminal Ry. Co., 8 I.C.C.2d 839 (1992). However, while recognizing that this transition would occur, the ICC left for another day the precise delineation of when jurisdiction would shift from NYD to the RLA.

This appeal presents the ideal case for the Board to define when, and under what circumstances, an implementing agreement becomes subject to the RLA. In an NYD arbitration award attached hereto as Exhibit A,[1] Arbitrator Ann S. Kenis simply ignored Springfield Terminal and ruled that NYD implementing agreements never become subject to amendment under RLA procedures. Because NYD contains no provision for the amendment or modification of an implementing agreement, Arbitrator Kenis' Award would leave a party to a NYD implementing agreement without any procedure to require negotiations to change that agreement. As a result, the train routes established in an implementing agreement, the pools of employees assigned to those routes, and the rates of pay, rules, and other working conditions of the

[1] On the same day that Arbitrator Kenis issued the New York Dock arbitration award under appeal herein, she issued a second award under the RLA. This second award is attached hereto as Exhibit B. This Appeal concerns only the New York Dock award, the only one over which the Board has jurisdiction.

many of the terms normally found in traditional collective bargaining agreements. For example, the North Little Rock/Pine Bluff Hub Implementing Agreement establishes the routes that engineers will operate over, creates pools of engine service employees who will operate those routes, details how seniority will be established for each pool, and establishes extra boards to protect those pools. Ex. E, Arts. I-III, at 1-19. That Agreement further establishes rates of pay, overtime rates, and transportation and lodging rules for employees in the pools created by the Agreement. Ex. E, Art. IV(B)(1)(2), at 19.

Shortly after each Hub Implementing Agreement was entered into, UP implemented the operational changes permitted thereby. The UP-SP Merger has been fully implemented and the previously separate railroads now operate as a single carrier.

C. Changes in Traffic Patterns Cause UP to Desire to Establish New Interdivisional Service from North Little Rock/Pine Bluff to Memphis

Upon its merger with the SP, UP acquired a number of routes between Memphis and North Little Rock. At the time of the merger, however, UP operated few trains through Memphis. In 1995, the average number of UP trains operated daily through Memphis was only 11.7. Ex. H. As a result of these low traffic volumes, there were few delays in Memphis, and UP never anticipated a need for more than one route between North Little Rock and Memphis.

Over the course of the next six years, however, Memphis became the preferred gateway for interchanging traffic from eastern carriers, such as the Norfolk Southern, to the UP. For this and other reasons, train traffic through Memphis increased by almost 100% to a daily average of 20.8. Id. This increased traffic led to a 41% increase in the amount of time it took to operate trains between North Little Rock and Memphis, and a twenty-fold increase in the number of times per year that a crew was unable to make the run between North Little Rock and Memphis

within the 12 hour limitation specified by the Hours of Service Act. Ex. I. This congestion has seriously impaired UP's ability to meet its service commitments and to attract new customers, and, due to Arbitrator Kenis' Award, continues to this day.

Given these changes, UP determined that it needed to establish interdivisional service to address the congestion in the North Little Rock-Memphis corridor. UP therefore served notice under Article IX of the 1986 National Agreement on May 16, 2003, stating an intention to operate trains from North Little Rock to Memphis on one set of tracks, and from Memphis back to North Little Rock on a separate set of tracks. Ex. J. UP and BLET then met twice to negotiate the terms under which this interdivisional service would be performed as required by Article IX of the 1986 National Agreement. However, following this second meeting, BLET refused to continue the process. Instead, BLET took the position that, because the Hub Implementing Agreement created specific "spokes" from the North Little Rock/Pine Bluff hub, UP had waived its Article IX right to establish any new "spokes" at that hub.[3] UP disagreed with BLET's position, arguing that the Article VIII(A) Savings Clause of the Hub Implementing Agreement, as well as the Side Letter, clearly provided that all of UP's pre-existing contractual rights continued unless "expressly modified or nullified" by the Hub Implementing Agreement. Because the Hub Implementing Agreement did not specifically eliminate UP's Article IX rights, those rights survived.

[3] UP subsequently served an Article IX notice on August 29, 2003, to establish interdivisional service out of its Kansas City and St. Louis hubs. Ex. K. BLET also refused to negotiate about these proposals, and handling of the Kansas City and St. Louis disputes was combined with handling of the North Little Rock/Pine Bluff dispute. Arbitrator Kenis' Award rejected UP's efforts to establish interdivisional service out of Kansas City and St. Louis for the same reason as it refused to allow UP to establish North Little Rock/Pine Bluff interdivisional service. For clarity, this Petition focuses on the specifics of the North Little Rock/Pine Bluff notice on which Arbitrator Kenis focused in her Award.

D. Arbitration under NYD, Article I, § 11 and Article IX of the 1986 National Agreement

When the parties could not reach an agreement on this subject, the BLET requested that the National Mediation Board ("NMB") provide a selection list of NYD arbitrators to resolve the dispute. Ex. L. UP opposed BLET's request for appointment of a NYD arbitrator, arguing that Article IX of the 1986 National Agreement required resolution of the dispute by arbitration under the RLA. Ex. M. Thus, UP requested the NMB to appoint an Article IX arbitrator to establish the terms and conditions of the North Little Rock-Memphis interdivisional service. The NMB chose not to address the jurisdictional issue and simply furnished a single selection list for an arbitrator to hear both the BLET's NYD dispute and UP's Article IX dispute. The parties selected Arbitrator Ann S. Kenis.

E. Arbitrator Kenis' Awards

Following a hearing, Arbitrator Kenis issued two Awards, one pursuant to Article I, § 11, of NYD (Ex. A), and a second pursuant to Article IX of the 1986 National Agreement (Ex. B). Arbitrator Kenis' NYD Award under review herein addressed two questions: (1) whether the parties' dispute was within the jurisdiction of a NYD arbitrator or an RLA arbitrator (the "jurisdictional issue"); and (2) whether the Hub Implementing Agreements either completely extinguished or limited UP's Article IX rights to establish interdivisional service (the "merits issue").

Arbitrator Kenis first concluded that jurisdiction over the parties' dispute fell under Article I, § 11 of NYD. Specifically, Arbitrator Kenis found that the dispute required her to interpret the NYD Hub Implementing Agreements to determine what effect, if any, they had on UP's right to establish interdivisional service under Article IX of the 1986 National Agreement.

Ignoring prior ICC case law to the contrary, Arbitrator Kenis concluded that the interpretation of NYD implementing agreements always fell within the jurisdiction of a NYD arbitrator, regardless of the issues involved and regardless of how much time had passed since the implementing agreement was entered into.

Turning to the merits, Arbitrator Kenis addressed what impact, if any, the terms of the Hub Implementing Agreements had on UP's Article IX rights. First, Arbitrator Kenis rejected BLET's contention that the Hub Implementing Agreements completely nullified UP's right to establish interdivisional service under Article IX of the 1986 National Agreement. Arbitrator Kenis agreed with UP that because the Hub Implementing Agreements did not expressly modify or nullify UP's Article IX rights, those rights continued to exist under the Savings Clause and the Side Letters. Award, Ex. A, at 22.

However, having just stated that UP had not given up all of its Article IX rights by entering into the Hub Implementing Agreements, Arbitrator Kenis then concluded that those agreements did eliminate UP's right to establish the desired interdivisional service. Noting that the Article IV(A) Applicable Agreement provision of the Hub Implementing Agreements stated that conflicts between those Agreements and the pre-existing collective bargaining agreements would be resolved in favor of the Hub Implementing Agreements, Arbitrator Kenis ruled that:

> It would appear that numerous provisions of the implementing agreements governing the operations of trains, methods of compensation and home terminal locations would be nullified or modified if the new [interdivisional] service runs were put into effect. Accordingly, the provisions of the Hub Merger Implementing Agreements must prevail in accordance with Article IV.A and the side letter set forth in full above.

Award, Ex. A, at 25. With regard to the proposed North Little Rock to Memphis interdivisional service, Arbitrator Kenis noted that Article I(A)(5) of the North Little Rock/Pine Bluff Hub

Implementing Agreement prohibited UP from having engineers operate between Pine Bluff and North Little Rock on their way to or from Memphis. Because UP's proposed interdivisional service would require engineers to do so, Arbitrator Kenis found that UP's proposal conflicted with the Hub Implementing Agreement and therefore could not be established.[4]

As discussed above, the establishment of interdivisional service, by its very nature, modifies some pre-existing agreement between the carrier and the union. Article IX Arbitrators face this issue every day, and they are commanded by Article IX to establish such service regardless of the prior agreements, provided that the conditions required by Article IX, including the labor protections contained therein, are imposed. The theory underlying Article IX is clear: shifting service requirements and other changes necessarily lead to changes in railroad operations, and rail carriers must be able to respond to those changes to remain competitive. Arbitrator Kenis ruled, however, that a NYD implementing agreement stood on a different level, and that its terms could not be superseded by the Article IX process.

Because Arbitrator Kenis' rulings on both the jurisdictional and merits issues raise recurring issues of great significance in the industry, and because Arbitrator Kenis' analysis was egregiously wrong, UP has filed the present appeal.

ARGUMENT

A. Standard of Review

As discussed above, this appeal raises both a jurisdictional and a merits issue. Under the Board's regulations, it has the authority to review a NYD arbitration award such as the one issued by Arbitrator Kenis. 49 C.F.R. § 1115.8. Under its Lace Curtain decision, the Board

[4] The service that UP wished to establish in Kansas City and St. Louis was likewise found to conflict with terms of those Hub Implementing Agreements relating to methods of compensating engineers and home terminal locations. Thus, Arbitrator Kenis found that UP could not establish those proposed interdivisional services as well.

reviews arbitration decisions raising "recurring or otherwise significant issues of general importance regarding the interpretation of our labor protective conditions." Chicago & North Western Transp. Co. – Abandonment, 3 I.C.C.2d 729 (1987), aff'd sub nom. International Bhd. of Elec. Workers v. I.C.C., 862 F.2d 330 (D.C. Cir. 1988). With regard to the jurisdictional issue presented herein, Delaware and Hudson Ry. Co. – Lease and Trackage Rights Exemption – Springfield Terminal Ry. Co., Finance Docket No. 30965 (Sub-No. 1) (ICC Oct. 4, 1990), provides that the Board will overturn any labor protection arbitration award that "exceeds the authority reposed in the arbitrators." With regard to the merits issue, American Train Dispatchers Ass'n v. CSX Transportation, Inc., 9 I.C.C.2d 1127, 1130-31 (1993), holds that the Board will vacate any arbitration award "when there is egregious error," meaning that the award is "irrational, wholly baseless and completely without reason, or actually and indisputably without foundation in reason and fact." See also Union Pacific R.R. Co. v. Surface Transp. Bd., 358 F.3d 31, 37 (D.C. Cir. 2004). As addressed below, the Kenis Award fails these tests.

B. The Jurisdictional Issue: Arbitrator Kenis Lacked Jurisdiction Over This Dispute Under NYD

Article I, § 11 of NYD specifically limits NYD arbitrators' authority to "dispute[s] or controvers[ies] with respect to the interpretation, application or enforcement of any provision of" NYD. Arbitrator Kenis, on the other hand, concluded that she had jurisdiction over **any dispute** that involved the interpretation of any term of the Hub Implementing Agreement, even though the provision at issue has nothing to do with labor protective benefits or operational changes needed to realize the efficiencies of the Board-approved merger transaction, and even though the dispute arose years and years after the Board-approved merger transaction at issue has been

completed. Because jurisdiction over the present dispute lies with an RLA arbitrator rather than a NYD arbitrator, Arbitrator Kenis exceeded her authority, and her award must be set aside.

1. Arbitrator Kenis Ignored The Board's Precedent Regarding the Limits of Jurisdiction for NYD Arbitrators

Consistent with the language of Art. I, § 11 limiting NYD arbitration to interpretations of NYD, the ICC has recognized that its jurisdiction over implementing agreements is not "timeless and limitless." In Delaware & Hudson Ry. Co. – Lease and Trackage Rights Exemption – Springfield Terminal Ry. Co., 7 I.C.C.2d 1050 (1991), modified, 8 I.C.C.2d 839 (1992), the ICC specifically faced the question of whether a dispute over the terms of a labor protection implementing agreement was within the jurisdiction of a labor protection arbitrator or an RLA arbitrator. Springfield Terminal arose under the Mendocino Coast labor protective conditions.[5] The parties had been unable to reach a negotiated implementing agreement, leading to the imposition of an arbitrated agreement. That implementing agreement modified two provisions of the carrier's prior collective bargaining agreements to allow it additional operational flexibility based on a finding that such modifications were necessary to realize the efficiencies of the ICC-approved transaction. These modifications allowed employees to perform additional work outside the scope of their normal jobs, and permitted the carrier to operate trains with smaller crews. 7 I.C.C.2d at 1051-52.

A dispute subsequently arose regarding whether pre-existing provisions in the modified collective bargaining agreement that allowed additional pay to employees working outside the scope of their normal jobs or working on reduced crews were still applicable following the

[5] The Mendocino Coast labor conditions apply to lease and trackage rights transactions. Mendocino Coast Ry. Co. – Trackage Rights – BN, 360 I.C.C. 653 (1980). The terms of Article I, § 11 of Mendocino Coast are the same as those found in Article I, § 11 of NYD. As such, the ICC's analysis in Springfield Terminal applies in this case.

implementing agreement. Because of the amount of money implicated by the unions' contentions, the carrier chose not to implement the ICC-approved transaction pending a resolution of the matter. The unions argued that the dispute arose under the parties' collective bargaining agreement and had to be resolved by arbitration under § 3 of the RLA, 45 U.S.C. § 153, while the carrier argued that the dispute was subject to the ICC's jurisdiction under Article I, § 11 of the Mendocino Coast conditions. Id.

In its initial ruling, the ICC sided with the carrier, and issued a ruling quite similar to that issued by Arbitrator Kenis in the present case. The ICC's initial ruling was simple: any dispute regarding the interpretation of an implementing agreement was solely the province of a labor protection arbitrator, and outside the jurisdiction of an RLA arbitrator. Id. at 1056.

Four months later, however, the ICC reconsidered its decision. In its second opinion, the ICC backed away from the bright-line rule that all disputes regarding implementing agreements were forever and always subject to the jurisdiction of a labor protection arbitrator. Instead, the ICC recognized that "at some future time [its] jurisdiction [would] cease, and the parties will be required to resort to the RLA to resolve disputes . . . ." 8 I.C.C.2d at 845. In reaffirming its view that the precise dispute at issue in Springfield Terminal was still within the jurisdiction of a Medocino Coast arbitrator, the ICC noted that the arbitrator who had issued the implementing agreement had found that the contract modifications were necessary to realize the efficiencies of the transaction. Imposing additional labor costs on the carrier should it utilize the flexibility provided by the implementing agreement therefore threatened "the integrity of the implementing process itself." Id. at 845. Thus, the dispute involved "critical terms" of the implementing agreement that had to be resolved in labor protection arbitration. Id. at 846.

Second, the ICC noted that the implementing agreement at issue in Springfield Terminal was less than 2 years old. Id. Moreover, during that time, the carrier had never completed implementation of the transaction because of the financial concerns raised by the unions' arguments. Id. at 845. Given that the ICC-approved transaction was still being implemented, the ICC (and thus, a Medocino Coast arbitrator) still had jurisdiction over the matter.

Thus, Springfield Terminal plainly states that not all disputes requiring the interpretation of a NYD implementing agreement are within the jurisdiction of a NYD arbitrator. Instead, at some point, jurisdiction over operational provisions contained in implementing agreements passes to a RLA arbitrator. Springfield Terminal sets forth two factors that must be addressed to decide whether this jurisdictional change has occurred: (1) whether the dispute raises an issue central to the completion of the Board-approved transaction or otherwise threatens completion of the transaction; and (2) how much time has passed since the implementing agreement was entered into. Where a dispute arises long after an implementing agreement has been reached, and where the Board-approved transaction is not threatened by the outcome of the dispute (for example, where the transaction has long ago been completely implemented), jurisdiction passes from NYD to the RLA.

Arbitrator Kenis completely ignored the ICC's second decision in Springfield Terminal. Instead, she simply found that NYD jurisdiction existed because "the focus of this dispute is the language of the three hub merger implementing agreements." Award, at 23. In doing so, Arbitrator Kenis exceeded her jurisdiction. As the ICC recognized in Springfield Terminal, the Board's jurisdiction over a NYD implementing agreement is not "timeless and limitless." 8 I.C.C.2d at 845. At some point in time, the Board loses jurisdiction and the parties are "required to resort to the RLA" to resolve their disputes. Id. Arbitrator Kenis never even considered that

possibility, ruling only that because an implementing agreement was involved, she had jurisdiction under NYD. Her Award is therefore erroneous and must be vacated.

2. Arbitrator Kenis Had No NYD Jurisdiction Under Springfield Terminal

Analysis of this dispute under the factors made relevant by the Springfield Terminal decision proves that jurisdiction over this dispute lies not under NYD, but under the RLA. Unlike the situation in Springfield Terminal, where less than 2 years had passed since the implementing agreement had been imposed, the Hub Implementing Agreements at issue herein were over 6 years old when UP issued its Article IX notices. In addition, in Springfield Terminal, the carrier had never fully implemented the consolidations permitted by the arbitrated implementing agreement. In contrast, the consolidations contemplated in the Hub Implementing Agreements were long ago completed. The pools have been established, seniority lists created, and the hubs have been operational. Employees entitled to benefits under NYD have received those benefits, which have, for some employees, now expired. At this stage, the Hub Implementing Agreements are no different than any other collective bargaining agreements.

Moreover, the threat posed by RLA arbitration in Springfield Terminal does not exist here. As discussed above, the ICC believed that an RLA award requiring the payment of additional monies to Springfield Terminal employees if the carrier took actions permitted by the implementing agreement threatened the very transaction that it had approved. Here, nothing about the interdivisional service that UP wishes to implement threatens to block realization of the efficiencies of the UP-SP merger approved by the Board in 1996. In fact, UP has completely implemented the SP merger; the previously separate railroads now operate as one.[6]

[6] Although Arbitrator Kenis cited two arbitration decisions to support her belief that the matter was subject to NYD jurisdiction, those decisions actually support UP. BLE v. UP, I.C.C. Finance Docket No. 32760 (2000) (LaRocco, Arb.) (Ex. N) and BLE v. UP, I.C.C. Finance Docket No. 32760 (2001) (LaRocco, Arb.) (Ex. O), involved disputes

As the ICC recognized in Springfield Terminal, at some point, an implementing agreement becomes another collective bargaining agreement between the parties. When that happens, the Board (and NYD arbitrators) lose jurisdiction, and the agreement becomes subject to amendment, interpretation, and enforcement under §§ 3 and 6 of RLA, 45 U.S.C. §§ 153, 156, or pursuant to agreed-upon procedures in the parties' collective bargaining agreements – such as the agreed-upon procedures in Article IX for the establishment of interdivisional service. With respect to the Hub Implementing Agreements at issue in this case, that point has come, meaning that Arbitrator Kenis had no NYD jurisdiction. For this reason, her NYD Award must be vacated.

3. Because NYD Contains No Process to Amend an Implementing Agreement, Arbitrator Kenis' Finding that NYD Jurisdiction Never Ends Cannot Be Correct

Article I, § 4 of NYD sets forth a procedure of notice, negotiation, and (if needed) arbitration by which an implementing agreement is reached following a Board-approved transaction. Unlike the RLA, which contains detailed procedures for the amendment of existing collective bargaining agreements, 45 U.S.C. §§ 155-56 (party wishing to change RLA agreement serves notice, leading to direct and mediated negotiations), NYD contains no procedure to change an implementing agreement. The reason for this omission is clear: as recognized in Springfield Terminal, the Board's jurisdiction over the subject matter and the parties is only temporary. Following that time period, jurisdiction reverts to the RLA, whose procedures apply to any amendment of the implementing agreement.

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over the interpretation of the July 1998 Kansas City Hub Implementing Agreement and the November 1998 St. Louis Hub Implementing Agreements respectively. Both disputes arose in 2000, less than 2 years after the implementing agreements had been entered into, and no party ever questioned that jurisdiction still fell under NYD.. In each of these cases, as in Springfield Terminal, the arbitrator was interpreting and applying an implementing agreement that had been in place for a short period of time and whose terms were still being implemented. As described above, the present case is quite different.

In the present case, Arbitrator Kenis ruled that UP could not invoke the procedures set forth in Article IX of the 1986 National Agreement to revise or change the Hub Implementing Agreements at issue. Award at 25. According to Arbitrator Kenis, NYD implementing agreements take precedence over the RLA, meaning that RLA procedures (or the procedures set forth in RLA collective bargaining agreements) cannot be used to change the terms of a NYD implementing agreement.

As the Board is aware, NYD contains no process to amend an implementing agreement. By ignoring Springfield Terminal and instead ruling that disputes regarding the interpretation of NYD implementing agreements are always and forever governed by NYD, Arbitrator Kenis' decision creates a situation where the terms of an implementing agreement are fixed in stone forever. Not surprisingly, the results of such a ruling are absurd. For example, under Article IV(B) of the North Little Rock/Pine Bluff Hub Implementing Agreement, engineers working thereunder are paid in accordance with the "provisions of the June 1, 1996 National Agreement . . . as modified by the May 31, 1996 Local/National Agreement." Following Arbitrator Kenis' reasoning, if BLET were to serve a notice under § 6 of the RLA seeking to increase the pay rates for engineers working in the North Little Rock/Pine Bluff hub, UP would be justified in refusing to bargain over that issue on the grounds that BLET's proposal would modify the Hub Implementing Agreement. Because there is no mechanism in NYD to modify an implementing agreement, the wages of the engineers would be frozen forever.

Under Arbitrator Kenis' reasoning, the same is true for the routes established by the Hub Implementing Agreements. While transportation needs and service commitments will change (as they have in the Memphis corridor), and while additional mainline capacity brought about by the use of multiple routes will continue to allow trains to travel longer distances in shorter periods of

time, UP's operation would be forever limited to the runs established in the Hub Implementing Agreements. When routes are established in an RLA collective bargaining agreement, UP can invoke the procedures of Article IX to meet changing transportation needs and customer demands, as well as improving technologies. According to Arbitrator Kenis, however, if those runs happen to be established in a NYD implementing agreement, they are frozen forever because: (1) they are not subject to RLA procedures such as Article IX; and (2) there is no mechanism to amend or modify an implementing agreement.

As these examples show, the fundamental problem with Arbitrator Kenis' reasoning is that it fails to recognize that implementing agreements, at some point, become one of the parties' collective bargaining agreements that are subject to modification under the RLA. Under the ICC's Springfield Terminal ruling, implementing agreements, particularly after the transactions they contemplate have been fully implemented, are not impervious to change. Thereafter, those agreements become subject to modification just like any other collective bargaining agreement, i.e., under the provisions of the RLA and the agreements of the parties entered into thereunder.

For these reasons, Arbitrator Kenis erred in concluding that she had jurisdiction over this dispute, and the Board should therefore vacate her NYD Award.

C. The Merits Issue: Arbitrator Kenis' Ruling that UP Had Given Up its Right to Establish the Interdivisional Service at Issue Constitutes Egregious Error

Even if Arbitrator Kenis could assert NYD jurisdiction over the parties' dispute, her conclusion that the Hub Implementing Agreements limited UP's Article IX rights would have to be set aside as egregious error. Arbitrator Kenis based her conclusion on an inherently contradictory reading of the Hub Implementing Agreements, and improperly failed to consider

the parties' past practices that illustrate their interpretations of the relevant agreements. For these reasons, her Award must be vacated.

1. The Relevant Language of the Hub Implementing Agreements

As discussed above, prior to the Hub Implementing Agreements, UP's right to establish interdivisional service under the 1986 National Agreement was clear. Under Article IX, UP had the right to serve a notice to establish that service, which triggered a process of negotiation and (if necessary) arbitration to determine the terms and conditions under which that service would be provided. Moreover, prior collective bargaining agreements did not stand in the way of the establishment of new interdivisional service. Article IX provided the mechanism for UP to change its existing collective bargaining agreements with the BLET to provide for new interdivisional service, in exchanged for certain benefits for affected engineers, including labor protection.

The merits issue in this appeal raises the question of whether the Hub Implementing Agreements changed this mechanism. As the parties and the Arbitrator seem to agree, three somewhat redundant provisions of the Hub Implementing Agreements address the subject. These provisions are:

- The Article IV(A) Applicable Agreement Clause, which provides that the pre-existing Union Pacific collective bargaining agreement will continue in effect, but that if the terms of that collective bargaining agreement conflict with the terms of the Hub Implementing Agreement, the Hub Implementing Agreement will govern. Ex. E, Art IV, at 19; Ex. F, Art. IV, at 21; Ex. G, Art. IV, at 19.

- The Article VIII(A) Savings Clause, which provides that the provisions of the pre-existing UP collective bargaining agreement (which includes Article IX of the 1986 National

Agreement) will continue in effect "unless specifically modified herein." Ex. E, Art VIII, at 24; Ex. F, Art. VIII, at 20; Ex. G, Art. VIII, at 26.

- The Side Letters that again recognize "with absolute clarity" the existence of the pre-existing collective bargaining agreements, **including national agreements**, and state that, to the extent those agreements are not **expressly** nullified or modified, they continue in effect. Each Side Letter provides that the Hub Implementing Agreements are not intended "to either restrict or expand the application such agreements." Ex. E, Side Letter No. 20, at 64; Ex. F, Side Letter No. 10, at 44; Ex. G, Side Letter 9, at 44 (emphasis added).

2. The Kenis Award Misconstrues These Provisions

As discussed above, the BLET contended before Arbitrator Kenis that the Hub Implementing Agreements, by establishing certain routes on which engineers would operate trains, completely extinguished UP's rights to establish new interdivisional service under Article IX. Under BLET's theory, the creation of specific routes in the Hub Implementing Agreements eliminated UP's Article IX rights. On the other hand, UP's position was that Article IX was not impaired by the Hub Implementing Agreements because nothing contained in those Agreements expressly took away UP's right to establish interdivisional service. While the Hub Implementing Agreements established certain routes, the Side Letters made it clear that the Hub Implementing Agreement did not "restrict . . . the application of" the pre-existing collective bargaining agreement, including Article IX of the 1986 National Agreement. As discussed above, the creation of new interdivisional service always modifies some provision of the pre-existing collective bargaining agreement; Article IX allows those agreements to be changed in exchange for certain benefits for affected employees.

Arbitrator Kenis rejected BLET's interpretation of the Hub Implementing Agreements. Because the Article VIII(A) Savings Clause and the Side Letters provided that the existing collective bargaining agreement, including national agreements such as Article IX of the 1986 National Agreement, would continue in effect except where expressly modified, and because there was nothing in the Hub Implementing Agreements expressly eliminating UP's Article IX rights, Arbitrator Kenis found that the Hub Implementing Agreements had not eliminated UP's Article IX rights. In an internally inconsistent finding, however, Arbitrator Kenis went on to find that, even though the Hub Implementing Agreements did not expressly change UP's right to establish interdivisional service, they did take away UP's right to establish any interdivisional service that conflicted with any term of the Hub Implementing Agreement. Thus, because the North Little Rock/Pine Bluff Hub Implementing Agreement does not permit engineers to operate between North Little Rock and Pine Bluff when going to or from Memphis, and because UP's proposed interdivisional service would have required such operations, UP was prohibited from establishing this service.

Arbitrator Kenis' reading of the Hub Implementing Agreements fails when subjected to Lace Curtain review. Arbitrator Kenis' ruling ignores a fundamental aspect of creating new interdivisional service under Article IX: new interdivisional service, by its nature, always requires modification of some existing collective bargaining agreement. As discussed above, Article IX is the procedure by which UP can modify its existing agreements to create new, previously prohibited, interdivisional service. The concept underlying Article IX is that times change and that, in order the remain competitive, UP must be able to establish new interdivisional service notwithstanding prior agreements, subject to a requirement that it provide certain benefits, including labor protection, to affected employees.

Thus, the Hub Implementing Agreements, properly understood, do not override UP's Article IX rights. Indeed, Arbitrator Kenis clearly understood this fact when she rejected BLET's argument that UP had entirely forfeited its Article IX rights by entering into the Hub Implementing Agreements. Instead, as the Side Letters make clear, UP's rights under its pre-existing agreements with BLET, including those created by national agreements such as its Article IX rights, were neither expanded **nor restricted** by the Hub Implementing Agreements. Given that UP had the right to establish new interdivisional service prior to entering into the Hub Implementing Agreements, even though that service would require modification of some existing agreement, it retained that right after the Hub Implementing Agreements were executed. Arbitrator Kenis' finding that UP had not forfeited its Article IX rights, but that it could not establish the interdivisional service it desired thereunder, is internally inconsistent.

Again, Arbitrator Kenis' Award, if allowed to stand, could have disastrous implications. Under Arbitrator Kenis' Award, no new interdivisional service can ever be introduced if it would require modification of any provision of any Hub Implementing Agreement. As discussed above, there is no mechanism in NYD to amend an implementing agreement. Thus, according to Arbitrator Kenis, UP has forever frozen its ability to make operational changes by entering into the Hub Implementing Agreements. For example, if operational improvements or technology changes over the next 50 years allow trains to cover twice the distance that they do today, UP would still not be able to require the BLET to negotiate longer runs for engineers than those established in the Hub Implementing Agreements. Such a result cannot be countenanced.

3. The Parties' Past Practice of Establishing Interdivisional Service in Territories Subject to Hub Implementing Agreements Is Inconsistent With The Kenis Award

UP's interpretation of the Hub Implementing Agreements is further supported by the past practice between the UP and BLET. Indeed, prior to this dispute, BLET never objected when UP invoked the procedures of Article IX of the 1986 National Agreement to establish new interdivisional service, even where that new service was inconsistent with the terms of a NYD implementing agreement.

First, on August 17, 1998, UP served notice of its intent to establish interdivisional service from a new home terminal at Beaumont, Texas. This portion of the UP operates under the Houston Zones 1 and 2 Hub Implementing Agreement (Ex. P), which contains language identical to the relevant provisions of the North Little Rock/Pine Bluff, Kansas City, and St. Louis Hub Implementing Agreements, including the provisions of Articles IV(A) and VIII of those Agreements discussed above. Ex. P, Art. II(A), at 6; Art. VI, at 10. As is true in the present dispute, UP's proposed interdivisional service conflicted with the terms of Houston Zones 1 and 2 Hub Implementing Agreement. Specifically, the new service would modify Article I of that Hub Implementing Agreement by establishing Beaumont as a home terminal (Ex. Q, at 1) where the Hub Implementing Agreement established Houston as the home terminal. Indeed, this same type of conflict – establishing new runs and moving home terminals – was the basis for Arbitrator Kenis' rejection of the proposed interdivisional service for employees covered by the Kansas City Hub Implementing Agreement in the present case.

Notwithstanding this conflict, UP and BLET submitted the matter to arbitration under Article IX of the 1986 National Agreement. In the arbitration, BLET acknowledged that "pursuant to Article IX and a long line of Arbitral Awards, the Carrier has the right to establish

new interdivisional train service." Ex. Q, at 1. More importantly, at no point during the Article IX arbitration did BLET ever suggest that the Houston Zones 1 and 2 Hub Implementing Agreement in any way limited UP's Article IX rights. In the end, the Article IX Arbitrator imposed the terms and conditions for interdivisional service that had been proposed by UP in the first instance – service that conflicted with the terms of the Houston Zones 1 and 2 Hub Implementing Agreement.

Another post UP-SP merger implementing agreement between UP and BLET is the Longview Hub Implementing Agreement which covers northern Texas. The Longview Hub Implementing Agreement also contains the same Applicable Agreement language (including the language regarding conflicts between that Agreement and the pre-existing collective bargaining agreements), and the same Savings Clause language. Ex. R, Art. V(A), at 12; Art. IX, at 16. In 2003, UP served an Article IX notice to establish new interdivisional service between Longview and Dallas, Texas. In this case, the new interdivisional service conflicted with the Hub Implementing Agreement by changing the home and away-from-home terminal from Longview to Fort Worth. BLET never raised this conflict as an objection to UP's proposed interdivisional service.[7]

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[7] Other examples abound. For instance, UP and BLET were parties to a 1996 implementing agreement entered following the merger of the UP and Chicago & Northwestern Railroad ("CNW"), which contained the following provision: "[s]hould the provision of any [BLET] Collective Bargaining Agreement conflict with the terms and intent of this Agreement, this Agreement will apply." Ex. S, Art. VII, at 29. Despite this conflict language, UP has established interdivisional service under Article IX of the 1986 National Agreement that conflicts with the terms of the implementing agreement. Ex. T. Specifically, UP's interdivisional service has a single crew running from South Pekin, Illinois, through Clinton to Chicago; whereas the implementing agreement requires a change of crews at Clinton. Compare Ex. S, at 14-15, with Ex. T, at 1. BLET never raised this conflict as an objection to UP's interdivisional service. Similarly, UP and BLET were parties to a 1988 implementing agreement following the merger of the UP and the Missouri-Kansas-Texas Railroad ("MKT"), which contained the following provision: "[w]here the rules of the Schedule Agreement conflict with this Agreement, this Agreement shall apply." Ex. U, Art. VIII, at 14. Despite this conflict language, in 1992, UP established interdivisional service by a single crew operating between Kansas City and Omaha under Article IX, even though the implementing agreement required two crews to get from Kansas City to Omaha – one from Kansas City to Falls City, and a second from Falls City to Omaha. Ex. V, § 1, at p.1 (Falls City discontinued as home terminal and crew change point). Other Hub

Thus, the parties have long understood that the Hub Implementing Agreements do not modify UP's right to establish new interdivisional service under Article IX. Arbitrator Kenis, however, refused to consider this past practice, contending that the language of the Hub Implementing Agreements at issue unambiguously blocked UP's efforts. "If the language so selected by the parties leaves no doubt as to its intention, then we need not look to extrinsic evidence, and points of bargaining history, or past practice become irrelevant." Award, at 19.

Arbitrator Kenis' finding is egregiously wrong. First, her contention that the Hub Implementing Agreements unambiguously prevents UP from establishing its proposed interdivisional service is simply incorrect. As explained above, the language of the Agreement, when viewed in the context of the fact that interdivisional service necessarily requires changes in prior agreements, proves that UP is permitted to establish new interdivisional service under Article IX, even if that new service would be prohibited by some term in the Hub Implementing Agreement. The idea that the Hub Implementing Agreements unambiguously say otherwise is completely incorrect.

Second, Arbitrator Kenis' refusal to consider past practice is egregiously wrong in the context of this dispute. Indeed, resort to past practice to elucidate the parties' intent is especially routine in the railroad industry. Unlike a commercial contract, past practices can actually become a term of the parties' agreement between a railroad and its unions. Detroit & Toledo Shore Line R.R. v. United Transp. Union, 396 U.S. 142, 149 (1969) (where a practice has

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Implementing Agreements covering the Los Angeles, Portland, and Fort Worth Hubs, entered into between BLET and UP following the UP-SP merger, contain similar conflict language, providing "[e]xcept as specifically provided herein, the system and national collective bargaining agreements, awards and interpretations shall prevail." Ex. W, Art. VI(C), at 11; Ex. X, Art. VI(C), at 14; Ex. Y, Art. VI(F), at 20. In each of these territories, UP has established interdivisional service under Article IX of the 1986 National Agreement that specifically required modification of the applicable implementing agreement. Compare Ex. W, at 5-6, with Ex. Z, at 1; Ex. X, at 9-10, with Ex. AA, at 1; and Ex. Y, at 4-5, with Ex. BB, at 1. Again, BLET never raised these conflicts as an objection to UP's new interdivisional service in any of these cases.

continued for a sufficient amount of time with the knowledge and acquiescence of the parties, it becomes an implied term of the parties' agreement). These basic principles of labor contract interpretation apply equally to RLA collective bargaining agreements, Independent Fed. of Flight Attendants v. Trans World Airlines, Inc., 655 F.2d 155, 157 (8th Cir. 1981) (established past practice by the parties involves a "continuity, interest, purpose, and understanding which elevates a course of action to an implied contractual status"); NLRA collective bargaining agreements, United Steelworkers of America v. Warrior & Gulf Navigation Co., 363 U.S. 574 (1978) ("The labor arbitrator's source of law is not confined to the express provisions of the contract, as the industrial common law - the practices of the industry and the shop - is equally a part of the collective bargaining agreement although not expressed in it"); and NYD implementing agreements. CSX Corp. – Control – Chessie System, Inc., 1995 WL 717122 (ICC Dec. 7, 1995).

In CSX, the Board looked to past practice despite a seemingly clear contractual provision. The parties had entered into a prior NYD implementing agreement that provided that "[t]his agreement shall remain in effect until changed or modified in accordance with the provisions of the Railway Labor Act, as amended." Id. at *8. Subsequently, CSX attempted to utilize the Article I, § 4 NYD procedures to attempt to change the parties' agreement to allow it to make changes necessary to carry out a later ICC-approved control transaction. The affected unions objected, claiming that CSX had given up its right to change the collective bargaining agreement through NYD. Despite the seemingly clear language requiring changes to be made only through RLA procedures, CSX pointed out it had entered into "five implementing agreements where representatives of labor allegedly did not argue that the language required bargaining under the RLA to implement transactions requiring Commission approval." Id. In

each of these cases, "the union did not object to the expansion of the coordination of operations under New York Dock, notwithstanding the presence of similar language referring to the RLA in the prior implementing agreements establishing the coordinations that were expanded." Id. at *13 n.22.

The ICC agreed with CSX. Specifically relying on the parties' past practice to interpret the plain language of the implementing agreement, the ICC held that the five implanting agreements cited by CSX showed the union's interpretation of that provision to be incorrect. Id. at *9.

CSX is directly on point. As in CSX, UP and BLET have time after time negotiated and arbitrated the terms of interdivisional service under Article IX of the 1986 National Agreement, despite the fact that that interdivisional service would change some term of a NYD implementing agreement. At no time has BLET ever argued that these implementing agreements, containing the same relevant language, limited UP's Article IX rights to establish interdivisional service. Under CSX, such past practices should be considered in interpreting an implementing agreement, even where that agreement seems to be clear on its face. Arbitrator Kenis' decision to ignore the parties' past practice was egregiously incorrect.

The plain terms of the implementing agreement, as well as the extrinsic evidence that Arbitrator Kenis refused to consider, completely undermines her conclusion that the Hub Implementing Agreements somehow limit UP's Article IX rights with respect to establishment of new interdivisional service. As such, her award is egregiously wrong, and must be vacated.

CONCLUSION

WHEREFORE, for all of the foregoing reasons, UP respectfully requests that the Board grant review of and vacate Arbitrator Kenis' Award.

Respectfully submitted,

THOMPSON COBURN LLP

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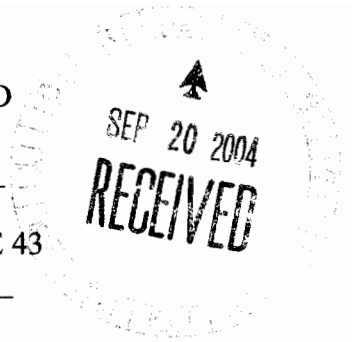
CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing was served upon Charles R. Rightnowar, General Chairman, Brotherhood of Locomotive Engineers, 320 Brooke Drive, Suite 115, Hazelwood, Missouri 63042, this 20th day of September, 2004.

Rodney A. Harrison / by cch

BEFORE THE
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO. 32760, SUB-FILE 43

IN THE MATTER OF ARBITRATION BETWEEN UNION PACIFIC RAILROAD COMPANY AND BROTHERHOOD OF LOCOMOTIVE ENGINEERS, NEW YORK DOCK ARBITRATION, CASE NO. 03/074

(Arbitration Review)

FILED
Office of Proceedings
SEP 20 2004

APPEAL FROM ARBITRATION AWARD

APPENDIX
VOLUME I

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing was served upon Charles R. Rightnowar, General Chairman, Brotherhood of Locomotive Engineers, 320 Brooke Drive, Suite 115, Hazelwood, Missouri 63042, this 20th day of September, 2004.

_____

ARBITRATION COMMITTEE

In the Matter of the Arbitration Between: **BROTHERHOOD OF LOCOMOTIVE ENGINEERS,** **(General Committee of Adjustment, Central Region),** **Organization,** **and** **UNION PACIFIC RAILROAD COMPANY,** **Carrier.**	Pursuant to Article 1, Sec. 11 of the New York Dock Conditions U.C.C. Finance Docket 32760 **OPINION AND AWARD**

Hearing Date: February 12, 2004
Hearing Location: Chicago, Illinois

MEMBERS OF THE COMMITTEE

Ann S. Kenis	Neutral Member
Charles R. Rightnowar	Organization Member
Richard Meredith	Carrier Member

ORGANIZATION'S QUESTION AT ISSUE:

Whether the provisions of the North Little Rock/Pine Bluff Hub Merger Implementing Agreement (October 9, 1997), the Kansas City Hub Merger Implementing Agreement (July 2, 1998), and the St. Louis Hub Merger Implementing Agreement (April 15, 1998), negotiated pursuant to the Surface Transportation Act, can be changed by the Carrier's former rights under Article IX of the 1986 National Agreement (May 19, 1986), negotiated pursuant to the Railway Labor Act, where the Carrier failed to expressly retain such rights in the aforementioned Hub Merger Implementing Agreements, and the specific language of each aforementioned Hub Merger Implementing Agreement otherwise prohibits such change?

CARRIER'S QUESTION AT ISSUE:

Does the New York Dock UP/SP Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub bar Union Pacific Railroad Company from exercising its right

to establish interdivisional service pursuant to Article IX of the May 16, 1086 BLE National Agreement?

I. INTRODUCTION

In late 1995, the Union Pacific Corporation, including its wholly owned rail carrier subsidiaries, Union Pacific Railroad Company and the Missouri Pacific Railroad Company, announced its intent to acquire and exercise control over Southern Pacific Rail Corporation, Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corporation, and the Denver and Rio Grande Railroad Company. The U. S. Department of Transportation, Surface Transportation Board (STB) approved the merger in Finance Docket 32760. As a condition of the merger, the STB imposed on the merged Carrier (Carrier herein) the employee protective conditions set forth in New York Dock Railway – Control-Brooklyn Eastern District Terminal, 360 I.C.C. 60, 84-90 (1979); affirmed, New York Dock Railway v. United States, 609 F. 2d 83 (2nd Cir. 1979).

Subsequent to the merger, the Carrier and the Organization negotiated a series of merger implementing agreements. These arrangements created centralized terminals, called hubs, with spokes going out to many points which were previously terminals or outlying points on the pre-merged railroads. Merger implementation agreements were negotiated on a hub basis. Among the implementing agreements reached pursuant to the merger were the North Little Rock/Pine Bluff Hub Merger Implementing Agreement, dated October 9, 1997, the Kansas City Hub Merger Implementing Agreement, dated July 2, 1998, and the St. Louis Merger Implementing Agreement, dated April 15, 1998.

The dispute in this case was precipitated on May 16, 2003, when the Carrier served notice to the Organization advising of its intent to establish new interdivisional (ID) service between North Little Rock and Memphis pursuant to Article IX of the May

19, 1986 Award of Arbitration Board No. 458 (hereinafter referred to as the 1986 National Agreement). Subsequently, by letter dated August 29, 2003, Carrier served an additional notice advising of its intent to establish interdivisional service at the Kansas City and St. Louis hubs. As in its May 16, 2003 notice regarding the interdivisional run at the North Little Rock/Pine Bluff hub, Carrier indicated that the terms and conditions governing the interdivisional service operations at the Kansas City and St. Louis hubs would be in accordance with applicable Article IX National Agreement provisions.

In a letter dated September 9, 2003, the Organization protested the Carrier's proposed interdivisional service at the three hubs. The Organization asserted that the implementing agreements controlled and were not subject to modification by Article IX of the pre-existing 1986 National Agreement. In the Organization's view, "to hold otherwise, is to render the Merger negotiations, and the Agreements consummated through those negotiations, approved by the Surface Transportation Board, a complete nullity."

Carrier responded by correspondence dated September 12, 2003 and advised the Organization that there was no provision in any of the merger implementing agreements that limited or eliminated the applicability of Carrier's rights under Article IX of the 1986 National Agreement. The Carrier stated its position as follows:

> There is no doubt that if the parties had specifically included language in these agreements that limited or eliminated the applicability of Article IX, UP would be bound by the language of such provisions. There is not, however, any language in the referenced merger accords which limit or eliminate application of Article IX. Absent such language, the foundation for your argument evaporates.

By letter dated September 22, 2003, the Organization requested that the National Mediation Board (NMB) provide a selection list for the assignment of a New York Dock

Arbitrator "related to the Carrier's improper attempt to change Surface Transportation Board approved Hub Merger Implementing Agreements in the St. Louis, Kansas City and Pine Bluff/North Little Rock Hubs by a conflicting superseded 1986 Railway Labor Act Agreement."

Carrier opposed the Organization's request on numerous grounds which will be discussed in further detail below. Suffice to say at this point that Carrier maintained the dispute was not within the scope of New York Dock. Instead, Carrier argued, the proper forum for arbitrating the matter was under Article IX of the 1986 National Agreement. Accordingly, Carrier requested that the NMB appoint an arbitrator to establish the terms and conditions for the new interdivisional service in the North Little Rock/Pine Bluff area.[1] The undersigned was ultimately designated to adjudicate both matters. Hearings on February 12, 2004 were scheduled for the New York Dock arbitration and the arbitration pursuant to Article IX, assigned as Arbitration Board No. 581.

By letter dated January 7, 2003, the Organization requested that only the New York Dock arbitration proceed on the scheduled hearing date. According to the Organization, Arbitration Board No. 581 would be moot if it were determined that Article IX was superseded by the hub implementing agreements. The parties were permitted to present written arguments on the subject, with Carrier opposing the request to bifurcate the proceedings. By letter dated February 1, 2004, the undersigned Neutral denied the Organization's request and stated that the issues could best be addressed at hearing. Both matters proceeded as scheduled on February 12, 2004.

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[1] Carrier acknowledges that it has not yet had discussions with the Organization concerning the ID notices for the St. Louis and Kansas City Hubs as required under Article IX of the 1986 National Agreement. Therefore, Carrier's request to have the terms and conditions of the ID service imposed by arbitration is limited to the North Little Rock/Pine Bluff Hub.

II. FACTUAL BACKGROUND

A. The North Little Rock/Pine Bluff Hub Implementing Agreement

The Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub includes specific provisions governing through freight service between North Little Rock /Pine Bluff and Memphis. Under Article I, Section A(4), North Little Rock/Pine Bluff became the home terminal for all North Little Rock to Memphis and Pine Bluff to Memphis pool freight service with Memphis as the away from home terminal. In addition, engineers operating North Little Rock/Pine Bluff and Memphis were permitted to utilize any combination of the former Union Pacific and Southern Pacific tracks between those points.

However, this expansive language was restricted in Article I, Section A(5), which states:

> 5. Pool freight engineers in the North Little Rock/Pine Bluff-Dexter and North Little Rock/Pine Bluff-Memphis pools may not be used to handle their through freight trains, either at the beginning or the end of their trip, from North Little Rock to Pine Bluff or vice versa. Such trackage may only be used by such engineers under the 25-mile zone provisions described below.
>
> a. Pool freight engineers described above may receive their train up to twenty-five (25) miles on the far side of the terminal or receive or deliver their train up to twenty-five (25) miles on the UP Monroe Subdivision between North Little Rock and Pine Bluff without claim or complaint from any other engineer.
>
> * * *
>
> c. When so used, the engineer shall be paid an additional one half (1/2) day at the basic pro rata through freight rate in addition to the district miles of the run. If the time spent beyond the terminal is greater than four (4) hours, then they shall be paid on a minute basis at the basic pro rata through freight rate.

Carrier contends that it agreed to the restrictions set forth in Paragraph 5, above, because traffic volume projections available at that time, along with expected customer demands, did not contemplate much growth in traffic or increase in service demands between North Little Rock and Memphis. Carrier further contends that, following implementation of the Hub Merger Implementing Agreement, daily train volumes through Memphis began to increase as a result of the service and operating improvements made possible by the merger. The Organization disputes this assertion. Nevertheless, in order to expedite service and relieve the congestion along these lines, Carrier determined that a "directional running" operation between North Little Rock and Memphis was in order. This concept contemplated using a combination of pre-merger routes to operate in one direction on one set of tracks from North Little Rock to Memphis and in the other direction on another set of tracks from Memphis to North Little Rock.

This operation would require operation over the White Bluff subdivision, which is now restricted by the terms contained in Article I, Section A(5) of the Merger Agreement. Consequently, Carrier determined to pursue implementation of new directional runs through Article IX of the 1986 National Agreement. In the Organization's view, Carrier should not be permitted to pursue such a change because the Hub Merger Implementing must be given precedence over the pre-existing provisions of Article IX of the National Agreement. Carrier, on the other hand, contends that its Article IX rights survived the Hub Merger Implementing Agreement and are fully enforceable.

B. The Jefferson City and Kansas City Hub Implementing Agreements

Briefly, by way of background, the Jefferson City, Missouri terminal was the home terminal for former UP engineers working in pool freight service to Kansas City,

Missouri prior to the merger. As part of the merger, Carrier contemplated that St. Louis and Kansas City would become hubs. Jefferson City was eliminated as a home terminal and St. Louis became the home terminal for engineers in pool freight service between St. Louis and Jefferson City. The trackage between Jefferson City and Kansas City was inserted into the Kansas City Hub. The parties agreed that engineers residing in Jefferson City on the date of the Carrier's notice designating Kansas City as a hub would be granted the right to reside at Jefferson City on an attrition basis.

The Kansas City Hub Merger Implementing Agreement divided the pre-merger seniority districts into four zones, with the employees of each separate zone maintaining prior rights to the work of the zones, but holding common seniority rights to the work not filled by prior rights zone employees. The Jefferson City employees were placed in zone 3. In addition to maintaining prior rights for work in zone 3, the Jefferson City employees were also afforded prior rights to all work originating in the Jefferson City terminal, including the freight pools operating between Jefferson City and Kansas City. In a New York Dock proceeding, Arbitrator La Rocco affirmed that the "...Agreements provide special, and perhaps, unique rights to engineers indefinitely maintaining their residences in Jefferson City and these rights are expressly predicated on the engineers keeping their residences in Jefferson City." [2]

Carrier's August 29, 2003 notice seeks to establish ID service between Kansas City terminal and Jefferson City, with Kansas City as the home terminal. In addition, the notice advises the Organization of its intent to establish ID service between Marysville, Kansas and Jefferson City, Kansas City and Labadie, Missouri, and Kansas City and St.

[2] See, BLE and UP, New York Dock Arbitration Committee under Article I, Section 11 of the New York Dock Conditions, I.C.C. Finance Docket No. 32760 (LaRocco, 2000).

Louis. The Organization maintains that Carrier relinquished its right to establish such ID service under the terms of the St. Louis and Kansas City Hub Merger Implementing Agreements. It asserts that the Carrier's August 29, 2003 ID service notice seeks, among other things, to abrogate the attrition rights of the employees at Jefferson City established under the Hub Merger Implementing Agreement. Carrier argues that it never affirmatively relinquished its rights under Article IX of the 1986 National Agreement and it is entitled to enforce those rights at this juncture.

C. Shared Provisions of the Hub Merger Implementing Agreements

As noted, this dispute concerns the language of the three Hub Merger Implementing Agreements and the impact of that language on Article IX of the 1986 National Agreement. There are several pertinent provisions which all three hub merger implementing agreements have in common. Each provides in Article IV.A that, if conflicts between an applicable collective bargaining agreement and an implementing agreement arise, the specific provisions of the implementing agreement prevail. Moreover, each of the implementing agreements contains a provision at Article VIII entitled "Saving Clause." Paragraph A reads:

> The provisions of the applicable Schedule Agreement will apply unless specifically modified herein."

Paragraph C states:

> Nothing in this Agreement will preclude the use of any engineers to perform work permitted by other applicable agreements within the new seniority district described herein, i.e., engineers performing Hours of Service Law relief within the road/yard zone, ID engineers performing service and deadheads between terminals, road switchers handling trains within their zones, etc.

In addition, the parties entered into a side agreement to each of the three hub merger implementing agreements which is pertinent herein. Although dated on

separate occasions and numbered differently, the language is identical and states in pertinent part as follows:

> During our negotiations your Organization raised some concern regarding the intent of Article VIII – Savings Clause, Item C thereof. Specifically, it was the concern of some of your constituents that the language of Item C might subsequently be cited to support a position that 'other applicable agreements' supersede or otherwise nullify the very provisions of the Merger Implementing Agreement were negotiated by the parties.
>
> I assure you this concern was not valid and no such interpretation could be applied. I pointed out that Item C must be read in conjunction with Item A, which makes it clear that the specific provisions of the Merger Implementing Agreement, where they conflict with the basic schedule agreement, take precedence, and not the other way around.
>
> The purpose of Item C was to establish with absolute clarity that there are numerous other provisions in the designated collective bargaining agreement, including national agreements, which apply to the territory involved, and to the extent such provisions were not expressly modified or nullified, they still exist and apply. It was not the intent of the Merger Implementing Agreement to either restrict or expand the application of such agreements.
>
> In conclusion, this letter of commitment will confirm that the provisions of Article VIII- Savings Clauses may not be construed to supersede or nullify the terms of the Merger Implementing Agreement which were negotiated in good faith between the parties. I hope the above elaboration clarifies the true intent of such provisions. [3]

D. Additional Evidence

The Organization submitted seven additional Hub Merger Implementing Agreements which contain language stating: "New pool operations not covered in this implementing Agreement between Hubs or one Hub and non merged area will be handled per Article IX of the 1986 National Implementation Award." This language does not appear in the three Hub Merger Implementing Agreements in this case, the Organization

[3] It is designated as Side Letter No. 20 in the North Little Rock/Pine Bluff Hub Merger Implementing Agreement; Side Letter No. 9 in the Kansas City Hub Merger Implementing Agreement, and Side Letter No. 10 in the St. Louis Hub Merger Implementing Agreement. An affidavit dated February 10, 2003 from former General Chairman D.E. Penning states that the side letter was written to prevent any pre-existing agreements from modifying or nullifying these Hub Merger Implementing Agreements.

points out. Moreover, there is no shared geographical territory between the Hubs at issue herein and those where the Carrier sought and obtained express contractual language regarding preexisting Article IX rights. On the contrary, the Organization states that each Hub has a "stand alone" agreement that was negotiated separately in time and thereafter ratified by only those voting BLE members who worked on the territory of the particular hub. The Organization also points to BLE and UP, New York Dock Arbitration Committee under Article 1, Section 11 of the New York Dock Conditions, I.C.C. Finance Docket No. 32760 (2001), wherein Arbitrator La Rocco concluded that the provisions of one hub merger implementing agreement could not be unilaterally applied to another hub where those provisions do not exist in that second hub's merger implementing agreement.

Carrier responds by saying that there are numerous interdivisional service runs that have been negotiated, arbitrated or implemented on a trial basis in territories covered by New York Dock merger implementing agreements. Of the eighteen interdivisional runs listed in Carrier's submission, Carrier states that approximately half have been instituted since the UP/SP merger. With one exception, Carrier did not encounter the arguments presented by the Organization in this proceeding during negotiations with other Organization General Committees or with UTU representatives regarding the implementation of ID runs.

The exception involved the Organization's General Committee for the SP Western Lines territory. Carrier served notice of its intent to establish new ID runs and the matter proceeded to arbitration. In Special Board of Arbitration No. 580, the Organization presented many of the same arguments seen in this case. In his May 27,

2003 Award, Arbitrator Richter proceeded directly to the merits without even addressing the alleged conflict with the merger implementing agreement.

More typical is the August 17, 1998 Article IX notice regarding the establishment of new ID runs in the Beaumont, Texas area. Pursuant to this notice, the BLE and UP negotiated five ID runs and ultimately progressed the matter to arbitration pursuant to Article IX. In Special Arbitration Board No. 573 (2000), Arbitrator Muessig imposed the terms and conditions for the ID service runs. Significantly, the Organization did not argue that there was a conflict between the merger implementing agreement and Article IX. Moreover, the relevant merger implementing agreement for the Houston Hub (Zones 1 and 2) did not contain language specifically addressing Article IX.

III. THE JURISDICTIONAL ISSUE

Both the Carrier and the Organization agree that there is a threshold jurisdictional dispute.[4] They disagree, however, on the forum for resolution of that dispute.

A. Carrier's Position

Carrier asserts that the matter is not properly justiciable under Article 1, Section 11 of the New York Dock conditions. Carrier maintains that the arbitration procedures contained in Section 11 are reserved specifically for arbitrating disputes centered on application of the New York Dock conditions and not on an asserted conflict between the provisions of an implementing agreement and a National Agreement. The requirements of New York Dock are simple and straightforward. If a dispute involves "...the interpretation, application or enforcement of any provision of this appendix, except

[4] Carrier states in its submission that the question it posed at the outset does not represent an acquiescence of its position that the matter is not properly before this tribunal. Regardless of whether the question posed by the Carrier or the Organization is used, the subject matter falls outside the jurisdictional parameters of a New York Dock Arbitrator and compels the dismissal of the case, Carrier submits.

Sections 4 and 12..." of New York Dock, then it may be referred to arbitration under the procedure set forth in Section 11. The instant matter, in the view of the Carrier, unquestionably falls outside the jurisdictional scope of a New York Dock Arbitrator under that definition.

The Organization's stated position and characterization of the dispute compels no other conclusion, the Carrier submits. The Organization has repeatedly indicated that there is a threshold conflict between two agreements. It is not mere happenstance that the Organization failed to identify any provision of New York Dock as applicable herein, Carrier argues. Neither the acts cited by the Organization (the Railway Labor Act and the Surface Transportation Act) nor the collective bargaining agreement provisions cited by the Organization (the hub implementing agreements and Article IX of the 1986 National Agreement) are, as required by Article I, Section 11 of New York Dock, "any provision of this appendix..." As the Organization itself recognizes, this a dispute based on conflicts of law or of collective bargaining agreement provisions, and, as such, it falls outside the statutory limitations for arbitration under Article I, Section 11 of New York Dock.

Furthermore, it is clear to the Carrier that the Organization's position stands in stark contrast with existing arbitral authority and past practice. In the Arbitration Award between these same parties rendered pursuant to Article I, Section of New York Dock (Finance Docket 30800) (1989), Referees Richard Kasher and Robert Peterson declined to address interdivisional service issues within the context of the New York Dock proceeding. They stated:

> The Carrier desires to establish special train operations, which would essentially call for the creation of interdivisional service runs. The Carrier's intention in this regard is contained in its Operating Plan as presented to the ICC.
>
> This Arbitration Committee has no reason to conclude that the ICC had intended that the Carrier would have a unilateral right to establish interdivisional service and circumvent agreed-upon or recognized procedures for attainment of such service. Here, it is to be noted that creation of interdivisional service is not something that the collective bargaining agreements prohibit. Rather, current agreements provide an orderly manner and reasonably expeditious means by which such service may be implemented and myriad problems resolved; such agreements include final and binding arbitration provisions should such action be necessary.

Moreover, Carrier points out that the parties have negotiated, arbitrated and/or implemented more than fourteen (14) new interdivisional service runs on territories that are covered by a New York Dock merger implementing agreement. On those runs where arbitration was necessary, not one was progressed under the provisions of New York Dock – all were progressed in accordance with the procedure set forth in Article IX.

The foregoing factors plainly demonstrate to the Carrier that the instant matter is not one that should be arbitrated pursuant to New York Dock. That is not to say that the Organization is without recourse, however. Carrier insists that the proper forum is set forth in Article IX of the 1986 National Agreement. In this regard, the parties have specifically agreed to progress disputes over establishment of interdivisional service and the terms and conditions attendant thereto to final and binding arbitration. Section 4(a) of Article IX provides that "in the event the carrier and the organization cannot agree on the matters provided for in Section 1 and the other terms and conditions referred to in Section 2 above, the parties agree that such dispute **will** be submitted to arbitration under the **Railway Labor Act**..." (emphasis added) Thus, the Carrier asserts that the Organization is contractually bound to progress this unresolved dispute regarding

interdivisional service to final and binding arbitration under the Railway Labor Act in accordance with provisions contained in Article IX.

Since the matter in dispute is not properly before this New York Dock tribunal, it must be dismissed.

B. Organization's Position

In response to the Carrier's jurisdictional challenge, the Organization contends that the proposed questions raise issues properly within the province of a New York Dock proceeding. The hub merger implementing agreements were negotiated pursuant to the STB's authority under the Surface Transportation Act. Each contains a provision stating that such agreement supersedes any prior, conflicting agreements. Since the application of the plain language of the hub merger implementing agreements is at issue, an Arbitrator under Section 3 of the Railway Labor Act lacks jurisdiction to adjudicate the matter, the Organization submits.

That this issue is grist for the New York Dock Arbitrator's mill is fully understood by the Carrier, the Organization further argues. In a prior New York Dock proceeding involving these same parties and similar facts, the Arbitrator rejected Carrier's jurisdictional objection. See, BLE and UP, New York Dock Arbitration Committee under Article 1, Section 11 of the New York Dock Conditions, Award No. 1 (La Rocco, 2003). Moreover, Carrier has previously been successful in arguing that New York Dock issues are not subject to Section 3 Railway Labor Act jurisdiction. See, First Division Award No. 25418. The reasoning and logic in those cases should apply with equal force here, the Organization asserts. The instant case involves a New York

Dock issue and is properly before this Committee. Carrier's opposition on jurisdictional grounds is baseless and should be rejected.

C. Findings and Discussion

This Committee is mindful of the limits of its jurisdiction. Section 11(a) of the New York Dock Conditions states:

> 11. Arbitration of disputes. –(a) In the event the railroad and its employees or their authorized representatives cannot settle any dispute or controversy with respect to the interpretation, application or enforcement of any provision of this appendix, except Sections 4 and 12 of this Article I, within 20 days after the dispute arises, it may be referred by either party to an arbitration committee...

The foregoing provision restricts our adjudicatory power to interpreting, applying and enforcing the New York Dock Conditions. We lack jurisdiction to interpret and apply collective bargaining agreements outside the scope of the New York Dock Conditions.

In this case, however, the focus of this dispute is the language of the three hub merger implementing agreements. Carrier's own statement of the question at issue recognizes that it is the hub merger implementing agreements which must be interpreted and applied in order to determine whether they act as a bar to the establishment of ID service pursuant to Article IX of the parties' 1986 National Agreement.

Put another way, when carefully examined, it is clear that this Committee is not being asked to interpret a collective bargaining agreement that is outside the scope of a New York Dock proceeding. Instead, our task is to construe the provisions of the hub merger implementing agreements and decide the question of whether the language therein prevents the application of Article IX under the circumstances presented. If the answer is in the affirmative, then the Article IX interdivisional service notices must be

service between Dupo and Memphis. Engineers operating between Dexter and Memphis may utilize any combination of UP and SSW tracks between such points.

a. Hours of Service relief of through freight trains destined for Memphis, whether in the Dexter-Memphis pool or the North Little Rock/Pine Bluff-Memphis pool, shall be performed by the extra board at Memphis, if in existence. If not, it shall be performed by the first out rested away from home terminal engineer in the appropriate pool. Upon completion of such service, said engineer shall be placed first out upon arrival subject to rest for service or deadhead to the home terminal. If no extra board engineer is available and there are no rested away from home terminal engineers, such relief will be protected from the North Little Rock or Dexter engineers on a straight away basis.

7. In addition to protecting pool freight service between Dexter and Memphis, a sufficient number of engineers shall be maintained at Dexter to protect all other service requirements at or in the vicinity of said location, including but not limited to:

a. Local, road switcher, yard, work, wreck, or any other service headquartered at or in the vicinity of Poplar Bluff, including operations on the DeSoto Subdivision between Poplar Bluff and Gads Hill.

b. Local, road switcher, yard, work, wreck, or any other service headquartered at or in the vicinity of Dexter, including Jonesboro, Illmo and Paragould.

c. All Hours of Service relief of pool freight engineers within a fifty (50) mile radius of Dexter in any direction which are not performed by road engineers under a 25-mile zone provision.

d. New Madrid coal trains operating between Dexter and the power plant, including handling thereof from/to Illmo when stored or staged at that location.

e. Sikeston coal trains operating between Poplar Bluff and Sikeston.

During the interim period between implementation of this Agreement and implementation of a St. Louis Hub Agreement, engineer staffing needs at Dexter to protect the above service shall be drawn from existing engineers at Poplar Bluff and Illmo. Final arrangements shall be negotiated in the St. Louis Hub Agreement.

8. At Dexter, away from home terminal engineers called to operate through freight service to either North Little Rock/Pine Bluff or Memphis may receive the train for which they were called up to twenty-five (25) miles on the far side of the terminal and run back through Dexter to their destination without claim or complaint from any other engineer. When so used, the engineer shall be paid an additional one-half (½) day at the basic pro rata through freight rate for this service in addition to the district miles of the run. If the time spent beyond the terminal under this provision is greater than four (4) hours, then they shall be paid on a minute basis at the basic pro rata through freight rate.

9. Engineers of the St. Louis Hub may have certain rights to be defined, if any, in the Implementing Agreement for that hub, to receive their through freight trains up to twenty-five (25) miles on the far side of the terminal and run back through the terminal without claim or complaint from any other engineers.

10. The terminal limits of Dexter shall extend between Mile Posts 46.0 and 53.0 on the SSW Illmo Subdivision and to Mile Post 188.0 on the UP Chester Subdivision.

11. It is the intent of the parties that all the work described in Sections 6 and 7 above shall belong to the St. Louis Hub. Effective upon implementation of this Agreement, all of said work shall be performed by such engineers at Dexter and shall not be under the jurisdiction of the North Little Rock/Pine Bluff Hub in any manner.

    a. The integration of the above engineers and work shall be more definitively described in the Merger Implementing Agreement covering the St. Louis Hub.

    b. In the interim period between the implementation of this Agreement and a Merger Implementing Agreement for the St. Louis Hub, former SSW and UP engineers shall be maintained on separate rosters and extra boards for purposes of continuing to protect their prior pools, assignments and extra service. Hours of service relief of North Little Rock/Pine Bluff Hub crews pursuant to Section 7.c. above shall be performed by the two interim extra boards at Dexter on an alternating basis.

12. All UP and SSW operations within the Memphis terminal limits shall be consolidated into a single operation. All existing yard assignments at Memphis shall be converted to road switcher assignments upon implementation of this Agreement. All road crews may receive/leave their trains at any location within the terminal and may perform work within the terminal pursuant to the designated collective bargaining

agreement provisions, including national agreements. All rail lines, yards and/or sidings within the Memphis Terminal will be considered as common to all engineers working in, into and out of Memphis. Interchange rules are not applicable to intra-carrier moves within the terminal.

a. Upon completion of a new intermodal facility at Ebony, engineers may originate and/or terminate their runs at said facility. Since road trains will also originate at a variety of other locations within the Memphis Terminal, none of which will include the present Sargeant Yard, it is agreed that the designated on and off duty location shall be at the lodging facility. The appropriate Local Chairman shall participate in the selection of the lodging facility and insure that all necessary CRT's, printers, lockers, etc. are made available at said lodging facility.

b. The westward terminal limits of the consolidated Memphis terminal are as follows:

SSW: Mile Post 4.1 (Memphis Line)
UP: Mile Post 375.8 (Memphis Sub)

Pre-existing eastward terminal limits remain unchanged.

13. Engineers will be provided lodging at all of the away from home terminal locations pursuant to existing agreements, and the Carrier shall provide transportation to engineers between the on/off duty location and the designated lodging facility.

14. At all terminals the Carrier will designate the on/off duty points for all road and yard crews, with these on/off duty points having appropriate facilities as currently required in the designated collective bargaining agreement.

15. Engineers protecting pool freight or other road service which originates in the North Little Rock/Pine Bluff Terminal, upon making the return trip into said terminal, shall be provided transportation to the same on/off duty location in the home terminal from which they commenced service. Time consumed in being transported, calculated from time relieved (train comes to rest), shall be paid for on a minute basis at the basic pro rata through freight rate, separate and apart from the service trip, with a minimum of two (2) hours.

South Operations

16. All North Little Rock - Texarkana/Mineola, Pine Bluff - Texarkana and Pine Bluff - Shreveport pool operations shall be combined into one (1)

pool with North Little Rock/Pine Bluff as the home terminal. Longview and Shreveport will serve as the respective away from home terminals. The on duty location for this pool shall be at Pine Bluff. Engineers in this pool may operate to either Longview/Big Sandy or Shreveport. Engineers operating to Big Sandy via Mt. Pleasant shall be transported to their final terminal of Longview and be paid time or miles, whichever is greater, from time relieved (train comes at rest) at the basic pro rata through freight rate. Engineers called on duty at Longview and transported to their train at Big Sandy to be operated via Mt. Pleasant shall be paid the additional miles as part of the district miles. Engineers operating between North Little Rock/Pine Bluff and Longview/Big Sandy or Shreveport may utilize any combination of UP and SSW tracks between such points. All engineers shall be maintained on one (1) away from home terminal board on a first-in, first-out basis at Longview, based upon arrival at Longview, subject to Article IV.C. of this Agreement.

a. The pool described above shall be slotted, and Attachment "D" lists the slotting order for the pool. Former UP(MP), UP(TP), and SSW engineers shall have prior rights to said pool turns as set forth in said Attachment "D". The Carrier and the Organization shall mutually agree on the number of turns subject to this arrangement. If turns in excess of that number are established or any of such turns be unclaimed by a prior rights engineer, they shall be filled from the zone roster, and thereafter from the common roster.

b. Coal trains destined for Winfield on the SSW Commerce Subdivision or empty movements therefrom shall also be handled by this pool. Engineers in this pool shall leave or receive such trains at Texarkana for handling to/from the plant by engineers of the Longview Hub. It is understood that road engineers leaving such trains at Texarkana will be transported to Longview (and vice versa on the empty movement) and paid district miles thereto. Coal trains destined for Winfield via Big Sandy and empty movements from Winfield to Big Sandy shall be handled by engineers of the Longview Hub.

c. The current UP North Little Rock-Mineola ID pool shall be suspended upon implementation of this Agreement.

d. In the event operating conditions require operations from North Little Rock/Pine Bluff to Longview/Big Sandy via Shreveport, such runs shall terminate at Shreveport and be handled between Shreveport and Longview by engineers of the Longview Hub.

e. In the event operating conditions require operations from Little Rock/Pine Bluff to Shreveport via Longview/Big Sandy, such runs shall terminate at Longview and be handled between Longview and Shreveport by engineers of the Longview Hub.

17. As set forth in the Implementing Agreement for the Longview Hub, for purposes of road engineers leaving or receiving road trains, the terminal limits of Shreveport have been extended westward to Mile Post 323.8 on the UP Reisor Subdivision. It is understood that road engineers shall be paid the additional road miles operated when leaving or receiving their trains at Reisor.

18. At Longview/Big Sandy or Shreveport, away from home terminal engineers called to operate through freight service to North Little Rock/Pine Bluff may receive the train for which they were called up to twenty-five (25) miles on the far side of the terminal and run back through Longview, Big Sandy or Shreveport to their destination without claim or complaint from any other engineer. When so used, the engineer shall be paid an additional one-half (½) day at the basic pro rata through freight rate for this service in addition to the district miles of the run. If the time spent beyond the terminal under this provision is greater than four (4) hours, they shall be paid on a minute basis at the basic pro rata through freight rate.

19. Hours of Service relief of through freight trains operating southbound from North Little Rock/Pine Bluff to either Shreveport or Longview/Big Sandy which have not reached Lewisville or Texarkana shall be protected by engineers at North Little Rock/Pine Bluff. If such trains have reached Lewisville or Texarkana or beyond, Hours of Service Law Relief may be performed by the Shreveport or Longview extra board, unless Carrier desires to dispatch an engineer from North Little Rock/Pine Bluff for crew balancing purposes. It is also understood that through freight crews may provide relief of such trains under a 25-mile zone provision.

20. Assignments other than through freight service, as described above, which originate at Shreveport, Marshall, Texarkana, Mt. Pleasant, Longview and Big Sandy, are not comprehended by the North Little Rock/Pine Bluff Hub and shall be protected by engineers of the Longview Hub.

21. Engineers operating in the directional pool shall be provided lodging at Longview. Engineers being transported from Shreveport to Longview for lodging shall be paid the greater of mileage (55 miles), at the basic pro rata through freight rate, or time consumed, calculated from time relieved (train comes to rest), on a minute basis at the basic pro rata through freight rate, separate and apart from the service trip. Engineers called for service to operate Shreveport to

North Little Rock/Pine Bluff shall be paid for the time being transported between Longview and Shreveport on the same basis.

22. Engineers will be provided lodging at all of the away from home terminal locations pursuant to existing agreements, and the Carrier shall provide transportation to engineers between the on/off duty location and the designated lodging facility.

23. At all terminals the Carrier will designate the on/off duty points for all road and yard engineers, with these on/off duty points having appropriate facilities as currently required in the collective bargaining agreement.

24. Engineers protecting pool freight or other road service which originates in the North Little Rock/Pine Bluff Terminal, upon making the return trip into said terminal, shall be provided transportation to the same on/off duty location in the home terminal from which they commenced service. Time consumed in being transported, calculated from time relieved (train comes to rest) from duty, shall be paid for on a minute basis at the basic pro rata rate, separate and apart from the service trip, with a minimum of two (2) hours.

25. Pool freight engineers in the North Little Rock/Pine Bluff-Shreveport/Longview/Big Sandy pool may not be used to handle their through freight trains, either at the beginning or the end of their trip, from North Little Rock to Pine Bluff or vice versa. Such trackage may only be used by such engineers under the 25-mile zone provisions described below.

    a. Pool freight engineers described above may receive their train up to twenty-five (25) miles on the fair side of the terminal or receive or deliver train up to twenty-five (25) miles on the UP Monroe Subdivision between North Little Rock to Pine Bluff without claim or complaint from any other engineer.

    b. For purposes of the application of this Agreement, the lines of demarcation shall be the terminal (switching) limits of North Little Rock to Pine Bluff Terminals prior to the implementation of this Agreement. For the territory between North Little Rock to Pine Bluff, the engineer must operate south of UP Monroe Subdivision Mile Post 315.7, vicinity of North Little Rock, or north of UP Monroe Subdivision Mile Post 346.0, vicinity of Pine Bluff.

    c. When so used, the engineer shall be paid an additional one half (½) day at the basic pro rata through freight rate in addition to the district miles of the run. If the time spent beyond the terminal under this provision is greater than four (4)

hours, then they shall be paid on a minute basis at the basic pro rata through freight rate.

B. Zone 2 - Seniority District

1. Territory Covered: North Little Rock/Pine Bluff to Van Buren(not including Van Buren or North Little Rock/Pine Bluff Terminal)

The above includes all main lines, branch lines, industrial leads, yard tracks and stations between or located at the points indicated. Where the phrase "not including" is used above, it refers to other than through freight operations, but does not restrict through freight engineers from operating into/out of such terminals/points or from performing work at such terminals/points pursuant to the designated collective bargaining agreement provisions.

2. Existing North Little Rock-Van Buren pool operations shall be preserved under this Agreement. The on duty location for this pool shall be at North Little Rock. Engineers arriving from or departing to Van Buren may leave or receive their trains anywhere within the North Little Rock/Pine Bluff Terminal, subject to Section 5 below, and perform any work in connection therewith as permitted by local or national agreements. North Little Rock/Pine Bluff will serve as the home terminal. Van Buren will serve as the away from home terminal.

a. The Carrier and the Organization shall mutually agree on the number of turns which shall be prior righted to engineers of this prior rights zone. If turns in excess of that number are established or any of such turns be unclaimed by a prior rights engineer, they shall be filled from the zone roster, and thereafter from the common roster.

b. Hours of service relief of trains operating from North Little Rock/Pine Bluff to Van Buren may be protected by rested away from home terminal engineers at Van Buren if the train has reached Spadra or beyond. If the train has not reach Spadra, a home terminal engineer at North Little Rock/Pine Bluff shall be used to provide such relief.

3. Engineers will be provided lodging at the away from home terminal pursuant to existing agreements in this pool and the Carrier shall provide transportation to engineers between the on/off duty location and the designated lodging facility.

4. Engineers in this pool making a return trip from the away from home terminal shall be provided transportation to the same on/off duty location in the home terminal from which they commenced service.

Time consumed in being transported, calculated from time relieved (train comes to rest) shall be paid for on the minute basis at the basic pro rata through freight rate, separate and apart from the service trip, with a minimum of two (2) hours.

5. Zone 2 pool freight engineers may not be used to handle their through freight trains either at the beginning or the end of their trip, from North Little Rock to Pine Bluff or vice versa. Such trackage may only be used by such engineers under the 25-mile zone provisions described below.

   a. Pool freight engineers described above may receive their train up to twenty-five (25) miles on the fair side of the terminal or receive or deliver train up to twenty-five (25) miles on the UP Monroe Subdivision between North Little Rock to Pine Bluff without claim or complaint from any other engineer.

   b. For purposes of the application of this Agreement, the lines of demarcation shall be the terminal (switching) limits of North Little Rock to Pine Bluff Terminals prior to the implementation of this Agreement. For the territory between North Little Rock to Pine Bluff, the engineer must operate south of UP Monroe Subdivision Mile Post 315.7, vicinity of North Little Rock, or north of UP Monroe Subdivision Mile Post 346.0, vicinity of Pine Bluff.

   c. When so used, the engineer shall be paid an additional one half (½) day at the basic pro rata through freight rate in addition to the district miles of the run. If the time spent beyond the terminal under this provision is greater than four (4) hours, then they shall be paid on a minute basis at the basic pro rata through freight rate.

6. Engineers utilizing the provisions of 5. above to deliver and spot their loaded coal trains to White Bluff shall not thereafter be required to handle empty coal trains, cars or power from White Bluff back to North Little Rock prior to final tie-up.

C. <u>Zone 3 - Seniority District</u>

1. Territory Covered: North Little Rock/Pine Bluff to Monroe/Livonia (not including Livonia or North Little Rock/Pine Bluff Terminal but including Alexandria)

The above includes all main lines, branch lines, industrial leads, yard tracks and stations between or located at the points indicated. Where the phrase "not including" is used above, it refers to other than through freight operations, but does

not restrict through freight engineers from operating into/out of such terminals/points or from performing work at such terminals/points pursuant to the designated collective bargaining agreement provisions.

2. Existing North Little Rock-Monroe pool operations shall be preserved under this Agreement. The on duty location for this pool shall be at North Little Rock. Engineers arriving from or departing to Monroe may leave or receive their trains anywhere within the North Little Rock/Pine Bluff Terminal and perform any work in connection therewith as permitted by local or national agreements. North Little Rock/Pine Bluff will serve as the home terminal. Monroe will serve as the away from home terminal.

   a. The Carrier and the Organization shall mutually agree on the number of turns which shall be prior righted to engineers of this prior rights zone. If turns in excess of that number are established or any such turns be unclaimed by a prior rights engineer, they shall be filled from the zone roster, and thereafter from the common roster.

   b. Current UP operations between Monroe and Alexandria and the current Monroe-Livonia ID service shall continue without change under this Agreement.

   c. Hours of Service relief of trains operating from North Little Rock/Pine Bluff to Monroe may be protected by rested away from home terminal engineers at Monroe if the train has reached Bonita or beyond. If the train has not reached Bonita, a home terminal engineer at North Little Rock/Pine Bluff shall be used to provide such relief.

   d. Local service headquartered at Alexandria and operating between Alexandria and Livonia shall belong to Zone 3 engineers of the North Little Rock/Pine Bluff Hub, and vacancies thereon from the Zone 3 extra board at Alexandria.

3. Engineers will be provided lodging at the away from home terminal pursuant to existing agreements in this pool and the Carrier shall provide transportation to engineers between the on/off duty location and the designated lodging facility.

4. Existing UP operations at Rodemacher will continue under this Agreement unaffected by any terms/language contained herein.

5. Engineers in this pool making a return trip from the away from home terminal shall be provided transportation to the same on/off duty location in the home terminal from which they commenced service. Time consumed in being transported, calculated from time relieved

(train comes to rest), shall be paid for on a minute basis at the basic pro rata through freight rate, separate and apart from the service trip, with a minimum of two (2) hours.

6. At North Little Rock/Pine Bluff engineers protecting pool freight service in the territories defined by Article I.C. (Zone 3) may receive the train for which called up to twenty-five (25) miles on the far side of the terminal without claim or complaint from any other engineer. The twenty-five (25) mile zone begins at the North Little Rock/Pine Bluff terminal limits as defined in Article 1.E.4. of this Agreement. When so used, the engineer shall be paid an additional one half (½) day at the basic pro rata through freight rate in addition to the district miles of the run. If the time spent beyond the terminal under this provision is greater than four (4) hours, then they shall be paid on a minute basis at the basic pro rata through freight rate. It is understood that engineers performing service in the territories defined by Article I.D. may leave or receive their train at any location between North Little Rock and Pine Bluff without additional compensation and without claim or complaint from any engineer.

D. North Little Rock/Pine Bluff Terminal

1. Territory Covered:

North Little Rock Terminal

Pine Bluff Terminal

UP Monroe Subdivision trackage between North Little Rock and Pine Bluff

Former SP Little Rock (aka "N") Branch trackage between North Little Rock and Pine Bluff

The above includes all main lines, branch lines, industrial leads, yard tracks and stations between or located at the points indicated.

2. All UP and SSW operations within the new North Little Rock/Pine Bluff terminal limits shall be consolidated into a single operation. All road engineers may receive/leave their trains at any location within the terminal and may perform work within the terminal pursuant to the designated collective bargaining agreement provisions, subject only to the specific restrictions set forth in this Agreement. The Carrier will designate the on/off duty points for all road and yard engineers, with these on/off duty points having appropriate facilities as currently required in the collective bargaining agreement.

3. All rail lines, yard and/or sidings within the North Little Rock/Pine Bluff Terminal will be considered as common to all engineers working in, into and out of North Little Rock/Pine Bluff.

4. Terminal limits for the consolidated North Little Rock/Pine Bluff Terminal are as follows:

SSW	Mile Post
Illmo Subdivision	261.4
Pine Bluff Subdivision	271.2

UP	Mile Post
Hoxie Subdivision	338.0
Little Rock Subdivision	357.20
Van Buren Subdivision	346.20
Monroe Subdivision	353.6

E. In all of the zones, when local, work, wreck, HOS relief, or other such road runs are called or assigned which operate exclusively within the territorial limits of one of the zones established in this Agreement, such service shall be protected by engineers in such zone. If such run or assignment extends across territory encompassing more than one zone contemplated by this Agreement, it will be protected by engineers in the zone in which such service is home terminaled.

ARTICLE II - SENIORITY CONSOLIDATIONS

A. To achieve the work efficiencies and allocation of forces that are necessary to make the North Little Rock/Pine Bluff Hub operate efficiently as a unified system, a new seniority district will be formed and a master Engineer Seniority Roster - UP/BLE North Little Rock/Pine Bluff Merged Roster #1 will be created for the employees assigned in the North Little Rock/Pine Bluff Hub on the date of implementation of this Agreement. The new roster will be divided into three (3) zones as described in Article I.A., I.B. and I.C. above.

B. Prior rights seniority rosters will be formed covering each of the three (3) zones outlined above. Placement on these rosters and awarding of prior rights to their respective zones shall be based on the following:

1. Zone 1 - This roster will consist of former SSW engineers with prior rights on the Arkansas and Missouri (Roster Nos. 302101 and 308101), the Texas (Roster Nos. 301101 and 307101), and former UP engineers with prior rights on the North Little Rock/Poplar Bluff (Roster Nos. 039111 and 040111) Consolidated Arkansas-Memphis

(Roster Nos. 032111 and 036101) and Ft. Worth Merged 7 (TP) (Roster No. 012111).

2. Zone 2 - This roster will consist of former UP engineers with prior rights on North Little Rock-Van Buren (Central Division) Roster No. 034101).

3. Zone 3 - This roster will consist of former UP engineers with prior rights on Louisiana Division (Roster No. 035101), UP Avondale (Roster No. 016101) and TP Shreveport (Roster No. 015101).

4. North Little Rock/Pine Bluff Terminal - The consolidated terminal shall not comprise a separate prior rights seniority zone. However, for purposes of filling regular yard assignments, the assignments will be prior righted as per Side Letter No. 15.

C. Seniority integration of the engineers from the above affected former rosters into one (1) common seniority roster will be done on a dove-tail basis using the current date of seniority as a locomotive engineer.

D. Entitlement to assignment on subject consolidated roster shall be by canvass of the employees contributing equity to each of the zones set forth herein.

E. Any engineer working in the territories described in Article I. on the date of implementation of this Agreement, but currently reduced from the engineers working list, shall also be given a place on the roster and prior rights. Engineers currently forced to this territory will be given a place on the roster and prior rights if so desired; otherwise, they will be released when their services are no longer required and will not establish a place on the new roster.

F. UP and SSW engineers currently on an inactive roster pursuant to previous merger agreements shall participate in the roster formulation process described above based upon their date of seniority as a locomotive engineer.

G. Engineers on each of the prior rights rosters described above will be afforded common seniority on the other zones outside their prior rights zone. All such common seniority shall be based upon the current date of seniority as a locomotive engineer. If this process results in employees having identical common seniority dates, seniority will be determined by the employee's fireman's date and if there are still identical dates, seniority will be determined by the random method of comparing the last four (4) digits of each employee's Social Security Number, with the larger number ranking first.

H. With the creation of the new seniority described herein, all previous seniority outside the North Little Rock/Pine Bluff Hub held by engineers outside the new hub shall be eliminated and all seniority inside the new hub held by

engineers outside the hub shall be eliminated. Upon completion of consolidation of the rosters and implementation of this hub, it is understood that no engineer may be forced to any territory on assignment outside the North Little Rock/Pine Bluff Hub.

I. The total number of engineers on the master UP/BLE North Little Rock/Pine Bluff Merged Roster #1 will be mutually agreed upon by the parties based upon anticipated service requirements.

ARTICLE III - EXTRA BOARDS

A. The extra boards listed below shall be established to protect vacancies and other extra board work into or out of the North Little Rock/Pine Bluff Hub or in the vicinity thereof. It is understood whether or not such boards are guaranteed boards is determined by the designated collective bargaining agreement.

1. Memphis. One Extra Board (combination road/yard) to protect all of the service described in I.A.6.a. and all other road service originating at or in the vicinity of Memphis, including vacancies at Lexa, Jonesboro and Paragould.

2. North Little Rock/Pine Bluff. One Extra Board (combination road/yard) to protect each of the following:

a. Zone 1 pool freight extra service in the North Little Rock/Pine Bluff to Dexter and the North Little Rock/Pine Bluff to Memphis pools, all Zone 1 yard assignments within the former UP North Little Rock Terminal, and all other road service in Zone 1 originating at North Little Rock, including HOS relief of trains destined to North Little Rock, except as otherwise provided herein. This board will be headquartered at North Little Rock.

b. Zone 1 pool freight extra service in the North Little Rock/Pine Bluff to Longview/Shreveport pool, all Zone 1 yard assignments within the former SSW Pine Bluff Terminal, and all other road service in Zone 1 originating at Pine Bluff, including HOS relief of trains destined to Pine Bluff, except as otherwise provided herein. This board will be headquartered at Pine Bluff.

c. Zone 2 pool freight extra service in the North Little Rock/Pine Bluff to Van Buren pool, all Van Buren prior rights yard assignments within the former UP North Little Rock Terminal, and all other road service in Zone 2 originating at North Little Rock/Pine Bluff. This board will be headquartered at North Little Rock.

d. Zone 3 pool freight extra service in the North Little Rock/Pine Bluff to Monroe pool, all Louisiana Division prior rights yard assignments within the former UP North Little Rock Terminal, and all other road service in Zone 3 originating at North Little Rock/Pine Bluff. This board will be headquartered at North Little Rock.

3. McGehee. One Extra Board (combination/road/yard) to protect service originating at or in the vicinity of McGehee.

4. Monroe. One Extra Board (combination road/yard) to protect service in the Monroe-Livonia pool, and all other service originating at or in the vicinity of Monroe, including El Dorado.

5. Alexandria. One Extra Board (combination road/yard) to protect the Rodemacher coal trains and all other road and/or yard service originating at or in the vicinity of Alexandria.

6. Gurdon. One Extra Board (combination road/yard) to protect all service originating at or in the vicinity of Gurdon.

B. If additional extra boards are established or abolished after the date of implementation of this Agreement, it shall be done pursuant to the terms of the designated collective bargaining agreement. When established, the Carrier shall designate the geographic area the extra board will cover.

ARTICLE IV - APPLICABLE AGREEMENTS

A. All engineers and assignments in the territories comprehended by this Implementing Agreement will work under the Collective Bargaining Agreement currently in effect between the Union Pacific Railroad Company and the Brotherhood of Locomotive Engineers dated October 1, 1977 (reprinted October 1, 1991), including all applicable national agreements, the "local/national" agreement of May 31, 1996, and all other side letters and addenda which have been entered into between date of last reprint and the date of this Implementing Agreement. Where conflicts arise, the specific provisions of this Agreement shall prevail. None of the provisions of these agreements are retroactive.

B. All runs established pursuant to this Agreement will be governed by the following:

1. Rates of Pay: The provisions of the June 1, 1996 National Agreement will apply as modified by the May 31, 1996 Local/National Agreement.

2. Overtime: Overtime will be paid in accordance with Article IV of the 1991 National Agreement.

3. Transportation: When a crew is required to report for duty or is relieved from duty at a point other than the on and off duty points fixed for the service established hereunder, the Carrier shall authorize and provide suitable transportation for the crew.

Note: Suitable transportation includes Carrier owned or provided passenger carrying motor vehicles or taxi, but excludes other forms of public transportation.

4. Suitable Lodging: Suitable lodging will be provided by the Carrier in accordance with existing agreements.

C. Existing ID run provisions contained in the current UP North Little Rock-Mineola ID Agreement shall apply to all runs in the south pool described in Article 1.A. (South Operations). Articles 4, 6, 7, 10, 11 and 12 of said UP North Little Rock-Mineola ID Agreement shall apply to all runs in the north pool described in Article I.A.3.

D. Engineers will be treated for vacation, entry rates and payment of arbitraries as though all their time on their original railroad had been performed on the merged railroad. Engineers assigned to the Hub on the effective date of this Agreement (including) those engaged in engineer training on such date) shall have entry rate provisions waived. Engineers hired/promoted after the effective date of this Agreement shall be subject to National Agreement rate progression provisions.

E. Engineers protecting pool freight operations on the territories covered by this Agreement shall receive continuous held-away-from-home terminal pay (HAHT) for all time so held at the distant terminal after the expiration of sixteen (16) hours. All other provisions in existing agreement rules and practices pertaining to HAHT pay remain unchanged.

F. Except where specific terminal limits have been detailed in the Agreement, it is not intended to change existing terminal limits under applicable agreements.

G. Actual miles will be paid for runs in the new North Little Rock/Pine Bluff Hub. Examples are illustrated in Attachment "E".

ARTICLE V - FAMILIARIZATION

A. Engineers involved in the consolidation of the North Little Rock/Pine Bluff Hub covered by this Agreement whose assignments require performance of duties on a new geographic territory not familiar to them will be given full cooperation, assistance and guidance in order that their familiarization shall be accomplished as quickly as possible. Engineers will not be required to

lose time or ride the road on their own time in order to qualify for these new operations.

B. Engineers will be provided with a sufficient number of familiarization trips in order to become familiar with the new territory. Issues concerning individual qualification shall be handled with local operating officers. The parties recognize that different terrain and train tonnage impact the number of trips necessary and the operating officer assigned to the merger will work with the local Managers of Operating Practices in implementing this Section. If disputes occur under this Article they may be addressed directly with the appropriate Director of Labor Relations and the General Chairman for expeditious resolution.

C. It is understood that familiarization required to implement the merger consolidation herein will be accomplished by calling a qualified engineer (or Manager of Operating Practices) to work with an engineer called for service on a geographic territory not familiar to him.

D. Engineers hired subsequent to the effective date of this document will be qualified in accordance with current FRA certification regulations and paid in accordance with the local agreements that will cover the merged Hub.

ARTICLE VI - IMPLEMENTATION

A. The Carrier will give at least thirty (30) days' written notice of its intent to implement this Agreement.

B. 1. Concurrent with the service of its notice, the Carrier will post a description of Zones 1, 2 and 3 described in Article 1 herein.

2. Ten (10) days after posting of the information described in B.1. above, the appropriate Labor Relations Personnel, CMS Personnel, General Chairmen and Local Chairmen will convene a workshop to implement assembly of the merged seniority rosters. At this workshop, the representatives of the Organization will participate with the Carrier in the construction of consolidated seniority rosters. At this time, engineers from the interested former rosters will be assigned to the new consolidated rosters.

3. Dependent upon the Carrier's manpower needs, the Carrier may develop a pool of representatives of the Organization, with the concurrence of the General Chairmen, which, in addition to assisting in the preparation of the rosters, will assist in answering engineers' questions, including explanations of the seniority consolidation and implementing agreement issues, discussing merger integration and familiarization issues with local Carrier officers and coordinating with

respect to CMS issues relating to the transfer of engineers from one zone to another or the assignment of engineers to positions.

C. The roster consolidation process shall be completed in five (5) days, after which the finalized agreed-to rosters will be posted for information and protest in accordance with the applicable agreements. If the participants have not finalized agreed-to rosters, the Carrier will prepare such rosters, post them for information and protest, will use those rosters in assigning positions, and will not be subject to claims or grievances as a result.

D. Once rosters have been posted, those positions which have been created or consolidated will be bulletined for a period of five (5) calendar days. Engineers may bid on these bulletined assignments in accordance with applicable agreement rules. However, no later than ten (10) days after closing of the bulletins, assignments will be made.

E. 1. After all assignments are made, engineers assigned to positions which require them to relocate will be given the opportunity to relocate within the next thirty (30) day period. During this period, the affected engineers may be allowed to continue to occupy their existing positions. If required to assume duties at the new location immediately upon implementation date and prior to having received their thirty (30) days to relocate, such engineers will be paid normal and necessary expenses at the new location until relocated. Payment of expenses will not exceed thirty (30) calendar days.

2. The Carrier may, at its option, elect to phase-in the actual implementation of this Agreement. Engineers will be given ten (10) days' notice of when their specific relocation/reassignment is to occur.

ARTICLE VII - PROTECTIVE BENEFITS AND OBLIGATIONS

A. All engineers who are listed on the prior rights North Little Rock/Pine Bluff (Zones 1, 2 and 3) merged rosters shall be considered adversely affected by this transaction and consolidation and will be subject to the New York Dock protective conditions which were imposed by the STB. It is understood there shall not be any duplication or compounding of benefits under this Agreement and/or any other agreement or protective arrangement.

1. Carrier will calculate and furnish TPA's for such engineers to the Organization as soon as possible after implementation of the terms of this Agreement. The time frame used for calculating the TPA's in accordance with New York Dock will be August 1, 1995 through and including July 31, 1996.

2. In consideration of blanket certification of all engineers covered by this Agreement for wage protection, the provisions of New York Dock

protective conditions relating to "average monthly time paid for" are waived under this Implementing Agreement.

3. Test period averages for designated union officers will be adjusted to reflect lost earnings while conducting business with the Carrier.

4. National Termination of Seniority provisions shall not be applicable to engineers hired prior to the effective date of this Agreement.

B. Engineers required to relocate under this Agreement will be governed by the relocation provisions of New York Dock. In lieu of New York Dock provisions, an employee required to relocate may elect one of the following options:

1. Non-homeowners may elect to receive an "in lieu of" allowance in the amount of $10,000 upon providing proof of actual relocation.

2. Homeowners may elect to receive an "in lieu of" allowance in the amount of $20,000 upon providing proof of actual relocation.

3. Homeowners in Item 2 above who provide proof of a bona fide sale of their home at fair value at the location from which relocated shall be eligible to receive an additional allowance of $10,000.

   a) This option shall expire within five (5) years from date of application for the allowance under Item 2 above.

   b) Proof of sale must be in the form of sale documents, deeds, and filings of these documents with the appropriate agency.

   NOTE: All requests for relocation allowances must be submitted on the appropriate form.

4. With the exception of Item 3 above, no claim for an "in lieu of" relocation allowance will be accepted after two (2) years from date of implementation of this Agreement.

5. Under no circumstances shall an engineer be permitted to receive more than one (1) "in lieu of" relocation allowance under this Implementing Agreement.

6. Engineers receiving an "in lieu of" relocation allowance pursuant to this Implementing Agreement will be required to remain at the new location, seniority permitting, for a period of two (2) years.

ARTICLE VIII - SAVINGS CLAUSES

A. The provisions of the applicable Schedule Agreement will apply unless specifically modified herein.

B. It is the Carrier's intent to execute a standby agreement with the Organization which represents engineers on the former Memphis Union Terminal. Upon execution of that Agreement, said engineers will be fully covered by this Implementing Agreement as though the Organization representing them had been signatory hereto.

C. Nothing in this Agreement will preclude the use of any engineers to perform work permitted by other applicable agreements within the new seniority districts described herein, i.e., yard engineers performing Hours of Service Law relief within the road/yard zone, ID engineers performing service and deadheads between terminals, road switchers handling trains within their zones, etc.

D. The provisions of this Agreement shall be applied to all engineers covered by said Agreement without regard to race, creed, color, age, sex, national origin, or physical handicap, except in those cases where a bona fide occupational qualification exists. The masculine terminology herein is for the purpose of convenience only and does not intend to convey sex preference.

ARTICLE IX - EFFECTIVE DATE

This Agreement implements the merger of the Union Pacific and SSW railroad operations in the area covered by Notice dated May 14, 1997.

Signed at Omaha, Nebraska, this 9th day of October, 1997.

FOR THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS:

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

D. E. Thompson
General Chairman, BLE

D. E. Penning
General Chairman, BLE

APPROVED:

D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

FOR THE CARRIERS:

M. A. Hartman
General Director-Labor Relations
Union Pacific Railroad Co.

W. E. Loomis
Director-Labor Relations
Southern Pacific Transportation Co.

Side Letter No. 1

October 9, 1997

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

During our negotiations we discussed ARTICLE 6 - LIFE INSURANCE and ARTICLE 9 - DISABILITY INSURANCE of the August 1, 1995 Agreement between Southern Pacific Lines and your Organization. It was your position that coverages provided by the former agreement should be preserved for the former SSW engineers covered by this Implementing Agreement.

This will confirm that Carrier agreed that these insurance premiums would be maintained at current levels and would be grand fathered to those former SSW engineers who are covered by this Implementing Agreement and who are presently covered under those plans. These insurance premiums will be maintained at current levels for such employees for a six (6) year period commencing January 1, 1998, unless extended or modified pursuant to the Railway Labor Act.

It is understood this Agreement is made without prejudice to the positions of either party regarding whether or not such benefits are subject to preservation under New York Dock and it will not be cited by any party in any other negotiations or proceedings.

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

Yours truly,

M. A. Hartman
General Director - Labor Relations

AGREED:

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

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

Side Letter No. 2

October 9, 1997

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

During our negotiations we discussed ARTICLE 7 - VACATION of the August 1, 1995 Agreement between Southern Pacific Lines and your Organization.

This will reflect our understanding that those former SSW engineers who are covered by this Implementing Agreement and who are presently covered by the above agreement provision shall be entitled to obtain the benefits of said ARTICLE 7 for the duration of the period covered by that agreement, i.e., through December 31, 1998. Thereafter, vacation benefits shall be as set forth in the controlling agreement on the merged territory.

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

Yours truly,

M A Hartman

M. A. Hartman
General Director - Labor Relations

AGREED:

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

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

Side Letter No. 3

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines, and the Brotherhood of Locomotive Engineers.

In our discussions regarding Article V, this will confirm Carrier's commitment to provide copies of the designated collective bargaining agreement referenced therein to all former SP/SSW engineers comprehended by this Implementing Agreement at the earliest possible date, but no later than by date of implementation of this Agreement.

The Carrier and the Organization agree there is language and articles in the designated collective bargaining agreement which pertain to territories outside the North Little Rock/Pine Bluff Hub. Both the Carrier and the Organization commit to undertake a process subsequent to implementation to produce copies of the designated collective bargaining agreement the provisions of which will apply only to this hub.

It is understood this process will take an undetermined amount of time to complete. Therefore, the Carrier will provide the existing agreement in its current format no later than the implementation date of this Agreement.

Yours truly,

M A Hartman

M. A. Hartman
General Director-Labor Relations

Side Letter No. 4

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This has reference to our negotiations covering the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers. During these negotiations, the Organization expressed concern that engineers who expire on the Hours of Service Law would not be transported in a timely manner to the destination terminal.

This will confirm the advice given to you, i.e., that when an engineer ties up on the Hours of Service before reaching the objective terminal, the Carrier will make every reasonable effort to relieve subject engineer and transport him to the tie up point, expeditiously. The Carrier recognized the interests of the railroad and its engineers are best served when a train reaches the final terminal within the hours of service. In the event this does not occur, the Carrier is committed to relieving that engineer and providing transportation as soon as practical. It is understood that this commitment contemplates transportation in the form of passenger vehicle, and engineers shall not be transported to the tie-up point after Hours of Service tie-ups by means of train except in case of emergency or extraordinary circumstances which make providing a vehicle impossible.

In the event the Organization feels that this commitment is not being observed at a particular location, the General Chairman shall promptly contact the Director of Labor Relations in writing stating the reasons or circumstances thereof. Within ten (10) days after being contacted the Director of Labor Relations will schedule a conference between the parties to discuss the matter and seek a resolution. The conference will include the appropriate General Manager or his designate.

Yours truly,

M A Hartman

M. A. Hartman
General Director - Labor Relations

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

Side Letter No. 5

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This refers to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub entered into this date.

In discussing the relocation benefits in Article VIII.B. of the agreement, we discussed the situation where an employee may desire to sell his home prior to the actual implementation of the merger. Carrier committed to you that such employee would be entitled to treatment as a "homeowner" for relocation benefits purposes provided:

1. Upon actual implementation of the Merger Implementing Agreement the engineer meets the requisite test of having been "required to relocate",

2. The sale of the residence occurred at the same location where claimant was working immediately prior to implementation, and

3. The sale of the residence occurred after the date of this Agreement.

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

Yours truly,

M. A. Hartman
General Director - Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

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

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 6

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

The parties hereto realize that the merger of the former properties into a unified system is a complex undertaking and with the changes in operations and seniority territories, employees covered by this Agreement will be required to perform service on unfamiliar territory.

Familiarization will be a large undertaking, and it is to the benefit of both parties that this process begin as soon as possible so that implementation can occur in a more orderly and rapid manner. Therefore, it is understood that Carrier may begin qualifying engineers on unfamiliar territory, to the extent it is feasible based upon operational and manpower constraints, between time of execution of this Implementing Agreement and date of implementation thereof.

It is understood that familiarization will be accomplished in accordance with Article V - Familiarization of this Agreement. Employees making familiarization trips which involve greater mileages than their existing (pre-merger) runs will be paid actual mileage to the new objective terminal as contemplated in Article I of this Agreement. Local BLE officers will work with local Carrier officers to implement this Side Letter in the most effective manner.

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

Yours truly,

M A Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

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

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 7

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This has reference to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub entered into this date.

During our discussions we addressed the issue of local service operating exclusively between Texarkana and North Little Rock/Pine Bluff or between Shreveport and North Little Rock/Pine Bluff. We agreed there was no intent that such service would belong to employees of the Longview Hub simply because the home terminals of such local assignments might be at Shreveport or Texarkana. It is understood that hours of service relief for such locals will be performed by the extra board at Shreveport if subject local has reached Lewisville or west of Lewisville on the former SSW Pine Bluff Subdivision. If such local is overtaken by the hours of service east of Lewisville, the extra board of Pine Bluff will perform relief service.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

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

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 8

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This has reference to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub entered into this date.

Prior to implementation of this Agreement, the Carrier and the Organization will schedule and convene a meeting in Omaha, Nebraska to develop equity data for roster formulation and data for slotting of all through freight pools associated with the North Little Rock/Pine Bluff Hub. The results of this meeting will be described in an attachment which will be appended to this Agreement prior to it being disseminated for a ratification vote.

This meeting will be conducted by Carrier Labor Relations Officers and the appropriate Local Chairmen for the territories concerned. The Carrier will provide the sources of equity data and the Local Chairmen will provide the Carrier with the necessary equity percentages for roster slotting and formulation. In the event the Local Chairmen are unable to agree upon equity percentages, the Carrier will make such determinations and will not be subject to any claims or grievances as a result thereof.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

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

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 9

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This refers to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub entered into this date.

In Article III A.2. of subject Agreement, the parties stipulated the Memphis Extra Board would protect engineer vacancies at or in the vicinity of Jonesboro. The Organization requested the present extra board at Jonesboro be continued for engineers presently living at Jonesboro and protecting such board.

This will confirm the Carrier will maintain an engineer's extra board at Jonesboro so long as those former SSW engineers who reside at or in the vicinity of Jonesboro desire (by application) to occupy such board in the normal course of seniority. When the last extra board engineer as defined herein vacates said board, the extra work at Jonesboro will attrite to Memphis. The Board would not thereafter be re-established unless an engineer comprehended by this Agreement was subsequently displaced from a regular assignment at Jonesboro and could not hold any other job at Jonesboro except the extra board. In the event the extra board is exhausted during the time it is being maintained, it will be supplemented by the Memphis Extra Board.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

Side Letter No. 10

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This refers to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub entered into this date.

With regard to Article I.A.11. and the interim arrangements at and north of Dexter which will be included in the St. Louis Hub, Carrier agreed to the following:

1. SSW Engineers in pool freight service at Illmo on date of implementation of this agreement (who do not participate in the formulation of the North Little Rock/Pine Bluff Hub) shall be consolidated into one pool working Dexter to St. Louis, with Dexter as the home terminal.

    a. This pool shall be guaranteed the equivalent of 2100 miles per half at the basic pro rata through freight rate, with a prorated daily deduction for each calendar day or portion thereof laid off or unavailable for service.

    b. For each round trip worked in this pool (Dexter to St. Louis and return) the engineer shall be paid one (1) allowance of two (2) hours at the basic pro rata through freight rate as a driving allowance for traveling to and from Dexter to protect this pool. This allowance should be claimed along with the claim for pay for the return leg of the round trip.

2. Former UP engineers who reside at Poplar Bluff who protect through freight service in the St. Louis - Poplar Bluff and Salem - Poplar Bluff pools shall continue to occupy said pools with the changed on and off duty point of Dexter instead of Poplar Bluff.

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

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

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

a. These pools shall be guaranteed the monthly equivalent of 2100 miles per half at the basic pro rata through freight rate, with a prorated daily deduction for each day or portion thereof laid off or unavailable for service. The constructive miles provided for in Article I.A.3. of the Merger Implementing Agreement shall be counted in determining the guaranteed miles.

b. For each round trip worked in these pools (Dexter to Dupo or Salem and return) the engineer shall be paid one (1) allowance of two (2) hours at the basic pro rata through freight rate as a driving allowance for traveling to and from Dexter to protect these pools. This allowance should be claimed along with the claim for pay for the return leg of the round trip.

3. Engineers protecting pool freight service at Dexter under the above arrangements shall be given a two and one-half hour (2'30") call if possible.

4. The above arrangements shall become effective upon date of implementation of this Agreement and continue for a period not to exceed 180 days or implementation of the St. Louis Hub Agreement, whichever occurs first.

5. The months during which this pay arrangement is in effect shall not be used in the calculation of TPA earnings under the St. Louis Hub Agreement unless specifically agreed to otherwise in such agreement.

6. In view of these arrangements, no application of relocation benefits under this Agreement shall be claimed by the employees covered hereby. Such matters shall be left for resolution by the parties in their negotiations for the St. Louis Hub.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

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

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 11

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This refers to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub entered into this date.

During our negotiations we discussed the provisions of the Implementing Agreement regarding for Carrier-provided transportation to engineers between North Little Rock and Pine Bluff to return them to the on and off duty point where they commenced their service.

It is clear that implementation of the various pools and directional train operations under this Agreement will require regular, around-the-clock limousine service between North Little Rock and Pine Bluff. In consideration of this fact, the parties agreed as follows:

1. Engineers may elect to utilize Carrier-provided transportation to commute from North Little Rock and Pine Bluff or vice versa in advance of their on duty time. This election shall be registered with CMS by the engineer at the time he is assigned to the freight pool turn.

    a. Engineers exercising this option shall be permitted to register with CMS to receive a 2'30" call, if possible.

    b. Engineers exercising this option shall be paid a transportation allowance of two (2) hours at the basic pro rata through freight rate for each originating service trip at North Little Rock or Pine Bluff.

    c. Engineers exercising this option shall not be eligible for transportation or pay described under b. above at the end of their return trip from the away from home terminal to North Little Rock/Pine Bluff.

2. Engineers assigned to pool freight turns at North Little Rock/Pine Bluff shall be expected to report for duty full rested at the designated on duty point. Those engineers exercising the option set forth in 1. above below shall be considered as having fulfilled their obligation under this provision if they presented themselves for transportation at least 1'10" prior to their on-duty time. In other words, such employees shall not be held responsible or otherwise censured for train delay when the vehicle transporting them experienced mechanical trouble, encountered severe weather, etc.

3. In the event this arrangement should be overridden by any federal or state agency which would result in engineers reporting for duty with less than full rest, Carrier shall be entitled to declare these arrangements void and immediately initiate negotiations with the Organization to reach agreement on alternative arrangements.

4. In consideration of these arrangements, there shall be no claim for relocation benefits by engineers residing at North Little Rock or Pine Bluff who are assigned to pool freight turns in the North Little Rock/Pine Bluff Hub. After implementation, all future bidding and/or bumping to such pool freight turns shall be considered as normal seniority moves.

5. Should an engineer who has elected the provisions of Item 1 above be required to operate his return trip back to the same terminal where the trip originated because of operational problems such as derailment or washout, such engineer would be entitled to utilize the above-described transportation to commute back to his home location. Under that unique circumstances, another minimum transportation allowance of two (2) hours would be paid.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

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

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 12

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This refers to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub entered into this date.

During our negotiations it was recognized that operations out of the consolidated North Little Rock/Pine Bluff Terminal required a modification of the runaround rule in effect in the designated collective bargaining agreement. In that regard, we agreed:

1. Article 26(D) of the designated collective bargaining agreement shall remain in full force and effect except as specifically described below. The following exceptions are applicable only in the North Little Rock/Pine Bluff Hub in order to accommodate the unique circumstances at this location.

2. An engineer standing first out on the board at time of call, when required to retrieve a train on the far side of the terminal under the "25-mile zone" provisions of this Agreement, will be considered as having departed the terminal when such engineer departs in the conveyance to said train.

3. An engineer standing first out on the board at North Little Rock at time of call, when required to take charge of his train at Pine Bluff, will be considered as having departed the terminal when such engineer departs in the conveyance to such location. This principle applies equally at North Little Rock and Pine Bluff when the two engineers involved depart separate yards when assigned to the same pool.

4. Sections 2 and 3 above shall apply to extra board engineers filling regular assigned engineers' vacancies.

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

Yours truly,

M A Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

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

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 13

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This refers to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub entered into this date.

During our discussions regarding the establishment of prior rights zones, some concern was expressed regarding the possibility of large volumes of traffic currently operating via one zone shifting to routes in a different zone. Carrier expressed its doubt that such would occur, but did agree that if a significant, sustained diminishment of pool freight traffic (compared to levels which existed at time of implementation) occurred within the first ten (10) years of implementation of this Agreement, the General Chairman may serve notice upon the appropriate Director of Labor Relations, who will meet within fifteen (15) days or as otherwise mutually agreed to make the appropriate adjustments in prior rights roster slots or prior rights pool turn slots to reflect the changed conditions. It is understood these seniority adjustments would be done without relocation expense to the Carrier.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

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

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 14

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This has reference to the Merger Implementing Agreement for the North Little Rock/Pine Buff Hub entered into this date.

During our negotiations there was considerable discussion surrounding the operational changes resulting from a merger of UP/SSW operations. Specifically, it was your observation that the merged operation would require an increased amount of transporting of engineers, and your Organization has concerns regarding the quality of the vehicles presently used for transporting engineers, as well as the drivers of said vehicles.

It was Carrier's position that there are existing procedures available to resolve any complaints regarding deficiencies in crew transportation and, as such, this was not a proper topic for inclusion in a Merger Implementing Agreement.

Without prejudice to the positions of the respective parties as set forth above, the Carrier believes it is in the best interests of all parties that routine, unannounced safety audits of crew transportation contractors be conducted, and that a process be established for prompt investigation and, if necessary, resolution of complaints of specific instances of deficiencies in this area. In this regard, this will confirm my advice given you during our negotiations that Carrier agreed it would direct its designated manager to contact a Local Chairman to be designated by your Organization for the purpose of scheduling and conducting field safety audits of transportation contractors in the hub. These safety audits will include, but not be limited to, inspection of vehicles, unannounced rides, interviewing crews, and meeting drivers. These safety audits will be performed no less frequently than quarterly.

If issues are raised by the safety audits which cannot be resolved to the satisfaction of your Organization, they may be referred to the appropriate Labor Relations Officer by the General Chairman for discussion in conference at the earliest possible date to seek a resolution. The conference will include the appropriate General Manager or his designate.

Respectfully,

M. A. Hartman
General Director-Labor Relations

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This refers to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub entered into this date.

In Article II.B.4. of the Agreement, the parties committed to working out the specific details regarding how yard assignments in the North Little Rock/Pine Bluff Hub would be protected. The following provisions shall govern in that regard.

1. All former SSW yard assignments at Pine Bluff will belong to Zone 1 seniority district. All former UP-Arkansas yard assignments at North Little Rock will also belong to Zone 1 seniority district. Zone 1 prior rights seniority shall govern in the filling of all such assignments. The Zone 1 extra board at North Little Rock shall protect assignments headquartered at that location, and the Zone 1 extra board at Pine Bluff shall protect assignments headquartered at that location.

2. Current former UP-Van Buren yard assignments at North Little Rock will belong to Zone 2 seniority district. Zone 2 prior rights seniority shall govern in the filling of all such assignments. The Zone 2 extra board at North Little Rock shall protect such assignments.

3. Current former UP-Louisiana yard assignments at North Little Rock (Biddle Yard) will belong to Zone 3 seniority district. Zone 3 prior rights seniority shall govern in the filling of all such assignments. The Zone 3 extra board at North Little Rock shall protect such assignments.

4. It is understood that transfer (hauler) assignments will be established to transfer cars between North Little Rock and Pine Bluff. These will be yard assignments. It was agreed they will be established alternately with headquarters at North Little Rock, then Pine Bluff, then North Little Rock, etc.

Thus, if five (5) of such jobs were established, they would be headquartered:

1st: North Little Rock
2nd: Pine Bluff
3rd: North Little Rock
4th: Pine Bluff
5th: North Little Rock

The North Little Rock transfer jobs shall be considered as Zone 3 jobs and subject to Section 3 above. The Pine Bluff transfer jobs shall be considered as Zone 1 jobs and subject to Section 1 above.

5. All of the above provisions recognize that when prior rights seniority provisions are exhausted the common roster is applied.

6. Nothing in this Agreement is intended to compromise the Carrier's right to operate the North Little Rock/Pine Bluff Terminal as a consolidated terminal as set forth in Article I.D. of the Implementing Agreement.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

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

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This refers to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub entered into this date.

Since 1927, the yard at Alexandria has been a joint yard with jobs allocated between the former TP and MP. The seniority consolidations herein will have a unique impact upon that arrangement, and the following was agreed to in the interests of not creating undue dislocations.

1. The allocation of assignments in effect pre-merger under the June 2, 1927 Memorandum of Agreement shall continue, not to exceed three yard engines and two locals presently operating.

2. The above-described former MP allocated jobs will be prior rights Zone 3 jobs under this Merger Agreement and not available to prior rights TP engineers described in Section 3 below except as common employees.

3. Prior TP allocated jobs will be prior righted to those same engineers who have prior rights to the TP slots in the freight pool between Monroe and Livonia. Prior rights to these jobs supersede Zone 3 prior rights.

4. When any of these prior rights TP jobs becomes vacant and no engineer with rights under Section 3 above claims it, the job will revert to the Zone 3 roster, and thereafter to the common roster.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

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

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
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414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This refers to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub entered into this date.

With regard to Article II.H. of the Agreement, the following shall apply:

I. Engineers who participate in the roster formulation process for the North Little Rock/Pine Bluff Hub who presently hold engine service seniority outside the North Little Rock/Pine Bluff Hub will be handled as follows:

a. All engine service seniority outside the North Little Rock/Pine Bluff Hub will be held in abeyance and may not be utilized for any purposes except as outlined below:

b. When subsequent implementing agreements are concluded in other hubs which encompass the seniority described in a. above, which has been held in abeyance, such seniority may be exercised in the roster formulation process for such hub(s) subject to the following limitations:

1. The exercise of such option shall be considered a seniority move and shall be at the engineer's own expense.

2. An engineer utilizing this provision to select a different hub will forfeit all seniority in the North Little Rock/Pine Bluff Hub.

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

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

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This refers to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub entered into this date.

During our execution of this Agreement, it was understood that the parties may discover errors or omissions relating to mile post designations, crew district mileages, etc. It is not the intent of either party to hold the other party to such items simply because there was simply not time to verify them for accuracy.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

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

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 19

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This refers to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub entered into this date.

In Article I.B.2.a. (North Little Rock/Van Buren) and Article I.C.2.a. (North Little Rock/Monroe/Livonia), the Carrier and the Organization shall mutually agree on the number of turns which shall be prior righted to engineers of the respective prior rights zones referenced therein.

For purposes of application of said Article, the Carrier and the Organization mutually agree the number of prior righted turns on the North Little Rock-Van Buren pool operations shall be twenty-five (25) and the number of prior righted turns on the Monroe to Livonia pool operations shall be ten (10). The number of prior-righted turns on the North Little Rock - Monroe pool operations shall be twenty-one (21).

It is understood that any number of turns in excess of those referenced in this Side Letter will be filled by engineers from the zone roster, and thereafter, from the common roster.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

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

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 20

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This refers to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub.

During the ratification meetings which have been conducted by your Organization on the property some concern has been raised regarding the intent of Article VIII - Savings Clauses, Item C thereof. Specifically, it was the concern of some of your constituents that the language of Item C might subsequently be cited to support a position that "other applicable agreements" supersede or otherwise nullify the very provisions of the Merger Implementing Agreement which were negotiated by the parties.

I assured you this concern was not valid and no such interpretation could be applied. I pointed out that Item C must be read in conjunction with Item A, which makes it clear that the specific provisions of the Merger Implementing Agreement, where they conflict with the basic schedule agreement, take precedence, and not the other way around.

The purpose of Item C was to establish with absolute clarity that there are numerous other provisions in the designated collective bargaining agreement, including national agreements, which apply to the territory involved, and to the extent such provisions were not expressly modified or nullified, they still exist and apply. It was not the intent of the Merger Implementing Agreement to either restrict or expand the application of such agreements.

In conclusion, this letter of commitment will confirm that the provisions of Article VIII - Savings Clauses may not be construed to supersede or nullify the terms of the Merger Implementing Agreement which were negotiated in good faith between the parties. I hope the above elaboration clarifies the true intent of such provisions.

Yours truly,

M. A. Hartman
General Director-Labor Relations

Side Letter No. 21

October 9, 1997

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

Gentlemen:

This has reference to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub entered into this date.

During our negotiations, it was recognized that there are inherent difficulties in implementing a merged operation in the North Little Rock/Pine Bluff Hub without a correspondence Agreement for the St. Louis Hub. This is a problem inherent in implementing merged hubs on a phased basis, and in all hubs this cascading effect has required the parties to use their imagination to develop temporary solutions to cover the interim period between implementing agreements covering adjoining hubs. Such a need is clearly recognized here with regard to the St. Louis Hub.

The Organization has requested that Carrier make certain written commitments regarding the merged operation in the St. Louis Hub which are necessary in order for it to agree to the seniority and work consolidations in the territory comprehended by prior rights Zone 1 of the North Little Rock/Pine Bluff Hub. Those commitments are as follows:

1. Illmo and Poplar Bluff employees holding assignments at such locations on the date of this Agreement relocating to Dexter Junction shall not be required to again relocate to St. Louis upon implementation of the Agreement for that hub. The negotiations for that hub shall address a solution which allows employees at Dexter Junction who have been relocated to that point under this Agreement to continue to reside at such location for a minimum period of time to be negotiated, but in no case less than five (5) years from date of implementation of this Agreement.

2. Because of the unique circumstances involved, minimum distance requirements for eligibility for relocation benefits are waived for employees holding assignments at Poplar Bluff on the date of this Agreement.

3. The commitment to negotiate the alternative arrangements described in 1. above applies to both the current UP Dupo-Poplar Bluff pool and the current SSW St. Louis-Illmo pool. Such commitment shall also apply to the Salem-Poplar Bluff ID pool.

4. UP Missouri Division Poplar Bluff employees and SSW Illmo employees entitled to a relocation to Dexter Junction may at his option choose to relocate to St. Louis instead of Dexter Junction. Such an election would still qualify that employee for a relocation allowance.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

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

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 22

October 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

Gentlemen:

This refers to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub.

During our discussions regarding eliminating the terminals of Illmo and Poplar Bluff and creating an away-from-home terminal at Dexter, we acknowledged that some employees who reside at Poplar Bluff and Illmo will elect to retain their residences in he area and exercise some form of reverse lodging option if such can be negotiated in the St. Louis Hub Agreement. Carrier acknowledged it would entertain such arrangements in Side Letter No. 20 to the North Little Rock/Pine Bluff Agreement.

With the construction of a new away-from-terminal lodging facility, the question was raised regarding the employees described in the preceding paragraph who may arrive at Dexter during blizzard or ice storm conditions which have resulted in roads which are impossible to their residences. The Organization asked if under these rare circumstances such employees could utilize the lodging facility at Dexter until driving conditions improved.

My response to this request was to observe that we experience such severe storms and other acts of God throughout our system, and I believe Carrier's track record will show our local managers deal with them in a manner which places the safety and well being of our fellow employees ahead of literal contract language which, if applied under such conditions, would create a dangerous situation. I would expect, and therefore commit to you, that no different result would be applied at Dexter.

Yours truly,

M. A. Hartman
General Director-Labor Relations

Side Letter No. 23

December 9, 1997

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M L ROYAL JR
GENERAL CHAIRMAN BLE
413 WEST TEXAS
SHERMAN TX 75092-3755

Gentlemen:

This refers to the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub which was signed on October 9, 1997.

During roster formulation meetings a question arose concerning the number of slotted pool turns listed on Attachments "B", "C", and "D" to the Agreement. This will confirm that the number of turns subject to the prior rights slotting arrangement are as set forth therein, i.e., 78 turns (Attachment "B"), 30 turns (Attachment "C") , and 114 turns (Attachment "D"), and those numbers are not subject to change.

Additionally, a clarification was desired regarding Article I.A.4.c. Specifically, it was understood that in the unlikely event there is no extra board maintained at Memphis, or if it is exhausted, the existence of these circumstances may not be cited as a basis for denying eligible engineers the right to exercise layoff privileges under this section. Also, under such circumstances, it is understood that extra service would be protected by the next nearest extra board on which qualified engineers were available.

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

Yours truly,

M. A. Hartman
General Director - Labor Relations

AGREED:

D E Penning
General Chairman, BLE

D E Thompson
General Chairman, BLE

M L Royal, Jr
General Chairman, BLE

cc: Mr. J L McCoy
Vice President - BLE

Mr. D M Hahs
Vice President, BLE

ARTICLE I - WORK AND ROAD POOL CONSOLIDATION

Q.1. What is the impact of the terminal operations at terminals where both the former UP and SSW had yards/terminal operations, such as Memphis, for example, being "consolidated into a single operation"?

A.1. In a consolidated terminal, all road crews can receive/leave their trains at any location within the boundaries of the new Memphis Terminal and may perform work anywhere within those boundaries pursuant to the applicable collective bargaining agreement. The Carrier will designate the on/off duty points for road crews. All rail lines, yards, and/or sidings within the Memphis Terminal are considered as common to all crews working in, into and out of Memphis and all road crews may perform all permissible road/yard moves pursuant to the applicable collective bargaining agreements.

Q.2. Is it the intent of this agreement to use engineers beyond the 25-mile zone?

A.2. No.

Q.3. Since the 25-mile zone provisions specify that engineers may be called to receive "the train for which they were called", does this preclude their use under such 25-mile zone provision for any other train?

A.3. Yes, unless other pre-existing local agreements or practices permit otherwise.

Q.4. What is intended by the words "at the basic pro rata through freight rate" as used in this Agreement?

A.4. Payment would be at the high (unfrozen) through freight rate of pay which is applicable to the service portion of the trip.

Q.5. How will initial terminal delay be determined when performing service as in the 25-mile zone?

A.5. Initial terminal delay for engineers entitled to such payments will be governed by the applicable collective bargaining agreement and will not commence when a crew operates back through the on-duty point. Operation back through the on-duty point shall be considered as operating through an intermediate point.

Q.6. How is a crew which received their train in the twenty-five (25) mile zone on the far side of the terminal compensated?

A.6. When so used, the crew shall be paid an additional one-half (½) basic day at the basic pro rata through freight rate for this service in addition to the district miles of the run. If the time spent beyond the terminal is greater than four (4) hours, they shall be paid on a minute basis at the basic pro rata through freight rate. Miles within the 25-mile zone shall not be added to the district miles of the run.

Q.7. If a crew in the twenty-five (25) mile zone is delayed in bringing the train into the origin terminal so that it does not have time to go to the destination terminal, what will happen to the crew?

A.7. If the crew had operated back through the origin terminal, they will be transported to the destination terminal, unless emergency conditions (i.e., acts of God,

derailment, etc.) prevent such, and be paid district miles, overtime where applicable and a minimum of four (4) hours at the basic pro rata through freight rate.

Q.8. In regards to Question 6 above. What happens if a crew in the twenty-five (25) mile zone is delayed and does not depart the origin terminal a second time?

A.8. If the crew origin terminal is the home terminal will be released at the origin terminal and paid a basic day, including overtime when applicable, in addition to the minimum of four (4) hours at the basic pro rata through freight rate for working the 25-mile zone. If the origin terminal is the away terminal, the crew will be deadheaded to the destination terminal, except in cases of emergency (i.e., Acts of God, derailment, etc.).

Q.9. Does the time consumed beyond the terminal in the 25-mile zone count toward calculation of overtime for the service trip?

A.9. The time spent operating in the 25-mile zone would not be used in the calculation of overtime. For example, an engineer whose total on duty time for the trip was 10 hours 25 minutes, and who spent 1 hour in the 25-mile zone, would calculate overtime, if any, based upon 9 hours and 25 minutes on duty time.

Q.10. Is it the intent of this agreement to use engineers in the 25-mile zone if not qualified to operate on that territory?

A.10. No. It is not the intent of this agreement to require engineers to operate against their will within the 25-mile zone if not familiar with such territory.

Q.11. Do the 25-mile zone provisions, including the pay provisions thereof, apply to all engineers?

A.11. These provisions apply equally to pre-1985 engineer, post-1985 engineers, and engineers hired/promoted subsequent to the provisions of this agreement.

Q.12. Is the ½ day at the basic pro rata through freight rate for operating in the 25-mile zone frozen and/or is it a duplicate payment/special allowance?

A.12. No, it is subject to future wage adjustments and it is not a duplicate pay/special allowance.

Q.13. When an engineer is used for hours of service relief at the away from home terminal pursuant to this Agreement may he be used to provide relief for more than one train?

A.13. No, when the engineer returns to the away from home terminal after performing hours of service relief (on only one train) he will stand first out upon arrival subject to rest and he shall next be either deadheaded or perform actual service to the home terminal.

Q.14. Does the overtime rate of pay apply when an engineer is transported to the same on/off duty point in the home terminal from which he commenced service pursuant to Articles I.A.15., I.A.24., I.B.4. and I.C.5?

A.14. Yes, the time shall begin when the engineer is relieved (train comes to rest). The time shall end when the engineer ties up at the same on/off duty point from which he commenced service. If the total time on duty would place the engineer on

overtime, then the two (2) hour payment shall be at the overtime rate. If not, then at the basic pro rata through freight rate. It is understood the engineer must have been on overtime before the transport time began in order to qualify for the overtime rate.

Q.15. Do the provisions of Articles I.A.15., I.A.24., I.B.4. and I.C.5. apply to all transporting within the North Little Rock/Pine Bluff Terminal?

A.15. No. These specific provisions apply only to those circumstances where the outbound trip originated at North Little Rock (as defined by the pre-merger terminal limits) and the inbound trip terminated (or was destined to terminate) at Pine Bluff (as defined by the pre-merger terminal limits), or vice versa. In any other circumstances, existing agreement rules would apply.

Q.16. In applying Article I.A.15. and I.A.24., if an engineer was called to operate a train from Dexter to Pine Bluff, could Carrier deny the engineer transportation to North Little Rock and the minimum 2 hour transportation allowance therefor on the theory the trip did not "originate" in the North Little Rock/Pine Bluff Terminal?

A.16. No. This was precisely the circumstance which the provisions of Article I.A.15. and I.A.24. were written to cover. The use of the word "originate" means the engineer started his outbound pool freight run at North Little Rock and ended his inbound trip at Pine Bluff, or vice versa, and the transportation is required to get him back to the location where he went on duty on the outbound trip.

ARTICLE III - EXTRA BOARDS

Q.1. Will extra boards established under this section be confined to protecting extra work exclusively within the zone in which established?

A.1. Initially, all extra boards will only protect extra work within one zone After implementation, should the Carrier desire to establish extra boards which protect extra work in more than one zone, this will be done pursuant to the existing collective bargaining agreement, and the parties must reach agreement as to how engineers from the zones involved will be allowed to exercise seniority to such extra board(s). Failure to reach such agreement, common seniority will be used.

Q.2. Are these guaranteed extra boards?

A.2. The provisions of the designated collective bargaining agreement shall apply.

ARTICLE IV - APPLICABLE AGREEMENTS

Q.1. When the Merger Implementing Agreement becomes effective what happens to existing claims previously submitted under the prior agreements?

A.1. The existing claims shall continue to be handled in accordance with the former agreements and the Railway Labor Act. No new claims shall be filed under those former agreements once the time limit for filing claims has expired.

ARTICLE V - FAMILIARIZATION

Q.1. An engineer who makes familiarization trips only on the portion of the geographic territory where he intends to work may later exercise to another part of the territory with which he is not familiar. Does this Agreement apply to the necessary additional familiarization trips?

A.1. Yes, no matter how much time has elapsed from date of implementation of this Agreement.

Q.2. Who will approve an engineer as being properly familiarized on a new territory?

A.2. An engineer will not be considered qualified on a new territory until check ride is given by the designated Carrier officer as per the requirements of 49 CFR, Parts 240.127 and 240.129.

Q.3. May a brakeman, conductor, other employee not specified in the Agreement be used to familiarize an engineer on an unfamiliar geographic territory?

A.3. No.

Q.4. If an unqualified extra engineer stands first out for an assignment and the next extra engineer is qualified, may the first out extra engineer be run-around?

A.4. No. The first out extra engineer will be called for the assignment and the next out engineer qualified will be called to act as a pilot.

Q.5. How shall a qualified engineer used as pilot be compensated?

A.5. The same as if he had operated the train.

ARTICLE VII - PROTECTIVE BENEFITS AND OBLIGATIONS

Section A:

Q.1. What is blanket certification?

A.1. An understanding reached by the parties that an employee will be provided the benefits of the applicable labor protective conditions without having to prove he was adversely affected as a result of implementation of this Agreement.

Q.2. How will test period earnings be calculated for employees returning to service following extended absence (a period of one year or more)?

A.2. Their test period earnings will be the average of the test period earnings of the two (2) employees below and two (2) employees above on the pre-merger rosters working in the same class of service.

Q.3. How will test period earnings be calculated for part time union officers?

A.3. In the same manner as question 2, Answer 2 above.

Q.4. How does the Carrier calculate test period earnings if, during the last twelve (12) months, an employee has missed two (2) months compensated service?

A.4. The Carrier will go back fourteen (14) months (or however many months necessary) to calculate the test period earnings based on twelve (12) months compensated service.

Q.5. How will an employee be advised of his test period earnings?
A.5. Test periods will be furnished to each individual and their appropriate General Chairman.

Q.6. An employee is off one or more days of a month in the test period account of an on-duty personal injury. Will that month be used in computing test period averages?
A.6. Yes, if the employee performed other compensated service during the month.

Q.7. An engineer protects an extra board which pays a bonus day to an employee who stays marked up on the board for the entire month. Is this payment included in calculation of test period earnings?
A.7. Yes.

Q.8. Is vacation pay received during the test period considered as compensation?
A.8. Yes.

Q.9. Regarding Question 8 above, if an engineer is on vacation the entire month and the vacation pay therefor is less than his TPA, would he be entitled to draw a displacement for the difference?
A.9. Yes.

Q.10. How is length of service calculated?
A.10. It is the length of continuous service an employee has in the service of the Carrier, as defined in the Washington Job Protection Agreement of 1936.

Q.11. If an employee has three years of engine service and three years of train service, how many years of protection will they have?
A.11. Six.

Q.12. Claims for a displacement allowance are subject to offset when an employee is voluntarily absent. How are such offsets computed?
A.12. A prorated portion of the guarantee is deducted for each twenty-four (24) hour period or portion thereof. The proportion varies depending on the number of days in the month and the rest days of a regularly assigned employee. For example, in a thirty (30) day month, the through freight deduction would be 1/30th. For an employee assigned to a six (6) day local, the proration would be 1/26th or 1/27th, depending on how rest days fell. For an unassigned yard employee, the proration would be anywhere from 1/20th to 1/24th, depending on how the rest days fall. A deduction will not be made for an employee required to lay-off due to mileage regulations.

Q.13. An employee assigned to the extra board lays off for one day. During the period of lay-off, he would not have otherwise had a work opportunity. What offset should be made in the employee's protective claim?
A.13. A pro rata portion of the guarantee is deducted, such proportion depending on the number of days in the month, i.e., 1/28th, 1/29th, 1/30th or 1/31st. [Except mileage regulation lay-off].

Q.14. What prorated portion of a protection guarantee will be deducted for an employee working on a guaranteed extra board whereon such employee is entitled to lay off up two (2) days per month without deduction of the extra board guarantee?

A.14. No deduction will be made from the protection guarantee for the first two (2) days of layoff during the month. Layoffs in excess of two (2) will result in a prorated deduction from the protection guarantee on the basis of the number of days in the month for each day of layoff in excess of two. [Except mileage regulation lay-off.]

Q.15. How will employees know which jobs are higher rated?

A.15. The Carrier will periodically post job groupings identifying the highest to lowest paid jobs.

Q.16. Will specific jobs be identified in each grouping?

A.16. Pools, locals and extra boards, with different monetary guarantees, may be identified separately but yard jobs and road switchers will not be.

Q.17. What rights does an employee have if he is already covered under labor protection provisions resulting from another transaction?

A.17. Section 3 of New York Dock permits employees to elect which labor protection they wish to be protected under. By agreement between the parties, if an employee has three years remaining due to the previous implementation of Interdivisional Service the employee may elect to remain under that protection for three years and then switch to the number of years remaining under New York Dock. If an employee elects New York Dock then he/she cannot later go back to the original protection even if additional years remain. It is important to remember that an employee may not receive duplicate benefits, extend their protection period or count protection payments under another protection provision toward their test period average for this transaction.

Q.18. Will the Carrier offer separation allowances?

A.18. The Carrier will review its manpower needs at each location and may offer separation allowances if the Carrier determines that they will assist in the merger implementations. Article I Section 7 of New York Dock permits an employee that is "dismissed" as defined by New York Dock to request a separation allowance within seven days of his/her being placed in dismissed status in lieu of all other benefits.

Q.19. Does an employee who elects to exercise his seniority outside the North Little Rock/Pine Bluff Hub and not participate in the formulation of rosters for the new North Little Rock/Pine Bluff Hub qualify for wage protection?

A.19. The certification agreed to under Article V applies only to those employees who are slotted on the newly formed North Little Rock/Pine Bluff Hub rosters.

Q.20. In applying the "highest rated job" standard to a protected employee, may the Carrier require an employee to take a higher rated job (or use those earnings as an offset against the protection guarantee) which would require a change in residence?

A.20. No, unless the job is protected from that source of supply point.

Section B:

Q.1. Who is required to relocate and is thus eligible for the allowance?
A.1. An engineer who can no longer hold a position at his location and must relocate to hold a position as a result of the merger. This excludes engineers who are borrow outs or forced to a location and released.

Q.2. Are there mileage components that govern the eligibility for an allowance?
A.2. Yes, the engineer must have a reporting point farther than his old reporting point and at least 30 miles between the current home and the new reporting point and at least 30 miles between reporting points.

Q.3. Can you give some examples?
A.3. The following examples would be applicable.

Example 1: Engineer A lives 80 miles east of Pine Bluff and works a yard assignment at Pine Bluff. As a result of the merger he is assigned to a yard job with an on duty point 50 miles east of Pine Bluff. Because his new reporting point is closer to his place of residence no relocation allowance is given.

Example 2: Engineer B lives 35 miles east of Pine Bluff and goes on duty at the SP yard office in Pine Bluff. As a result of the merger he goes on duty at the UP yard office in Pine Bluff which is one mile away. No allowance is given.

Example 3: Engineer C lives in Memphis and is unable to hold an assignment at that location and must place on an assignment at North Little Rock. The engineer meets the requirement for an allowance and whether he is a homeowner, a homeowner who sells their home or a non-homeowner determines the amount of the allowance.

Example 4: Engineer D lives in North Little Rock and can hold an assignment in North Little Rock but elects to place on an assignment at Pine Bluff. Because the engineer can hold in North Little Rock, no allowance is given.

Q. 4. Why are there different dollar amounts for non-home owners and homeowners?
A. 4. New York Dock has two provisions covering relocating. One is Article I Section 9 Moving expenses and the other is Section 12 Losses from home removal. The $10,000 is in lieu of New York Dock moving expenses and the additional $10,000 or $20,000 is in lieu of loss on sale of home.

Q. 5. Why is there a set amount offered on loss on sale of home?
A. 5. It is an in lieu of amount. Engineers have an option of electing the in lieu of amount or claiming New York Dock benefits. Some people may not experience a loss on sale of home or may not want to go through the procedures to claim the loss under New York Dock.

Q. 6. What is loss on sale of home for less than fair value?
A. 6. This refers to the loss on the value of the home that results from the Carrier implementing this merger transaction. In many locations the impact of the merger may not affect the value of a home and in some locations the merger may affect the value of a home.

Q. 7. Can you give an example?
A. 7. Prior to the merger announcement a home was worth $60,000. Due to numerous employees transferring from a small city the value drops to $50,000. Upon approval of the sale by the Carrier employee is entitled to $10,000 under Section 12 and the expenses provided under Section 9, or the owner can claim the in lieu of amount of $30,000.

Q. 8. If the parties cannot agree on the loss of fair value what happens?
A. 8. New York Dock Article I Section 12 (d) provides for a panel of real estate appraisers to determine the value before the merger announcement and the value after the merger transaction.

Q. 9. What happens if an employee sells a home valued at $50,000 for $20,000 to a family member?
A. 9. That is not a bona fide sale and the employee would not be entitled to either an in lieu of payment or a New York Dock payment for the difference below the fair value.

Q. 10. What is the most difficult part of New York Dock in the sale transaction?
A. 10. Determine the value of the home before the merger transaction. While this can be done through the use of professional appraisers, many people think their home is valued at a different amount.

SIDE LETTER NO. 2

Q. 1. Will an engineer gain or lose vacation benefits as a result of the merger?
A. 1. SSW engineers will retain the number of weeks vacation earned for 1997 and 1998 that they would have earned under their previous vacation agreement. Beginning with the 1999 calendar year they will be treated as if they had always been a UP engineer and will earn identical vacation benefits as a UP engineer who had the same hire date and same work schedule.

Q. 2. When the agreement is implemented, which vacation agreement will apply?
A. 2. The vacation agreements used to schedule vacations for 1997 will be used for the remainder of 1997 and in 1998.

Q. 3. Will personal leave be applicable to SSW engineers in 1997?
A. 3. Personal leave days for SSW engineers will apply effective January 1, 1998.

SIDE LETTER NO. 10

Q.1. It is intended under the Merger Agreement that existing extra boards at Poplar Bluff and Illmo shall remain intact at such locations. May the locations of these extra boards be changed to Dexter prior to implementation of a Merger Implementing Agreement for the St. Louis Hub?

A.1. Yes, but if this occurs, employees occupying such extra board(s) would be entitled to a driving allowance under Items 1.b. and 2.b. of Side Letter No. 10.

Q.2. Does the driving allowance described in Items 1.b. and 2.b. of Side Letter No. 10 count in calculating the 2100 miles per half pool guarantees established under this Side Letter.

A.2. No.

SIDE LETTER NO. 12

Q.1. If two engineers are called for pool freight service in the same pool out of North Little Rock and the first out engineer, while commuting from Pine Bluff under the terms of Side Letter No. 11, experiences delays due to van breakdown, etc. would a runaround occur if the second out engineer departed before said first out engineer finally arrived in the van from Pine Bluff?

A.1. No.

Attachment "A"

Finance Docket No. 28250

APPENDIX III

Labor protective conditions to be imposed in railroad transactions pursuant to 49 U.S.C. 11343 et seq. [formerly sections 5(2) and 5(3) of the Interstate Commerce Act], except for trackage rights and lease proposals which are being considered elsewhere, are as follows:

1. Definitions.-(a) "Transaction" means any action taken pursuant to authorizations of this Commission on which these provisions have been imposed.

(b) "Displaced employee" means an employee of the railroad who, as a result of a transaction is placed in a worse position with respect to his compensation and rules governing his working conditions.

(c) "Dismissed employee" means an employee of the railroad who, as a result of a transaction is deprived of employment with the railroad because of the abolition of his position or the loss thereof as the result of the exercise of seniority rights by an employee whose position is abolished as a result of a transaction.

(d) "Protective period" means the period of time during which a displaced or dismissed employee is to be provided protection hereunder and extends from the date on which an employee is displaced or dismissed to the expiration of 6 years therefrom, provided, however, that the protective period for any particular employee shall not continue for a longer period following the date he was displaced or dismissed than the period during which such employee was in the employ of the railroad prior to the date of his displacement or his dismissal. For purposes of this appendix, an employee's length of service shall be determined in accordance with the provisions of section 7(b) of the Washington Job Protection Agreement of May 1936.

2. The rates of pay, rules, working conditions and all collective bargaining and other rights, privileges and benefits (including continuation of pension rights and benefits) of the railroad's employees under applicable laws and/or existing collective bargaining agreements or otherwise shall be preserved unless changed by future collective bargaining agreements or applicable statutes.

3. Nothing in this Appendix shall be construed as depriving any employee of any rights or benefits or eliminating any obligations which such employee may have under any existing job security or other protective conditions or arrangements; provided, that if an employee otherwise is eligible for protection under both this Appendix and some other job security or other protective conditions or arrangements, he shall elect between the benefits under this Appendix and similar benefits under such other arrangement and, for so long as he continues to receive such benefits under the provisions which he so elects, he shall not be entitled to the same type of benefit under the provisions which he does not so elect; provided further, that the benefits under this Appendix, or any other arrangement, shall be construed to include the conditions,

responsibilities and obligations accompanying such benefits; and, provided further, that after expiration of the period for which such employee is entitled to protection under the arrangement which he so elects, he may then be entitled to protection under the other arrangement for the remainder, if any, of this protective period under that arrangement.

4. Notice and Agreement or Decision - (a) Each railroad contemplating a transaction which is subject to these conditions and may cause the dismissal or displacement of any employees, or rearrangement of forces, shall give at least ninety (90) days written notice of such intended transaction by posting a notice on bulletin boards convenient to the interested employees of the railroad and by sending registered mail notice to the representatives of such interested employees. Such notice shall contain a full and adequate statement of the proposed changes to be affected by such transaction, including an estimate of the number of employees of each class affected by the intended changes. Prior to consummation the parties shall negotiate in the following manner.

Within five (5) days from the date of receipt of notice, at the request of either the railroad or representatives of such interested employees, a place shall be selected to hold negotiations for the purpose of reaching agreement with respect to application of the terms and conditions of this appendix, and these negotiations shall commence immediately thereafter and continue for at least thirty (30) days. Each transaction which may result in a dismissal or displacement of employees or rearrangement of forces, shall provide for the selection of forces from all employees involved on a basis accepted as appropriate for application in the particular case and any assignment of employees made necessary by the transaction shall be made on the basis of an agreement or decision under this section 4. If at the end of thirty (30) days there is a failure to agree, either party to the dispute may submit it for adjustment in accordance with the following procedures:

(1) Within five (5) days from the request for arbitration the parties shall select a neutral referee and in the even they are unable to agree within said five (5) days upon the selection of said referee then the National Mediation Board shall immediately appoint a referee.

(2) No later than twenty (20) days after a referee has been designated a hearing on the dispute shall commence.

(3) The decision of the referee shall be final, binding and conclusive and shall be rendered within thirty (30) days from the commencement of the hearing of the dispute.

(4) The salary and expenses of the referee shall be borne equally by the parties to the proceeding; all other expenses shall be paid by the party incurring them.

(b) No change in operations, services, facilities, or equipment shall occur until after an agreement is reached or the decision of a referee has been rendered.

5. Displacement allowances -(a) So long after a displaced employee's displacement as he is unable, in the normal exercise of his seniority rights under existing agreements, rules and practices, to obtain a position producing compensation equal to or exceeding the compensation he received in the position from which he was displaced, he shall, during his protective period, be paid a monthly displacement allowance equal to the difference between the monthly compensation received by him in the position in which he is retained and the average monthly compensation received by him in the position from which he was displaced.

Each displaced employee's displacement allowance shall be determined by dividing separately by 12 the total compensation received by the employee and the total time for which he was paid during the last 12 months in which he performed services immediately preceding the date of his displacement as a result of the transaction (thereby producing average monthly compensation and average monthly time paid for in the test period), and provided further, that such allowance shall also be adjusted to reflect subsequent general wage increases.

If a displaced employee's compensation in his retained position in any month is less in any month in which he performs work than the aforesaid average compensation (adjusted to reflect subsequent general wage increases) to which he would have been entitled, he shall be paid the difference, less compensation for time lost on account of his voluntary absences to the extent that he is not available for service equivalent to his average monthly time during the test period, but if in his retained position he works in any month in excess of the aforesaid average monthly time paid for during the test period he shall be additionally compensated for such excess time at the rate of pay of the retained position.

(b) If a displaced employee fails to exercise his seniority rights to secure another position available to him which does not require a change in his place of residence, to which he is entitled under the working agreement and which carries a rate of pay and compensation exceeding those of the position which he elects to retain, he shall thereafter be treated for the purposes of this section as occupying the position he elects to decline.

(c) The displacement allowance shall cease prior to the expiration of the protective period in the event of the displaced employee's resignation, death, retirement, or dismissal for justifiable cause.

6. Dismissal allowances. - (a) A dismissed employee shall be paid a monthly dismissal allowance, from the date he is deprived of employment and continuing during his protective period, equivalent to one-twelfth of the compensation received by him in the last 12 months of his employment in which he earned compensation prior to the date he is first deprived of employment as a result of the transaction. Such allowance shall also be adjusted to reflect subsequent general wage increases.

(b) The dismissal allowance of any dismissed employee who returns to service with the railroad shall cease while he is so reemployed. During the time of such reemployment, he shall be entitled to protection in accordance with the provisions of section 5.

(c) The dismissal allowance of any dismissed employee who is otherwise employed shall be reduced to the extent that his combined monthly earnings in such other employment, any benefits received under any unemployment insurance law, and his dismissal allowance exceed the amount upon which his dismissal allowance is based. Such employee, or his representative, and the railroad shall agree upon a procedure by which the railroad shall be currently informed of the earnings of such employee in employment other than with the railroad, and the benefits received.

(d) The dismissal allowance shall cease prior to the expiration of the protective period in the event of the employee's resignation, death, retirement, dismissal for justifiable cause under existing agreements, failure to return to service after being notified in accordance with the working agreement, failure without good cause to accept a comparable position which does not require a change in his place of residence for which he is qualified and eligible after appropriate notification, if his return does not infringe upon the employment rights of other employees under a working agreement.

7. Separation allowance.- A dismissed employee entitled to protection under this appendix, may, at his option within 7 days of his dismissal, resign and (in lieu of all other benefits and protections provided in this appendix) accept a lump sum payment computed in accordance with section 9 of the Washington Job Protection Agreement of May 1936.

8. Fringe benefits.- No employee of the railroad who is affected by a transaction shall be deprived, during his protection period, of benefits attached to his previous employment, such as free transportation, hospitalization, pensions, reliefs, et cetera, under the same conditions and so long as such benefits continue to be accorded to other employees of the railroad, in active or on furlough as the case may be, to the extent that such benefits can be so maintained under present authority of law or corporate action or through future authorization which may be obtained.

9. Moving expenses.-Any employee retained in the service of the railroad or who is later restored to service after being entitled to receive a dismissal allowance, and who is required to change the point of his employment as a result of the transaction, and who within his protective period is required to move his place of residence, shall be reimbursed for all expenses of moving his household and other personal effects for the traveling expenses of himself and members of his family, including living expenses for himself and his family and for his own actual wage loss, not exceed 3 working days, the exact extent of the responsibility of the railroad during the time necessary for such transfer and for reasonable time thereafter and the ways and means of transportation to be agreed upon in advance by the railroad and the affected employee or his representatives; provided, however, that changes in place of residence which are not a result of the transaction, shall not be considered to be within the purview of this section; provided further, that the railroad shall, to the same extent provided above, assume the expenses, et cetera, for any employee furloughed with three (3) years after changing his point of employment as a result of a transaction, who elects to move his place of residence back to his original point of employment. No claim for reimbusement shall be paid under the provision of this section unless such claim is presented to railroad with 90 days after the date on which the expenses were incurred.

10. Should the railroad rearrange or adjust its forces in anticipation of a transaction with the purpose or effect of depriving an employee of benefits to which he otherwise would have become entitled under this appendix, this appendix will apply to such employee.

11. Arbitration of disputes.- (a) In the event the railroad and its employees or their authorized respresentatives cannot settle any dispute or controvesy with respect to the interpretation, application or enforcement of any provision of this appendix, except section 4 and 12 of this article I, within 20 days after the dispute arises, it may be referred by either party to an arbitration committee. Upon notice in writing served by one party on the other of intent by that party to refer a dispute or controversy to an arbitration committee, each party shall, within 10 days, select one member of the committee and the members thus chosen shall select a neutral member who shall serve as chairman. If any party fails to selects its member of the arbitration committee within the prescribed time limit, the general chairman of the involved labor organization or the highest officer designated by the railroads, as the case may be, shall be deemed the selected member and the committee shall then function and its decision shall have the same force and effect as though all parties had selected their members. Should the members be unable to agree upon the appointment of the neutral member within 10 days, the parties shall then within an additional 10 days endeavor to agree to a method by which a neutral member shall be appointed, and, failing such agreement, either party may request the National Mediation Board to designate within 10 days the neutral member whose designation will be binding, upon the parties.

(b) In the event a dispute involves more than one labor organization, each will be entitled to a representative on the arbitration committee, in which event the railroad will entitled to appoint additional representatives so as to equal the number of labor organization representatives.

(c) The decision, by majority vote, of the arbitration committee shall be final, binding, and conclusive and shall be rendered within 45 days after the hearing of the dispute or controversy has been concluded and the record closed.

(d) The salaries and expenses of the neutral member shall be borne equally by the parties to the proceeding and all other expenses shall be paid by the party incurring them.

(e) In the event of any dispute as to whether or not a particular employee was affected by a transaction, it shall be his obligation to identify the transaction and specify the pertinent facts of that transaction relied upon. It shall then be the railroad's burden to prove that factors other than a transaction affected the employee.

12. Losses from home removal.- (a) The following conditions shall apply to the extent they are applicable in each instance to any employee who is retained in the service of the railroad (or who is later restored to service after being entitled to receive a dismissal allowance) who is required to change the point of his employment within his protective period as a result of the transaction and is therefore required to move his place of residence:

(i) If the employee owns his own home in the locality from which he is required to move, he shall at his option be reimbursed by the railroad for any loss suffered in the sale of his home for less than its fair value. In each case the fair value of the home in question shall be determined as of a date sufficiently prior to the date of the transaction so as to be unaffected thereby. The railroad shall in each instance be afforded an opportunity to purchase the home at such fair value before it is sold by the employee to any other person.

(ii) If the employee is under a contract to purchase his home, the railroad shall protect him against loss to the extent of the fair value of equity he may have in the home and in addition shall relieve him from any further obligation under his contract.

(iii) If the employee holds an unexpired lease of a dwelling occupied by him as his home, the railroad shall protect him from all loss and cost in securing the cancellation of said lease.

b) Changes in place of residence which are not the result of a transaction shall not be considered to be within the purview of this section.

(c) No claim for loss shall be paid under the provisions of this section unless such claim is presented to the railroad within 1 year after the date the employee is required to move.

(d) Should a controversy arise in respect to the value of the home, the loss sustained in its sale, the loss under a contract for purchase, loss and cost in securing termination of a lease, or any other question in connection with these matters, it shall be decided through joint conference between the employee, or their representatives and the railroad. In the event they are unable to agree, the dispute or controversy may be referred by either party to a board of competent real estate appraisers, selected in the following manner. One to be selected by the representatives of the employees and one by the railroad, and these two, if unable to agree within 30 days upon a valuation, shall endeavor by agreement within 10 days thereafter to select a third appraiser, or to agree to a method by which a third appraiser shall selected, and failing such agreement, either party may request the National Mediation Board to designate within 10 days a third appraiser whose designation will be binding upon the parties. A decision of a majority of the appraisers shall be required and said decision shall be final and conclusive. The salary and expenses of the third or neutral appraiser, including the expenses of the appraisal board, shall be borne equally by the parties to the proceedings. All other expenses shall be paid by the party incurring them, including the compensation of the appraiser selected by such party.

ARTICLE II

1. Any employee who is terminated or furloughed as a result of a transaction shall, if he so requests, be granted priority of employment or reemployment to fill a position comparable to that which he held when his employment was terminated or he was furloughed, even though in a different craft or class, on the railroad which he is, or by training or retraining physically and mentally can become, qualified, not, however, in contravention of collective bargaining agreements relating thereto.

2. In the event such training or retraining is requested by such employee, the railroad shall provide for such training or retraining at no cost to the employee.

3. If such a terminated or furloughed employee who had made a request under section 1 or 2 of the article II fails without good cause within 10 calendar days to accept an offer of a position comparable to that which he held when terminated or furloughed for which he is qualified, or for which he has satisfactorily completed such training, he shall, effective at the expiration of such 10-day period, forfeit all rights and benefits under this appendix.

ARTICLE III

Subject to this appendix, as if employees of railroad, shall be employees, if affected by a transaction, of separately incorporated terminal companies which are owned (in whole or in part) or used by railroad and employees of any other enterprise within the definition of common carrier by railroad in section 1(3) of part I of the Interstate Commerce Act, as amended, in which railroad has an interest, to which railroad provides facilities, or with which railroad contracts for use of facilities, or the facilities of which railroad otherwise uses; except that the provisions of this appendix shall be suspended with respect to each such employee until and unless he applies for employment with each owning carrier and each using carrier; provided that said carriers shall establish one convenient central location for each terminal or other enterprise for receipt of one such application which will be effective as to all said carriers and railroad shall notify such employees of this requirement and of the location for receipt of the application. Such employees shall not be entitled to any of the benefits of this appendix in the case of failure, without good cause, to accept comparable employment, which does not require a change in place of residence, under the same conditions as apply to other employees under this appendix, with any carrier for which application for employment has been made in accordance with this section.

ARTICLE IV

Employees of the railroad who are not represented by a labor organization shall be afforded substantially the same levels of protection as are afforded to members of labor organizations under these terms and conditions.

In the event any dispute or controversy arises between the railroad and an employee not represented by a labor organization with respect to the interpretation, application or enforcement of any provision hereof which cannot be settled by the parties within 30 days after the dispute arises, either party may refer the dispute to arbitration.

ARTICLE V

1. It is the intent of this appendix to provide employee protections which are not less than the benefits established under 49 USC 11347 before Febraury 5, 1976, and under section 565 of title 45. In so doing, changes in wording and organization from arrangements earlier developed under those sections have been necessary to make such benefits applicable to transactions as defined in article 1 of this appendix. In making such changes, it is not the intent of this appendix to diminish such benefits. Thus, the terms of this appendix are to be resolved in favor of this intent to provide employee protections and benefits no less than those established under 49 USC 11347 before February 5, 1976 and under section 565 of title 45.

2. In the event any provision of this appendix is held to be invalid or otherwise unenforceable under applicable law, the remaining provisions of this appendix shall not be affected.

ATTACHMENT "B"

Pool Allocation

North Pool (78 slots, UP 67.406%, SSW 31.153%, UP St. Louis 1.411%)
NLR-PB - Dexter Junction

1.	Arkansas	40.	Arkansas
2.	SSW	41.	SSW
3.	Arkansas	42.	Arkansas
4.	Arkansas	43.	Arkansas
5.	SSW	44.	Arkansas
6.	Arkansas	45.	SSW
7.	Arkansas	46.	Arkansas
8.	SSW	47.	Arkansas
9.	Arkansas	48.	SSW
10.	Arkansas	49.	Arkansas
11.	Arkansas	50.	Arkansas
12.	SSW	51.	SSW
13.	Arkansas	52.	Arkansas
14.	SSW	53.	Arkansas
15.	Arkansas	54.	SSW
16.	Arkansas	55.	Arkansas
17.	Arkansas	56.	Arkansas
18.	SSW	57.	SSW
19.	Arkansas	58.	Arkansas
20.	Arkansas	59.	Arkansas
21.	SSW	60.	Arkansas
22.	Arkansas	61.	SSW
23.	Arkansas	62.	Arkansas
24.	SSW	63.	SSW
25.	Arkansas	64.	Arkansas
26.	Arkansas	65.	Arkansas
27.	St. Louis #1	66.	SSW
28.	Arkansas	67.	Arkansas
29.	Arkansas	68.	Arkansas
30.	SSW	69.	Arkansas
31.	Arkansas	70.	SSW
32.	SSW	71.	Arkansas
33.	Arkansas	72.	SSW
34.	Arkansas	73.	Arkansas
35.	SSW	74.	Arkansas
36.	Arkansas	75.	Arkansas
37.	Arkansas	76.	SSW
38.	Arkansas	77.	Arkansas
39.	SSW	78.	Arkansas

(Turns in excess of the highest number shown herein will be filled by engineers from the zone roster, and thereafter, from the common roster).

ATTACHMENT "C"

Pool Allocation

North Pool (30 turns, UP Arkansas 51.388%, SSW 48.612%)
NLR-PB -Memphis

1.	Arkansas
2.	SSW
3.	Arkansas
4.	SSW
5.	Arkansas
6.	SSW
7.	Arkansas
8.	SSW
9.	Arkansas
10.	SSW
11.	Arkansas
12.	SSW
13.	Arkansas
14.	SSW
15.	Arkansas
16.	SSW
17.	Arkansas
18.	SSW
19.	Arkansas
20.	SSW
21.	Arkansas
22.	SSW
23.	Arkansas
24.	SSW
25.	Arkansas
26.	SSW
27.	Arkansas
28.	SSW
29.	Arkansas
30.	SSW

(Turns in excess of the highest number shown herein will be filled by engineers from the zone roster, and thereafter, from the common roster).

ATTACHMENT "D"

Pool Allocation

South Pool (114 turns, UP Arkansas 42.020, SSW Pine Bluff 28.033%, SSW Tyler 10.522%, TP Ft. Worth 19.425%)

NLR/PB - Shreveport/Longview/Big Sandy

1. Arkansas
2. SSW A&M
3. TP Ft. Worth
4. Arkansas
5. SSW Texas
6. SSW A&M
7. Arkansas
8. TP Ft. Worth
9. Arkansas
10. SSW A&M
11. Arkansas
12. SSW A&M
13. TP Ft. Worth
14. Arkansas
15. SSW Texas
16. Arkansas
17. SSW A&M
18. Arkansas
19. TP Ft. Worth
20. SSW A&M
21. Arkansas
22. SSW Texas
23. Arkansas
24. SSW A&M
25. TP Ft. Worth
26. Arkansas
27. SSW A&M
28. Arkansas
29. TP Ft. Worth
30. Arkansas
31. SSW A&M
32. Arkansas
33. SSW Texas
34. TP Ft. Worth
35. SSW A&M
36. Arkansas
37. Arkansas
38. SSW A&M
39. TP Ft. Worth
40. Arkansas
41. SSW A&M
42. Arkansas
43. SSW Texas
44. TP Ft. Worth
45. Arkansas
46. SSW A&M
47. Arkansas
48. SSW A&M
49. Arkansas
50. TP Ft. Worth
51. Arkansas
52. SSW A&M
53. SSW Texas
54. Arkansas
55. TP Ft. Worth
56. SSW A&M
57. Arkansas
58. Arkansas
59. SSW A&M
60. TP Ft. Worth
61. Arkansas
62. SSW Texas
63. SSW A&M
64. Arkansas
65. TP Ft. Worth
66. Arkansas
67. SSW A&M
68. Arkansas
69. TP Ft. Worth
70. SSW A&M
71. Arkansas
72. SSW Texas
73. Arkansas
74. SSW A&M
75. TP Ft. Worth
76. Arkansas
77. SSW A&M
78. Arkansas

ATTACHMENT "D" (Cont'd)

Pool Allocation

79.	TP Ft. Worth
80.	Arkansas
81.	SSW A&M
82.	SSW Texas
83.	Arkansas
84.	SSW A&M
85.	Arkansas
86.	TP Ft. Worth
87.	Arkansas
88.	SSW A&M
89.	Arkansas
90.	TP Ft. Worth
91.	SSW Texas
92.	SSW A&M
93.	Arkansas
94.	Arkansas
95.	SSW A&M
96.	TP Ft. Worth
97.	Arkansas
98.	SSW A&M
99.	Arkansas
100.	SSW Texas
101.	TP Ft. Worth
102.	Arkansas
103.	SSW A&M
104.	Arkansas
105.	SSW A&M
106.	TP Ft. Worth
107.	Arkansas
108.	Arkansas
109.	SSW A&M
110.	SSW Texas
111.	Arkansas
112.	TP Ft. Worth
113.	SSW A&M
114.	Arkansas

(Turns in excess of the highest number shown herein will be filled by engineers from the zone roster, and thereafter, from the common roster).

June 22, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E (GENE) THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

Gentleman:

This is in reference to the mileage set forth in Attachment "E", mileage of runs of the North Little Rock/Pine Bluff Hub Agreement.

As you are aware the mileage on the MPUL is computed from center of yard to center of yard. This is provided for by Agreement and has long been accepted.

In view of the numerous complaints and claims that are being received, I am requesting Engineering Department to re-measure the mileage on each of the segments set forth in Attachment "E". Once the information is received, Timekeeping will be instructed to pay that mileage.

If you have any questions, please advise.

Yours truly,

(Original Signed)

R. D. ROCK
DIRECTOR LABOR RELATIONS

cc: J. R. Raaz

bcc: Lupe Wood
Paul Waldmann

G:\LABOR\OPS\WPCDOCS\D061898B.RDR(4)

MILEAGE OF RUNS

ATTACHMENT "B"

From/To Terminals	Miles Run
No. Little Rock to Dexter Junction (via UP)	203
No. Little Rock to Memphis (UP Yard)	150
No. Little Rock to Memphis (NS)	156
No. Little Rock to Memphis (IC)	160
No. Little Rock to Memphis (CSX)	162
Pine Bluff to Dexter Junction (via SSW)	228
Pine Bluff to Memphis (SP Ramp)	137
Pine Bluff to Memphis (NS)	139
Pine Bluff to Memphis (IC)	134
Pine Bluff to Memphis (CSX)	142
Memphis to Dexter Junction (via Wynne)	172
Memphis to Dexter Junction (via Bald Knob)	242
Memphis to Dexter Junction (via Brinkley)	219
No. Little Rock to Longview	237
No. Little Rock to Shreveport (via Marshall)	231
No. Little Rock to Texarkana (via UP)	148
Pine Bluff to Big Sandy (via Mt. Pleasant)	261
Pine Bluff to Shreveport (via SSW)	188
Pine Bluff to Texarkana (via SSW)	155
No. Little Rock to Van Buren	155
No. Little Rock to Monroe	201
Pine Bluff to Monroe	161

All mileages shown are approximations and are subject to final verification.

MILEAGE OF RUNS

ATTACHMENT "E"

From/To Terminals	Miles Run
No. Little Rock to Dexter Junction (via UP)	203
No. Little Rock to Memphis (UP Yard)	150
No. Little Rock to Memphis (NS)	156
No. Little Rock to Memphis (IC)	160
No. Little Rock to Memphis (CSX)	162
Pine Bluff to Dexter Junction (via SSW)	228
Pine Bluff to Memphis (SP Ramp)	137
Pine Bluff to Memphis (NS)	139
Pine Bluff to Memphis (IC)	134
Pine Bluff to Memphis (CSX)	142
Memphis to Dexter Junction (via Wynne)	172
Memphis to Dexter Junction (via Bald Knob)	242
Memphis to Dexter Junction (via Brinkley)	219
No. Little Rock to Longview	237
No. Little Rock to Shreveport (via Marshall)	231
No. Little Rock to Texarkana (via UP)	148
Pine Bluff to Big Sandy (via Mt. Pleasant)	261
Pine Bluff to Shreveport (via SSW)	188
Pine Bluff to Texarkana (via SSW)	155
No. Little Rock to Van Buren	155
No. Little Rock to Monroe	201
Pine Bluff to Monroe	161

(All mileages shown are to/from Dexter Junction rather than Dexter and are approximations and are subject to final verification).

F

MERGER IMPLEMENTING AGREEMENT
(St. Louis Hub)

between the

UNION PACIFIC RAILROAD COMPANY
SOUTHERN PACIFIC RAILROAD COMPANY

and the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

PREAMBLE

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

In order to achieve the benefits of operational changes made possible by the transaction, and to consolidate the seniority of all firemen working in the territories covered by this Agreement into one common seniority district covered under a single, common collective bargaining agreement, in such hub,

IT IS AGREED:

1. The parties acknowledge that an Implementing Agreement covering the consolidation of all firemen in the St. Louis Hub under one common collective bargaining agreement for such hub will be executed as a result of Carrier's notices served in such territories on October 6, 1997.

2. The parties agree that firemen who are currently covered by the SSW collective bargaining agreement will be considered fully covered by the terms of the Implementing Agreement which is negotiated/arbitrated and implemented pursuant to said October 6,1997 notice. All rights and benefits set forth therein shall apply equally to such firemen on the same basis as to all other firemen covered by said Implementing Agreement/Award.

3. Upon implementation of the Implementing Agreement for the St. Louis Hub, the firemen referred to herein shall come under the jurisdiction of the collective bargaining agreement which is designated therein.

4. This Agreement implements the merger of the Union Pacific and Southern Pacific Lines railroad operations in the area covered by Notice dated October 10, 1997.

Signed at Omaha, NE, this 22nd day of July, 1998.

FOR THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS:

D. E. Thompson
General Chairman, BLE

D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

FOR THE CARRIERS:

M. A. Hartman
General Director-Labor Relations

J. M. Raaz
Asst. Vice President -Labor Relations

MERGER
IMPLEMENTING AGREEMENT
(St. Louis Hub)

between the

UNION PACIFIC RAILROAD COMPANY
Southern Pacific Transportation Company
and the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

PREAMBLE

The U.S. Department of Transportation, Surface Transportation Board ("STB") approved the merger of the Union Pacific Corporation ("UPC"), Union Pacific Railroad Company/Missouri Pacific Railroad Company (collectively referred to as "UP") and Southern Pacific Rail Corporation, Southern Pacific Transportation Company ("SPT"), St. Louis Southwestern Railway Company ("SSW"), SPCSL Corp., and the Denver & Rio Grande Western Railroad Company ("DRGW") (collectively referred to as "SP") in Finance Docket 32760. In approving this transaction, the STB imposed New York Dock labor protective conditions. Copy of the New York Dock conditions is attached as Attachment "A" to this Agreement.

Subsequent to the filing of Union Pacific's application but prior to the decision of the STB, the parties engaged in certain discussions which focused upon Carrier's request that the Organization support the merger of UP and SP. These discussions resulted in the parties exchanging certain commitments, which were outlined in letters dated March 8(2), March 9 and March 22, 1996.

On October 10, 1997, the Carriers served notice of their intent to merge and consolidate operations generally in the following territories:

Union Pacific: St. Louis/Dupo to Dexter via Chester Sub

Dexter to Memphis

St. Louis/Dupo to Poplar Bluff/Dexter via DeSoto Sub

Salem to Dexter

	Findlay Junction to Metropolis
	Gorham to Benton Junction
	Chester to Mt. Vernon
	St. Louis/Dupo to Chicago via Pana (not including Chicago Terminal Complex)
	UP (former MP) lines governed by the Missouri and Illinois Agreements
	St. Louis/Dupo to South Pekin (not including South Pekin)
	St. Louis/Dupo to Jefferson City
	St. Louis Terminal
Southern Pacific: (SSW/SPCSL)	St. Louis/East St. Louis to Dexter
	St. Louis/East St. Louis to Bloomington (not including Bloomington)
	St. Louis/East St. Louis to Jefferson City
	St. Louis Terminal
	Dexter to Memphis

Pursuant to Section 4 of the New York Dock protective conditions, in order to achieve the benefits of operational changes made possible by the transaction and to modify collective bargaining agreements to the extent necessary to obtain those benefits,

IT IS AGREED:

ARTICLE I - WORK AND ROAD POOL CONSOLIDATIONS

The following work/road pool consolidations and/or modifications will be made to existing runs.

A. Zone 1 Seniority District

1. Territory Covered: St. Louis/East St. Louis/Dupo to Dexter via Chester Sub

St. Louis/East St. Louis/Dupo to Poplar Bluff/Dexter via DeSoto Sub

Dexter to Memphis

Salem to Metropolis (not including Salem)

Salem to Dexter (not including Salem)

Chester to Mt. Vernon

Gorham to Benton Junction

UP (former MP) lines governed by the M&I labor agreements

St. Louis/East St. Louis/Dupo to Jefferson City

The above includes all UP, SSW and SPCSL main lines, branch lines, industrial leads, yard tracks and stations between or located at the points indicated. Where the phrase "not including" is used above, it refers to other than through freight operations, but does not restrict through freight crews from operating into/out of such terminals/points or from performing work at such terminals/points pursuant to the designated collective bargaining agreement provisions.

2. All former UP Dupo-Poplar Bluff and former SSW E. St. Louis-Illmo/Jonesboro pool freight service shall be combined into one (1) pool operating between St. Louis and Dexter, with St. Louis as the home terminal.

a. The pool described above shall be slotted, and Attachment "B" lists the slotting order for the pool. Former UP and SSW engineers shall have prior rights to said pool turns as set forth in said Attachment "B". The Carrier and the Organization shall mutually agree on the number of turns subject to this arrangement as set forth in said Attachment "B". If turns in excess of that number are established or any of such turns be unclaimed by a prior rights engineer they shall be filled from the zone roster, and thereafter from the common roster.

b. Engineers in this pool shall under normal conditions be confined to through freight service between St. Louis and Dexter, and will not be inducted into other service off the Chester Sub which is not connected with pool freight service in that corridor. Hours of Service relief of trains operating St. Louis to Dexter may be protected by the extra board at Dexter if the train has reached Illmo or beyond. If the extra board is exhausted, an away-from-home engineer may be used, and will thereafter either be deadheaded home or placed first out for service on his rest. Such trains which have not reached Illmo shall be protected on a straightaway move by a home terminal pool engineer at St. Louis. Hours of Service relief of trains in this pool operating from Dexter to St. Louis may be protected by the extra board at St. Louis if the train has reached Illmo or beyond; otherwise, a rested away-from-home terminal engineer at Dexter shall be used on a straightaway move to provide such relief.

c. At Dexter, away from home terminal engineers called to operate through freight service to St. Louis may receive the train for which they were called up to twenty-five (25) miles on the far side of the terminal and run back through Dexter to their destination without claim or complaint from any other engineer. When so used, the engineer shall be paid an additional one-half (½) day at the basic pro rata through freight rate for this service in addition to the district miles of the run. If time spent beyond the terminal under this provision is greater than four (4) hours, then they shall be paid on a minute basis at the basic pro rata through freight rate.

d. At Dexter the handling of New Madrid and Sikeston coal trains shall be consolidated into a single unassigned pool. This pool will be advertised and assigned based upon Zone 1 prior rights seniority, and thereafter from the common roster.

e. Engineers of the North Little Rock/Pine Bluff Hub have certain rights, as defined in the merger implementing agreement for that hub, to receive their through freight trains up to twenty-five (25) miles on the far side (northward) of the terminal and run back through Dexter without claim or complaint from any other engineer.

f. The terminal limits of Dexter shall extend between Mile Posts 46.0 and 53.0 on the SSW Illmo Subdivision and to Mile Post 188.0 on the UP Chester Subdivision.

g. Effective with implementation of the freight pool described in Article I.A.2. above, Illmo and Poplar Bluff shall cease to be considered a home terminal for pool service. As part of the interim arrangements negotiated in the North Little Rock/Pine Bluff Merger Implementing Agreement, it was agreed that engineers at Illmo and Poplar Bluff would be given certain options to relocate to Dexter rather than St. Louis. The specific details of such options are set forth in Side Letter No. 11 to this Implementing Agreement.

h. Engineers protecting through freight service in the St. Louis - Dexter pool described in Article I.A.2 above shall be provided lodging at Dexter pursuant to existing agreements, and the Carrier shall provide transportation to engineers between the on/off duty location and the designated lodging facility.

i. Pursuant to Side Letter No. 11 to this Agreement, engineers protecting through freight service in the St. Louis - Dexter pool described in Article I.A.2 above shall be afforded lodging at St. Louis, if requested, pursuant to the terms of this Agreement. The option to exercise "reverse lodging" at the home terminal must be initiated with CMS within thirty (30) days following the date of implementation of this Agreement and remains in effect for a one (1) year period, renewable annually thereafter unless or until this arrangement is terminated by agreement between the parties pursuant to Side Letter No. 11. The Carrier will, to the extent practicable, give such engineers a two-hour and thirty minute (2'30") call for service, but no penalty will be applied to the Carrier or the engineer if such is not afforded in any instance. These provisions do not apply to employees hired on or after the date of this Agreement.

j. Engineers protecting through freight service in the St. Louis to Dexter pool, who have elected the "reverse lodging" option described in i. above shall have lay off privileges at the away from home terminal consistent with the designated collective bargaining agreement rules and practices. When an engineer lays off at the away from home terminal, such vacancy will be filled by the extra board at Dexter.

k. Engineers protecting through freight service in the St. Louis to Dexter pool, who have elected the "reverse lodging" option described in i. above shall be paid HAHT at the reverse terminal pursuant to this Implementing Agreement. All other provisions of the designated collective bargaining agreement regarding HAHT remain unchanged.

NOTE: The provisions of Articles I.A.2.i, I.A.2.j., and I.A.2.k. above shall only apply to engineers residing in Poplar Bluff or Illmo or vicinity, and protecting service at such locations or vicinity, on October 10, 1997 (date of Carrier's St. Louis Hub Notice).

l. Carrier shall advertise and operate an unassigned service pool (known on the former UP as "Pool 1") to protect all unassigned Zone 1 service in Illinois. The home terminal of this pool shall be St. Louis. Pre-merger rules and practices pertaining to the former UP "Pool 1" are adopted herein, except as specifically amended in this Implementing Agreement, and as additionally set forth below:

(1) The scope of territory covered by this pool shall be all of Zone 1 as defined in this Agreement on the Illinois side of the Mississippi, and the Chester Sub to Dexter, as described below.

(2) The engineers in this pool shall not be used to supplant through freight crews or otherwise handle through freight trains between St. Louis and Dexter; however, in the course of handling normal Pool 1 unassigned business, Pool 1 engineers may handle their trains as far south as Dexter. Engineers under such circumstances may either be tied up at Dexter for rest and later used for Pool 1 service, or shall be deadheaded to the home terminal. It is understood such Pool 1 engineers may not be injected into the St. Louis-Dexter pool for work back to St. Louis in through freight service, except when there are no rested pool or extra engineers available at Dexter.

3. All UP and SSW pool freight service between Dexter and Memphis will be combined into one (1) pool with Dexter as the home terminal. Memphis will serve as the away from home terminal. Engineers operating between Dexter and Memphis may utilize any combination of UP or SSW trackage between such points. The former UP St. Louis (Dupo) to Memphis ID Agreement is suspended.

a. The pool described above shall be slotted and Attachment "C" lists the slotting order for the pool. Former UP engineers shall have prior rights to said pool turns as set forth in said Attachment "C". The Carrier and the Organization shall mutually agree on the number of turns subject to this

arrangement as set forth in said Attachment "C". If turns in excess of that number are established or any of such turns be unclaimed by a prior rights engineer they shall be filled from the zone roster, and thereafter from the common roster.

b. Hours of Service relief of trains in this pool operating from Dexter to Memphis shall be protected by the extra board at Memphis if the train has reached Wynne or beyond. If this extra board is exhausted or no longer in existence, an away-from-home terminal engineer may be used and will thereafter either be deadheaded home or placed first out for service on their rest. Such trains which have not reached Wynne shall be protected on a straightaway move by a home terminal pool engineer at Dexter. Trains operating Memphis to Dexter may be protected by the extra board at Dexter if the train has reached Jay Siding or beyond (on the former SSW) or Corning (on the UP Hoxie Subdivision); otherwise, a rested away-from-home terminal engineer at Memphis may be used to provide such relief. If none rested and available, a home terminal pool engineer at Dexter may be used in turnaround service to provide such relief, and when so used, will be placed first out on his rest for additional service.

c. In addition to protecting pool freight service between Dexter and Memphis, a sufficient number of engineers shall be maintained at Dexter to protect all other service requirements at or in the vicinity of said location, including but not limited to:

(1) Local, road switcher, yard, work, wreck, or any other service headquartered at or in the vicinity of Poplar Bluff, including operations on the DeSoto Subdivision between Poplar Bluff and Bismarck.

(2) Local, road switcher, yard, work, wreck, or any other service headquartered at or in the vicinity of Dexter, including Jonesboro, Illmo, Paragould and Malden.

(3) All Hours of Service relief of pool freight engineers within a fifty (50) mile radius of Dexter in any direction which are not performed by road engineers under a 25-mile zone provision.

(4) New Madrid coal trains operating between Dexter and the power plant, including handling thereof from/to Illmo when stored or staged at that location.

(5) Sikeston coal trains operating between Poplar Bluff and Sikeston.

(6) Engineers in the Dupo/Dexter and Salem/Dexter pools laying off at Dexter while exercising "reverse layoff" privileges at Dexter.

4. All UP and SSW pool freight service between St. Louis and Jefferson City will be combined into one (1) pool with St. Louis as the home terminal. Jefferson City will serve as the away from home terminal. Engineers operating between St. Louis and Jefferson City may utilize any combination of UP or SSW trackage between such points.

a. The pool described above shall be slotted, and Attachment "D" lists the slotting order for the pool. Former UP and SSW engineers shall have prior rights to said pool turns as set forth in said Attachment "D". The Carrier and the Organization shall mutually agree on the number of turns subject to this arrangement as set forth in said Attachment "D". If turns in excess of that number are established or any of such turns be unclaimed by a prior rights engineer they shall be filled from the zone roster, and thereafter from the common roster.

b. Hours of Service relief of trains in this pool operating from St. Louis to Jefferson City may be protected by the extra board at Jefferson City if the train has reached Hermann or beyond. If the extra board is exhausted, an away-from-home terminal engineer may be used and will thereafter either be deadheaded home or placed first out for service on their rest. Such trains which have not reached Hermann shall be protected on a straightaway move by a home terminal pool engineer at St. Louis. Hours of Service relief of trains in this pool operating from Jefferson City to St. Louis may be protected by the extra board at St. Louis if the train has reached Washington; otherwise, a rested away-from-home terminal engineer at Jefferson City shall be used on a straightaway move to provide such relief.

c. At Jefferson City, away-from-home terminal engineers called to operate through freight service to St. Louis may receive the train for which they were called up to twenty-five (25) miles on the far side of the terminal and run back through Jefferson City to their destination without claim or complaint from any other engineer. When so used, the engineer shall be paid an additional one-half (½) day at the basic pro rata through freight rate for this service in addition to the district miles of the run.

If time spent beyond the terminal under this provision is greater than four (4) hours, then they shall be paid on a minute basis at the basic pro rata through freight rate.

d. Engineers of the Kansas City Hub may have certain rights to be defined, if any, in the Implementing Agreement for that hub, to receive their through freight trains up to twenty-five (25) miles on the far side of the terminal and run back through Jefferson City without claim or complaint from any other engineers.

e. It is the intent of the parties that the territory between Jefferson City and Kansas City (not including Jefferson City) and the work and employees associated therewith shall belong to the Kansas City Hub. Effective upon implementation of this Agreement, all work within this territory shall be performed by such engineers who were home terminaled at Jefferson City on the date of the notice served for this hub and shall not be under the jurisdiction of the St. Louis Hub in any manner.

(1) The integration of the above engineers and work into the Kansas City Hub shall be more definitively described in the merger Implementing Agreement covering such hub; however, the parties have agreed that the consolidated pool in this territory will be a slotted pool with prior rights UP and SSW engineers at Jefferson City maintaining prior rights to their respective pool slots.

(2) In the interim period between the implementation of this Agreement and a Merger Implementing Agreement for the Kansas City Hub, former SSW and UP engineers at Jefferson City shall be maintained on separate rosters and extra boards for purposes of continuing to protect their prior pools, assignments and extra service.

f. All UP and SSW operations within the Jefferson City terminal limits shall be consolidated into a single operation. The terminal limits of Jefferson City shall be the same as the pre-existing terminal limits on the UP (M.P.128-M.P.124.3).

g. Engineers protecting through freight service in the St. Louis - Jefferson City pool described in Article I.A.4. above shall be provided lodging at Jefferson City pursuant to existing agreements, and the Carrier shall provide transportation to engineers between the on/off duty location and the designated lodging facility.

h. Engineers protecting through freight service in the St. Louis to Jefferson City pool described in Article I.A.4. above shall be afforded lodging at St. Louis, if requested, pursuant to the terms of this Agreement. The option to exercise "reverse lodging" at the home terminal must be initiated with CMS within thirty (30) days following the date of implementation of this Agreement and remains in effect for a one (1) year period, renewable annually thereafter. This provision does not apply to employees hired on or after the date of this Agreement.

i. Engineers protecting through freight service in the St. Louis to Jefferson City pool, who have elected the "reverse lodging" option described in h. above shall have layoff privileges at the away from home terminal consistent with the designated collective bargaining agreement rules and practices. When an engineer lays off at the away from home terminal, such vacancy will be filled by the extra board at Jefferson City.

j. Engineers protecting through freight service in the St. Louis to Jefferson City pool, who have elected the reverse lodging option described in h. above shall be paid HAHT at the reverse terminal pursuant to this Implementing Agreement. All other provisions of the designated collective bargaining agreement regarding HAHT remain unchanged.

NOTE: The provisions of Articles I.A.4.h., I.A.4.i, and I.A.4.j. above shall only apply to engineers residing in Jefferson City vicinity, and protecting service at such location or vicinity, on October 10, 1997 (date of Carrier's St. Louis Hub Notice).

k. In the event capital improvements in the future permit operation between Jefferson City and Labadie on a turnaround basis, it is understood that nothing in this Agreement would prohibit establishment of a pool headquartered at Jefferson City for such purpose. Employees protecting such pool would do so as a seniority move utilizing their prior rights Zone 1 seniority, and thereafter from the common roster.

5. The current UP Salem-Poplar Bluff ID Agreement shall be suspended upon implementation of this Agreement. In lieu thereof, the pool will operate from Salem to Dexter with Salem as the home terminal. Dexter will serve as the away from home terminal.

a. The pool described above shall be slotted, and Attachment "E" lists the slotting order for the pool. Former MP and CEI engineers shall have prior rights to said pool turns as set forth in said Attachment "E". The Carrier and the Organization shall mutually agree on the number of turns subject to this arrangement as set forth in Attachment "E". If turns in excess of that number are established or any of such turns be unfilled by a prior rights engineer they shall be filled from the zone roster, and thereafter from the common roster.

b. Inasmuch as Salem was the home terminal for all pool freight engineers with former UP Illinois and C&EI prior rights prior to the merger, such former UP Illinois and C&EI engineers assigned to this pool after implementation shall not be entitled to relocation benefits to Salem unless required to exercise seniority to this pool because they were unable to hold any position at their former location. It is understood the existing three hour (3'00") call arrangement for this pool at Salem will be continued.

c. Hours of Service relief of trains operating Salem to Dexter may be protected by the extra board at Dexter if the train has reached Illmo or beyond. If this extra board is exhausted, a rested away-from-home terminal engineer may be used, and will thereafter either be deadheaded home or placed first out for service on their rest. Such trains which have not reached Illmo shall be protected on a straightaway move by a home terminal pool engineer at Salem. Hours of Service relief of trains in this pool operating Dexter to Salem may be protected by the extra board at Salem if the train has reached Benton (MP303) or beyond; otherwise, an away-from-home terminal engineer at Dexter shall be used on a straightaway move to provide such relief. If none rested and available, the Salem extra board may be used beyond Benton.

d. At Dexter and Salem road crews called to operate pool freight service may receive the train for which they were called up to twenty-five (25) miles on the far side of the terminal and run back through the terminal without claim or complaint from any other engineer. When so used, the crew shall be paid an additional one-half (½) day at the basic pro rata through freight rate for this service in addition to the district miles of the run. If the time spent beyond the terminal under this provision is greater than four (4) hours, then they shall be paid on a minute basis at the basic pro rata through freight rate.

e. The terminal limits of Salem shall be the same as the pre-existing terminal limits on the UP.

f. Engineers protecting through freight service in the Salem-Dexter pool described in Article I.A.5. above shall be provided lodging at Dexter pursuant to existing agreements, and the Carrier shall provide transportation to engineers between the on/off duty location and the designated lodging facility.

g. Engineers residing at Poplar Bluff and Illmo protecting the Salem - Dexter (former Salem-Poplar Bluff) pool may continue to reside at Poplar Bluff and Illmo under a "reverse lodging" arrangement. Those engineers protecting through freight service in the Salem-Dexter pool described in Article I.A.5. above shall be entitled to preservation of such arrangement as more specifically described in Side Letter No. 11 to this Agreement. The provisions set forth in Articles I.A.2.i., I.A.2.j., and I.A.2.k. of this Agreement shall be applicable to such engineers who elect not to relocate to St. Louis or Salem.

B. Zone 2 - Seniority District

1. Territory Covered: St. Louis/East St. Louis/Dupo to Chicago via Pana (not including Chicago Terminal Complex)

St. Louis/East St. Louis/Dupo to South Pekin (not including South Pekin)

St. Louis/East St. Louis/Dupo to Bloomington (not including Bloomington)

Salem to Chicago via Villa Grove (not including Chicago Terminal Complex)

The above includes all UP/SSW/SPCSL main lines, branch lines, industrial leads, yard tracks and stations between or located at the points indicated. Where the phrase "not including" is used above, it refers to other than through freight operations, but does not restrict through freight crews from operating into/out of such terminals/points or from performing work at such terminals/points pursuant to the designated collective bargaining agreement provisions.

2. All St. Louis to Villa Grove, St. Louis to South Pekin and St. Louis to Bloomington pool freight service shall be combined into one (1) pool with St. Louis as the home terminal. Villa Grove, South Pekin and Bloomington will serve as the respective away from home terminals. Engineers operating between St. Louis and Villa Grove, South Pekin

or Bloomington may utilize any combination of UP/SSW/SPCSL trackage between such points. Crews may also be transported between the destination terminals for the return trip to the home terminal, subject to the terms set forth in Side Letter No. 13.

a. The pool described above shall be slotted, and Attachment "F" lists the slotting order for the pool. Former UP and SPCSL engineers shall have prior rights to said pool turns as set forth in said Attachment "F". The Carrier and the Organization shall mutually agree on the number of turns subject to this arrangement as set forth in said Attachment "F". If turns in excess of that number are established or any of such turns be unclaimed by a prior rights engineer they shall be filled from the zone roster, and thereafter from the common roster.

b. The existing agreement rules and practices which apply to the former St. Louis to Villa Grove/S. Pekin dual destination pool shall apply to the new three-destination pool established herein except as otherwise modified by this Implementing Agreement.

c. The existing UP Salem to Villa Grove pool will be maintained under this Agreement with Salem as the home terminal. Villa Grove will serve as the away from home terminal.

d. The existing UP Villa Grove to Chicago pool will be maintained under this Agreement with Villa Grove as the home terminal. Chicago will serve as the away from home terminal. As more specifically set forth in Article II - Seniority Consolidations hereof, a sufficient number of former SPCSL engineers home terminaled at Bloomington on the date of the notice served for this hub shall be entitled to acquire Zone 2 prior rights seniority and transfer to Villa Grove to represent the former SPCSL (Bloomington to Chicago) equity in this through freight corridor.

e. The current UP interdivisional pool operating between Salem and Chicago pursuant to Arbitration Award No. 553 shall be unaffected by this Implementing Agreement. The St. Louis-Chicago ID runs shall continue to operate as a separate pool so long as sufficient service exists to justify such pool. If not, such service shall be operated off the Zone 2 extra board as described in Article III.A.5.c. of this Agreement.

f. (1) Hours of Service relief of trains operating St. Louis to Bloomington may be protected by the extra board at Bloomington, if in existence, if the train has reached Ridgley or beyond. If no extra board exists, such relief may be provided by a rested away-from-home engineer

at Bloomington, who will thereafter either be deadheaded home or placed first out for service on their rest. Such trains which have not reached Ridgley shall be protected on a straightaway move by a home terminal pool engineer at St. Louis. Hours of Service relief of trains operating Bloomington to St. Louis may be protected by the extra board at St. Louis if the train has reached Ridgley or beyond; otherwise, a rested away-from-home engineer at Bloomington shall be used on a straightaway move to provide such relief. If none rested and available, the St. Louis Zone 2 extra board may be used beyond Ridgley.

(2) Hours of Service relief of trains operating St. Louis to S. Pekin may be protected by the extra board at S. Pekin, if in existence, if the train has reached Virden siding or beyond. If no extra board exists or it is exhausted, such relief may be provided by a rested away-from-home terminal engineer at S. Pekin, who will thereafter either be deadheaded home or placed first out for service on their rest. Such trains which have not reached Virden siding shall be protected on a straightaway move by a home terminal pool engineer at St. Louis. Hours of Service relief of trains operating S. Pekin to St. Louis may be protected by the extra board at St. Louis if the train has reached Virden siding or beyond; otherwise, a rested away-from-home engineer at S. Pekin shall be used on a straightaway move to provide such relief. If none rested and available, the St. Louis Zone 2 extra board may be used beyond Virden siding.

(3) Hours of Service relief of trains operating St. Louis to Villa Grove may be protected by the extra board at Villa Grove, if in existence, if the train has reached Findlay Junction or beyond. If no extra board exists or it is exhausted, such relief may be provided by a rested away-from-home terminal engineer at Villa Grove, who will thereafter either be deadheaded home or placed first out for service on their rest. Such trains which have not reached Findlay Junction shall be protected on a straightaway move by a home terminal pool engineer at St. Louis. Hours of Service relief of trains operating Villa Grove to St. Louis may be protected by the extra board at St. Louis if the train has reached Findlay Junction or beyond; otherwise, a rested away-from-home engineer at Villa Grove shall be used on a straightaway move to provide such relief. If none rested

and available, the St. Louis Zone 2 extra board may be used beyond Findlay Junction.

(4) Hours of Service relief of trains operating in ID service between St. Louis and Chicago or between Salem and Chicago shall be provided as set forth in Arbitration Award No. 553.

g. At South Pekin, Bloomington, Villa Grove or Salem road crews called to operate pool freight service may receive the train for which they were called up to twenty-five (25) miles on the far side of the terminal and run back through the terminal without claim or complaint from any other engineer. When so used, the crew shall be paid an additional one half (½) day at the basic pro rata through freight rate in addition to the district miles of the run. If the time spent beyond the terminal under this provision is greater than four (4) hours, then they shall be paid on a minute basis at the basic pro rata through freight rate.

h. Engineers of the Chicago Hub may have certain rights to be defined, if any, in the Implementing Agreement for that hub, to receive their through freight trains up twenty-five (25) miles on the far side of the terminal and run back through South Pekin or Bloomington without claim or complaint from any other engineer.

i. The terminal limits of Salem, South Pekin, and Villa Grove shall be the same as the pre-existing terminal limits. The Terminal limits of Bloomington shall be established by this Implementing Agreement as being MP 124.1 to MP 140.9 on the former SPCSL Springfield Subdivision.

j. Engineers will be provided lodging at all of the away-from-home terminal locations comprehended by the operations described in Article I.B.2. above pursuant to existing agreements, and the Carrier shall provide transportation to engineers between the on/off duty locations and the designated lodging facilities.

C. St. Louis Terminal

1. All UP, SSW and SPCSL operations within the new St. Louis Terminal limits shall be consolidated into a single operation. The terminal includes all UP/SSW/SPCSL main lines, branch lines, industrial leads, yard tracks and stations between or located at the points indicated. All UP/SSW/SPCSL road crews may receive or leave their trains at

any location within the terminal and may perform work within the terminal pursuant to the applicable collective bargaining agreement, including national agreements. The Carrier will designate the on/off duty points for all yard crews, with these on/off duty points having appropriate facilities as currently required in the collective bargaining agreement.

2. All yard assignments operating within the St. Louis Terminal shall be considered Zone 1 assignments for purposes of the application of Article II hereof.

3. All UP, SSW and SPCSL rail lines, yards and/or sidings within the St. Louis Terminal will be considered as common to all engineers working in, into and out of St. Louis. Interchange rules are not applicable to intra-carrier moves within the terminal.

4. Terminal limits for the consolidated St. Louis terminal are as follows:

UP	**Mile Post**
DeSoto Subdivision	10.8
Sedalia Subdivision	8.0
Chester Subdivision	9.16
St. Louis Subdivision (former CNW)	144.0
Pana Subdivision	273.7

SSW	**Mile Post**
Eldon Line	19.0

SSW terminal limits shall be established as shown above.

SPCSL	**Mile Post**
Springfield Subdivision	252.1

SPCSL terminal limits are established by this Agreement.

D. At all terminals the Carrier will designate the on/off duty points for all road engineers, with these on/off duty points having appropriate facilities as currently required in the collective bargaining agreement.

a. In view of the close proximity thereof, the yard offices at the Alton and Southern (A&S) and Dupo shall be considered interchangeable as on/off duty locations for road crews in through freight service. Home terminal engineers will be advised at time of call which of these

facilities they should report to for commencement of service. Engineers arriving at St. Louis on their return trip, if not yarding their train and tying up at the same office where they reported on their outbound trip, shall be transported to said original reporting location (A&S or Dupo). Engineers so transported shall remain on duty and under pay for the service trip until they have arrived and tied up at said original reporting location. In addition, they shall be paid thirty (30) minutes at the basic pro rata through freight rate, separate and apart from the service trip.

E. In all of the zones, when local, work, wreck, HOS relief or other such road runs are called or assigned which operate exclusively within the territorial limits of one of the zones established in this Agreement, such service shall be protected by engineers in such zone. If such run or assignment extends across territory encompassing more than one zone contemplated by this Agreement, it will be protected by engineers in the zone in which such service is home terminaled.

ARTICLE II - SENIORITY CONSOLIDATIONS

A. To achieve the work efficiencies and allocation of forces that are necessary to make the St. Louis Hub operate efficiently as a unified system, a new seniority district will be formed and a master Engineer Seniority Roster -- UP/BLE St. Louis Merged Roster #1 -- will be created for the engineers holding seniority in the territory comprehended by this Agreement on the effective date thereof. The new roster will be divided into two (2) zones as described in Articles I.A and I.B. above.

B. Prior rights seniority rosters will be formed covering each of the two (2) zones outlined above. Placement on these rosters and awarding of prior rights to their respective zones shall be based on the following:

1. Zone 1 - This roster will consist of former SPCSL engineers with prior rights on SPCSL (Roster No. 310101), former SSW engineers with prior rights on SSW Jefferson City (Roster No. 311101), SSW Illmo (Roster No. 302101), SSW Eldon (Roster No. 306101), CEI-CNW (Roster No. 45101) and former UP engineers with prior rights on St. Louis Merged 1 (Roster Nos. 039111 and 040111), UP-MI East (Roster No. 046101) and UP-MI West (Roster No. 046102).

2. Zone 2 - This roster will consist of former UP engineers with prior rights on CEI Villa Grove South (Roster No. 042101), CEI Villa Grove North (Roster No. 043101), CEI-CNW (Roster No. 045101), and SPCSL (Roster No. 310101).

C. Seniority integration of the engineers from the above affected former rosters into one (1) common seniority roster will be done on a dovetail basis using the current date of seniority as a locomotive engineer.

D. Entitlement to assignment on subject consolidated roster shall be by canvass of the employees contributing equity to each of the zones set forth herein.

E. Any engineer working in the territories described in Article I. on the date of implementation of this Agreement, but currently reduced from the engineers working list, shall also be given a place on the roster and prior rights. Engineers currently forced to this territory will be given a place on the roster and prior rights if so desired; otherwise, they will be released when their services are no longer required and will not establish a place on the new roster.

F. UP engineers currently on an inactive roster pursuant to previous merger agreements shall participate in the roster formulation process described above based upon their date of seniority as a locomotive engineer.

G. Engineers on each of the prior rights zones described above will be afforded common seniority on the other zone outside their prior rights zone. All such common seniority shall be based upon the current date of seniority as a locomotive engineer. If this process results in engineers having identical common seniority dates, seniority will be determined by the age of the employees with the older employee placed first. If there are more than two (2) employees with the same seniority date, and the ranking of the pre-merged rosters would make it impossible for age to be a determining factor, a random process, jointly agreed upon by the Director of Labor Relations and the appropriate General Chairman(men), will be utilized to effect a resolution. It is understood this process may not result in any employee running around another employee on his former roster.

H. With the creation of the new seniority described herein, all previous seniority outside the St. Louis Hub held by engineers inside the new hub shall be eliminated and all seniority inside the new hub held by engineers outside the hub shall be eliminated. All pre-existing prior rights, top and bottom, or any other such seniority arrangements in existence, if any, are of no further force or effect and the provisions of this Agreement shall prevail in lieu thereof. Upon completion of consolidation of the rosters and implementation of this hub, it is understood that no engineer may be forced to any territory or assignment outside the St. Louis Hub.

I. The total number of engineers on the master UP/BLE St. Louis Merged Roster #1 will be mutually agreed upon by the parties.

ARTICLE III - EXTRA BOARDS

A. The following extra boards shall be established to protect vacancies and other extra board work into or out of the St. Louis Hub or in the vicinity thereof. It is understood whether or not such boards are guaranteed boards is determined by the designated collective bargaining agreement.

1. Chester - One (1) Extra Board (combination road/yard) to protect all extra service at or in the vicinity of Chester, including Sparta, and all other territories formerly covered by the former M&I Agreements not protected by Ste. Genevieve. If no extra board exists at Ste. Genevieve, this extra board will protect all extra service formerly protected by such extra board. This extra board may be used to perform relief of all locals, road switchers, work trains, and other regular assignments when the point of relief is closer to this board than St. Louis. It is not intended that this extra board be used for unassigned service comprehended by Pool 1 (Article I.A.2.I.) except Hours of Service relief of Pool 1 trains when the point of relief is closer to this board than St. Louis. The secondary source of supply when this extra board is exhausted will be St. Louis (Zone 1).

2. Ste. Genevieve - One (1) Extra Board (combination road/yard) to protect all extra service at or in the vicinity of Ste. Genevieve but not including Bismarck, which includes all former M&I extra work on the Missouri side of the Mississippi River. At any time after one (1) year from date of implementation of this Implementing Agreement, this board may be consolidated into the extra board at Chester, subject to service of a 30-day notice of intent to do so by the Carrier. So long as this extra board remains at St. Genevieve, it shall be prior righted to former M&I engineers.

3. Salem - Two (2) Extra Boards (combination road/yard) to protect the following:

   a. All vacancies in the Salem-Villa Grove and Salem-Chicago through freight pools, and all extra service at or in the vicinity of Salem, including St. Elmo.

   b. All vacancies in the Salem-Dexter through freight pool, and all extra service between Salem and Metropolis which originates at Salem or any point between Salem and Mt. Vernon, not including Mt. Vernon. This board will be staffed based upon the common seniority roster for the hub.

c. The boards described in a. and b. above will supplement each other when one is exhausted. The boards described in a. and b. above, in that order, will supplement the Villa Grove extra board if that board is exhausted.

4. Villa Grove - One (1) Extra Board (combination road/yard) to protect all extra service at or in the vicinity of Villa Grove. This board will protect all Villa Grove-Chicago short pool vacancies and any HOS relief of Salem-Chicago or St. Louis-Chicago pool freight trains at or north of Findlay Junction. This board will supplement Salem if that board exhausted.

5. Dexter - One (1) Extra Board (combination road/yard) to protect all extra service at or in the vicinity of Dexter. The scope of this extra board includes all the service requirements outlined in Article I.A.3.c.

6. St. Louis - Three (3) Extra Boards (combination road/yard) to protect each of the following:

a. All Zone 1 extra road service between St. Louis Terminal and Dexter via the Chester Sub and between St. Louis Terminal and Poplar Bluff/Dexter via the DeSoto Sub, except as modified above, but including extra service at Bismarck. This board will also protect all yard extra service in the St. Louis Terminal which originates on the Illinois side of the Mississippi River. This board will be headquartered at St. Louis.

b. All Zone 1 extra service between St. Louis Terminal and Jefferson City. This board will also protect all yard extra service in the St. Louis Terminal which originates on the Missouri side of the Mississippi. This board will be headquartered at St. Louis.

NOTE: It is clearly understood that the Carrier's agreement to split the protection of extra yard service in the St. Louis Terminal in no way constitutes any restrictions upon the right of any yard engineer in the consolidated terminal to do any work at any location within the terminal.

c. All Zone 2 extra service between St. Louis Terminal and Bloomington, South Pekin and Villa Grove. This extra board will protect all extra work on pool freight ID runs between St. Louis and Chicago, and in the event there is insufficient work in this service to justify a separate pool, such service will be protected by this extra board in its entirety.

d. The extra boards described in a. and b. above will supplement each other when one is exhausted.

7. Jefferson City - One (1) Extra Board (combination road/yard) to protect all Zone 1 vacancies headquarted at Jefferson City including vacancies created by engineers laying off while exercising "reverse lodging" privileges. This board shall also protect any yard or road switcher assignments with an origin/termination of Jefferson City. Local or irregular service originating at Jefferson City working east on the UP Sedalia Subdivision will also be protected by this board.

B. If additional extra boards are established or abolished after the date of implementation of this Agreement, it shall be done pursuant to the terms of the designated collective bargaining agreement. When established, the Carrier shall designate the geographic area the extra board will cover.

ARTICLE IV - APPLICABLE AGREEMENTS

A. All engineers and assignments in the territories comprehended by this Implementing Agreement will work under the Collective Bargaining Agreement currently in effect between the Union Pacific Railroad Company and the Brotherhood of Locomotive Engineers dated October 1, 1977 (reprinted October 1, 1991), including all applicable national agreements, the "local/national" agreement of May 31, 1996, and all other side letters and addenda which have been entered into between date of last reprint and the date of this Implementing Agreement. Where conflicts arise, the specific provisions of this Agreement shall prevail. None of the provisions of these agreements are retroactive. It is understood Side Letter Nos. 23 through 26 herein modify certain provisions of the designated Collective Bargaining Agreement as it pertains to the St. Louis Hub. It is further understood said Side Letters are made without prejudice to the positions of the respective parties and it may not be cited by any party in any other negotiations or proceedings.

B. All runs established pursuant to this Agreement will be governed by the following:

1. Rates of Pay: The provisions of the June 1, 1996 National Agreement will apply as modified by the May 31, 1996 Local/National Agreement.

2. Overtime: Overtime will be paid in accordance with Article IV of the 1991 National Agreement.

3. Transportation: When a crew is required to report for duty or is relieved from duty at a point other than the on and off duty points fixed for the service established hereunder, the Carrier shall authorize and provide suitable transportation for the crew.

NOTE: Suitable transportation includes Carrier owned or provided passenger carrying motor vehicles or taxi, but excludes other forms of public transportation.

4. Suitable Lodging: Suitable lodging will be provided by the Carrier in accordance with existing agreements.

C. Except where modified by this Implementing Agreement, the ID service provisions set forth in Arbitration Award No. 553 shall continue in full force and effect.

D. 1. Engineers performing service in the St. Louis to Dexter, Salem to Dexter and Dexter to Memphis pools will be governed by Section 4 (rates of pay) and Section 7 (straightaway service) of the UP St. Louis-Memphis ID Agreement dated April 5, 1991.

2. In addition, in order to expedite the movement of trains in these pools, engineers on such runs will not stop to eat except in cases of emergency or unusual delays. Engineers on such runs shall be paid the prevailing away-from-home meal allowance (presently $6.00) for the trip.

3. Concurrent with the effective (implementation) date of this Merger Implementing Agreement, Section 5 of the St. Louis-Memphis ID Agreement dated April 5, 1991, and all other agreements or letters of understandings, if any, pertaining to a hand-up lunch at Illmo shall be extinguished and shall have no further force or effect. The practice of providing any engineers a hand-up lunch at Illmo will be discontinued.

E. Engineers will be treated for vacation, entry rates and payment of arbitraries as though all their time on their original railroad had been performed on the merged railroad. Engineers assigned to the Hub on the effective date of this Agreement (including those engaged in engineer training on such date) shall have entry rate provisions waived. Engineers hired/promoted after the effective date of the Agreement shall be subject to National Agreement rate progression provisions.

F. Engineers protecting pool freight operations on the territories covered by this Agreement shall receive continuous held-away-from-home terminal pay (HAHT) for all time so held at the distant terminal after the expiration of

sixteen (16) hours. All other provisions in existing agreement rules and practices pertaining to HAHT pay remain unchanged.

G. Except where specific terminal limits have been detailed in the Agreement, it is not intended to change existing terminal limits under applicable agreements.

H. Actual miles will be paid for runs in the new St. Louis Hub. Examples are illustrated in Attachment "G".

ARTICLE V - FAMILIARIZATION

A. Engineers involved in the consolidation of the St. Louis Hub covered by this Agreement whose assignments require performance of duties on a new geographic territory not familiar to them will be given full cooperation, assistance and guidance in order that their familiarization shall be accomplished as quickly as possible. Engineers will not be required to lose time or ride the road on their own time in order to qualify for these new operations.

B. Engineers will be provided with a sufficient number of familiarization trips in order to become familiar with the new territory. Issues concerning individual qualification shall be handled with local operating officers. The parties recognize that different terrain and train tonnage impact the number of trips necessary and the operating officer assigned to the merger will work with the local Managers of Operating Practices in implementing this Section. If disputes occur under this Article they may be addressed directly with the appropriate Director of Labor Relations and the General Chairman for expeditious resolution.

C. It is understood that familiarization required to implement the merger consolidation herein will be accomplished by calling a qualified engineer (or Manager of Operating Practices) to work with an engineer called for service on a geographical territory not familiar to him.

D. Engineers hired subsequent to the effective date of this document will be qualified in accordance with current FRA certification regulations and paid in accordance with the local agreements that will cover the merged St. Louis Hub.

ARTICLE VI - IMPLEMENTATION

A. The Carrier will give at least thirty (30) days' written notice of its intent to implement this Agreement.

B. 1. Concurrent with the service of its notice, the Carrier will post a description of Zones 1 and 2 described in Article I herein.

2. Ten (10) days after posting of the information described in B.1. above, the appropriate Labor Relations Personnel, CMS Personnel, General Chairmen and Local Chairmen will convene a workshop to implement assembly of the merged seniority rosters. At this workshop, the representatives of the Organization will participate with the Carrier in constructing consolidated seniority rosters as set forth in Article II of this Implementing Agreement.

3. Dependent upon the Carrier's manpower needs, the Carrier may develop a pool of representatives of the Organization, with the concurrence of the General Chairmen, which, in addition to assisting in the preparation of the rosters, will assist in answering engineers' questions, including explanations of the seniority consolidation and implementing agreement issues, discussing merger integration and familiarization issues with local Carrier officers and coordinating with respect to CMS issues relating to the transfer of engineers from one zone to another or the assignment of engineers to positions.

C. The roster consolidation process shall be completed in five (5) days, after which the finalized agreed-to rosters will be posted for information and protest in accordance with the applicable agreements. If the participants have not finalized agreed-to rosters, the Carrier will prepare such rosters, post them for information and protest, will use those rosters in assigning positions, and will not be subject to claims or grievances as a result.

D. Once rosters have been posted, those positions which have been created or consolidated will be bulletined for a period of seven (7) calendar days. Engineers may bid on these bulletined assignments in accordance with applicable agreement rules. However, no later than ten (10) days after closing of the bulletins, assignments will be made.

E. 1. After all assignments are made, engineers assigned to positions which require them to relocate will be given the opportunity to relocate within the next thirty (30) day period. During this period, the affected engineers may be allowed to continue to occupy their existing positions. If required to assume duties at the new location immediately upon implementation date and prior to having received their thirty (30) days to relocate, such engineers will be paid normal and necessary expenses at the new location until relocated. Payment of expenses will not exceed thirty (30) calendar days.

2. The Carrier may, at its option, elect to phase-in the actual pool consolidations which are necessary in the implementation of this

Agreement. Engineers will be given ten (10) days' notice of when their specific relocation/reassignment is to occur.

ARTICLE VII - PROTECTIVE BENEFITS AND OBLIGATIONS

A. All engineers who are listed on the prior rights St. Louis Hub (Zones 1 and 2) merged rosters shall be considered adversely affected by this transaction and consolidation and will be subject to the New York Dock protective conditions which were imposed by the STB. It is understood there shall not be any duplication or compounding of benefits under this Agreement and/or any other agreement or protective arrangement.

1. Carrier will calculate and furnish TPA's for such engineers to the Organization as soon as possible after implementation of the terms of this Agreement. The time frame used for calculating the TPA's in accordance with New York Dock will be August 1, 1996 through and including July 31, 1997.

2. In consideration of blanket certification of all engineers covered by this Agreement for wage protection, the provisions of New York Dock protective conditions relating to "average monthly time paid for" are waived under this Implementing Agreement.

3. Test period averages for designated union officers will be adjusted to reflect lost earnings while conducting business with the Carrier.

4. National Termination of Seniority provisions shall not be applicable to engineers hired prior to the effective date of this Agreement.

B. Engineers required to relocate under this Agreement will be governed by the relocation provisions of New York Dock. In lieu of New York Dock provisions, an employee required to relocate may elect one of the following options:

1. Non-homeowners may elect to receive an "in lieu of" allowance in the amount of $10,000 upon providing proof of actual relocation.

2. Homeowners may elect to receive an "in lieu of" allowance in the amount of $20,000 upon providing proof of actual relocation.

3. Homeowners in Item 2 above who provide proof of a bona fide sale of their home at fair value at the location from which relocated shall be eligible to receive an additional allowance of $10,000.

a) This option shall expire within five (5) years from date of application for the allowance under Item 2 above.

b) Proof of sale must be in the form of sale documents, deeds, and filings of these documents with the appropriate agency.

NOTE: All requests for relocation allowances must be submitted on the appropriate form.

4. With the exception of Item 3 above, no claim for an "in lieu of" relocation allowance will be accepted after two (2) years from date of implementation of this Agreement.

5. Under no circumstances shall an engineer be permitted to receive more than one (1) "in lieu of" relocation allowance under this Implementing Agreement.

6. Engineers receiving an "in lieu of" relocation allowance pursuant to this Implementing Agreement will be required to remain at the new location, seniority permitting, for a period of two (2) years.

ARTICLE VIII - SAVINGS CLAUSES

A. The provisions of the applicable Schedule Agreement will apply unless specifically modified herein.

B. It is the Carrier's intent to execute a standby agreement with the Organization which represents engineers on the former Missouri and Illinois. Upon execution of that Agreement, said engineers will be fully covered by this Implementing Agreement as though the Organization representing them had been signatory hereto.

C. Nothing in this Agreement will preclude the use of any engineers to perform work permitted by other applicable agreements within the new seniority districts described herein, i.e., engineers performing Hours of Service Law relief within the road/yard zone, ID engineers performing service and deadheads between terminals, road switchers handling trains within their zones, etc.

D. The provisions of this Agreement shall be applied to all engineers covered by said Agreement without regard to race, creed, color, age, sex, national origin, or physical handicap, except in those cases where a bona fide occupational qualification exists. The masculine terminology herein is for the purpose of convenience only and does not intend to convey sex preference.

ARTICLE IX - HEALTH AND WELFARE

Engineers of the former UP who are working under the collective bargaining agreement designated in Article IV.A. of this Implementing Agreement belong to the Union Pacific Hospital Association. Former SSW/SPCSL engineers are presently covered under United Health Care (former Travelers GA-23000) benefits. Said former SSW/SPCSL engineers will have ninety (90) days to make an election as to keeping their old Health and Welfare coverage or coming under the health and welfare coverage provided by the designated CBA. Any engineer who fails to exercise said option shall be considered as having elected to retain existing coverage. Engineers hired after the date of implementation will be covered under the plan provided for in the surviving CBA. Copy of the form to be used to exercise the option described above is attached as Attachment "H" to this Agreement.

ARTICLE X - EFFECTIVE DATE

This Agreement implements the merger of the Union Pacific and SSW/SPCSL railroad operations in the area covered by Notice dated October 10, 1997.

Signed at Kansas City, Missouri, this15th day of April, 1998.

FOR THE BROTHERHOOD LOCOMOTIVE ENGINEERS:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

APPROVED:

J. L. McCoy
Vice President, BLE

D. M. Hahs
Vice President, BLE

FOR THE CARRIERS:

M. A. Hartman
General Director-Labor Relations
Union Pacific Railroad Co.

J. M. Raaz
Assistant Vice President - LR
Union Pacific Railroad Co.

Side Letter No. 1

April 15, 1998

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

During our negotiations we discussed SSW ARTICLE 6 - LIFE INSURANCE, SSW ARTICLE 9 - DISABILITY INSURANCE, SPCSL ARTICLE 4 - LIFE INSURANCE and SPCSL ARTICLE 6 - DISABILITY INSURANCE of the August 1, 1995 Agreement between Southern Pacific Lines and your Organization. It was your position that coverages provided by the former agreement should be preserved for the former SSW and SPCSL engineers covered by this Implementing Agreement.

This will confirm that Carrier agreed that these insurance premiums would be maintained at current levels and would be grand fathered to those former SSW an SPCSL engineers who are covered by this Implementing Agreement and who are presently covered under those plans. These insurance premiums will be maintained at current levels for such employees for a six (6) year period commencing January 1, 1998, unless extended or modified pursuant to the Railway Labor Act.

It is understood this Agreement is made without prejudice to the positions of either party regarding whether or not such benefits are subject to preservation under New York Dock and it will not be cited by any party in any other negotiations or proceedings.

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

Yours truly,

M. A. Hartman
General Director - Labor Relations

AGREED:

J. R. Koonce
General Chairman, BLE

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

Side Letter No. 2

April 15, 1998

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

During our negotiations we discussed SSW ARTICLE 7 - VACATION and SPCSL - ARTICLE 17 - VACATION of the August 1, 1995 Agreement between Southern Pacific Lines and your Organization.

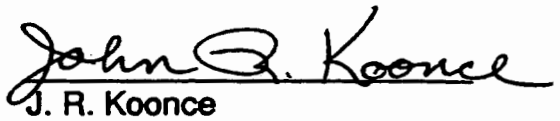
This will reflect our understanding that those former SSW and SPCSL engineers who are covered by this Implementing Agreement and who are presently covered by the above agreement provision shall be entitled to obtain the benefits of said ARTICLE 7 and ARTICLE 17 for the calendar year 1999 if said vacation is already earned under existing SSW and SPCSL agreements at the time of implementation of this Agreement. Thereafter, vacation benefits shall be as set forth in the controlling agreement on the merged territory.

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

Yours truly,

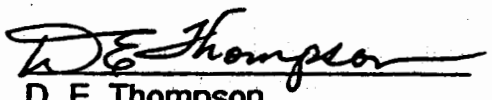
M. A. Hartman
General Director - Labor Relations

AGREED:



J. R. Koonce
General Chairman, BLE

D. E. Penning
General Chairman, BLE



D. E. Thompson
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

Side Letter No. 3

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines, and the Brotherhood of Locomotive Engineers.

In our discussions regarding Article IV, this will confirm Carrier's commitment to provide copies of the designated collective bargaining agreement referenced therein to all former SSW/SPCSL and UP (former MP Upper Lines) engineers comprehended by this Implementing Agreement at the earliest possible date, but no later than by date of implementation of this Agreement.

Yours truly,

M. A. Hartman
General Director-Labor Relations

Side Letter No. 4

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This has reference to our negotiations covering the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers. During these negotiations, the Organization expressed concern that engineers who expire on the Hours of Service Law would not be transported in a timely manner to the destination terminal.

This will confirm the advice given to you, i.e., that when an engineer ties up on the Hours of Service before reaching the objective terminal, the Carrier will make every reasonable effort to relieve subject engineer and transport him to the tie up point, expeditiously. The Carrier recognized the interests of the railroad and its engineers are best served when a train reaches the final terminal within the hours of service. In the event this does not occur, the Carrier is committed to relieving that engineer and providing transportation as soon as practical. It is understood that this commitment contemplates transportation in the form of passenger vehicle, and engineers shall not be transported to the tie-up point after Hours of Service tie-ups by means of train except in case of emergency or extraordinary circumstances which make providing a vehicle impossible.

In the event the Organization feels that this commitment is not being observed at a particular location, the General Chairman shall promptly contact the Director of Labor Relations in writing stating the reasons or circumstances thereof. Within ten (10) days after being contacted the Director of Labor Relations will schedule a conference between the parties to discuss the matter and seek a resolution. The conference will include the appropriate General Manager or his designate.

Yours truly,

M. A. Hartman
General Director - Labor Relations

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

Side Letter No. 5

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This refers to the Merger Implementing Agreement for the St. Louis Hub entered into this date.

In discussing the relocation benefits in Article VII of the Agreement, we discussed the situation where an employee may desire to sell his home prior to the actual implementation of the merger. Carrier committed to you that such employee would be entitled to treatment as a "homeowner" for relocation benefits purposes provided:

1. Upon actual implementation of the Merger Implementing Agreement the engineer meets the requisite test of having been "required to relocate",

2. The sale of the residence occurred at the same location where claimant was working immediately prior to implementation, and

3. The sale of the residence occurred after the date of this Agreement.

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

Yours truly,

M. A. Hartman
General Director - Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 6

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

The parties hereto realize that the merger of the former properties into a unified system is a complex undertaking and with the changes in operations and seniority territories, employees covered by this Agreement will be required to perform service on unfamiliar territory.

Familiarization will be a large undertaking, and it is to the benefit of both parties that this process begin as soon as possible so that implementation can occur in a more orderly and rapid manner. Therefore, it is understood that Carrier may begin qualifying engineers on unfamiliar territory, to the extent it is feasible based upon operational and manpower constraints, between time of execution of this Implementing Agreement and date of implementation thereof.

It is understood that familiarization will be accomplished in accordance with Article V - Familiarization of this Agreement. Employees making familiarization trips which involve greater mileages than their existing (pre-merger) runs will be paid actual mileage to the new objective terminal as contemplated in Article I of this Agreement. Local BLE officers will work with local Carrier officers to implement this Side Letter in the most effective manner.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 7

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This has reference to the Merger Implementing Agreement for the St. Louis Hub entered into this date.

During our negotiations there was considerable discussion surrounding the operational changes resulting from a merger of UP/SSW/SPCSL operations. Specifically, it was your observation that the merged operation might possibly require an increased amount of transporting of engineers, and your Organization has concerns regarding the quality of the vehicles presently used for transporting engineers, as well as the drivers of said vehicles.

It was Carrier's position that there are existing procedures available to resolve any complaints regarding deficiencies in crew transportation and, as such, this was not a proper topic for inclusion in a Merger Implementing Agreement.

Without prejudice to the positions of the respective parties as set forth above, the Carrier believes it is in the best interests of all parties that routine, unannounced safety audits of crew transportation contractors be conducted, and that a process be established for prompt investigation and, if necessary, resolution of complaints of specific instances of deficiencies in this area. In this regard, this will confirm my advice given you during our negotiations that Carrier agreed it would direct its designated manager to contact a Local Chairman to be designated by your Organization for the purpose of scheduling and conducting field safety audits of transportation contractors in the hub. These safety audits will include, but not be limited to, inspection of vehicles, unannounced rides, interviewing crews, and meeting drivers. These safety audits will be performed no less frequently than quarterly.

If issues are raised by the safety audits which cannot be resolved to the satisfaction of your Organization, they may be referred to the appropriate Labor Relations Officer by the General Chairman for discussion in conference at the earliest possible date to seek a resolution. The conference will include the appropriate General Manager or his designate.

Respectfully,

M. A. Hartman
General Director-Labor Relations

Side Letter No. 8

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This refers to the Merger Implementing Agreement for the St. Louis Hub entered into this date.

With regard to Article II.H. of the Agreement, the following shall apply:

I. Engineers who participate in the roster formulation process for the St. Louis Hub who presently hold engine service seniority outside the St. Louis Hub will be handled as follows:

a. All engine service seniority outside the St. Louis Hub will be held in abeyance and may not be utilized for any purposes except as outlined below:

b. When subsequent implementing agreements are concluded in other hubs which encompass the seniority described in a. above, which has been held in abeyance, such seniority may be exercised in the roster formulation process for such hub(s) subject to the following limitations:

1. The exercise of such option shall be considered a seniority move and shall be at the engineer's own expense.

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

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

III. When all of the hubs involving engineers with former SSW and SPCSL system seniority have been completed, the Organization may serve notice upon Carrier to meet and negotiate the details surrounding a one-time "Sadie Hawkins Day" for such engineers to make one final, irrevocable move to a hub, which will be without relocation cost to the Carrier. The parties will resolve at this meeting the matters of shortages and/or surpluses in the various hubs, as well as method of seniority integration into the hub to which moving.

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

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 9

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This refers to the Merger Implementing Agreement for the St. Louis Hub entered into this date.

During our execution of this Agreement, it was understood that the parties may discover errors or omissions relating to mile post designations, crew district mileages, etc. It is not the intent of either party to hold the other party to such items simply because there was simply not time to verify them for accuracy.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 10

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This refers to the Merger Implementing Agreement for the St. Louis Hub.

During our negotiations your Organization raised some concern regarding the intent of Article VIII - Savings Clauses, Item C thereof. Specifically, it was the concern of some of your constituents that the language of Item C might subsequently be cited to support a position that "other applicable agreements" supersede or otherwise nullify the very provisions of the Merger Implementing Agreement which were negotiated by the parties.

I assured you this concern was not valid and no such interpretation could be applied. I pointed out that Item C must be read in conjunction with Item A, which makes it clear that the specific provisions of the Merger Implementing Agreement, where they conflict with the basic schedule agreement, take precedence, and not the other way around.

The purpose of Item C was to establish with absolute clarity that there are numerous other provisions in the designated collective bargaining agreement, including national agreements, which apply to the territory involved, and to the extent such provisions were not expressly modified or nullified, they still exist and apply. It was not the intent of the Merger Implementing Agreement to either restrict or expand the application of such agreements.

In conclusion, this letter of commitment will confirm that the provisions of Article VIII - Savings Clauses may not be construed to supersede or nullify the terms of the Merger Implementing Agreement which were negotiated in good faith between the parties. I hope the above elaboration clarifies the true intent of such provisions.

Yours truly,

M A Hartman

M. A. Hartman
General Director-Labor Relations

Side Letter No. 11

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This refers to the Merger Implementing Agreement for the St. Louis Hub entered into this date.

In Side Letter No. 21 of the Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub entered into on October 9, 1997, Carrier made certain written commitments regarding engineers residing at Illmo and Poplar Bluff. The purpose of this Side Letter is to more specifically define the rights and responsibilities of said engineers at Poplar Bluff and Illmo in line with the Merger Implementing Agreement for the St. Louis Hub and said Side Letter No. 21.

This Side Letter addresses three (3) specific groups of engineers:

A. Former UP engineers assigned to the UP Dupo - Poplar Bluff freight pool (home terminal St. Louis) who have continued to reside at Poplar Bluff under a "reverse lodging" arrangement.

B. Former UP engineers assigned to the UP Salem - Poplar Bluff freight pool (home terminal Salem/Poplar Bluff) who have continued to reside at Poplar Bluff under a "reverse lodging" arrangement.

C. Former SSW and UP engineers at Illmo and Poplar Bluff who, as a result of the Implementing Agreement, will have their home terminal changed to St. Louis.

Pursuant to the terms of Articles I.A.2. and I.A.5. of the Implementing Agreement covering the St. Louis Hub, the consolidated pool operating between St. Louis and Dexter will be home terminaled at St. Louis, and the pool operating between Salem and Dexter will likewise be home terminaled at Salem. It is the intent and desire of the Carrier that all engineers assigned to this pool who presently reside in Illmo and Poplar Bluff be relocated to St. Louis and Salem. However, considering the large number of engineers who reside at these locations who are reasonably close to retirement age, the Carrier has expressed its willingness to enter into an attrition arrangement for a fixed period of time in order to permit engineers to maintain their residences in the Poplar Bluff and Illmo areas for said period of time while protecting these pools. The terms and conditions of this interim arrangement are as follows:

1. Former SSW and UP engineers who are required to relocate to St. Louis or Salem shall be considered eligible for the relocation benefits set forth in Article VII.B. of this Implementing Agreement.

2. Former SSW engineers who are assigned to either of these pools who decline to relocate to St. Louis or Salem and exercise the "reverse lodging" option provided in Article I.A.2.g. of the Implementing Agreement shall be considered eligible for the relocation benefits under Article VII.B. of this Implementing Agreement. If such engineers should subsequently relocate to St. Louis under the provisions of this Side Letter or otherwise, such relocation shall be considered to be a seniority move and shall not trigger any further relocation benefits under this Implementing Agreement.

3. Those former UP engineers assigned to the UP Dupo - Poplar Bluff and Salem - Poplar Bluff freight pools who have continued to reside at Poplar Bluff under a "reverse lodging" attrition arrangement may elect to relocate to St. Louis or Salem, and if so relocated, shall be considered eligible for the relocation benefits set forth in Article VII.B. of this Implementing Agreement. If such employees decline to relocate and elect to exercise the "reverse lodging" option provided in this Agreement, they shall become subject to the provisions of the immediately preceding Section 2 hereof. As agreed in Item 2 of Side Letter No. 21 to the NLR/PB Merger Implementing Agreement, it is undisputed that the distance between Poplar Bluff and Dexter shall not be an issue regarding entitlement of such engineers to such relocation benefits.

4. Those engineers described in Sections 2 and 3 above who decline to relocate to St. Louis or Salem and are subsequently forced to relocate because they are unable to hold a regular assignment at Dexter/Poplar Bluff, such relocation shall be considered to be a seniority move and shall not trigger any further relocation benefits under this Implementation Agreement.

5. Effective upon service of a notice by the Carrier, which cannot be served any sooner than April 1, 2005, the "reverse lodging" attrition arrangements set forth in this Implementing Agreement shall become null and void. On and after that date, all engineers described in Sections 1, 2 and 3 above shall be required to protect their respective freight pools at the designated home terminal locations if they choose to continue to occupy such assignments. This change shall be effected by the service of a thirty (30) day notice by the Carrier of its intent to do so.

6. The provisions of this Side Letter No. 11 shall only apply to engineers residing in Poplar Bluff or Illmo or vicinity, and protecting service at such location or vicinity, on October 10, 1997 (date of Carrier's St. Louis Hub Notice).

7. It is understood this Agreement does not operate to preclude an engineer from receiving full relocation benefits under Article VII.B. when required to relocate to Dexter to protect the Dexter-Memphis pool, extra board, or any other assignments established at that location.

8. Under the unique circumstances surrounding this Side Letter, engineers at Poplar Bluff and Illmo and vicinity will not be required to provide proof of relocation to Dexter in order to receive the relocation benefits under Article VII.B.1. and 2., but must do so to receive the additional benefit under Article VII.B.3.

The above-described arrangements are designed to deal with a peculiar situation under specific circumstances, and shall not be referred to by either party in any other proceeding or negotiations.

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

Yours truly,

M. A. Hartman
General Director - Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

Side Letter No. 12

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This refers to the Merger Implementing Agreement for the St. Louis Hub.

During our discussions regarding eliminating the terminals of Illmo and Poplar Bluff and creating an away-from-home terminal at Dexter, we acknowledged that some employees who reside at Poplar Bluff and Illmo will elect to retain their residences in the area and exercise reverse lodging options under Articles I.A.2.g. and I.A.5.g. of the Implementing Agreement.

With the construction of a new away-from-terminal lodging facility at Dexter, the question was raised regarding the employees described in the preceding paragraph who may arrive at Dexter during blizzard or ice storm conditions which have resulted in roads which are impassable to their residences. The Organization asked if under these rare circumstances such employees could utilize the lodging facility at Dexter until driving conditions improved.

My response to this request was to observe that we experience such severe storms and other acts of God throughout our system, and I believe Carrier's track record will show our local managers deal with them in a manner which places the safety and well being of our fellow employees ahead of literal contract language which, if applied under such conditions, would create a dangerous situation. I would expect, and therefore commit to you, that no different result would be applied at Dexter.

Yours truly,

M. A. Hartman
General Director-Labor Relations

Side Letter No. 13

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This refers to the Merger Implementing Agreement for the St. Louis Hub, and specifically to Article I.B.2. regarding repositioning engineers from one away-from-home terminal to another. Such handling will be subject to the following conditions:

1. Engineers may be deadheaded prior to the tie-up after the initial trip.

   Example: An engineer runs from St. Louis to S. Pekin. He can be deadheaded from S. Pekin to Villa Grove for tie-up at Villa Grove from his original trip from St. Louis.

2. Engineers may also be deadheaded after tie-up and rest after the initial trip.

   Example: An engineer runs from St. Louis to Bloomington and ties up. After rest, he can be deadheaded from Bloomington to S. Pekin for a trip from S. Pekin to St. Louis.

   a. This handling can only occur when there are no rested engineers at S. Pekin to protect the service from S. Pekin to St. Louis, i.e., it is not permissible to deadhead an engineer to a different away-from-home terminal for additional rest, but only for a return trip to the home terminal.

3. Engineers will not be deadheaded by train between one away-from-home terminal to another away-from-home terminal. Other forms of transportation will be used.

4. Engineers hired prior to implementation of this Agreement will be paid highway miles for the deadhead portion of the trip and engineers hired subsequent to the implementation will be paid actual time for the deadhead portion of the trip.

5. Once deadheaded between the two away-from-home terminals an engineer will not be deadheaded back except in an emergency situation such as a flood or a major derailment.

6. It is not the intent of this Agreement to "double deadhead" engineers. If double deadheaded, then the engineer will be paid district miles for the second deadhead. A "double deadhead" in this instance is when an engineer is deadheaded from one-away-from-home terminal to another away-from-home terminal and then deadheaded back to the home terminal.

7. Engineers arriving at the away-from-home terminal by train and instructed to deadhead to another away-from-home terminal will remain on terminal time (if applicable) until they are in the vehicle to transport them to the other away-from-home terminal.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

Side Letter No. 14

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This refers to the Merger Implementing Agreement for the St. Louis Hub entered into this date.

Prior to implementation of this Agreement, the Carrier and Organization will schedule and convene a meeting in St. Louis, Missouri to develop equity data for roster formulation and slotting of all freight pools associated with the St. Louis Hub. The results of this meeting will be appended to this Agreement prior to it being disseminated for a ratification vote.

This meeting will be conducted by Carrier Labor Relations Officers and the appropriate Local Chairmen for the territories concerned. The Carrier will provide the sources of equity data and the Local Chairmen will provide the Carrier with the necessary equity percentages for roster slotting and formulating. In the event the Local Chairmen are unable to agree upon equity percentages, the Carrier will make such determinations and will not be subject to any claims or grievances as a result thereof.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This refers to the Implementing Agreement for the St. Louis Hub entered into this date.

During our discussions regarding the establishment of prior rights zones, some concern was expressed regarding the possibility of large volumes of traffic currently operating in one through freight corridor shifting to a different corridor. Carrier expressed its doubt that such would occur, but did agree that if a significant, sustained diminishment of pool freight traffic (compared to levels which existed at time for which equity data was evaluated) and a corresponding increase of pool freight traffic in another corridor occurred within the first ten (10) years of implementation of this Agreement, the General Chairman may serve notice upon the appropriate Director of Labor Relations, who will meet within fifteen (15) days or as otherwise mutually agreed to make the appropriate adjustments in prior rights pool turn slots to reflect the changed conditions. It is understood these adjustments would be done without relocation expense to the Carrier. It was also agreed and understood that no such service of notice may occur until the expiration of a twelve (12) month period following implementation so that all involved may have an adequate opportunity to evaluate post-merger operations.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

Side Letter No. 16

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This has reference to the Merger Implementing Agreement for the St. Louis Hub entered into this date.

During our negotiations it was recognized that there are inherent difficulties in implementing a merged operation in the St. Louis Hub and "carving out" the operations and employees between Jefferson City and Kansas City to become part of the Kansas City Hub without a corresponding Merger Implementing Agreement for the Kansas City Hub. This is a problem inherent in implementing merged hubs on a phased basis, and in all hubs this cascading effect has required the parties to use their imagination to develop temporary solutions to cover the interim period between implementing agreements covering adjoining hubs. Such a need is recognized here with regard to the St. Louis Hub.

The Organization has requested that Carrier make certain written commitments regarding the merged operation in the Kansas City Hub between Kansas City and Jefferson City which are necessary in order for it to agree to relinquish that territory from the seniority roster for the St. Louis Hub. Those commitments are as follows:

1. Those former UP and SSW engineers who resided at Jefferson City or vicinity on the date of the notice served for the Kansas City Hub will be allowed to continue to maintain their residences at that location so long as pool freight service between Kansas City and Jefferson City and extra board work at Jefferson City continues to exist and such employees possess sufficient seniority to hold such assignments.

2. The engineers described above may voluntarily relocate to Kansas City under the Merger Implementing Agreement for that hub; however, they will not be required to do so and will be allowed to continue to reside at Jefferson City on an attrition basis.

3. It is intended that the pool freight operations between Kansas City and Jefferson City will ultimately be home terminaled at Kansas City. The details surrounding how that change will be accomplished will be negotiated in the Implementing Agreement for the Kansas City Hub.

Yours truly,

M. A. Hartman
General Director-Labor Relations

Side Letter No. 17

April 15, 1998

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This has reference to the Merger Implementing Agreement for the St. Louis Hub entered into this date, and specifically Article VII.A.1. thereof.

During our discussions regarding the time frame for calculating TPA's, the representatives of the former SSW and SPCSL expressed the view that since all of the engineers represented by them had already received TPA's in connection with "interim protection" related to TCS cutovers, they would prefer to simply adopt those existing TPA's for purposes of application of protection under this Merger Implementing Agreement. Carrier is agreeable to this handling.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

Side Letter No. 18

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This has reference to the Merger Implementing Agreement for the St. Louis Hub entered into this date.

During our discussions we addressed the issue of local service operating exclusively between Bloomington and St. Louis. We agreed that such an assignment would belong to engineers of the St. Louis Hub even though the home terminal of such assignment might be at Bloomington. A yard job or road switcher assignment headquartered at Bloomington would not belong to engineers of the St. Louis Hub.

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

Yours truly,

M. A. Hartman
General Director - Labor Relations

AGREED:

D. E. Thompson
General Chairman BLE

D. E. Penning
General Chairman BLE

J. R. Koonce
General Chairman BLE

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 19

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

During our negotiations we discussed Local LSG54 (Mt. Vernon Local) being prior righted to Zone 2 engineers. This will confirm our understanding the Mt. Vernon Local will be manned by Zone 2 engineers so long as subject local remains operating and goes on/off duty at Mt. Vernon. In the event said local is abolished or consolidated with another road switcher or local the terms of this side letter will become null and void.

Should the Mt. Vernon local described above be reestablished following abolishment or consolidation there shall be no prior rights extended to Zone 2 engineers. Thereafter only Zone 1 engineers will be eligible to work said local.

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

Yours truly,

M. A. Hartman
General Director - Labor Relations

AGREED:

D. E. Thompson
General Chairman BLE

D. E. Penning
General Chairman BLE

J. R. Koonce
General Chairman BLE

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 20

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This has reference to the Merger Implementing Agreement for the St. Louis Hub entered into this date.

During our negotiations we discussed the assignments presently protected by prior rights M&I engineers at Ste. Genevieve. In Article III.2. we agreed that so long as an extra board is maintained at Ste. Genevieve, such extra board would be prior righted to former M&I engineers. There are currently four (4) regular road switcher assignments operating on the Missouri side of the Mississippi which are clearly identifiable M&I assignments, i.e., LSH08, LSH10 and LSH11 at Ste. Genevieve, and LSH06 at Bismark. So long as these assignments continue to be maintained, they shall be prior righted to former M&I engineers. If subsequently abolished and consolidated with other non-former M&I assignments, the provisions of this Side Letter shall no longer apply, and such consolidated assignment would be filled by a prior rights Zone 1 engineer, and thereafter from the common roster.

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

Yours truly,

M. A. Hartman
General Director - Labor Relations

AGREED:

D. E. Thompson
General Chairman BLE

D. E. Penning
General Chairman BLE

J. R. Koonce
General Chairman BLE

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 21

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This has reference to the Merger Implementing Agreement for the St. Louis Hub entered into this date.

During our negotiations the Organization requested a commitment from the Carrier that no engineer currently in the hub would be forced out of the hub. Carrier advised that it could not commit to this since engineers could potentially come into the hub when rosters are formulated, thereby inflating the number of engineers in the hub and creating a surplus. Therefore, in the alternative it was agreed that the total number of engineers in the St. Louis Hub upon finalization of rosters would be no less than the number in the hub on the date of this Implementing Agreement. In the event that number is exceeded because of engineers coming into the hub from other locations in line with their system seniority, the excess may be reduced by the Carrier by forcing junior surplus engineers out of the hub. In the application of this Side Letter, it is understood that engineers coming into the hub from other locations do so as a seniority move and such moves do not trigger relocation benefits. If such moves result in Carrier reducing surplus junior engineers out of the hub, such forced engineers would be eligible for relocation benefits.

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

Yours truly,

M. A. Hartman
General Director - Labor Relations

AGREED:

D. E. Thompson
General Chairman BLE

D. E. Penning
General Chairman BLE

J. R. Koonce
General Chairman BLE

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 22

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This has reference to the Merger Implementing Agreement for the St. Louis Hub entered into this date.

With regard to the slotted pools described in Articles I.A.2.a., I.A.3.a., I.A.4.a., I.A.5.a., and I.B.2.a., it was requested by the Organization that those engineers exercising prior rights to slots designated as "UP" and "CEI" slots, the engineers bidding such slots will be assigned thereto based upon their first date of entry into engine service, i.e., their fireman seniority date. It was understood this request applied only to those certain slotted pool turns designated as "UP" and "CEI" slots.

Carrier is agreeable to this request.

Yours truly,

M. A. Hartman
General Director - Labor Relations

Side Letter No. 23

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM ROAD
HAZELWOOD MO 63042

MR D E (GENE) THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR J R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This refers to the Merger Implementing Agreement for the St. Louis Hub entered into this date.

During our negotiations of this Hub, the Carrier requested a modification of certain existing rules. To address that issue we agreed to the following:

The provisions of Letter Agreement No. 1 to the December 9, 1988, UP-MKT Merger Implementing Agreement, including all subsequent interpretative arbitration decisions pertaining thereto, shall be preserved and remain in full force and effect as to those locomotive engineers establishing seniority in the St. Louis Hub and who maintain a date as a locomotive engineer preceding the date of Letter Agreement No. 1 (December 9, 1988). This application of Letter Agreement No. 1 shall apply to all engineers of all former properties who establish St. Louis Hub seniority. In addition, Letter Agreement No. 1 shall continue to apply to those locomotive engineers who exercise seniority into the Kansas City Hub under the following conditions:

a. The engineer has a seniority date as a locomotive engineer preceding the date of Letter Agreement No. 1 (December 9, 1988); and

b. The engineer exercises prior rights seniority to the reverse lodging pool at Jefferson City.

The provisions of the above-referenced agreement shall have no application to any other engineers except those with a seniority date preceding December 9, 1988, as described above, nor shall they apply to any employee establishing seniority as a locomotive engineer in the St. Louis or Kansas City Hubs subsequent to the respective Merger Implementing Agreements.

This Memorandum Letter of Agreement is made with the understanding it is without prejudice to the positions of the respective parties and it will not be cited by any party in any other negotiation or proceeding.

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

Yours truly,

J. M. Raaz
Assistant Vice President
Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

CC: MR DON M HAHS
VICE PRESIDENT BLE
1011 ST ANDREWS
KINGSWOOD TX 77339

MR J L McCOY
VICE PRESIDENT BLE
6084 BELLE FOREST DR
MEMPHIS TN 38115

Side Letter No. 24

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM ROAD
HAZELWOOD MO 63042

MR D E (GENE) THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR J R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This refers to the Merger Implementing Agreement for the St. Louis Hub entered into this date.

During our negotiations of this Hub, the Carrier requested a modification of certain existing rules. To address that issue we agreed to the following:

The current rule entitled "Laying Off and Leave of Absence" dated October 22, 1952, and contained on Page 250 of the current Collective Bargaining Agreement will be amended as follows:

> **"ITEM 1.** "When employees in engine service are permitted to lay off, they must not be absent in excess of 15 days, except in the case of sickness or injury, without having formal leave in writing, granted in accordance with the provisions of this Agreement."

The remainder of the rule remains unchanged.

This Memorandum Letter of Agreement is made with the understanding it is without prejudice to the positions of the respective parties and it will not be cited by any party in any other negotiation or proceeding.

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

Yours truly,

J. M. Raaz
Assistant Vice President
Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

CC: MR DON M HAHS
VICE PRESIDENT BLE
1011 ST ANDREWS
KINGSWOOD TX 77339

MR J L McCOY
VICE PRESIDENT BLE
6084 BELLE FOREST DR
MEMPHIS TN 38115

Side Letter No. 25

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM ROAD
HAZELWOOD MO 63042

MR D E (GENE) THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR J R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This refers to the Merger Implementing Agreement for the St. Louis Hub entered into this date.

During our negotiations of this Hub, the Carrier requested a modification of certain existing rules. To address that issue we agreed to the following:

Article 4, specifically, the Memorandum of Agreement entitled "Local Freight Train Service" contained in Pages 11 and 12 of the current Agreement will be interpreted and applied as follows:

The territories to which this rule applies will not be expanded by the addition of other than former MP Upper Lines territories. The Agreement will apply only to those territories (subdivisions) as described.

Additionally, the reference to "subdivisions which do not show any trains in time table," contained in Section 1 of this Memorandum, refers only to the Missouri Pacific Railroad's time table in effect on August 10, 1946.

The territories subsequently added as a result of merging with other properties will not be subject to the requirements of Section 1 of this Memorandum.

This Memorandum Letter of Agreement is made with the understanding it is without prejudice to the positions of the respective parties and it will not be cited by any party in any other negotiation or proceeding.

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

Yours truly,

J. M. Raaz
Assistant Vice President
Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

CC: MR DON M HAHS
VICE PRESIDENT BLE
1011 ST ANDREWS
KINGSWOOD TX 77339

MR J L McCOY
VICE PRESIDENT BLE
6084 BELLE FOREST DR
MEMPHIS TN 38115

b. Freight pool and extra board engineers filling regular assigned engineer vacancies standing first out on the board at time of call when required to relieve a train on the far side of the terminal under the "25-mile zone" provisions of this Agreement will be considered as having departed the terminal when such engineer departs in the conveyance to said train.

c. Because of recent experience with start up of new hub operations and to alleviate additional confusion during the initial three (3) pay periods after St. Louis Hub implementation, the terminal runaround rule will be suspended. No departure runarounds will be claimed during that period. Subsequent to those three (3) pay periods, all the provisions of Article 26(D) and the provisions of this Memorandum Letter of Agreement will be in full force and effect.

2. Regularly assigned pool freight engineers in the Salem-Dexter and Dupo-Dexter pools will receive full mileage for deadheads from terminal to terminal in excess of two (2) in a pay period. For the application of this Section 2, the Carrier may deadhead other than the first-out engineers without penalty in order to avoid deadheading an engineer more than two times in a pay period.

3. A pool freight engineer arriving at the far terminal out of position will, upon arrival at the far terminal, be placed in the same relative position on the board as the engineer held at the home terminal. If the engineer cannot be returned to the proper position because the engineer has not received the necessary Hours of Service rest, the engineer will, upon arrival at the home terminal, be placed in the same relative position on the board as the engineer held at the home terminal at the start of the previous trip.

This Memorandum Letter of Agreement is made with the understanding it is without prejudice to the positions of the respective parties and it will not be cited by any party in any other negotiation or proceeding.

Side Letter No. 26

April 15, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM ROAD
HAZELWOOD MO 63042

MR D E (GENE) THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR J R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

Gentlemen:

This refers to the Merger Implementing Agreement for the St. Louis Hub entered into this date.

During our negotiations of this Hub, the Carrier requested a modification of certain existing rules. To address that issue we agreed to the following:

1. Article 26(D) of the designated collective bargaining agreement shall remain in full force and effect except as specifically described below. The following exceptions are applicable only in the St. Louis Hub:

   a. Freight pool and extra board engineers filling regular assigned engineer vacancies standing first out on the board at time of call and after taking charge of the train will not be considered runaround when another freight pool or extra board engineer called subsequent to the first out engineer departs from a separate location ahead of the first out engineer. Separate location is defined to mean yards, tracks, or exchange points which would require a crew van to accomplish the engineer exchange.

      NOTE: Freight pool and extra board engineers called to deadhead will continue to be exchanged with other freight pool engineers on duty in order to comply with the first-in/first-out provisions of Article 26(D) and National Railroad Adjustment Board Award No. 24679, except it will not be necessary to exchange engineers when the working engineer is called to handle a train from the A&S and the deadhead engineer is called to deadhead from Dupo. This exception applies to all pools operating out of the St. Louis Hub.

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

Yours truly,

J. M. Raaz
Assistant Vice President, Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

J. R. Koonce
General Chairman, BLE.

D. E. Thompson
General Chairman, BLE

CC: MR DON M HAHS
VICE PRESIDENT BLE
1011 ST ANDREWS
KINGSWOOD TX 77339

MR J L McCOY
VICE PRESIDENT BLE
6084 BELLE FOREST DR
MEMPHIS TN 38115

QUESTIONS AND ANSWERS - ST. LOUIS HUB

ARTICLE I - WORK AND ROAD POOL CONSOLIDATION

Q.1. What is the impact of the terminal operations at terminals where both the former UP and SSW/SPCSL had yards/terminal operations being "consolidated into a single operation"?

A.1. In a consolidated terminal, all road crews can receive/leave their trains at any location within the boundaries of the new consolidated Terminal and may perform work anywhere within those boundaries pursuant to the applicable collective bargaining agreement. The Carrier will designate the on/off duty points for road crews. All rail lines, yards, and/or sidings within the Terminal are considered as common to all crews working in, into and out of the Terminal and all road crews may perform all permissible road/yard moves pursuant to the applicable collective bargaining agreements.

Q.2. Is it the intent of this agreement to use engineers beyond the 25-mile zone?

A.2. No.

Q.3. Since the 25-mile zone provisions specify that engineers may be called to receive "the train for which they were called", does this preclude their use under such 25-mile zone provision for any other train?

A.3. Yes, unless other pre-existing local agreements or practices permit otherwise.

Q.4. What is intended by the words "at the basic pro rata through freight rate" as used in this Agreement?

A.4. Payment would be at the high (unfrozen) through freight rate of pay which is applicable to the service portion of the trip.

Q.5. How will initial terminal delay be determined when performing service as in the 25-mile zone?

A.5. Initial terminal delay for engineers entitled to such payments will be governed by the applicable collective bargaining agreement and will not commence when a crew operates back through the on-duty point. Operation back through the on-duty point shall be considered as operating through an intermediate point.

Q.6. How is a crew which received their train in the twenty-five (25) mile zone on the far side of the terminal compensated?

A.6. When so used, the crew shall be paid an additional one-half (½) basic day at the basic pro rata through freight rate for this service in addition to the district miles of the run. If the time spent beyond the terminal is greater than four (4) hours, they shall be paid on a minute basis at the basic pro rata through freight rate. Miles within the 25-mile zone shall not be added to the district miles of the run. Time spent within the zone does not factor into the computation of overtime; however, if

the time spent within the zone, if factored into the computation of overtime, would produce road overtime earnings for the tour of duty in excess of the minimum four (4) hour payment, the higher overtime earnings would apply.

Q.7. If a crew in the twenty-five (25) mile zone is delayed in bringing the train into the origin terminal so that it does not have time to go to the destination terminal, what will happen to the crew?

A.7. If the crew had operated back through the origin terminal, they will be transported to the destination terminal, unless emergency conditions (i.e., acts of God, derailment, etc.) prevent such, and be paid district miles, overtime where applicable and a minimum of four (4) hours at the basic pro rata through freight rate.

Q.8. In regards to Question 6 above. What happens if a crew in the twenty-five (25) mile zone is delayed and does not depart the origin terminal a second time?

A.8. If the crew origin terminal is the home terminal will be released at the origin terminal and paid a basic day, including overtime when applicable, in addition to the minimum of four (4) hours at the basic pro rata through freight rate for working the 25-mile zone. If the origin terminal is the away terminal, the crew will be deadheaded to the destination terminal, except in cases of emergency (i.e., Acts of God, derailment, etc.).

Q.9. Is it the intent of this agreement to use engineers in the 25-mile zone if not qualified to operate on that territory?

A.9. No. It is not the intent of this agreement to require engineers to operate against their will within the 25-mile zone if not familiar with such territory.

Q.10. Do the 25-mile zone provisions, including the pay provisions thereof, apply to all engineers?

A.10. These provisions apply equally to pre-1985 engineer, post-1985 engineers, and engineers hired/promoted subsequent to the provisions of this agreement.

Q.11. Is the ½ day at the basic pro rata through freight rate for operating in the 25-mile zone frozen and/or is it a duplicate payment/special allowance?

A.11. No, it is subject to future wage adjustments and it is not a duplicate pay/special allowance.

Q.12. When an engineer is used for hours of service relief at the away from home terminal pursuant to this Agreement may he be used to provide relief for more than one train?

A.12. No, when the engineer returns to the away from home terminal after performing hours of service relief (on only one train) he will stand first out upon arrival subject to rest and he shall next be either deadheaded or perform actual service to the home terminal.

Q.13. In Article I.A.2.a., I.A.3.a., I.A.4.a., I.A.5.a., and I.B.2.a., it is provided that the Carrier and the Organization will mutually agree on the number of turns subject to the slotting arrangement. When will this agreement be accomplished?
A.13. At the time the parties meet to evaluate equity data per Side Letter No. 14.

ARTICLE II - SENIORITY CONSOLIDATIONS

Q.1. What is the status of pre-October 31, 1985 trainmen/firemen seniority?
A.1. Trainmen/firemen seniority will be in negotiations/arbitration with the appropriate Organization. Employees will be treated as firemen should they not be able to hold as an engineer. Those currently "treated as" will continue such status.

Q.2. What is the status of post-October 31, 1985 trainmen/firemen seniority?
A.2. A post-October 31, 1985 engineer will exercise their seniority as a trainman/fireman in accordance with the applicable agreements should they not be able to hold as an engineer.

ARTICLE III - EXTRA BOARDS

Q.1. Will extra boards established under this section be confined to protecting extra work exclusively within the zone in which established?
A.1. Except for the common extra board at Salem, all extra boards will only protect extra work within one zone. After implementation, should the Carrier desire to establish extra boards which protect extra work in more than one zone, this will be done pursuant to the existing collective bargaining agreement, and the parties must reach agreement as to how engineers from the zones involved will be allowed to exercise seniority to such extra board(s). Failure to reach such agreement, common seniority will be used.

Q.2. Are these guaranteed extra boards?
A.2. The provisions of the designated collective bargaining agreement shall apply.

ARTICLE IV - APPLICABLE AGREEMENTS

Q.1. When the Merger Implementing Agreement becomes effective what happens to existing claims previously submitted under the prior agreements?
A.1. The existing claims shall continue to be handled in accordance with the former agreements and the Railway Labor Act. No new claims shall be filed under those former agreements once the time limit for filing claims has expired.

ARTICLE V - FAMILIARIZATION

Q.1. An engineer who makes familiarization trips only on the portion of the geographic territory where he intends to work may later exercise to another part of the territory with which he is not familiar. Does this Agreement apply to the necessary additional familiarization trips?

A.1. Yes, no matter how much time has elapsed from date of implementation of this Agreement.

Q.2. Who will approve an engineer as being properly familiarized on a new territory?
A.2. An engineer will not be considered qualified on a new territory until check ride is given by the designated Carrier officer as per the requirements of 49 CFR, Parts 240.127 and 240.129.

Q.3. May a brakeman, conductor, other employee not specified in the Agreement be used to familiarize an engineer on an unfamiliar geographic territory?
A.3. No.

Q.4. If an unqualified extra engineer stands first out for an assignment and the next extra engineer is qualified, may the first out extra engineer be run-around?
A.4. No. The first out extra engineer will be called for the assignment and the next out engineer qualified will be called to act as a pilot.

Q.5. How shall a qualified engineer used as pilot be compensated?
A.5. The same as if he had operated the train.

ARTICLE VII - PROTECTIVE BENEFITS AND OBLIGATIONS

Section A:

Q.1. What is blanket certification?
A.1. An understanding reached by the parties that an employee will be provided the benefits of the applicable labor protective conditions without having to prove he was adversely affected as a result of implementation of this Agreement.

Q.2. How will test period earnings be calculated for employees returning to service following extended absence (a period of one year or more)?
A.2. Their test period earnings will be the average of the test period earnings of the two (2) employees below and two (2) employees above on the pre-merger rosters working in the same class of service.

Q.3. How will test period earnings be calculated for part time union officers?
A.3. In the same manner as question 2, Answer 2 above.

Q.4. How does the Carrier calculate test period earnings if, during the last twelve (12) months, an employee has missed two (2) months compensated service?
A.4. The Carrier will go back fourteen (14) months (or however many months necessary) to calculate the test period earnings based on twelve (12) months compensated service.

Q.5. How will an employee be advised of his test period earnings?
A.5. Test periods will be furnished to each individual and their appropriate General Chairman.

Q.6. An employee is off one or more days of a month in the test period account of an on-duty personal injury. Will that month be used in computing test period averages?
A.6. Yes, if the employee performed other compensated service during the month.

Q.7. An engineer protects an extra board which pays a bonus day to an employee who stays marked up on the board for the entire month. Is this payment included in calculation of test period earnings?
A.7. Yes.

Q.8. Is vacation pay received during the test period considered as compensation?
A.8. Yes.

Q.9. If an engineer is on vacation the entire month and the vacation pay therefor is less than his TPA, would he be entitled to draw a displacement for the difference?
A.9. Yes.

Q.10. How is length of service calculated?
A.10. It is the length of continuous service an employee has in the service of the Carrier, as defined in the Washington Job Protection Agreement of 1936.

Q.11. If an employee has three years of engine service and three years of train service, how many years of protection will they have?
A.11. Six.

Q.12. Claims for a protection guarantee are subject to offset when an employee is voluntarily absent. How are such offsets computed?
A.12. A prorated portion of the guarantee is deducted for each twenty-four (24) hour period or portion thereof. The proportion varies depending on the number of days in the month and the rest days of a regularly assigned employee. For example, in a thirty (30) day month, the through freight deduction would be 1/30th. For an employee assigned to a six (6) day local, the proration would be 1/26th or 1/27th, depending on how rest days fell. For an unassigned yard employee, the proration would be anywhere from 1/20th to 1/24th, depending on how the rest days fall. A deduction will not be made for an employee required to lay-off due to mileage regulations.

Q.13. An employee assigned to the extra board lays off for one day. During the period of lay-off, he would not have otherwise had a work opportunity. What offset should be made in the employee's protective claim?
A.13. A pro rata portion of the guarantee is deducted, such proportion depending on the number of days in the month, i.e., 1/28th, 1/29th, 1/30th or 1/31st. [Except mileage regulation lay-off].

Q.14. What prorated portion of a protection guarantee will be deducted for an employee working on a guaranteed extra board whereon such employee is entitled to lay off up two (2) days per month without deduction of the extra board guarantee?

A.14. No deduction will be made from the protection guarantee for the first two (2) days of layoff during the month. Layoffs in excess of two (2) will result in a prorated deduction from the protection guarantee on the basis of the number of days in the month for each day of layoff in excess of two. [Except mileage regulation lay-off.]

Q.15. How will employees know which jobs are higher rated?

A.15. The Carrier will periodically post job groupings identifying the highest to lowest paid jobs.

Q.16. Will specific jobs be identified in each grouping?

A.16. Pools, locals and extra boards, with different monetary guarantees, may be identified separately but yard jobs and road switchers will not be.

Q.17. What rights does an employee have if he is already covered under labor protection provisions resulting from another transaction?

A.17. Section 3 of New York Dock permits employees to elect which labor protection they wish to be protected under. By agreement between the parties, if an employee has three years remaining due to the previous implementation of Interdivisional Service the employee may elect to remain under that protection for three years and then switch to the number of years remaining under New York Dock. If an employee elects New York Dock then he/she cannot later go back to the original protection even if additional years remain. It is important to remember that an employee may not receive duplicate benefits, extend their protection period or count protection payments under another protection provision toward their test period average for this transaction.

Q.18. Will the Carrier offer separation allowances?

A.18. The Carrier will review its manpower needs at each location and may offer separation allowances if the Carrier determines that they will assist in the merger implementations. Article I Section 7 of New York Dock permits an employee that is "dismissed" as defined by New York Dock to request a separation allowance within seven days of his/her being placed in dismissed status in lieu of all other benefits.

Q.19. Does an employee who elects to exercise his seniority outside the St. Louis Hub and not participate in the formulation of rosters for the new St. Louis Hub qualify for wage protection?

A.19. The certification agreed to under Article VII applies only to those employees who are slotted on the newly formed St. Louis Hub rosters.

Q.20. In applying the "highest rated job" standard to a protected employee, may the Carrier require an employee to take a higher rated job (or use those earnings as an offset against the protection guarantee) which would require a change in residence?

A.20. No, unless the job is protected from that source of supply point.

Section B:

Q.1. Who is required to relocate and is thus eligible for the allowance?

A.1. An engineer who can no longer hold a position at his location and must relocate to hold a position as a result of the merger. This excludes engineers who are borrow outs or forced to a location and released.

Q.2. Are there mileage components that govern the eligibility for an allowance?

A.2. Yes, the engineer must have a reporting point farther than his old reporting point and at least 30 miles between the current home and the new reporting point and at least 30 miles between reporting points.

Q.3. Can you give some examples?

A.3. The following examples would be applicable.

Example 1: Engineer A lives 80 miles east of St. Louis and works a yard assignment at St. Louis. As a result of the merger he is assigned to a yard job with an on duty at Salem. Because his new reporting point is closer to his place of residence no relocation allowance is given.

Example 2: Engineer B lives 35 miles east of East St. Louis and goes on duty at the SP yard office in East St. Louis. As a result of the merger he goes on duty at the UP yard office in East St. Louis which is one mile away. No allowance is given.

Example 3: Engineer C lives in Bloomington and is unable to hold an assignment at that location and must place on an assignment at Villa Grove. The engineer meets the requirement for an allowance and whether he is a homeowner, a homeowner who sells their home or a non-homeowner determines the amount of the allowance.

Example 4: Engineer D lives in Salem and can hold an assignment in Salem but elects to place on an assignment at St. Louis. Because the engineer can hold in Salem, no allowance is given.

Q. 4. Why are there different dollar amounts for non-home owners and homeowners?

A. 4. New York Dock has two provisions covering relocating. One is Article I Section 9 Moving expenses and the other is Section 12 Losses from home removal. The $10,000 is in lieu of New York Dock moving expenses and the additional $10,000 or $20,000 is in lieu of loss on sale of home.

Q. 5. Why is there a set amount offered on loss on sale of home?
A. 5. It is an in lieu of amount. Engineers have an option of electing the in lieu of amount or claiming New York Dock benefits. Some people may not experience a loss on sale of home or may not want to go through the procedures to claim the loss under New York Dock.

Q. 6. What is loss on sale of home for less than fair value?
A. 6. This refers to the loss on the value of the home that results from the Carrier implementing this merger transaction. In many locations the impact of the merger may not affect the value of a home and in some locations the merger may affect the value of a home.

Q. 7. Can you give an example?
A. 7. Prior to the merger announcement a home was worth $60,000. Due to numerous employees transferring from a small city the value drops to $50,000. Upon approval of the sale by the Carrier employee is entitled to $10,000 under Section 12 and the expenses provided under Section 9, or the owner can claim the in lieu of amount of $30,000.

Q. 8. If the parties cannot agree on the loss of fair value what happens?
A. 8. New York Dock Article I Section 12 (d) provides for a panel of real estate appraisers to determine the value before the merger announcement and the value after the merger transaction.

Q. 9. What happens if an employee sells a home valued at $50,000 for $20,000 to a family member?
A. 9. That is not a bona fide sale and the employee would not be entitled to either an in lieu of payment or a New York Dock payment for the difference below the fair value.

Q. 10. What is the most difficult part of New York Dock in the sale transaction?
A. 10. Determine the value of the home before the merger transaction. While this can be done through the use of professional appraisers, many people think their home is valued at a different amount.

SIDE LETTER NO. 2

Q. 1. Will an engineer gain or lose vacation benefits as a result of the merger?
A. 1. SSW/SPCSL engineers will retain the number of weeks vacation earned for 1998 and 1999 that they would have earned under their previous vacation agreement. Beginning with the 2000 calendar year they will be treated as if they had always been a UP engineer and will earn identical vacation benefits as a UP engineer who had the same hire date and same work schedule.

Q. 2. When the agreement is implemented, which vacation agreement will apply?
A. 2. The vacation agreements used to schedule vacations for 1998 will be used for the remainder of 1998 and in 1999.

Q. 3. Will personal leave be applicable to SSW/SPCSL engineers in 1998?

A. 3. Personal leave days for SSW/SPCSL engineers will apply effective January 1, 1999. The number of personal leave days applicable to SSW/SPCSL engineers in 1998 will be prorated based upon actual implementation date.

Attachment "A"

Finance Docket No. 28250

APPENDIX

Labor protective conditions to be imposed in railroad transactions pursuant to 49 U.S.C. 11343 et seq. [formerly sections 5(2) and 5(3) of the Interstate Commerce Act], except for trackage rights and lease proposals which are being considered elsewhere, are as follows:

1. Definitions.--(a) "Transaction" means any action taken pursuant to authorizations of this Commission on which these provisions have been imposed.

(b) "Displaced employee" means an employee of the railroad who, as a result of a transaction is placed in a worse position with respect to his compensation and rules governing his working conditions.

(c) "Dismissed employee" means an employee of the railroad who, as a result of a transaction is deprived of employment with the railroad because of the abolition of his position or the loss thereof as the result of the exercise of seniority rights by an employee whose position is abolished as a result of a transaction.

(d) "Protective period" means the period of time during which a displaced or dismissed employee is to be provided protection hereunder and extends from the date on which an employee is displaced or dismissed to the expiration of 6 years therefrom, provided, however, that the protective period for any particular employee shall not continue for a longer period following the date he was displaced or dismissed than the period during which such employee was in the employ of the railroad prior to the date of his displacement or his dismissal. For purposes of this appendix, an employee's length of service shall be determined in accordance with the provisions of section 7(b) of the Washington Job Protection Agreement of May 1936.

2. The rates of pay, rules, working conditions and all collective bargaining and other rights, privileges and benefits (including continuation of pension rights and benefits) of the railroad's employees under applicable laws and/or existing collective bargaining agreements or otherwise shall be preserved unless changed by future collective bargaining agreements or applicable statutes.

3. Nothing in this Appendix shall be construed as depriving any employee of any rights or benefits or eliminating any obligations which such employee may have under any existing job security or other protective conditions or arrangements; provided, that if an employee otherwise is eligible for protection under both this Appendix and some other job security or other protective conditions or arrangements, he shall elect between the benefits under this Appendix and similar benefits under such other arrangement and, for so long as he continues to receive such benefits under the provisions which he so elects, he shall not be entitled to the same type of benefit under the provisions which he does not so elect; provided further, that the benefits under this Appendix, or any other arrangement, shall be construed to include the conditions,

responsibilities and obligations accompanying such benefits: and, provided further, that after expiration of the period for which such employee is entitled to protection under the arrangement which he so elects, he may then be entitled to protection under the other arrangement for the remainder, if any, of this protective period under that arrangement.

4. Notice and Agreement or Decision - (a) Each railroad contemplating a transaction which is subject to these conditions and may cause the dismissal or displacement of any employees, or rearrangement of forces, shall give at least ninety (90) days written notice of such intended transaction by posting a notice on bulletin boards convenient to the interested employees of the railroad and by sending registered mail notice to the representatives of such interested employees. Such notice shall contain a full and adequate statement of the proposed changes to be affected by such transaction, including an estimate of the number of employees of each class affected by the intended changes. Prior to consummation the parties shall negotiate in the following manner.

Within five (5) days from the date of receipt of notice, at the request of either the railroad or representatives of such interested employees, a place shall be selected to hold negotiations for the purpose of reaching agreement with respect to application of the terms and conditions of this appendix, and these negotiations shall commence immediately thereafter and continue for at least thirty (30) days. Each transaction which may result in a dismissal or displacement of employees or rearrangement of forces, shall provide for the selection of forces from all employees involved on a basis accepted as appropriate for application in the particular case and any assignment of employees made necessary by the transaction shall be made on the basis of an agreement or decision under this section 4. If at the end of thirty (30) days there is a failure to agree, either party to the dispute may submit it for adjustment in accordance with the following procedures:

(1) Within five (5) days from the request for arbitration the parties shall select a neutral referee and in the even they are unable to agree within said five (5) days upon the selection of said referee then the National Mediation Board shall immediately appoint a referee.

(2) No later than twenty (20) days after a referee has been designated a hearing on the dispute shall commence.

(3) The decision of the referee shall be final, binding and conclusive and shall be rendered within thirty (30) days from the commencement of the hearing of the dispute.

(4) The salary and expenses of the referee shall be borne equally by the parties to the proceeding; all other expenses shall be paid by the party incurring them.

(b) No change in operations, services, facilities, or equipment shall occur until after an agreement is reached or the decision of a referee has been rendered.

5. Displacement allowances -(a) So long after a displaced employee's displacement as he is unable, in the normal exercise of his seniority rights under existing agreements, rules and practices, to obtain a position producing compensation equal to or exceeding the compensation he received in the position from which he was displaced, he shall, during his protective period, be paid a monthly displacement allowance equal to the difference between the monthly compensation received by him in the position in which he is retained and the average monthly compensation received by him in the position from which he was displaced.

Each displaced employee's displacement allowance shall be determined by dividing separately by 12 the total compensation received by the employee and the total time for which he was paid during the last 12 months in which he performed services immediately preceding the date of his displacement as a result of the transaction (thereby producing average monthly compensation and average monthly time paid for in the test period), and provided further, that such allowance shall also be adjusted to reflect subsequent general wage increases.

If a displaced employee's compensation in his retained position in any month is less in any month in which he performs work than the aforesaid average compensation (adjusted to reflect subsequent general wage increases) to which he would have been entitled, he shall be paid the difference, less compensation for time lost on account of his voluntary absences to the extent that he is not available for service equivalent to his average monthly time during the test period, but if in his retained position he works in any month in excess of the aforesaid average monthly time paid for during the test period he shall be additionally compensated for such excess time at the rate of pay of the retained position.

(b) If a displaced employee fails to exercise his seniority rights to secure another position available to him which does not require a change in his place of residence, to which he is entitled under the working agreement and which carries a rate of pay and compensation exceeding those of the position which he elects to retain, he shall thereafter be treated for the purposes of this section as occupying the position he elects to decline.

(c) The displacement allowance shall cease prior to the expiration of the protective period in the event of the displaced employee's resignation, death, retirement, or dismissal for justifiable cause.

6. Dismissal allowances. - (a) A dismissed employee shall be paid a monthly dismissal allowance, from the date he is deprived of employment and continuing during his protective period, equivalent to one-twelfth of the compensation received by him in the last 12 months of his employment in which he earned compensation prior to the date he is first deprived of employment as a result of the transaction. Such allowance shall also be adjusted to reflect subsequent general wage increases.

(b) The dismissal allowance of any dismissed employee who returns to service with the railroad shall cease while he is so reemployed. During the time of such reemployment, he shall be entitled to protection in accordance with the provisions of section 5.

(c) The dismissal allowance of any dismissed employee who is otherwise employed shall be reduced to the extent that his combined monthly earnings in such other employment, any benefits received under any unemployment insurance law, and his dismissal allowance exceed the amount upon which his dismissal allowance is based. Such employee, or his representative, and the railroad shall agree upon a procedure by which the railroad shall be currently informed of the earnings of such employee in employment other than with the railroad, and the benefits received.

(d) The dismissal allowance shall cease prior to the expiration of the protective period in the event of the employee's resignation, death, retirement, dismissal for justifiable cause under existing agreements, failure to return to service after being notified in accordance with the working agreement, failure without good cause to accept a comparable position which does not require a change in his place of residence for which he is qualified and eligible after appropriate notification, if his return does not infringe upon the employment rights of other employees under a working agreement.

7. Separation allowance.- A dismissed employee entitled to protection under this appendix, may, at his option within 7 days of his dismissal, resign and (in lieu of all other benefits and protections provided in this appendix) accept a lump sum payment computed in accordance with section 9 of the Washington Job Protection Agreement of May 1936.

8. Fringe benefits.- No employee of the railroad who is affected by a transaction shall be deprived, during his protection period, of benefits attached to his previous employment, such as free transportation, hospitalization, pensions, reliefs, et cetera, under the same conditions and so long as such benefits continue to be accorded to other employees of the railroad, in active or on furlough as the case may be, to the extent that such benefits can be so maintained under present authority of law or corporate action or through future authorizations which may be obtained.

9. Moving expenses.-Any employee retained in the service of the railroad or who is later restored to service after being entitled to receive a dismissal allowance, and who is required to change the point of his employment as a result of the transaction, and who within his protective period is required to move his place of residence, shall be reimbursed for all expenses of moving his household and other personal effects for the traveling expenses of himself and members of his family, including living expenses for himself and his family and for his own actual wage loss, not exceed 3 working days, the exact extent of the responsibility of the railroad during the time necessary for such transfer and for reasonable time thereafter and the ways and means of transportation to be agreed upon in advance by the railroad and the affected employee or his representatives; provided, however, that changes in place of residence which are not a result of the transaction, shall not be considered to be within the purview of this section; provided further, that the railroad shall, to the same extent provided above, assume the expenses, et cetera, for any employee furloughed with three (3) years after changing his point of employment as a result of a transaction, who elects to move his place of residence back to his original point of employment. No claim for reimbursement shall be paid under the provisions of this section unless such claim is presented to railroad with 90 days after the date on which the expenses were incurred.

10. Should the railroad rearrange or adjust its forces in anticipation of a transaction with the purpose or effect of depriving an employee of benefits to which he otherwise would have become entitled under this appendix, this appendix will apply to such employee.

11. Arbitration of disputes.- (a) In the event the railroad and its employees or their authorized respresentatives cannot settle any dispute or controversy with respect to the interpretation, application or enforcement of any provision of this appendix, except section 4 and 12 of this article I, within 20 days after the dispute arises, it may be referred by either party to an arbitration committee. Upon notice in writing served by one party on the other of intent by that party to refer a dispute or controversy to an arbitration committee, each party shall, within 10 days, select one member of the committee and the members thus chosen shall select a neutral member who shall serve as chairman. If any party fails to selects its member of the arbitration committee within the prescribed time limit, the general chairman of the involved labor organization or the highest officer designated by the railroads, as the case may be, shall be deemed the selected member and the committee shall then function and its decision shall have the same force and effect as though all parties had selected their members. Should the members be unable to agree upon the appointment of the neutral member within 10 days, the parties shall then within an additional 10 days endeavor to agree to a method by which a neutral member shall be appointed, and, failing such agreement, either party may request the National Mediation Board to designate within 10 days the neutral member whose designation will be binding, upon the parties.

(b) In the event a dispute involves more than one labor organization, each will be entitled to a representative on the arbitration committee, in which event the railroad will entitled to appoint additional representatives so as to equal the number of labor organization representatives.

(c) The decision, by majority vote, of the arbitration committee shall be final, binding, and conclusive and shall be rendered within 45 days after the hearing of the dispute or controversy has been concluded and the record closed.

(d) The salaries and expenses of the neutral member shall be borne equally by the parties to the proceeding and all other expenses shall be paid by the party incurring them.

(e) In the event of any dispute as to whether or not a particular employee was affected by a transaction, it shall be his obligation to identify the transaction and specify the pertinent facts of that transaction relied upon. It shall then be the railroad's burden to prove that factors other than a transaction affected the employee.

12. Losses from home removal.- (a) The following conditions shall apply to the extent they are applicable in each instance to any employee who is retained in the service of the railroad (or who is later restored to service after being entitled to receive a dismissal allowance) who is required to change the point of his employment within his protective period as a result of the transaction and is therefore required to move his place of residence:

(i) If the employee owns his own home in the locality from which he is required to move, he shall at his option be reimbursed by the railroad for any loss suffered in the sale of his home for less than its fair value. In each case the fair value of the home in question shall be determined as of a date sufficiently prior to the date of the transaction so as to be unaffected thereby. The railroad shall in each instance be afforded an opportunity to purchase the home at such fair value before it is sold by the employee to any other person.

(ii) If the employee is under a contract to purchase his home, the railroad shall protect him against loss to the extent of the fair value of equity he may have in the home and in addition shall relieve him from any further obligation under his contract.

(iii) If the employee holds an unexpired lease of a dwelling occupied by him as his home, the railroad shall protect him from all loss and cost in securing the cancellation of said lease.

b) Changes in place of residence which are not the result of a transaction shall not be considered to be within the purview of this section.

(c) No claim for loss shall be paid under the provisions of this section unless such claim is presented to the railroad within 1 year after the date the employee is required to move.

(d) Should a controversy arise in respect to the value of the home, the loss sustained in its sale, the loss under a contract for purchase, loss and cost in securing termination of a lease, or any other question in connection with these matters, it shall be decided through joint conference between the employee, or their representatives and the railroad. In the event they are unable to agree, the dispute or controversy may be referred by either party to a board of competent real estate appraisers, selected in the following manner. One to be selected by the representatives of the employees and one by the railroad, and these two, if unable to agree within 30 days upon a valuation, shall endeavor by agreement within 10 days thereafter to select a third appraiser, or to agree on a method by which a third appraiser shall selected, and failing such agreement, either party may request the National Mediation Board to designate within 10 days a third appraiser whose designation will be binding upon the parties. A decision of a majority of the appraisers shall be required and said decision shall be final and conclusive. The salary and expenses of the third or neutral appraiser, including the expenses of the appraisal board, shall be borne equally by the parties to the proceedings. All other expenses shall be paid by the party incurring them, including the compensation of the appraiser selected by such party.

ARTICLE II

1. Any employee who is terminated or furloughed as a result of a transaction shall, if he so requests, be granted priority of employment or reemployment to fill a position comparable to that which he held when his employment was terminated or he was furloughed, even though in a different craft or class, on the railroad which he is, or by training or retraining physically and mentally can become, qualified, not, however, in contravention of collective bargaining agreements relating thereto.

2. In the event such training or retraining is requested by such employee, the railroad shall provide for such training or retraining at no cost to the employee.

3. If such a terminated or furloughed employee who had made a request under section 1 or 2 of the article II fails without good cause within 10 calendar days to accept an offer of a position comparable to that which he held when terminated or furloughed for which he is qualified, or for which he has satisfactorily completed such training, he shall, effective at the expiration of such 10-day period, forfeit all rights and benefits under this appendix.

ARTICLE III

Subject to this appendix, as if employees of railroad, shall be employees, if affected by a transaction, of separately incorporated terminal companies which are owned (in whole or in part) or used by railroad and employees of any other enterprise within the definition of common carrier by railroad in section 1(3) of part I of the Interstate Commerce Act, as amended, in which railroad has an interest, to which railroad provides facilities, or with which railroad contracts for use of facilities, or the facilities of which railroad otherwise uses; except that the provisions of this appendix shall be suspended with respect to each such employee until and unless he applies for employment with each owning carrier and each using carrier; provided that said carriers shall establish one convenient central location for each terminal or other enterprise for receipt of one such application which will be effective as to all said carriers and railroad shall notify such employees of this requirement and of the location for receipt of the application. Such employees shall not be entitled to any of the benefits of this appendix in the case of failure, without good cause, to accept comparable employment, which does not require a change in place of residence, under the same conditions as apply to other employees under this appendix, with any carrier for which application for employment has been made in accordance with this section.

ARTICLE IV

Employees of the railroad who are not represented by a labor organization shall be afforded substantially the same levels of protection as are afforded to members of labor organizations under these terms and conditions.

In the event any dispute or controversy arises between the railroad and an employee not represented by a labor organization with respect to the interpretation, application or enforcement of any provision hereof which cannot be settled by the parties within 30 days after the dispute arises, either party may refer the dispute to arbitration.

ARTICLE V

1. It is the intent of this appendix to provide employee protections which are not less than the benefits established under 49 USC 11347 before February 5, 1976, and under section 565 of title 45. In so doing, changes in wording and organization from arrangements earlier developed under those sections have been necessary to make such benefits applicable to transactions as defined in article 1 of this appendix. In making such changes, it is not the intent of this appendix to diminish such benefits. Thus, the terms of this appendix are to be resolved in favor of this intent to provide employee protections and benefits no less than those established under 49 USC 11347 before February 5, 1976 and under section 565 of title 45.

2. In the event any provision of this appendix is held to be invalid or otherwise unenforceable under applicable law, the remaining provisions of this appendix shall not be affected.

ATTACHMENT "B"

Pool Allocation

St. Louis - Dexter Pool (50 turns); former UP 54%; former SSW 46%.

1.	UP	26.	SSW
2.	SSW	27.	UP
3.	UP	28.	SSW
4.	SSW	29.	UP
5.	UP	30.	SSW
6.	SSW	31.	UP
7.	UP	32.	SSW
8.	SSW	33.	UP
9.	UP	34.	SSW
10.	SSW	35.	UP
11.	UP	36.	SSW
12.	SSW	37.	UP
13.	UP	38.	UP
14.	UP	39.	SSW
15.	SSW	40.	UP
16.	UP	41.	SSW
17.	SSW	42.	UP
18.	UP	43.	SSW
19.	SSW	44.	UP
20.	UP	45.	SSW
21.	SSW	46.	UP
22.	UP	47.	SSW
23.	SSW	48.	UP
24.	UP	49.	SSW
25.	UP	50.	UP

(Turns in excess of the highest number shown herein will be filled by engineers from the zone roster, and thereafter from the common roster.)

ATTACHMENT "C"

Pool Allocation

Dexter - Memphis Pool (4 turns); former UP 100%.

1. UP
2. UP
3. UP
4. UP

(Turns in excess of the highest number shown herein will be filled by engineers from the zone roster, and thereafter from the common roster.)

ATTACHMENT "D"

Pool Allocation

St. Louis - Jefferson City Pool (41 turns); former UP 69%; former SSW 31%.

1.	UP	22.	UP
2.	SSW	23.	UP
3.	UP	24.	UP
4.	UP	25.	SSW
5.	SSW	26.	UP
6.	UP	27.	UP
7.	UP	28.	SSW
8.	UP	29.	UP
9.	SSW	30.	UP
10.	UP	31.	SSW
11.	UP	32.	UP
12.	SSW	33.	UP
13.	UP	34.	SSW
14.	UP	35.	UP
15.	SSW	36.	UP
16.	UP	37.	UP
17.	UP	38.	SSW
18.	SSW	39.	UP
19.	UP	40.	UP
20.	UP	41.	SSW
21.	SSW		

(Turns in excess of the highest number shown herein will be filled by engineers from the zone roster, and thereafter from the common roster.)

ATTACHMENT "E"

Pool Allocation

Salem - Dexter Pool (32 turns); former UP 75%; former CEI 25%.

1.	UP	17.	UP
2.	UP	18.	UP
3.	CEI	19.	CEI
4.	UP	20.	UP
5.	UP	21.	UP
6.	UP	22.	UP
7.	CEI	23.	CEI
8.	UP	24.	UP
9.	UP	25.	UP
10.	UP	26.	UP
11.	CEI	27.	CEI
12.	UP	28.	UP
13.	UP	29.	UP
14.	UP	30.	UP
15.	CEI	31.	CEI
16.	UP	32.	UP

(Turns in excess of the highest number shown herein will be filled by engineers from the zone roster, and thereafter from the common roster.)

ATTACHMENT "F"

Pool Allocation

St. Louis - S. Pekin/Bloomington/Villa Grove Pool (30 turns); former CEI 65%; former SPCSL 35%.

1.	CEI	16.	SPCSL
2.	SPCSL	17.	CEI
3.	CEI	18.	CEI
4.	CEI	19.	SPCSL
5.	SPCSL	20.	CEI
6.	CEI	21.	CEI
7.	CEI	22.	SPCSL
8.	SPCSL	23.	CEI
9.	CEI	24.	CEI
10.	CEI	25.	SPCSL
11.	SPCSL	26.	CEI
12.	CEI	27.	CEI
13.	SPSCL	28.	SPCSL
14.	CEI	29.	CEI
15.	CEI	30.	CEI

(Turns in excess of the highest number shown herein will be filled by engineers from the zone roster, and thereafter from the common roster.)

MILEAGE OF RUNS

ATTACHMENT "G"

From/To Terminals	Miles Run
St. Louis (Dupo) to Villa Grove	158
St. Louis (Dupo) to South Pekin	136
St. Louis (Valley Jct.) to Bloomington (via ALS)	163
St. Louis (Valley Jct.) to Bloomington (via TRRA)	161
St. Louis (Dupo) to Chicago (Yard Center)	286
St. Louis (Dupo) to Dexter (via Chester)	166
St. Louis (ALS) to Dexter (via Chester)	172
St. Louis (Dupo) to Dexter (via Poplar Bluff)	201
Salem to Villa Grove	107
Salem to Chicago (Yard Center)	235
Salem to Dexter (via Gorham/Illmo)	174
St. Louis (Dupo) to Jefferson City	133
Dexter to Memphis (via Wynne)	172
Dexter to Memphis/NS (via Wynne)	178
Dexter to Memphis (via Bald Knob)	242
Dexter to Memphis (via Brinkley)	219

All mileages shown are approximations and are subject to final verification.

ATTACHMENT "H"

HEALTH AND WELFARE BENEFITS ELECTION FORM

In order to insure appropriate health and welfare benefits are maintained for affected employees as a result of the UP/SP merger, one of the following options must be selected within ninety (90) days from the date this form is received by employees who transfer from one collective bargaining agreement to another:

_____ (A) Elect to maintain present coverage.

_____ (B) Elect to accept the health and welfare coverage applicable to the territory to which transferred.

An employee failing to make an election within the above time frame shall be considered as having retained present coverage under Option (A).

_____
(Employee Name)

_____
(Social Security Number)

_____
(Craft)

_____
(Location)

MAIL TO:

Joe Cvetas
Union Pacific Railroad Company
1416 Dodge Street, Room 332
Omaha, NE 68179

G

MERGER IMPLEMENTING AGREEMENT
(Kansas City Hub)

between the

UNION PACIFIC RAILROAD COMPANY
SOUTHERN PACIFIC RAILROAD COMPANY

and the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

PREAMBLE

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

In order to achieve the benefits of operational changes made possible by the transaction, and to consolidate the seniority of all firemen working in the territories covered by this Agreement into one common seniority district covered under a single, common collective bargaining agreement, in such hub,

IT IS AGREED:

1. The parties acknowledge that an Implementing Agreement covering the consolidation of all firemen in the Kansas City Hub under one common collective bargaining agreement for such hub will be executed as a result of Carrier's notices served in such territories on January 30, 1998.

2. The parties agree that firemen who are currently covered by the SSW collective bargaining agreement will be considered fully covered by the terms of the Implementing Agreement which is negotiated/arbitrated and implemented pursuant to said January 30, 1998 notice. All rights and benefits set forth therein shall apply equally to such firemen on the same basis as to all other firemen covered by said Implementing Agreement/Award.

3. Upon implementation of the Implementing Agreement for the Kansas City Hub, the firemen referred to herein shall come under the jurisdiction of the collective bargaining agreement which is designated therein.

4. This Agreement implements the merger of the Union Pacific and Southern Pacific Lines railroad operations in the area covered by Notice dated January 30, 1998.

Signed at Omaha, NE, this 22nd day of July, 1998.

FOR THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS:

D. E. Thompson
General Chairman, BLE

D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

FOR THE CARRIERS:

M. A. Hartman
General Director-Labor Relations

J. M. Raaz
Asst. Vice President -Labor Relations

MERGER
IMPLEMENTING AGREEMENT
(Kansas City Hub)

between the

UNION PACIFIC RAILROAD COMPANY
Southern Pacific Transportation Company
and the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

PREAMBLE

The U.S. Department of Transportation, Surface Transportation Board ("STB") approved the merger of the Union Pacific Corporation ("UPC"), Union Pacific Railroad Company/Missouri Pacific Railroad Company (collectively referred to as "UP") and Southern Pacific Rail Corporation, Southern Pacific Transportation Company ("SPT"), St. Louis Southwestern Railway Company ("SSW"), SPCSL Corp., and the Denver & Rio Grande Western Railroad Company ("DRGW") (collectively referred to as "SP") in Finance Docket 32760. In approving this transaction, the STB imposed New York Dock labor protective conditions. Copy of the New York Dock conditions is attached as Attachment "A" to this Agreement.

Subsequent to the filing of Union Pacific's application but prior to the decision of the STB, the parties engaged in certain discussions which focused upon Carrier's request that the Organization support the merger of UP and SP. These discussions resulted in the parties exchanging certain commitments, which were outlined in letters dated March 8(2), March 9 and March 22, 1996.

On January 30, 1998, the Carriers served notice of their intent to merge and consolidate operations generally in the following territories:

Union Pacific: Kansas City to Council Bluffs (not including Council Bluffs/Omaha Metro Complex)

Kansas City to Des Moines (not including Des Moines)

Kansas City to Coffeyville (not including Coffeyville)

Kansas City to Parsons (not including Parsons)

Kansas City to Marysville (not including Marysville, but including Topeka)

Kansas City to Jefferson City (not including Jefferson City)

Kansas City Terminal

Southern Pacific:
(SSW and SPCSL) Kansas City to Jefferson City (not including Jefferson City)

Kansas City to Chicago via Ft. Madison (not including Chicago)

Kansas City to Chicago via Quincy (not including Chicago)

Kansas City to Winfield via BNSF trackage rights (not including Winfield)

Kansas City to Wichita via BNSF trackage rights (not including Wichita)

Kansas City to Pratt via Hutchinson via BNSF trackage rights (not including Pratt)

Kansas City Terminal

Pursuant to Section 4 of the New York Dock protective conditions, in order to achieve the benefits of operational changes made possible by the transaction and to modify collective bargaining agreements to the extent necessary to obtain those benefits

IT IS AGREED:

ARTICLE I - WORK AND ROAD POOL CONSOLIDATIONS

The following work/road pool consolidations and/or modifications will be made to existing runs:

A. Zone 1 - Seniority District

1. Territory Covered: Kansas City to Council Bluffs (not including Council Bluffs/Omaha Metro Complex)

Kansas City to Des Moines (not including Des Moines)

Kansas City to Chicago via Ft. Madison (not including Chicago)

Kansas City to Chicago via Quincy (not including Chicago)

The above includes all UP and SPCSL main lines, branch lines, industrial leads, yard tracks and stations between or located at the points indicated. Where the phase "not including" is used above, it refers to other than through freight operations, but does not restrict through freight engineers from operating into/out of such terminals/points or from performing work at such terminals/points pursuant to the designated collective bargaining agreement provisions.

2. The existing former UP Kansas City to Council Bluffs and Kansas City to Des Moines pool operations shall be preserved under this Agreement. The home terminal for this pool will be Kansas City. Council Bluffs and Des Moines are the respective away-from-home terminals. This pool shall be governed by the provisions of the ID Agreement dated March 31, 1992, including all side letters and addenda. Engineers in this pool may be transported between destination terminals for the return trip to the home terminal, subject to the terms set forth in Side Letter No. 6.

   a. Hours of Service relief of trains in this pool shall be protected as provided in the existing agreement rules covering such runs.

3. The existing former SPCSL Kansas City to Quincy and Kansas City to Ft. Madison pool operations shall be preserved as a separate pool operation under this agreement, but the home terminal of such runs will be changed to Kansas City. Quincy and Ft. Madison will be the respective away-from-home terminals. Engineers may also be transported between destination terminals for the return trip to the home terminal, subject to the terms set forth in Side Letter No. 6. A sufficient number of engineers at Quincy and Ft. Madison will be relocated to Kansas City to accomplish this change.

   a. Hours of Service relief of trains in this pool operating from Kansas City to Ft. Madison or Quincy may be protected by the extra board at Ft. Madison/Quincy if the train has reached Marceline or beyond on the former ATSF line or Brookfield or beyond on the former BN line. If there is no extra board in existence or the extra board is exhausted, an away-from-home terminal engineer may be used, and will thereafter be deadheaded home or placed first out for service on their rest. Such trains which have not reached Marceline or Brookfield shall be protected on a straightaway move by a home terminal pool engineer at Kansas City.

b. Hours of Service relief of trains in this pool operating from Ft. Madison to Kansas City or Quincy to Kansas City may be protected by the extra board at Kansas City if the train has reached Marceline or beyond on the former ATSF line or Brookfield or beyond on the former BN line; otherwise, a rested away-from-home terminal engineer at Ft. Madison or Quincy shall be used on a straightaway move to provide such relief.

4. The existing former SPCSL Quincy to Chicago and Ft. Madison to Chicago pool operations shall be preserved as a single, separate pool operation under this Agreement. The home terminal of this pool will be Ft. Madison. Chicago will be the away-from-home terminal.

a. Engineers called to operate from Quincy to Chicago shall report and go on duty at Ft. Madison for transport to Quincy to take charge of their train; engineers operating Chicago to Quincy shall be transported back to Ft. Madison on a continuous time basis. In both instances, the transport between Ft. Madison and Quincy shall be automatically considered as deadhead in combination with service and paid on that basis.

b. Hours of Service relief of trains in this pool operating from Ft. Madison/Quincy to Chicago may be protected by a rested away-from-home terminal engineer at Chicago if the train has reached Streator or beyond on the former ATSF line or Galesburg or beyond on the former BN line. Away-from-home terminal engineers so used shall thereafter be deadheaded home or placed first out for service on their rest. Hours of Service relief of trains in this pool operating from Chicago to Ft. Madison/Quincy may be protected by an extra board engineer at Ft. Madison if the train has reached Streator or beyond on the former ATSF line or Galesburg or beyond on the former BN line.

c. In the event business conditions result in engineers at Ft. Madison (either in pool service, on the extra board, or otherwise) being unable to hold any assignment as locomotive engineer at Ft. Madison, such engineers required to exercise seniority to Kansas City (or senior engineers who elect to relocate in their stead) shall be eligible for relocation benefits under Article VII of this Agreement. After six (6) years from date of implementation of this Agreement, no future relocation benefits shall be applicable under such circumstances.

d. Notwithstanding the above provisions, if at any future date Carrier elects to discontinue its exercise of BNSF trackage rights between Kansas City and Chicago, all engineers at Ft.

Madison will be relocated to Kansas City and would under those circumstances be eligible for Article VII relocation benefits.

NOTE: It is understood the provisions of c. and d. above supersede the general provisions of Article VII.B.4. of this agreement.

e. No Ft. Madison or Quincy engineer may receive more than one (1) compensated relocation under this Implementing Agreement.

5. At the equity meeting held pursuant to Side Letter No. 10 hereto the parties shall agree on a baseline number of pool turns for both of the pools described in Articles I.A.2. and I.A.3 above, and former UP and SPCSL engineers will be prior righted, respectively, to such baseline number of pool turns. In the event of a cessation of trackage rights operations described in 4.d. above, the parties will meet and reach agreement on how the baseline numbers of the two former pools will be consolidated into the remaining single pool for Zone 1. It is understood that under these circumstances all Zone 1 extra work at Kansas City would be consolidated under one (1) extra board.

6. At Des Moines, Ft. Madison and Quincy, away-from-home terminal engineers called to operate through freight service to Kansas City may receive the train for which they were called up to twenty-five (25) miles on the far side of the terminal and run back through Des Moines, Ft. Madison or Quincy to their destination without claim or complaint from any other engineer. At Ft. Madison and Quincy, home terminal engineers called to operate through freight service to Chicago may receive the train for which they were called up to twenty-five (25) miles on the far side of the terminal and run back through Ft. Madison or Quincy to their destination without claim or complaint from any other engineer. When so used, the engineer shall be paid an additional one-half (½) day at the basic pro rata through freight rate for this run in addition to the district miles of the run. If the time spent beyond the terminal under this provision is greater than four (4) hours then he shall be paid on a minute basis at the basic pro rata through freight rate.

7. The terminal limits of Des Moines, Ft. Madison and Quincy are as follows:

a. Des Moines:

MP 70.37	-	Trenton Subdivision
MP 79.2	-	Mason City Subdivision
MP 224.76	-	Bondurant Spur
MP 304.2	-	Perry Branch
MP 4.26	-	Ankeny Branch

b. Ft. Madison: MP 234.0 - East
MP 236.0 - West

c. Quincy: MP 135.0 - West
MP 138.0 - East

8. Engineers of an adjacent hub may have certain rights to be defined, if any, in the Merger Implementing Agreement for that hub to receive their through freight trains up to twenty-five (25) miles on the far side of the terminal and run back through Des Moines.

9. All road switcher and yard assignments with an on/off duty location at Council Bluffs (Omaha Metro Complex), Des Moines or Chicago will be protected by engineers from those seniority districts even if such assignments perform service within any territories contemplated by Article I.A.1. (Note: This provision does not disturb the current yard job allocation arrangement at Council Bluffs arising out of the UP/MP Merger Implementing Agreement). Local assignments, assigned freight service, and any other irregular assignments (work train, wreck train, etc.) will be protected on a prior rights basis by Zone 1 engineers if such assignments are home terminaled at Council Bluffs (Omaha Metro Complex), Des Moines or Chicago and work exclusively within the territories identified by Article I.A.1. At Ft. Madison and Quincy, any such assignment home terminaled at such locations, including the extra board, may work either direction out of such terminal without seniority or other restrictions.

10. Engineers protecting through freight service in the pools described above shall be provided lodging at the away-from-home terminals pursuant to existing agreements and the Carrier shall provide the transportation to engineers between the on/off duty location and the designated lodging facility. All road engineers may leave or receive their trains at any location within the terminal and may perform work within the terminal pursuant to the designated collective bargaining agreement provisions. The Carrier will designate the on/off duty points for all engineers, with these on/off duty points having appropriate facilities as currently required in the collective bargaining agreement.

11. All existing yard assignments at Atchison and St. Joseph shall be converted to road switcher assignments upon implementation of this Agreement. Notwithstanding any conflicting current agreement provisions, and on a non-precedent, non-referable basis, all road switcher assignments at these two locations shall be paid the 5-day yard rate of pay.

a. The regular assignments headquartered at Atchison and St. Joseph shall be collectively prior righted to those former

engineers holding seniority at Atchison and St. Joseph. On and after the implementation of this Agreement, any engineer holding a regular assignment at Atchison or St. Joseph on the basis of his prior rights who voluntarily exercises his seniority elsewhere in the Kansas City Hub shall be deemed to have forfeited his prior rights to assignments at these locations.

b. The prior rights provisions set forth above shall not apply to the extra board at Atchison (Article III.A.1.) established under this Agreement, or any future extra board which may be established at either of these locations.

B. Zone 2 - Seniority District

1. Territory Covered: Kansas City to Marysville (not including Marysville, but including Topeka)

The above includes all UP main lines, branch lines, industrial leads, yard tracks and stations between or located at the points indicated. Where the phase "not including" is used above, it refers to other than through freight operations, but does not restrict through freight engineers from operating into/out of such terminals, points or from performing work at such terminals/points pursuant to the designated collective bargaining agreement provisions.

2. Existing Kansas City-Marysville pool operations shall be preserved under this Agreement. The home terminal for this pool will be Kansas City. Marysville will serve as the away-from-home terminal.

3. Engineers performing service in the Kansas City to Marysville pool shall receive a two (2) hour call for duty at Kansas City.

4. Hours of Service relief of trains in this pool operating from Kansas City to Marysville which have reached Topeka or beyond shall be protected in the following order (it being understood Carrier always reserves the right to call a Kansas City pool engineer to perform such service on a straightaway basis for crew balancing purposes):

a. By a rested, available engineer assigned to the Jeffrey Energy Pool and then

b. By the Marysville Extra Board, and then

c. By the first out, rested away-from-home terminal engineer at Marysville, who will thereafter be deadheaded home or placed first out for service on their rest.

Hours of Service relief of trains in this pool operating from Marysville to Kansas City may be protected by the extra board at Kansas City regardless of the location of such train should Carrier not elect to use a rested away-from-home terminal engineer at Marysville for crew balancing purposes.

5. At Marysville, away-from-home terminal engineers called to operate through freight service to Kansas City may receive the train for which they were called up to twenty-five (25) miles on the far side of the terminal and run back through Marysville to their destination without claim or complaint from any other engineer. When so used, the engineer shall be paid an additional one-half (½) day at the basic pro rata through freight rate for this run in addition to the district miles of the run. If time spent beyond the terminal under this provision is greater than four (4) hours, then he shall be paid on a minute basis at the basic pro rata through freight rate.

6. The terminal limits of Marysville are as follows:

MP 142.3 to MP 155.7	-	Marysville Subdivision
MP 132.29	-	Beatrice Branch
MP .75	-	Bestwall Spur

7. All road switcher and yard assignments home terminaled at Marysville will be protected by engineers from that seniority district even if such assignments perform service within the territories contemplated by Article I.B.1. Local assignments and any other irregular assignments (work train, wreck train, etc.,) will be protected by Zone 2 engineers (including those at Topeka) if such assignments are home terminaled at Marysville and work exclusively within the territories defined by Article I.B.1.

8. The pool service presently protected by the so-called Jeffrey Energy Pool shall attrite to the UP Eastern District Seniority District No. 18 at Marysville and shall not be under the jurisdiction of this hub agreement. On and after the date of implementation of this Agreement, engineers protecting such service shall be governed by the schedule rules and rates of pay comprehending said 18th District. The terms of the August 17, 1979 Jeffrey Pool Agreement and other UP-BLE Eastern District Agreement pertaining to said pool shall be unaffected by this Implementing Agreement, except as modified below.

   a. Former UP 8th District Engineers coming under the provisions of this Implementing Agreement and establishing Zone 2 pr[illegible] rights seniority in the Kansas City Hub shall retain prior rig[illegible] to the Jeffrey Energy Pool assignments on an attrition basis. Engineers presently occupying assignments in said pool will be

grandfathered to these assignments. Additionally, former UP 8th District Engineers performing service in Zone 2 will at time of roster canvasing, per Article VI.B.2., be asked to declare prior rights to assignments in the Jeffrey Energy Pool. If the engineer declares for such prior rights he will be allowed to occupy an assignment seniority permitting. If he does not declare for prior rights in the pool he shall thereafter waive said prior rights to the Jeffrey Energy Pool. The Carrier will maintain a list of those former UP 8th District Engineers who declared for prior rights in the Jeffrey Energy Pool at time of canvasing, but unable to occupy an assignment in the pool. When vacancies occur, such engineers will be canvassed, in seniority order. If the engineer declines to accept the assignment he will waive his prior rights to the Jeffrey Energy Pool. As vacancies occur which are not filled by former UP 8th District Engineers, the assignments will attrite to UP 18th District Engineers at Marysville.

b. On the effective date of implementation of this Agreement the existing JK Extra Board at Marysville will no longer be preserved. All vacancies in the JK Pool, all extra work associated therewith and all other extra work described in the August 17, 1979 Jeffrey Pool Agreement, will be handled and performed by the UP 18th District Extra Board at Marysville.

c. In consideration of the assignments described above attriting to the UP 18th District Engineers at Marysville, said 18th District Engineers also acknowledge and agree to the provisions of Section 5 above with regard to Kansas City Hub engineers receiving their trains up to twenty-five (25) miles west of Marysville, such zone to be calculated from the original Marysville switching limits (MP 150.27 West - MP 147.33 East).

9. Engineers protecting through freight service in the pool described in Article I.B.2. above shall be provided lodging at the away-from-home terminal pursuant to existing agreements and the Carrier shall provide transportation to engineers between the on/off duty location and the designated lodging facility. All road engineers may leave or receive their trains at any location within the terminal and may perform work within the terminal pursuant to the designated collective bargaining agreement provisions. The Carrier will designate on/off duty points for all engineers, with these on/off duty points having appropriate facilities as currently required in the collective bargaining agreement.

10. All UP and SSW operations within the Topeka terminal limits shall be consolidated into a single operation. All rail lines, yards and/or sidings at Topeka will be considered as common to all engineers working in,

into and out of Topeka. All engineers will be permitted to perform all permissible road/yard moves pursuant to the designated collective bargaining agreement provisions. Interchange rules are not applicable for intra-carrier moves within the terminal. Topeka will serve as station enroute for all Kansas City Hub engineers.

a. UP 8th District engineers occupying yard assignments at Topeka and local assignments home terminaled at Topeka on the date of implementation of this Agreement shall establish seniority in the Kansas City Hub and prior rights in Zone 2.

b. UP 8th District engineers assigned to the extra board at Topeka on the date of implementation of this Agreement shall establish seniority in the Kansas City Hub and prior rights in Zone 2. This extra board shall continue to protect vacancies in yard service at Topeka and other yard and road extra service normally provided by such extra board prior to merger, except that is shall no longer supplement the JK Extra Board, so long as it is in existence, or any other extra board, at Marysville.

C. Zone 3 - Seniority District

1. Territory Covered: Kansas City to Jefferson City (not including Jefferson City)

The above includes all UP and SSW main lines, branch lines, industrial leads, yard tracks and stations between or located at the points indicated. Where the phase "not including" is used above, it refers to other than through freight operations, but does not restrict through freight engineers from operating into/out of such terminals, points or from performing work at such terminals/points pursuant to the designated collective bargaining agreement provisions.

2. All former UP Kansas City to Jefferson City and former SSW Kansas City to Jefferson City pool operations shall be combined into one (1) pool with Kansas City as the home terminal. Jefferson City will serve as the away-from-home terminal. Engineers operating between Kansas City and Jefferson City may utilize any combination of UP or SSW trackage between such points.

a. The parties agreed in Article I.A.4.a. of the St. Louis Hub Merger Implementation Agreement the Kansas City to Jefferson City pool would be slotted on a work equity basis. Attachment "C" lists the slotting order for the pool. Former SSW and UP engineers residing at or in the vicinity of Jefferson City shall have prior rights to said pool turns. The

engineers subject to this prior rights arrangement are identified on Attachment "D". If turns in excess of that number are established or any of such turns be unclaimed by a prior rights engineer, they shall be filled from the zone roster, and thereafter from the common roster. The parties further agreed in Side Letter No. 16 of the St. Louis Hub Agreement to allow former UP and SSW engineers residing in Jefferson City or vicinity on the date notice was served to begin negotiations for the Kansas City Hub (notice dated January 30, 1998) to continue to maintain their residences at that location so long as pool freight service between Kansas City and Jefferson City and extra board work at Jefferson City continue to exist and such engineers possess sufficient seniority to hold such assignments. Such engineers will be allowed to continue to reside at Jefferson City on an attrition basis subject to the terms and conditions of this Merger Implementing Agreement (See Side Letter No. 7).

b. Hours of Service relief of trains in this pool operating from Kansas City to Jefferson City may be protected by the extra board at Jefferson City if the train has reached Booneville or beyond on the River Sub or Smithton or beyond on the Sedalia Sub; otherwise, a rested pool engineer at Kansas City shall be used on a straightaway move to provide such relief. Hours of Service relief of trains in this pool operating from Jefferson City to Kansas City may be protected by the Zone 3 Extra Board at Kansas City if the train has reached Renick or beyond on the River Sub or Pleasant Hill or beyond on the Sedalia Sub; otherwise, a rested pool engineer at Jefferson City shall be used on a straightaway move to provide such relief. At the away-from-home-terminal, if the extra board is exhausted, the first out rested pool engineer may be used, and shall thereafter be deadheaded home or placed first out for service on their rest.

3. At Jefferson City, away-from-home terminal engineers called to operate through freight service to Kansas City may receive the train for which they were called up to twenty-five (25) miles on the far side of the terminal and run back through Jefferson City to their destination without claim or complaint from any other engineer. When so used, the engineer shall be paid an additional one-half (½) day at the basic pro rata through freight rate for this run in addition to the district miles of the run. If the time spent beyond the terminal under this provision is greater than four (4) hours, then he shall be paid on a minute basis at the basic pro rata through freight rate.

4. The terminal limits of Jefferson City shall be the same as the pre-existing terminal limits on the UP Sedalia Subdivision (MP 124.3 - MP 128).

5. Engineers of the St. Louis Hub were granted rights to receive the train for which they were called up to twenty-five (25) miles on the far (west) side of the terminal limits of Jefferson City pursuant to Article I.A.4.c. of the UP-BLE St. Louis Hub Merger Implementing Agreement. This service may be performed without claim or complaint from any Kansas City Hub engineer.

6. Pursuant to Article I.A.4.e. of the UP-BLE St. Louis Hub Merger Implementing Agreement any road switcher and yard assignments with a home terminal of Jefferson City shall be under the jurisdiction of the UP-BLE St. Louis Hub Agreement. Locals and other road assignments with an origin/termination at Jefferson City and which perform service exclusively east of Jefferson City shall likewise be under the jurisdiction of the UP/BLE St. Louis Hub Agreement. Locals and other road assignments with an origin/termination at Jefferson City and which perform service exclusively west of Jefferson City on the UP Sedalia or UP River Subdivisions shall be governed by the UP-BLE Kansas City Hub Merger Implementing Agreement. The above is not intended to supersede any national agreements, letters of understanding or arbitration awards which permit yard assignments to perform service on more than one (1) seniority district (i.e., hours of service relief within a 25-mile zone, servicing industrial customers, etc.)

7. Engineers protecting through freight service in the pool described in Article I.C.2. above shall be provided lodging at the away-from-home terminal pursuant to existing agreements and the Carrier shall provide transportation to engineers between the on/off duty location and the designated lodging facility. All road engineers may leave or receive their trains at any location within the terminal and may perform work within the terminal pursuant to the designated collective bargaining agreement provisions. The Carrier will designate on/off duty points for all engineers, with these on/off duty points having appropriate facilities as currently required in the collective bargaining agreement.

D. <u>Zone 4 - Seniority District</u>

1. Territory Covered: Kansas City to Coffeyville (not including Coffeyville)

Kansas City to Parsons (not including Parsons)

Kansas City to Wichita via BNSF trackage rights (not including Wichita)

Kansas City to Winfield via BNSF trackage rights (not including Winfield)

Kansas City to Pratt via Hutchinson via BNSF trackage rights (not including Pratt)

The above includes all UP and SSW main lines, branch lines, industrial leads, yard tracks and stations between or located at the points indicated. Where the phase "not including" is used above, it refers to other than through freight operations, but does not restrict through freight engineers from operating into/out of such terminals, points or from performing work at such terminals/points pursuant to the designated collective bargaining agreement provisions.

2. The existing UP Interdivisional Service between Kansas City and Coffeyville shall continue as a separate pool and shall be governed by the provisions of the ID Agreement dated August 15, 1985, including all side letters and addenda.

   a. Hours of Service relief of trains in this pool shall be protected as provided in the existing agreement rules covering such runs.

3. The existing but non-operational SSW Kansas City to Pratt (via Hutchinson) run shall be preserved under this Agreement and in the event such runs resume in the future they shall be governed by the provisions of the UP-BLE Kansas City Hub Agreement. The home terminal will be changed to Kansas City. Pratt will serve as the away-from-home terminal.

4. Former SSW yard engine equity in Kansas City shall be placed under Zone 4. The former SSW engineers who elect Zone 4 as their prior rights zone and former UP engineers in Zone 4 shall compete for all assignments in Zone 4 on the basis of their Zone 4 seniority.

5. At Coffeyville/Parsons, Wichita, Winfield and Pratt, away-from-home terminal engineers called to operate through freight service to Kansas City may receive the train for which they were called up to twenty-five (25) miles on the far side of the terminal and run back through Coffeyville/Parsons, Wichita and Winfield to their destination without claim or complaint from any other engineer. When so used, the engineer shall be paid an additional one-half (½) day at the basic pro rata through freight rate for this run in addition to the district miles of the run. If the time spent beyond the terminal under this provision is greater than four (4) hours, then he shall be paid on a minute basis at the basic pro rata through freight rate.

6. The terminal limits of Coffeyville/Parsons, Wichita and Winfield are as follows:

a.	Coffeyville	MP 462.0	-	North
		MP 661.0	-	South

The north terminal limits of Coffeyville have been modified by this Implementing Agreement.

b.	Parsons	MP 133.4	-	North
		MP 138.0	-	South
c.	Wichita	MP 236.0	-	Herington
		MP 476.0	-	Wichita Branch
		MP 254.0	-	OKT Subdivision
d.	Winfield	MP 248.7	-	East
		MP 250.8	-	West
e.	Pratt	MP 292.33	-	East
		MP 300.16	-	West

7. Engineers of an adjacent hub may have certain rights to be defined. if any, in the Merger Implementing Agreements for these hubs t receive their through freight trains up to twenty-five (25) miles on the far side of the terminal and run back through Wichita or Winfield to their destination without claim or complaint from any other engineer.

8. Engineers protecting through freight service in the pool described in Article I.D.2. and I.D.3. above shall be provide lodging at the away-from-home terminal pursuant to existing agreements and the Carrier shall provide transportation to engineers between the on/off duty location and the designated lodging facility. All road engineers may leave or receive their trains at any location within the terminal and may perform work within the terminal pursuant to the designated collective bargaining agreement provisions. The Carrier will designate on/off duty points for all engineers, with these on/off duty points having appropriate facilities as currently required in the collective bargaining agreement.

9. All local, road switcher and yard assignments home terminaled at Coffeyville/ Parsons, Wichita, Winfield and Pratt will be protected by engineers from those seniority districts even if such assignments perform service within any territories contemplated by Article I.D.1. Other irregular assignments (work train, wreck train, etc.) will be protected by the engineers from the location where the assignment home terminaled.

E. Kansas City Terminal

1. All UP, SSW and SPCSL operations within the new Kansas City Terminal limits shall be consolidated into a single operation. The terminal includes all UP/SSW/SPCSL main lines, branch lines, industrial leads, yard tracks and stations between or located at the points indicated. All UP/SSW/SPCSL road crews may receive or leave their trains at any location within the terminal and may perform work within the terminal pursuant to the applicable collective bargaining agreement, including national agreements. The Carrier will designate the on/off duty points for all yard crews, with these on/off duty points having appropriate facilities as currently required in the collective bargaining agreement. Interchange rules are not applicable for intra-carrier moves within the terminal.

2. All yard assignments operating within the Kansas City Terminal will be bid and assigned in the manner set forth in Side Letter No. 22 to this Agreement.

3. All UP, SSW and SPCSL rail lines, yards and/or sidings within the Kansas City Terminal will be considered as common to all engineers working in, into and out of Kansas City.

4. Terminal limits for the consolidated Kansas City terminal are as follows:

UP	Mile Post
Marysville Subdivision	6.59
Coffeyville Subdivision	284.22
Sedalia Subdivision	276.32
Falls City Subdivision	288.37
Trenton Subdivision (former CNW)	500.3

SPCSL

Brookfield Subdivision	221.5 (BNSF MP)
Marceline Subdivision	444.2 (BNSF MP)

SPCSL terminal limits have been modified by this Agreement

SSW

Sedalia Subdivision (via UP)	276.32
BNSF Line to Topeka/Ottawa	9.0 (BNSF MP)

UP terminal limits are established as MP 9.0 on the BNSF Topeka/Ottawa Line

F. At all terminals the Carrier will designate the on/off duty points for all road engineers, with these on/off duty points having appropriate facilities for inclement weather and other facilities as currently required in the designated collective bargaining agreement.

G. In all of the zones, when local, work, wreck, Hours of Service relief or other road runs are called or assigned which operate exclusively within the territorial limits of one (1) of these zones established in this Agreement, such service shall be protected by engineers in such zone. If such run or assignment extends across territory encompassing more than one (1) zone contemplated by this Agreement, the Carrier and Organization will mutually agree on the method for assigning engineers to such service, otherwise, it will be protected by engineers on the basis of their common seniority date.

ARTICLE II - SENIORITY CONSOLIDATIONS

A. To achieve the work efficiencies and allocation of forces that are necessary to make the Kansas City Hub operate efficiently as a unified system, a new seniority district will be formed and a master Engineer Seniority Roster - UP/BLE Kansas City Merged Roster #1 will be created for engineers holding seniority in the territory comprehended by this Agreement on the effective date thereof. The new roster will be divided into four (4) zones as described in Articles I.A., I.B., I.C. and I.D. above.

B. Prior rights seniority rosters will be formed covering each of the four (4) zones outlined above. Placement on these rosters and awarding of prior rights to their respective zones shall be based on the following:

1. Zone 1 - This roster will consist of former UP engineers with prior rights on MPUL Merger 2B (Roster No 052111), CNW (Roster No. 053111), St. Joseph Union Terminal (Roster No. 057101) and Northern Kansas (Roster No. 055101) and former SPCSL engineers with rights on SPCSL (Roster No. 310101).

2. Zone 2 - This roster will consist of former UP engineers with rights on UP Eighth District (Roster No. 068101) and former SSW engineers with rights on SSW Herington (Roster No. 303101).

3. Zone 3 - This roster will consist of former UP engineers with rights on Merged 1 St. Louis (Merged Roster No. 040111) and former SSW engineers with rights on SSW Jefferson City (Roster No. 311101).

4. Zone 4 - This roster will consist of former UP engineers with prior rights on Osawatomie Merged 2A (Roster No. 054111) and former SSW engineers with rights on SSW Herington (Roster No. 303101)

C. Entitlement to assignment on the prior rights zone rosters described above shall be the canvass of the employees from the above affected former rosters contributing equity to each of such zones.

D. Engineers on the above-described newly-created prior rights zone rosters shall be integrated into one (1) common seniority roster.

E. All zone and common seniority shall be based upon each employee's date of promotion as a locomotive engineer (except those who have transferred into the territory covered by the hub and thereby established a new date). If this process results in engineers having identical common seniority dates, seniority will be determined by the age of the employees with the older employee placed first. If there are more than two (2) employees with the same seniority date, and the ranking of the pre-merged rosters would make it impossible for age to be a determining factor, a random process, jointly agreed upon by the Director of Labor Relations and the appropriate General Chairman(men), will be utilized to effect a resolution. It is understood this process for ranking employees with identical dates may not result in any employee running around another employee on his former roster.

F. Any engineer working in the territories described in Article I. on the date of implementation of this Agreement, but currently reduced from the engineers working list, shall also be given a place on the roster and prior rights. Engineers currently forced to this territory will be given a place on the roster and prior rights if so desired; otherwise, they will be released when their services are no longer required and will not establish a place on the new roster. Engineers borrowed out from locations within the hub and engineers in training on the effective date of this Agreement shall also participate in formulation of the roster described above.

G. UP engineers currently on an inactive roster pursuant to previous merger agreements shall participate in the roster formulation process described above based upon their date of seniority as a locomotive engineer.

H. With the creation of the new seniority described herein, all previous seniority outside the Kansas City Hub held by engineers inside the new hub shall be eliminated and all seniority inside the new hub held by engineers outside the hub shall be eliminated. All pre-existing prior rights, top and bottom, or any other such seniority arrangements in existence, if any, are of no further force or effect and the provisions of this Agreement shall prevail in lieu thereof. Upon completion of consolidation of the rosters and implementation of this hub, it is understood that no engineer may be forced to any territory or assignment outside the Kansas City Hub.

I. The total number of engineers on the master UP/BLE Kansas City Merged Roster #1 will be mutually agreed upon by the parties, subject to the provisions of Side Letter No. 15.

ARTICLE III - EXTRA BOARDS

A. The following extra boards shall be established to protect vacancies and other extra board work into or out of the Kansas City Hub or in the vicinity thereof. It is understood whether or not such boards are guaranteed boards is determined by the designated collective bargaining agreement.

1. Atchison - One (1) Extra Board (combination road/yard) to protect all extra service at or in the vicinity of Atchison including St. Joseph, Falls City and Union. This board will also protect work formerly performed by the Nearman coal pool. This board may not be used to provide hours of service relief of pool freight trains operating between Kansas City and Council Bluffs except in emergency, nor may it be used to provide relief of Zone 1 assignments home terminaled at Kansas City.

2. Ft. Madison - One (1) Extra Board (combination road/yard) to protect all extra service at or in the vicinity of Ft. Madison and Quincy, including Hours of Service relief in both directions.

3. Jefferson City - West - One (1) Extra Board (combination road/yard) to protect all Zone 3 vacancies headquartered at Jefferson City including vacancies created by engineers laying off while exercising "reverse lodging" privileges. Local or irregular service originating at Jefferson City working west on the UP Sedalia and River Subdivisions will also be protected by this board. This board will protect extra service on assignments headquartered at Lees Summit until a Zone 3 extra board is established at Kansas City.

4. Topeka - One (1) Extra Board (combination road/yard) to protect all road and yard extra service at or in the vicinity of Topeka per Article I.B.9.b. This board will not be used to provide relief of Zone 2 assignments home terminaled at Kansas City.

5. Kansas City - One (1) Extra Board (combination road/yard) to protect each of the following:

   a. Zone 1 pool freight extra service in the Kansas City-Ft. Madison/Quincy pool so long as it remains in existence as a separate pool. This board will be headquartered in Kansas City. This board will supplement the board described in b. below.

   b. Zone 1 pool freight extra service and all other road service in Zone 1, except as otherwise provided herein. This board will be headquartered at Kansas City. This board will supplement the board described in 1. above (Atchison).

c. Zone 2 pool freight extra service and all other road service in Zone 2, except as otherwise provided herein. This board will be headquartered at Kansas City.

d. Zone 3 pool freight extra service and all other road service in Zone 3 except as otherwise provided herein. This board will be headquartered at Kansas City.

e. Zone 4 pool freight extra service and all other road service in Zone 4 except as otherwise provided herein. This board will be headquartered at Kansas City.

6. One (1) extra board (yard only) to protect all yard extra service within the Kansas City Terminal. This board will be accessed by engineers in the manner set forth in Side Letter No. 22.

B. If additional extra boards are established or abolished after the date of implementation of this Agreement, it shall be done pursuant to the terms of the designated collective bargaining agreement. When established, the Carrier shall designate the geographic area the extra board will cover.

ARTICLE IV - APPLICABLE AGREEMENT

A. All engineers and assignments in the territories comprehended by this Implementing Agreement will work under the Collective Bargaining Agreement currently in effect between the Union Pacific Railroad Company and the Brotherhood of Locomotive Engineers dated October 1, 1977 (reprinted October 1, 1991), including all applicable national agreements, the "local/national" agreement of May 31, 1996, and all other side letters and addenda which have been entered into between date of last reprint and the date of this Implementing Agreement. Where conflicts arise, the specific provisions of this Agreement shall prevail. None of the provisions of these agreements are retroactive.

B. All runs established pursuant to this Agreement will be governed by the following:

1. Rates of Pay: The provisions of the June 1, 1996 National Agreement will apply as modified by the May 31, 1996 Local/National Agreement.

2. Overtime: Overtime will be paid in accordance with Article IV of the 1991 National Agreement.

3. Transportation: When a crew is required to report for duty or is relieved from duty at a point other than the on and off duty points fixed for the service established hereunder, the Carrier shall authorize and provide suitable transportation for the crew.

NOTE: Suitable transportation includes Carrier owned or provided passenger carrying motor vehicles or taxi, but excludes other forms of public transportation.

4. Suitable Lodging: Suitable lodging will be provided by the Carrier in accordance with existing agreements.

C. Existing ID run provisions regarding overmile rate and meal allowances as contained in the current UP Kansas City to Falls City ID Agreement (Sections 3. and 4. thereof) shall apply to the through freight pools described in Articles I.A.3. (Kansas City-Ft. Madison/Quincy), I.A.4. (Ft. Madison-Chicago), and I.D.3. (Kansas City-Pratt) of this Implementing Agreement.

D. The following provisions of the former UP Eastern District Interdivisional Run Agreement dated December 16, 1971 will apply to any pre-October 31, 1985 Kansas City Hub Engineers performing service in the Kansas City to Marysville pool:

(1) Part III - Paragraph (b) dealing with overtime.

(2) Part VII - Section 5 dealing with eating en route.

E. Existing ID run provisions regarding deadhead as contained in the current UP Kansas City to Falls City ID Agreement (Section 9 thereof) shall also apply to the through freight pools described in Articles I.C.2. (Kansas City - Jefferson City), I.D.2. (Kansas City - Coffeyville/Parsons) and I.D.3. (Kansas City - Pratt).

F. Engineers in the Kansas City - Coffeyville/Parsons pool who have an engineer/train service seniority date prior to October 31, 1985, shall begin overtime at the expiration of ten (10) hours on duty. When overtime, initial terminal delay and final terminal delay accrue on the same trip, pay will be calculated pursuant to National Agreement provisions. Employees hired after October 31, 1985, shall be paid overtime in accordance with the National Rules governing same and in the same manner as previously paid on the MPUL prior to the merger.

G. The following provisions shall apply to all engineers who establish seniority in the Kansas City Hub under this Merger Implementing Agreement. It is understood these provisions shall not be applicable to engineers establishing seniority as engineer in the Hub after the effective (signature) date of this Agreement:

Engineers protecting through freight service who exceed twelve (12) hours on duty shall be paid for all time on duty in excess of 12 hours at the overtime rate of pay regardless of the district miles of the run. When overtime, initial terminal delay and final terminal delay accrue

on the same trip, pay will be calculated pursuant to National Agreement provisions.

H. Engineers will be treated for vacation, entry rates and payment of arbitraries as though all their time on their original railroad had been performed on the merged railroad. Engineers assigned to the Hub on the effective date of this Agreement (including those engaged in engineer training on such date) shall have entry rate provisions waived. Engineers hired/promoted after the effective date of the Agreement shall be subject to National Agreement rate progression provisions.

I. Engineers protecting pool freight operations on the territories covered by this Agreement shall receive continuous held-away-from-home terminal pay (HAHT) for all time so held at the distant terminal after the expiration of sixteen (16) hours. All other provisions in existing agreement rules and practices pertaining to HAHT pay remain unchanged.

J. Except where specific terminal limits have been detailed in the Agreement, is not intended to change existing terminal limits under applicable agreements.

K. Actual miles will be paid for runs in the new Kansas City Hub. Examples are illustrated in Attachment "B".

ARTICLE V - FAMILIARIZATION

A. Engineers involved in the consolidation of the Kansas City Hub covered by this Agreement whose assignments require performance of duties on a new geographic territory not familiar to them will be given full cooperation, assistance and guidance in order that their familiarization shall be accomplished as quickly as possible. Engineers will not be required to lose time or ride the road on their own time in order to qualify for these new operations.

B. Engineers will be provided with a sufficient number of familiarization trips in order to become familiar with the new territory. Issues concerning individual qualification shall be handled with local operating officers. The parties recognize that different terrain and train tonnage impact the number of trips necessary and the operating officer assigned to the merger will work with the local Managers of Operating Practices in implementing this Section. If disputes occur under this Article they may be addressed directly with the appropriate Director of Labor Relations and the General Chairman for expeditious resolution.

C. It is understood that familiarization required to implement the merger consolidation herein will be accomplished by calling a qualified engineer (or

Manager of Operating Practices) to work with an engineer called for service on a geographical territory not familiar to him.

D. Engineers hired subsequent to the effective date of this document will be qualified in accordance with current FRA certification regulations and paid in accordance with the local agreements that will cover the merged Hub.

ARTICLE VI - IMPLEMENTATION

A. The Carrier will give at least thirty (30) days' written notice of its intent to implement this Agreement.

B. 1. Concurrent with the service of its notice, the Carrier will post a description of Zones 1, 2, 3 and 4 described in Article I herein.

2. Ten (10) days after posting of the information described in B.1. above, the appropriate Labor Relations Personnel, CMS Personnel, General Chairmen and Local Chairmen will convene a workshop to implement assembly of the merged seniority rosters. At this workshop, the representatives of the Organization will construct consolidated seniority rosters as set forth in Article II of this Implementing Agreement.

3. Dependent upon the Carrier's manpower needs, the Carrier may develop a pool of representatives of the Organization, with the concurrence of the General Chairmen, which, in addition to assisting in the preparation of the rosters, will assist in answering engineers' questions, including explanations of the seniority consolidation and implementing agreement issues, discussing merger integration issues with local Carrier officers and coordinating with respect to CMS issues relating to the transfer of engineers from one zone to another or the assignment of engineers to positions.

C. The roster consolidation process shall be completed in five (5) days, after which the finalized agreed-to rosters will be posted for information and protest in accordance with the applicable agreements. If the participants have not finalized agreed-to rosters, the Carrier will prepare such rosters, post them for information and protest, will use those rosters in assigning positions, and will not be subject to claims or grievances as a result.

D. Once rosters have been posted, those positions which have been created or consolidated will be bulletined for a period of seven (7) calendar days. Engineers may bid on these bulletined assignments in accordance with applicable agreement rules. However, no later than ten (10) days after closing of the bulletins, assignments will be made.

E. 1. After all assignments are made, engineers assigned to positions which require them to relocate will be given the opportunity to relocate within the next thirty (30) day period. During this period, the affected engineers may be allowed to continue to occupy their existing positions. If required to assume duties at the new location immediately upon implementation date and prior to having received their thirty (30) days to relocate, such engineers will be paid normal and necessary expenses at the new location until relocated. Payment of expenses will not exceed thirty (30) calendar days.

2. The Carrier may, at its option, elect to phase-in the actual pool consolidations which are necessary in the implementation of this Agreement. Engineers will be given ten (10) days' notice of when their specific relocation/reassignment is to occur.

ARTICLE VII - PROTECTIVE BENEFITS AND OBLIGATIONS

A. All engineers who are listed on the prior rights Kansas City Hub merged rosters shall be considered adversely affected by this transaction and consolidation and will be subject to the New York Dock protective conditions which were imposed by the STB. It is understood there shall not be any duplication or compounding of benefits under this Agreement and/or any other agreement or protective arrangement.

1. Carrier will calculate and furnish TPA's for such engineers to the Organization as soon as possible after implementation of the terms of this Agreement. The time frame used for calculating the TPA's in accordance with New York Dock will be August 1, 1996 through and including July 31, 1997.

2. In consideration of blanket certification of all engineers covered by this Agreement for wage protection, the provisions of New York Dock protective conditions relating to "average monthly time paid for" are waived under this Implementing Agreement.

3. Test period averages for designated union officers will be adjusted to reflect lost earnings while conducting business with the Carrier.

4. National Termination of Seniority provisions shall not be applicable to engineers hired prior to the effective date of this Agreement.

B. Engineers required to relocate under this Agreement will be governed by the relocation provisions of New York Dock. In lieu of New York Dock provisions, an employee required to relocate may elect one of the following options:

1. Non-homeowners may elect to receive an "in lieu of" allowance in the amount of $10,000 upon providing proof of actual relocation.

2. Homeowners may elect to receive an "in lieu of" allowance in the amount of $20,000 upon providing proof of actual relocation.

3. Homeowners in Item 2 above who provide proof of a bona fide sale of their home at fair value at the location from which relocated shall be eligible to receive an additional allowance of $10,000.

   a) This option shall expire within five (5) years from date of application for the allowance under Item 2 above.

   b) Proof of sale must be in the form of sale documents, deeds, and filings of these documents with the appropriate agency.

   NOTE: All requests for relocation allowances must be submitted on the appropriate form.

4. With the exception of Item 3 above, no claim for an "in lieu of" relocation allowance will be accepted after two (2) years from date of implementation of this Agreement.

5. Under no circumstances shall an engineer be permitted to receive more than one (1) "in lieu of" relocation allowance under this Implementing Agreement.

6. Engineers receiving an "in lieu of" relocation allowance pursuant to this Implementing Agreement will be required to remain at the new location, seniority permitting, for a period of two (2) years.

ARTICLE VIII - SAVINGS CLAUSES

A. The provisions of the applicable Schedule Agreement will apply unless specifically modified herein.

B. It is the Carrier's intent to execute a standby agreement with the Organization which represents engineers on the former St. Joseph Union Terminal. Upon execution of that Agreement, said engineers will be fully covered by this Implementing Agreement as though the Organization representing them had been signatory hereto.

C. Nothing in this Agreement will preclude the use of any engineers to perform work permitted by other applicable agreements within the new seniority districts described herein, i.e., yard engineers performing Hours of Service Law relief within the road/yard zone, pool and/or ID engineers performing

service and deadheads between terminals, road switchers handling trains within their zones, etc.

D. The provisions of this Agreement shall be applied to all engineers covered by said Agreement without regard to race, creed, color, age, sex, national origin, or physical handicap, except in those cases where a bona fide occupational qualification exists. The masculine terminology herein is for the purpose of convenience only and does not intend to convey sex preference.

ARTICLE IX - HEALTH AND WELFARE

Engineers of the former UP who are working under the collective bargaining agreement designated in Article IV.A. of this Implementing Agreement belong to the Union Pacific Hospital Association. Former SSW/SPCSL engineers are presently covered under United Health Care (former Travelers GA-23000) benefits. Upon implementation of this Agreement, said former SSW/SPCSL engineers will be granted an option to elect the health and welfare coverage provided by the designated collective bargaining agreement. Any engineer who fails to exercise such option shall be considered as having elected to retain existing coverage.

ARTICLE X - EFFECTIVE DATE

This Agreement implements the merger of the Union Pacific and SSW/SPCSL railroad operations in the area covered by Notice dated January 30, 1998.

Signed at DENVER, CO. this 2nd day of July, 1998.

FOR THE BROTHERHOOD LOCOMOTIVE ENGINEERS:

C. R. Lighter
D. E. Penning
General Chairman, BLE

Michael A. Young
M. A. Young
General Chairman, BLE

D E Thompson
D. E. Thompson
General Chairman, BLE

J. R. Koonce
J. R. Koonce
General Chairman, BLE

APPROVED:

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

D M Hahs
D. M. Hahs
Vice President, BLE

FOR THE CARRIERS:

M. A. Hartman
M. A. Hartman
General Director-Labor Relations
Union Pacific Railroad Co.

J. M. Raaz
J. M. Raaz
Asst. Vice President-Labor Relations
Union Pacific Railroad Co.

Side Letter No. 1

July 2, 1998

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

During our negotiations we discussed SSW ARTICLE 6 - LIFE INSURANCE, SSW ARTICLE 9 - DISABILITY INSURANCE, SPCSL ARTICLE 4 - LIFE INSURANCE and SPCSL ARTICLE 6 - DISABILITY INSURANCE of the August 1, 1995 Agreement between Southern Pacific Lines and your Organization. It was your position that coverages provided by the former agreement should be preserved for the former SSW and SPCSL engineers covered by this Implementing Agreement.

This will confirm that Carrier agreed that these insurance premiums would be maintained at current levels and would be grand fathered to those former SSW an SPCSL engineers who are covered by this Implementing Agreement and who are presently covered under those plans. These insurance premiums will be maintained at current levels for such employees for a six (6) year period commencing January 1, 1998, unless extended or modified pursuant to the Railway Labor Act.

It is understood this Agreement is made without prejudice to the positions of either party regarding whether or not such benefits are subject to preservation under New York Dock and it will not be cited by any party in any other negotiations or proceedings.

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

Yours truly,

M. A. Hartman

M. A. Hartman
General Director - Labor Relations

AGREED:

J. R. Koonce
General Chairman, BLE

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

Side Letter No. 2

July 2, 1998

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

During our negotiations we discussed SSW ARTICLE 7 - VACATION and SPCSL - ARTICLE 17 - VACATION of the August 1, 1995 Agreement between Southern Pacific Lines and your Organization.

This will reflect our understanding that those former SSW and SPCSL engineers who are covered by this Implementing Agreement and who are presently covered by the above agreement provision shall be entitled to obtain the benefits of said ARTICLE 7 and ARTICLE 17 for the calendar year 1999 if said vacation is already earned under existing SSW and SPCSL agreements at the time of implementation of this Agreement. Thereafter, vacation benefits shall be as set forth in the controlling agreement on the merged territory.

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

Yours truly,

M.A. Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

J. R. Koonce
General Chairman, BLE

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

Side Letter No. 3

July 2, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers.

The parties hereto realize that the merger of the former properties into a unified system is a complex undertaking and with the changes in operations and seniority territories, employees covered by this Agreement will be required to perform service on unfamiliar territory.

Familiarization will be a large undertaking, and it is to the benefit of both parties that this process begin as soon as possible so that implementation can occur in a more orderly and rapid manner. Therefore, it is understood that Carrier may begin qualifying engineers on unfamiliar territory, to the extent it is feasible based upon operational and manpower constraints, between time of execution of this Implementing Agreement and date of implementation thereof.

It is understood that familiarization will be accomplished in accordance with Article V - Familiarization of this Agreement. Engineers making familiarization trips which involve greater mileages than their existing (pre-merger) runs will be paid actual mileage to the new objective terminal as contemplated in Article I of this Agreement. Local BLE officers will work with local Carrier officers to implement this Side Letter in the most effective manner.

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

Yours truly,

M. A. Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 4

July 2, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This has reference to the Merger Implementing Agreement for the Kansas City Hub entered into this date.

During our negotiations there was considerable discussion surrounding the operational changes resulting from a merger of UP/SSW/SPCSL operations. Specifically, it was your observation that the merged operation might possibly require an increased amount of transporting of engineers, and your Organization has concerns regarding the quality of the vehicles presently used for transporting engineers, as well as the drivers of said vehicles.

It was Carrier's position that there are existing procedures available to resolve any complaints regarding deficiencies in crew transportation and, as such, this was not a proper topic for inclusion in a Merger Implementing Agreement.

Without prejudice to the positions of the respective parties as set forth above, the Carrier believes it is in the best interests of all parties that routine, unannounced safety audits of crew transportation contractors be conducted, and that a process be established for prompt investigation and, if necessary, resolution of complaints of specific instances of deficiencies in this area. In this regard, this will confirm my advice given you during our negotiations that Carrier agreed it would direct its designated manager to contact a Local Chairman to be designated by your Organization for the purpose of scheduling and conducting field safety audits of transportation contractors in the hub. These safety audits will include, but not be limited to, inspection of vehicles, unannounced rides, interviewing crews, and meeting drivers. These safety audits will be performed no less frequently than quarterly.

If issues are raised by the safety audits which cannot be resolved to the satisfaction of your Organization, they may be referred to the appropriate Labor Relations Officer by the General Chairman for discussion in conference at the earliest possible date to seek a resolution. The conference will include the appropriate General Manager or his designate.

Respectfully,

M. A. Hartman

M. A. Hartman
General Director-Labor Relations

July 2, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This refers to the Merger Implementing Agreement for the Kansas City Hub entered into this date.

During our execution of this Agreement, it was understood that the parties may discover errors or omissions relating to mile post designations, crew district mileages, etc. It is not the intent of either party to hold the other party to such items simply because there was simply not time to verify them for accuracy.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

M. A. Young
General Chairman, BLE

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

SIDE LETTER NO. 6

July 2, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This refers to the Merger Implementing Agreement for the Kansas City Hub, and specifically to Article I.A.3. regarding repositioning engineers from one away-from-home terminal to another. Such handling will be subject to the following conditions:

1. Engineers may be deadheaded prior to the tie-up after the initial trip.

   Example: An engineer runs from Kansas City to Ft Madison. He can be deadheaded from Ft. Madison to Quincy for tie-up at Quincy from his original trip from Kansas City.

2. Engineers may also be deadheaded after tie-up and rest after the initial trip.

   Example: An engineer runs from Kansas City to Ft. Madison and ties up. After rest, he can be deadheaded from Ft. Madison to Quincy for a trip from Quincy to Kansas City.

   a. This handling can only occur when there are no rested engineers at Quincy to protect the service from Quincy to Kansas City, i.e., it is not permissible to deadhead an engineer to a different away-from-home terminal for additional rest, but only for a return trip to the home terminal.

3. Engineers will not be deadheaded by train between one away-from-home terminal to another away-from-home terminal. Other forms of transportation will be used.

4. Engineers hired prior to implementation of this Agreement will be paid highway miles for the deadhead portion of the trip and engineers hired subsequent to the implementation will be paid actual time for the deadhead portion of the trip.

5. Once deadheaded between the two away-from-home terminals an engineer will not be deadheaded back except in an emergency situation such as a flood or a major derailment.

6. It is not the intent of this Agreement to "double deadhead" engineers. If double deadheaded, then the engineer will be paid district miles for the second deadhead. A "double deadhead" in this instance is when an engineer is deadheaded from one-away-from-home terminal to another away-from-home terminal and then deadheaded back to the home terminal.

7. Engineers arriving at the away-from-home terminal by train and instructed to deadhead to another away-from-home terminal will remain on terminal time (if applicable) until they are in the vehicle to transport them to the other away-from-home terminal.

8. It is understood the provisions set forth above shall also apply to the Kansas City-Council Bluffs/Des Moines pool, and these provisions shall supersede pre-existing agreements and/or practices regarding transporting crews between Council Bluffs and Des Moines. Nothing in this Side Letter may be construed to permit transporting away-from-home terminal crews between Council Bluffs/Des Moines and Ft. Madison/Quincy.

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

Yours truly,

M. A. Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

Side Letter No. 7

July 2, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This refers to the Merger Implementing Agreement for the Kansas City Hub entered into this date.

In Side Letter No. 16 of the St. Louis Hub Merger Implementing Agreement and referenced in Article I.B.3.a. of Kansas City Hub Merger Implementing Agreement, the parties agreed to allow former UP and SSW engineers residing at or in the vicinity of Jefferson City to continue to maintain their residences at that location subject to the language of Side Letter No. 16.

The Carrier intends to have Kansas City as the home terminal for all engineers performing service in the Kansas City to Jefferson City pool. The present UP and SSW engineers at Jefferson City covered by this Agreement will be eliminated by attrition. When a former UP or SSW engineer, residing at or in the vicinity of Jefferson City, vacates his pool assignment through retirement, resignation, voluntary seniority move/relocation, etc., and it is not claimed/occupied by a prior rights Jefferson City engineer covered by this Side Letter, such position will no longer be maintained at Jefferson City but will be readvertised as having Kansas City as the designated home terminal.

Initially, upon implementation of this Agreement, the home terminal for the Kansas City to Jefferson City pool will be Jefferson City. (Note: This does not modify or nullify the provisions of Side Letter No. 23 to the St. Louis Hub Merger Implementing Agreement). Sufficient pool turns (along with extra board positions, as described below) shall be established to accommodate those engineers identified on the Attachment to this Agreement. After date of implementation, pool turns which are advertised which exceed the number necessary to fulfill this arrangement may be filled by any other Kansas City Hub engineers. Engineers residing at or in the vicinity of Kansas City who perform service in this pool will be afforded reverse lodging and HAHT privileges at Jefferson City.

An extra board will be maintained at Jefferson City to protect assignments working west in Kansas City Hub Zone 3. This extra board will be maintained at a level of no less than 30% (all fractions are rounded downward) of the number of engineers occupying pool turns and residing at Jefferson City under this attrition arrangement. If there are unfilled positions on such extra board or unfilled positions on locals or other road assignments working out of Jefferson City west, the junior engineer in the Kansas City to Jefferson City pool, residing at or in the vicinity of Jefferson City, will be required to cover such position or assignment. Nothing in this Side Letter is intended to convey the Jefferson City-West Extra board the exclusive right to protect all assignments in Zone 3.

When 51% or more of the turns in the Kansas City to Jefferson City pool are occupied by engineers who reside at or in the vicinity of Kansas City, the home terminal for the pool will become Kansas City. Once this change is effected, it shall remain at Kansas City. Engineers who continue to reside at or in the vicinity of Jefferson City will be afforded reverse lodging and HAHT privileges at Kansas City and lay off privileges at Jefferson City.

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

Yours truly,

M. A. Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

July 2, 1998

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This refers to the Merger Implementing Agreement for the Kansas City Hub entered into this date.

With regard to Article II.H. of the Agreement, the following shall apply:

I. Engineers who participate in the roster formulation process for the Kansas City Hub who presently hold engine service seniority outside the Kansas City Hub will be handled as follows:

a. All engine service seniority outside the Kansas City Hub will be held in abeyance and may not be utilized for any purposes except as outlined below:

b. When subsequent implementing agreements are concluded in other hubs which encompass the seniority described in a. above, which has been held in abeyance, such seniority may be exercised in the roster formulation process for such hub(s) subject to the following limitations:

1. The exercise of such option shall be considered a seniority move and shall be at the engineer's own expense.

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

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

III. When all of the hubs involving engineers with former SSW and SPCSL system seniority have been completed, the Organization may serve notice upon Carrier to meet and negotiate the details surrounding a one-time "Sadie Hawkins Day" for such engineers to make one final, irrevocable move to a hub, which will be without relocation cost to the Carrier. The parties will resolve at this meeting the matters of shortages and/or surpluses in the various hubs, as well as method of seniority integration into the hub to which moving.

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

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

Yours truly,

M. A. Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Side Letter No. 9

July 2, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This refers to the Merger Implementing Agreement for the Kansas City Hub.

During our negotiations your Organization raised some concern regarding the intent of Article VIII - Savings Clauses, Item C thereof. Specifically, it was the concern of some of your constituents that the language of Item C might subsequently be cited to support a position that "other applicable agreements" supersede or otherwise nullify the very provisions of the Merger Implementing Agreement which were negotiated by the parties.

I assured you this concern was not valid and no such interpretation could be applied. I pointed out that Item C must be read in conjunction with Item A, which makes it clear that the specific provisions of the Merger Implementing Agreement, where they conflict with the basic schedule agreement, take precedence, and not the other way around.

The purpose of Item C was to establish with absolute clarity that there are numerous other provisions in the designated collective bargaining agreement, including national agreements, which apply to the territory involved, and to the extent such provisions were not expressly modified or nullified, they still exist and apply. It was not the intent of the Merger Implementing Agreement to either restrict or expand the application of such agreements.

In conclusion, this letter of commitment will confirm that the provisions of Article VIII - Savings Clauses may not be construed to supersede or nullify the terms of the Merger Implementing Agreement which were negotiated in good faith between the parties. I hope the above elaboration clarifies the true intent of such provisions.

Yours truly,

M.A. Hartman

M. A. Hartman
General Director-Labor Relations

July 2, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This refers to the Merger Implementing Agreement for the Kansas City Hub entered into this date.

Prior to implementation of this Agreement, the Carrier and Organization will schedule and convene a meeting in Kansas City, Missouri to develop equity data for roster formulation and slotting of freight pools associated with the Kansas City Hub. The results of this meeting will be appended to this Agreement prior to it being disseminated for a ratification vote.

This meeting will be conducted by Carrier Labor Relations Officers and the appropriate Local Chairmen for the territories concerned. The Carrier will provide the sources of equity data and the Local Chairmen will provide the Carrier with the necessary equity percentages for roster slotting and formulating. In the event the Local Chairmen are unable to agree upon equity percentages, the Carrier will make such determinations and will not be subject to any claims or grievances as a result thereof.

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

Yours truly,

M. A. Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 2, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
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414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This has reference to the Merger Implementing Agreement for the Kansas City Hub entered into this date, and specifically Article VII.A.1. thereof.

During our discussions regarding the time frame for calculating TPA's, the representatives of the former SSW and SPCSL expressed the view that since all of the engineers represented by them had already received TPA's in connection with "interim protection" related to TCS cutovers, they would prefer to simply adopt those existing TPA's for purposes of application of protection under this Merger Implementing Agreement. Carrier is agreeable to this handling.

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

Yours truly,

M. A. Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 2, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
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414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This has reference to our negotiations covering the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines and the Brotherhood of Locomotive Engineers. During these negotiations, the Organization expressed concern that engineers who expire on the Hours of Service Law would not be transported in a timely manner to the destination terminal.

This will confirm the advice given to you, i.e., that when an engineer ties up on the Hours of Service before reaching the objective terminal, the Carrier will make every reasonable effort to relieve subject engineer and transport him to the tie up point, expeditiously. The Carrier recognized the interests of the railroad and its engineers are best served when a train reaches the final terminal within the hours of service. In the event this does not occur, the Carrier is committed to relieving that engineer and providing transportation as soon as practical. It is understood that this commitment contemplates transportation in the form of passenger vehicle, and engineers shall not be transported to the tie-up point after Hours of Service tie-ups by means of train except in case of emergency or extraordinary circumstances which make providing a vehicle impossible.

In the event the Organization feels that this commitment is not being observed at a particular location, the General Chairman shall promptly contact the Director of Labor Relations in writing stating the reasons or circumstances thereof. Within ten (10) days after being contacted the Director of Labor Relations will schedule a conference between the parties to discuss the matter and seek a resolution. The conference will include the appropriate General Manager or his designate.

Yours truly,

M. A. Hartman

M. A. Hartman
General Director-Labor Relations

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 2, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
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414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This refers to the Merger Implementing Agreement entered into this date between the Union Pacific Railroad Company, Southern Pacific Lines, and the Brotherhood of Locomotive Engineers.

In our discussions regarding Article IV, this will confirm Carrier's commitment to provide copies of the designated collective bargaining agreement referenced therein to all former SSW/SPCSL and UP (former Eastern District) engineers comprehended by this Implementing Agreement at the earliest possible date, but no later than by date of implementation of this Agreement.

Yours truly,

M. A. Hartman

M. A. Hartman
General Director-Labor Relations

July 2, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This refers to the Merger Implementing Agreement for the Kansas City Hub entered into this date.

In discussing the relocation benefits in Article VII of the Agreement, we discussed the situation where an employee may desire to sell his home prior to the actual implementation of the merger. Carrier committed to you that such employee would be entitled to treatment as a "homeowner" for relocation benefits purposes provided:

1. Upon actual implementation of the Merger Implementing Agreement the engineer meets the requisite test of having been "required to relocate",

2. The sale of the residence occurred at the same location where claimant was working immediately prior to implementation, and

3. The sale of the residence occurred after the date of this Agreement.

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

Yours truly,

M.A. Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

Side Letter No. 15

July 2, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
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MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This has reference to the Merger Implementing Agreement for the Kansas City Hub entered into this date.

During our negotiations the Organization requested a commitment from the Carrier that no engineer currently in the hub would be forced out of the hub. Carrier advised that it could not commit to this since engineers could potentially come into the hub when rosters are formulated, thereby inflating the number of engineers in the hub and creating a surplus. Therefore, in the alternative it was agreed that the total number of engineers in the Kansas City Hub upon finalization of rosters would be no less than the number in the hub on the date of this Implementing Agreement. In the event that number is exceeded because of engineers coming into the hub from other locations in line with their system seniority, the excess may be reduced by the Carrier by forcing junior surplus engineers out of the hub. In the application of this Side Letter, it is understood that engineers coming into the hub from other locations do so as a seniority move and such moves do not trigger relocation benefits. If such moves result in Carrier reducing surplus junior engineers out of the hub, such forced engineers would be eligible for relocation benefits.

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

Yours truly,

M.A. Hartman

M. A. Hartman
General Director - Labor Relations

Side Letter No. 15
July 2, 1998
Mr. D. E. Penning
Mr. D. E. Thompson
Mr. J. R. Koonce
Mr. M. A. Young
Page 2

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
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July 2, 1998

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GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This refers to the Merger Implementing Agreement for the Kansas City Hub entered into this date.

During our negotiations of this Hub, the parties agreed that in order to operate the large consolidated hub more efficiently, the following would apply:

1. Article 26(D) of the designated collective bargaining agreement shall remain in full force and effect except as specifically described below. The following exceptions are applicable only in the Kansas City Hub:

   a. Freight pool and extra board engineers filling regular assigned engineer vacancies standing first out on the board at time of call and after taking charge of the train will not be considered runaround when another freight pool or extra board engineer called subsequent to the first out engineer departs from a separate location ahead of the first out engineer. Separate location is defined to mean yards, tracks, or exchange points, which would require a crew van to accomplish the engineer exchange.

   NOTE: Freight pool and extra board engineers called to deadhead will continue to be exchanged with other freight pool engineers on duty in order to comply with the first-in/first-out provisions of Article 26(D) and National Railroad Adjustment Board Award No.24679, except it will not be necessary to exchange engineers when the working engineer is called to handle a train from one yard and the deadhead engineer is called to deadhead from another yard. This exception applies to all pools operating out of the Kansas City Hub.

b. Freight pool and extra board engineers filling regular assigned engineer vacancies standing first out on the board at time of call when required to relieve a train on the far side of the terminal under the "25-mile zone" provisions of this Agreement will be considered as having departed the terminal when such engineer departs in the conveyance to said train.

c. Because of recent experience with start up of new hub operations and to alleviate additional confusion during the initial three (3) pay periods after Kansas City Hub implementation, the terminal runaround rule will be suspended. No departure runarounds will be claimed during that period. Subsequent to those three (3) pay periods, all the provisions of Article 26(D) and the provisions of this Memorandum Letter of Agreement will be in full force and effect.

2. A pool freight engineer arriving at the far terminal out of position will, upon arrival at the far terminal, be placed in the same relative position on the board as the engineer held at the home terminal. If the engineer cannot be returned to the proper position because the engineer has not received the necessary Hours of Service rest, the engineer will, upon arrival at the home terminal, be placed in the same relative position on the board as the engineer held at the home terminal at the start of the previous trip.

This Memorandum Letter of Agreement is made with the understanding it is without prejudice to the positions of the respective parties and it will not be cited by any party in any other negotiation or proceeding.

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

Yours truly,

M. A. Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 2, 1998

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GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This refers to the Merger Implementing Agreement for the Kansas City Hub entered into this date.

During our negotiations we discussed engineers holding seniority in the hub who were on leaves of absence for medical, union officer, carrier officer, and other such reasons. We agreed these engineers would be treated as if they were working in the craft for the purposes of roster slotting on the dovetailed roster and for prior rights purposes. As such they will be included on the new rosters with the same status they currently hold. Should they return to service as an engineer, they will be covered under the hub agreement in accordance with their seniority.

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

Yours truly,

M.A. Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

Side Letter No. 18

July 2, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
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GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This refers to the Merger Implementing Agreement for the Kansas City Hub entered into this date.

During our negotiations of this Hub, the parties discussed the application of the 1946 Local Agreement in the merged territory.

Article 4, specifically, the Memorandum of Agreement entitled "Local Freight Train Service" contained in Pages 11 and 12 of the current Agreement will be interpreted and applied as follows:

The territories to which this rule applies will not be expanded by the addition of other than former MP Upper Lines territories. The Agreement will apply only to those territories (subdivisions) as described.

Additionally, the reference to "subdivisions which do not show any trains in time table," contained in Section 1 of this Memorandum, refers only to the Missouri Pacific Railroad's time table in effect on August 10, 1946.

The territories subsequently added as a result of merging with other properties will not be subject to the requirements of Section 1 of this Memorandum.

This Memorandum Letter of Agreement is made with the understanding it is without prejudice to the positions of the respective parties and it will not be cited by any party in any other negotiation or proceeding.

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

Yours truly,

M. A. Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
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J. R. Koonce
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M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 2, 1998

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GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This refers to the Merger Implementing Agreement for the Kansas City Hub entered into this date.

During our discussions regarding Article V - Familiarization, we reviewed some of the problems experienced in implementing other hubs. A process which was adopted in the Denver and Salt Lake City Hub was introduced and the parties agreed to apply it at Kansas City. Specifically, it was agreed that during implementation of the hub engineers will not be removed from their regular assignments to become peer trainers, and any engineer required to assist an engineer on a familiarization trip will be compensated on a trip by trip basis as follows:

> *"Engineers who work their assignment (road and yard service) accompanied by an engineer taking a familiarization trip in connection with the merger shall be paid one (1) hour at the straight time rate of pay in addition to all other earnings for each tour of duty. This payment shall not be used to offset any extra board or pool freight guarantee payments."*

Engineers will be required to submit a timeslip indicating he/she was required to train another engineer and shall include the name of the engineer taking the familiarization trip on the timeslip.

It was understood the terms of this understanding shall be applicable for only the first 180 days following date of merger implementation; thereafter, existing agreement provisions will apply. This understanding is without prejudice or precedent to either party.

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

Yours truly,

M.A. Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 2, 1998

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SCOTT CITY MO 63780

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This has reference to the Merger Implementing Agreement for the Kansas City Hub entered into this date, and specifically Article I.A.4.d. thereof.

While the provisions of Article I.A.4.d. contemplate that engineers dislocated from Ft. Madison as the result of a cessation of operations over BNSF trackage rights would be relocated to Kansas City to exercise their hub seniority, this letter will confirm that Carrier did commit to meet and explore the possibility of integrating those engineers desiring to do so into the existing Chicago to Clinton or Clinton to Des Moines pools. This would of course require the concurrence of the involved BLE General Chairman for that territory. It is understood that any notice or negotiations conducted in this regard would not be under the governance of the commitment letters referenced in the Preamble to this Implementing Agreement.

Yours truly,

M. A. Hartman

M. A. Hartman
General Director-Labor Relations

July 2, 1998

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MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This refers to the Merger Implementing Agreement for the Kansas City Hub entered into this date, and particularly Article II.F.

As discussed, there are currently a group of engineers in training for Dalhart/Pratt. Under the SSW Agreement and seniority provisions, some of these trainees bid the training vacancies from Kansas City with the hope they could hold seniority in the Kansas City Hub after implementation of the merger. It was agreed that these trainees would stand to be canvassed for establishment of seniority in the Kansas City Hub if the roster sizing numbers are such that there are roster slots for them. If not, there is no requirement that they be added to the Kansas City Hub roster.

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

Yours truly,

M. A. Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

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General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 2, 1998

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MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This has reference to the Merger Implementing Agreement for the Kansas City Hub entered into this date, and specifically Articles I.E.2. and III.A.6. thereof.

Extensive discussions were held regarding allocation of yard assignments and extra board work within the consolidated Kansas City Terminal. Carrier agreed to the method of work assignment described herein with the understanding that such arrangement would in no way compromise the Carrier's right to operate the Kansas City Terminal as a consolidated terminal as set forth in this Implementing Agreement, and all yard assignments may operate anywhere within the terminal without any pre-merger seniority distinctions or lines of demarcation. On this basis, it was agreed:

1. All yard assignments and extra board positions in the Kansas City Terminal shall be accessed from a dovetailed seniority roster of all engineers in the Kansas City Hub. This dovetailed roster shall identify every engineer by his zone prior rights, i.e., Zone 1, 2, 3 or 4. Engineers promoted after the date of implementation of this Agreement shall be common, i.e., no prior rights designation shall be noted on said roster.

2. At the equity workshop meeting described in Side Letter No., 10 the parties will develop prior rights percentages to yard work in Kansas City based upon the data used for all the other equity calculations under this Agreement. These percentages will distribute the equity among Zones 1, 2 and 4; Zone 3 will have no equity in the yard work in the Kansas City Terminal.

3. After the equity percentages are developed, an add/cut chart will be developed which describes the proportionate allocation of assignments (including extra board) to prior rights Zone 1, 2 and 4 engineers relative to the total of such assignments within the terminal. The proportional numbers

shall only be relevant for purposes limiting the number of prior rights engineers from each zone exercising their prior rights to such assignments; within such limitations, engineers of all the participating prior rights zones shall compete for assignments within the terminal on the basis of their relative seniority.

4. At the equity workshop meeting described in Side Letter No. 10 the parties will also agree upon the average number of assignments operated in the Kansas City Terminal during the period covered by the equity data. This number will then represent the cap or maximum number of regular assignments subject to the above arrangement. Any assignments established in excess of that number shall be filled by engineers on the basis of their common hub seniority.

5. As indicated above, the extra board described in Article III.A.6 will also be subject to the provisions of Item 3 above. However, the number of extra board positions will not exceed 25% of the number determined under Item 4 above (fractions to be rounded to the next higher number). Once this extra board cap is determined, any extra board positions in excess of that number which are maintained shall be accessed by engineers on the basis of their common hub seniority.

6. Where the above provisions conflict with the provisions of the designated collective bargaining agreement, the above provision shall prevail.

7. The parties will cooperate in meeting to resolve any unforeseen problems or issues relative to implementation of the above procedures.

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

Yours truly,

M.A. Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

Side Letter No. 23

July 2, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR JOHN R KOONCE
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414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This has reference to the Merger Implementing Agreement for the Kansas City Hub entered into this date, and specifically Article I.B.2.

Much discussion occurred surrounding SSW asserted rights to equity in Zone 2 as a result of train changes related to the discontinuance of operations over the Pueblo Line. Without otherwise commenting upon the positions of the respective committees regarding this matter, suffice it to state the Carrier agreed to the following arrangement proffered by the Organization:

> When rosters are formulated and engineers are canvassed, there will be five (5) positions opened on the Zone 2 prior rights roster for former SSW engineers. (The 5th slot represents the former SSW equity on a yard assignment at Topeka). The senior SSW engineers desiring such Zone 2 roster slots shall be placed on such roster in accordance with their seniority and shall establish prior rights in Zone 2 by virtue thereof. If any or all of said proffered roster slots in Zone 2 go unclaimed, they shall be extinguished and no further right to make claim to them shall exist. It is understood that none of the provisions of this implementing agreement may be construed to allow more than five (5) former SSW engineers to acquire a prior rights slot on the Zone 2 roster.

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

Yours truly,

M.A. Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

rescinded. If the answer is in the negative, then the dispute regarding the implementation of the ID service can proceed to arbitration. In either case, it is the implementing agreements which are primarily the focus of the analysis and not Article IX.

As prior New York Dock awards involving these same parties have recognized, the interpretation and application of merger implementing agreements falls within the ambit of Article 1, Section 11 of the New York Dock Conditions. [5] Accordingly, we find that this Committee has jurisdiction over the instant dispute.

III. THE MERITS

A. The Organization's Position

The Organization contends that Carrier's Article IX rights have been superseded by the language set forth in the Little Rock/Pine Bluff Hub Merger Implementing Agreement, the Kansas City Hub Merger Implementing Agreement, and the St. Louis Hub Merger Implementing Agreement. Article IV.A of those hub merger implementing agreements expressly provides that, if conflicts between the applicable collective bargaining agreement and the implementing agreement arise, the specific provisions of the implementing agreement prevail. Since the changes proposed by the Carrier's Article IX notices are in direct conflict with many of the provisions of these three hub merger implementing agreements, Carrier's Article IX rights must give way.

Assuming, *arguendo,* that the implementing agreement language is ambiguous, the Organization submits that there are two points of contract interpretation which bolster

[5] See, BLE and UP, New York Dock Arbitration Committee under Article 1, Section 11 of the New York Dock Conditions, I.C.C. Finance Docket No. 32760 (LaRocco, 2000) (dispute concerning the interpretation and application of two merger implementing agreements falls within the jurisdiction of Article I, Section 11 of the New York Dock Conditions); BLE and UP, New York Dock Arbitration Committee under Article 1, Section 11 of the New York Dock Conditions, I.C.C. Finance Docket No. 32760 (LaRocco, 2001)(side letter to hub merger implementing agreement did not modify a schedule rule beyond the geographical territory of the St. Louis Hub).

its position. First, the negotiating history of the side letter -- set forth in full in Section 2C of this award -- plainly demonstrates the parties intended that no preexisting Agreement would be used by the Carrier to modify or nullify the hub agreements that were negotiated after the merger. It is a well established rule of construction that an interpretation that will give effect to the clear intent of the parties is preferred to one that will nullify all or any part of their objectives. See, Fist Division Award Nos. 15013 and 17590.

Second, the Organization argues that Carrier was successful in obtaining language in various other hub merger implementing agreements preserving its authority to serve ID notices under Article IX of the 1986 Agreement. The absence of such a provision in the three hub agreements at issue in this case plainly indicates that the parties did not intend to preserve those rights under these hub agreements. If it had been intended that Article IX was to survive the hub merger implementing agreements, it would have been a simple matter to spell it out, the Organization asserts.

In sum, the specific language of the three Hub Merger Implementing Agreements cannot be changed or nullified by Carrier's former rights under Article IX of the 1986 National Agreement. Since that is precisely the effect that Carrier's ID notices will have in this case, the Organization maintains that the question it has posed in this case must be answered in the negative.

B. Carrier's Position

Carrier argues that there is no merit to the Organization's contention that the implementing agreements extinguished its Article IX rights, for several reasons.

First, there is no language in any of the three hub merger implementing agreements that eliminates or restricts Carrier's rights under Article IX of the 1986 BLE National Agreement. The Organization, which has the burden of proof in this matter, has not explained how or where Carrier lost its Article IX rights and it can point to no language that supports its position.

Second, in point of fact, the hub merger implementing agreements specifically retain Carrier's pre-existing Agreement rights, including Article IX. The Savings Clauses contained in each of the hub merger implementing agreements at issue make it clear that the parties intended that "the provisions of the applicable Schedule Agreement will apply unless specifically modified herein." (Article VIII.A) The referenced provision is a specific acknowledgement by the parties that the provisions of existing collective bargaining agreements, including National Agreements and, in particular, Article IX of the 1986 National Agreement, are retained and will continue to be applicable. The only exception is if an existing rule or National Agreement is specifically modified in the merger agreement. In this case, Carrier argues, there has been no such modification.

Third, the practice of the parties clearly supports such a conclusion. In Carrier's view, the Organization's position in this case represents a complete departure from its position and handling in previous matters progressed pursuant to Article IX. The numerous interdivisional service runs that have been implemented since the UP/SP merger, under territories covered by New York Dock merger implementing agreements, leave no doubt that Carrier possesses the right to invoke the provisions of Article IX.

Finally, the Organization's reliance upon Article IV.A of the hub merger implementing agreements is unpersuasive. In order to apply the provision, there must first be a conflict between the applicable collective bargaining agreement and the merger implementing agreement. Here, Carrier asserts, there is no conflict between the merger implementing agreements and Article IX. Carrier has the right under Article IX to modify existing collective bargaining agreements to establish new ID service runs provided the procedure outlined in Article IX is followed and adversely affected employees are provided the appropriate protections. Carrier's right to exercise its Article IX rights does not constitute a conflict with the merger agreements. Indeed, the Organization has not identified any Article IX provisions that conflict with the merger implementing agreements. For all these reasons, the Carrier contends it retains the right to proceed under Article IX.

C. Findings and Discussion

We begin our analysis of this dispute by examining the provisions of the Hub Merger Implementing Agreements at issue herein. This Committee's function in interpreting and applying the contractual provisions is to ascertain and then enforce the intention of the parties as reflected by the language of the pertinent provisions involved. If the language being construed is clear and unambiguous, such language is in itself the best evidence of the intention of the parties. We presume that the words used should be read as having their usual and ordinary meaning within the context of the overall agreement. If the language so selected by the parties leaves no doubt as to its intention, then we need not look to extrinsic evidence, and points of bargaining history or past practice become irrelevant.

After careful consideration of all contractual provisions applicable to this matter, we find that the language contained in the hub merger implementing agreements is patently clear. Carrier's Article IX rights under the 1986 National Agreement were not expressly modified or nullified under the hub merger agreements, and therefore they still exist and apply. However, when those rights have been exercised in a manner that conflicts with or modifies the provisions of the hub merger implementing agreements, the implementing agreements must be given precedence. In this case, the hub merger implementing agreements prevail.

Each of the three Hub Merger Implementing Agreements contains a Savings Clause that guarantees the continued existence of pre-existing agreements unless expressly modified. Article VIII.A states: "The provisions of the applicable Schedule Agreement will apply unless specifically modified herein." The dispute concerning this provision of the hub merger implementing agreements centers around the Organization's contention that Carrier's IX rights were eliminated by failing to incorporate those rights specifically in the hub merger implementing agreements. In other words, the Organization is arguing that the omission of reference to Article IX in the Hub Merger Implementing Agreements should be construed as a deliberate intent to surrender Article IX rights under the implementing agreements.

The Organization bases this contention on the fact that certain other hub merger implementing agreements incorporated contract language which addressed pre-existing rights under Article IX of the 1986 National Agreement. For example, the Merger Implementing Agreement for the San Antonio Hub reads, in Article III, Section G: "New pool operations not covered in this implementing Agreement between Hubs or one Hub

and a non-merged area or within a Hub will be handled per Article IX of the 1986 National Implementation Award." The Organization argues that the absence of such language in the three Hub Merger Implementing Agreements at issue constitutes a relinquishment by Carrier of its Article IX rights and thus precludes it from exercising such rights.

There are two principal difficulties with the Organization's argument, however. First, the provisions in hub merger implementing agreements other than the ones involved in this case are not particularly relevant. In a New York Dock case cited by the Organization, Arbitrator La Rocco agreed:

> The parties bargained separately over the various hub merger implementing agreements and the Carrier implemented each merger implementing agreement at a different time. This bargaining process and environment strongly suggests that the parties contemplated that the provisions of each hub merger implementing agreement would pertain only to employees and property covered by the particular merger implementing agreement. Otherwise, the Carrier and the Organization would have negotiated a master hub agreement, the terms of which would pierce the boundaries of each hub.[6]

As Arbitrator LaRocco recognized, the parties intended that the terms and conditions of each hub merger implementing agreement would apply only to the territory expressly covered by the particular implementing agreement. Therefore, this Committee will not impute an intent to extinguish Article IX rights under the three Hub Merger Implementing Agreements at issue based on the language incorporated in other merger implementing agreements.

Second, and just as important, the language of the Savings Clause is not ambiguous and therefore extrinsic evidence is unnecessary to interpret the parties' intent.

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[6] BLE and UP, New York Dock Arbitration Committee under Article 1, Section 11 of the New York Dock Conditions, I.C.C. Finance Docket No. 32760 (LaRocco, 2001)(side letter to hub merger implementing agreement did not modify a schedule rule beyond the geographical territory of the St. Louis Hub).

The Savings Clause states that collective bargaining agreement provisions remain in effect unless "specifically modified" by the Hub Merger Implementing Agreements. By its own clear terms, this provision requires an affirmative expression of intention in order to modify the terms of a collective bargaining agreement. Silence is not sufficient. Thus, the mere fact that the parties failed to insert language in the three Hub Merger Implementing Agreements expressly preserving Carrier's rights under Article IX of the 1986 National Agreement does not mean that those rights were relinquished. In order to extinguish Carrier's Article IX rights, the parties would necessarily have had to include clear and unambiguous language stating that Article IX rights were no longer applicable at these Hubs. They did not do so.

That does not end our inquiry, however. Although Carrier's Article IX rights survive under the Savings Clause of the hub merger implementing agreements, their exercise is not unfettered. Each of the three implementing agreements negotiated by the parties includes the following provision:

> **ARTICLE IV – APPLICABLE AGREEMENTS**
>
> A. All engineers and assignments in the territories comprehended by this Implementing Agreement will work under the Collective Bargaining Agreement currently in effect between the Union Pacific Railroad Company and the Brotherhood of Locomotive Engineers dated October 1, 1977..., including all applicable national agreements the 'local/nations' agreement of May 31, 1996, and all other side letters and addenda which have been entered into between the date of last reprint and the date of this Implementing Agreement. Where conflicts arise, the specific provisions of this Agreement shall prevail... (emphasis added)

As the foregoing language makes clear, the parties recognized, as they did in the Savings Clause, that prior agreements would remain in effect. They also recognized, however, that circumstances might arise in which the implementing agreements would

conflict with these pre-existing agreements. When that happens, the parties agreed that the implementing agreement provisions would prevail. The bargain that was struck is not ambiguous and it is entitled to enforcement.

Our reading of Article IV.A is supported by the express language of the side letter incorporated in each of the three hub merger implementing agreements. To dispel any doubt about the interplay between the pre-existing agreements and the implementing agreements, the side letter incorporated in the hub merger implementing agreements plainly states that, to the extent that there are other applicable collective bargaining agreements that were not expressly modified or nullified, "they still exist and apply." However, the parties expressly acknowledge that "the specific provisions of the Merger Implementing Agreement, where they conflict with the basic schedule agreement, take precedence, and not the other way around."

In the face of this unambiguous language, Carrier argues in its submission:

> ...a merger implementing agreement becomes, upon implementation, a part of the collective bargaining agreement fabric that defines the rules, rates of pay and working conditions for engineers at a particular location. There is no question that merger agreements may be used to make specific changes in an existing collective bargaining agreement. Of course, such changes would be done in order to accomplish the economies and efficiencies of the merger. However, once in place, the merger accord becomes nothing more than a part of the existing collective bargaining agreement and no longer a stand alone document. Moreover, unless there is a specific provision to the contrary, pre-existing contract (agreement) rights accordingly apply equally to a Merger Agreement as they do to any other Agreement provision. There is nothing in New York Dock, in the governing collective bargaining agreement or in the Merger Agreement itself that places it on a higher plane than any other provision or rule or insulates it from the exercise of a pre-existing right or rule, such as Article IX.

This Committee is not persuaded by the Carrier's logic. The parties are experienced negotiators. They must be held to have full knowledge of the provisions of the Hub Merger Implementing Agreements and the significance of the clear and

unambiguous language contained therein. Moreover, it must be presumed that they did not include language in those agreements with the understanding that the provisions would be rendered superfluous or meaningless. The Carrier and the Organization have plainly stated, not once, but twice, that the Hub Merger Implementing Agreements prevail when they conflict with other applicable agreements. If the Carrier's position were accepted in this case, although the parties made express promises in Article IV.A and the side letter to resolve conflicts in agreements in favor of the hub merger implementing agreements, the Carrier would be allowed to ignore those commitments. No such result is warranted here.

Carrier has also argued that there have been numerous interdivisional service runs that have been implemented in territories where a merger implementing agreement exists and, with one possible exception, no protest has been lodged by the Organization. Generally, however, the parties are entitled to insist on the enforcement of the plain and unambiguous provisions of an agreement, even when a contrary practice exists. This established rule of contract interpretation has even greater application in this context, since it is doubtful that any "practice" on other territories can be extrapolated to the instant case. We simply do not know whether the implementing agreement language is the same or even whether the facts giving rise to the interdivisional service changes were similar to those at bar. Carrier may have been successful in instituting new interdivisional runs in other locations, but that does not preclude the Organization from relying on the express language negotiated in the three Hub Merger Implementing Agreements at issue.

To summarize thus far, we conclude that the Hub Merger Implementing Agreements retained Carrier's rights under Article IX of the 1986 National Agreement

and, further, that when those rights conflict with the provisions of the merger implementing agreements, they must give way. The plain and unambiguous language of Article IV.A and the side letter affords no other conclusion.

The remaining issue is whether the provisions of the Hub Merger Implementing Agreements in fact stand in conflict with the interdivisional service runs Carrier seeks to establish pursuant to Article IX of the 1986 National Agreement. Based on the record before this Committee, it would appear that numerous provisions of the implementing agreements governing the operations of trains, methods of compensation and home terminal locations would be nullified or modified if the new ID service runs were put into effect. Accordingly, the provisions of the Hub Merger Implementing Agreements must prevail in accordance with Article IV.A and the side letter set forth in full above.

AWARD AND ORDER

1. This Committee finds that it has jurisdiction to resolve the dispute presented.

2. ORGANIZATION'S QUESTION AT ISSUE:

Whether the provisions of the North Little Rock/Pine Bluff Hub Merger Implementing Agreement (October 9, 1997), the Kansas City Hub Merger Implementing Agreement (July 2, 1998), and the St. Louis Hub Merger Implementing Agreement (April 15, 1998), negotiated pursuant to the Surface Transportation Act, can be changed by the Carrier's former rights under Article IX of the 1986 National Agreement (May 19, 1986), negotiated pursuant to the Railway Labor Act, where the Carrier failed to expressly retain such rights in the aforementioned Hub Merger Implementing Agreements, and the specific language of each aforementioned Hub Merger Implementing Agreement otherwise prohibits such change?

ANSWER TO THE ORGANIZATION'S QUESTION AT ISSUE

Carrier has retained its Article IX rights under the 1986 National Agreement, but the Hub Merger Implementing Agreements cannot be changed by the exercise of Carrier's Article IX rights under the circumstances presented herein.

3. CARRIER'S QUESTION AT ISSUE:

Does the New York Dock UP/SP Merger Implementing Agreement for the North Little Rock/Pine Bluff Hub bar Union Pacific Railroad Company from exercising its right to establish interdivisional service pursuant to Article IX of the May 16, 1986 BLE National Agreement?

ANSWER TO THE CARRIER'S QUESTION AT ISSUE

In the particular case before this Committee, the answer is yes.

Ann S. Kenis

ANN S. KENIS
Neutral Member

Charles R. Rightnowar
Organization Member

Richard Meredith
Carrier Member

Dated this day of March, 2004.

B

ARBITRATION BOARD NO. 581

In the Matter of the Arbitration Between: **BROTHERHOOD OF LOCOMOTIVE ENGINEERS,** **(General Committee of Adjustment, Central Region),** **Organization,** **and** **UNION PACIFIC RAILROAD COMPANY,** **Carrier.**	Pursuant to Article IX, Sec. 4 of the 1986 National Agreement **OPINION AND AWARD**

Hearing Date: February 12, 2004
Hearing Location: Chicago, Illinois
Date of Award: March 12, 2004

MEMBERS OF THE COMMITTEE

Neutral and Sole Member: Ann S. Kenis

ORGANIZATION'S QUESTIONS AT ISSUE:

1. Whether the Arbitrator has jurisdiction under Section 3 of the Railway Labor Act to interpret the provisions of the North Little Rock/Pine Bluff Hub Merger Implementing Agreement, the Kansas City Hub Merger Implementing Agreement, and the St. Louis Hub Merger Implementing Agreement, negotiated pursuant to the New York Dock Conditions, imposed by the Surface Transportation Board, pursuant to its authority under the Surface Transportation Act?

2. If so, whether the provisions of the North Little Rock/Pine Bluff Hub Merger Implementing Agreement, the Kansas City Hub Merger Implementing Agreement, and the St. Louis Hub Merger Implementing Agreement, negotiated pursuant to the Surface Transportation Act, can be changed by the Carrier's former rights under Article IX of the 1986 National Agreement?

3. If so, whether the parties reached impasse under Article IX of the 1986 National Agreement, as to the terms and conditions of the proposed service in the Carrier's letters of May 16, 2003, May 29, 2003, and October 1, 2003, as to the North Little Rock/Pine Bluff Hub?

4. If so, what the proper terms and conditions of the proposed service?

CARRIER'S QUESTION AT ISSUE:

What shall be the terms and conditions of the Interdivisional service between North Little Rock, Arkansas and Memphis, Tennessee, established pursuant to Union Pacific's notice dated May 16, 2003?

I. FACTUAL BACKGROUND

On May 16, 2003, the Carrier served notice in accordance with Article IX, Section 1 of the May 19, 1986 Award of Arbitration Board No. 458 (hereinafter referred to as the 1986 National Agreement) for the establishment of Interdivisional (ID) service between North Little Rock/Pine Bluff and Memphis, with North Little Rock/Pine Bluff as the home terminal. The parties met on June 24, June 25, July 17 and August 14, 2003 but did not reach agreement concerning the operation and conditions of the proposed new ID service.

In connection with its assertion that the Carrier was barred by the terms of the North Little Rock/Pine Bluff Hub Merger Implementing Agreement from exercising its Article IX rights, the Organization wrote the National Mediation Board (NMB) on September 22, 2003, asking that a New York Dock Arbitrator be appointed to address that issue. Carrier opposed the request. At the same time, Carrier notified the NMB seeking the appointment of an Arbitrator to establish the terms and conditions for the proposed ID service. The undersigned was ultimately designated to adjudicate both matters. Hearings on February 12, 2004 were held for the New York Dock arbitration and the arbitration pursuant to Article IX, assigned as Arbitration Board No. 581. Both parties were permitted to make oral presentations at hearing. In addition, they have furnished the Board with extensive written submissions.

At the February 12, 2004 hearing, the Organization and the Carrier waived the Arbitration Board established by Section 4 of Article IX and agreed that the undersigned would act as the sole member of the Board.

II. FINDINGS

The Organization challenges the jurisdiction of the Arbitrator to consider this matter and render a decision. As a threshold matter, the Organization maintains that the proper forum for resolving this dispute is in a New York Dock proceeding.

We agree with the Organization. The question of jurisdiction was raised by the Organization in the New York Dock matter which is the companion case to this one. There, the Arbitration Committee agreed that the forum provided under Article I, Section 11 of the New York Dock Conditions was the proper one for determination as to whether the provisions of the North Little Rock/Pine Bluff Hub Merger Implementing Agreement could be modified by Carrier's pre-existing rights under Article IX of the 1986 National Agreement. The Arbitration Committee further determined that the North Little Rock/Pine Bluff Hub Merger Implementing Agreement, among others, could not be modified by the rights asserted by the Carrier pursuant to Article IX of the 1986 National Agreement.

Our ruling in that case is dispositive herein, both in terms of the Organization's jurisdictional challenge and its contention that the North Little Rock/Pine Bluff Hub Merger Implementing Agreement precludes the Carrier's exercise of its Article IX rights in this proceeding.

AWARD AND ORDER

ORGANIZATION'S QUESTIONS AT ISSUE:

1. Whether the Arbitrator has jurisdiction under Section 3 of the Railway Labor Act to interpret the provisions of the North Little Rock/Pine Bluff Hub Merger Implementing Agreement, the Kansas City Hub Merger Implementing Agreement, and the St. Louis Hub Merger Implementing Agreement, negotiated pursuant to the New York Dock Conditions, imposed by the Surface Transportation Board, pursuant to its authority under the Surface Transportation Act?

Answer: No.

2. If so, whether the provisions of the North Little Rock/Pine Bluff Hub Merger Implementing Agreement, the Kansas City Hub Merger Implementing Agreement, and the St. Louis Hub Merger Implementing Agreement, negotiated pursuant to the Surface Transportation Act, can be changed by the Carrier's former rights under Article IX of the 1986 National Agreement?

Answer: The answer to this question was resolved in the New York Dock proceeding and is dispositive herein.

3. If so, whether the parties reached impasse under Article IX of the 1986 National Agreement, as to the terms and conditions of the proposed service in the Carrier's letters of May 16, 2003, May 29, 2003, and October 1, 2003, as to the North Little Rock/Pine Bluff Hub?

Answer: In light of the answer to Questions 1 and 2, we do not reach this question.

4. If so, what the proper terms and conditions of the proposed service?

Answer: In light of the answer to Questions 1 and 2, we do not reach this question.

CARRIER'S QUESTION AT ISSUE:

What shall be the terms and conditions of the Interdivisional service between North Little Rock, Arkansas and Memphis, Tennessee, established pursuant to Union Pacific's notice dated May 16, 2003?

Answer: In light of the answer to Questions 1 and 2, we do not reach this question.

C

BLE
May 13, 1971

AGREEMENT

DATED MAY 13, 1971

BETWEEN RAILROADS REPRESENTED

by the

NATIONAL RAILWAY LABOR CONFERENCE

and the

EASTERN, WESTERN AND SOUTHEASTERN
CARRIERS' CONFERENCE COMMITTEES

and

EMPLOYEES OF SUCH RAILROADS

REPRESENTED BY THE

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

(a) The outlying point must be either 30 miles or more from the terminal limits of the location where the extra list from which called is maintained, or 60 miles or more from the reporting point of the extra list from which called.

(b) Lodging or allowances in lieu thereof where applicable will be provided only when extra men are held at the outlying point for more than one tour of duty and will continue to be provided for the periods held for each subsequent tour of duty.

2. It is agreed that the parties signatory to this agreement will continue negotiations on the matter of further increasing expenses-away-from-home allowances. Any such increase agreed upon to become effective January 1, 1973.

ARTICLE VIII - INTERDIVISIONAL, INTERSENIORITY DISTRICT, INTRADIVISIONAL AND/OR INTRASENIORITY DISTRICT SERVICE (FREIGHT OR PASSENGER)

Article 4 of the May 23, 1952 Agreement is amended to read as follows:

1. Where an individual carrier not now having the right to establish interdivisional, intersenioriity district, intradivisional or intraseniority district service, in freight or passenger service, considers it advisable to establish such service, the carrier shall give at least thirty days' written notice to the General Chairman or Chairmen of the committee(s) of the Brotherhood of Locomotive Engineers involved, of its desire to establish service, specifying the service it proposes to establish and the conditions, if any, which it proposes shall govern the establishment of such service.

The parties will negotiate in good faith on such proposal and shall recognize each others fundamental rights, and reasonable and fair arrangements shall be made in the interest of both parties. Such rights and arrangements shall include, but not be limited to the following:

(a) Runs shall be adequate for efficient operations and reasonable in regard to the miles run, hours on duty and in regard to other conditions of work.

(b) All miles run over one hundred (100) shall be paid for at the mileage rate established by the basic rate of pay for the first one hundred (100) miles or less.

(c) When an engine crew is required to report for duty or is relieved from duty at a point other than the on and off duty points fixed for the service established hereunder, the carrier shall authorize and provide suitable transportation for the engine crew.

Note: Suitable transportation includes carrier owned or provided passenger carrying motor vehicles or taxi, but excludes other forms of public transportation.

(d) On runs established hereunder engine crews will be allowed a $1.50 meal allowance after 4 hours at the away from home terminal and another $1.50 allowance after being held an additional 8 hours.

2. The foregoing provisions (a) through (d) do not preclude the parties from negotiating on other terms and conditions of work.

3. In the event the carrier and such committee or committees cannot agree on the matters provided for in Section 1(a) and the other terms and conditions referred to in Section 2 above, the parties agree that such dispute shall be submitted to arbitration under the Railway Labor Act, as amended, within 60 days from the date of notice by the carrier of its intent to establish services pursuant to this Article VIII.

The decision of the arbitration board shall be final and binding upon both parties, except that the award shall not require the carrier to establish interdivisional, interseniority district, intradivisional, or intraseniority district service in the particular territory involved in each such dispute but shall be accepted by the parties as the conditions which shall be met by the carrier if and when such interdivisional, interseniority district, intradivisional, or intraseniority district service is established in that territory. Provided further, however, if carrier elects not to put the award into effect, carrier shall be deemed to have waived any right to renew the same request for a period of one year following the date of said award, except by consent of employees party to ~~said arbitration. In its decision the Arbitration Board shall include among~~ other matters decided the provisions set forth in Section 5 below for protection of employees adversely affected as a result of the discontinuance of any existing runs or the establishment of new runs resulting from application of this rule.

4. Interdivisional, interseniority district, intradivisional or intraseniority district service and/or agreements in effect on the date of this Agreement are not affected by this Article VIII.

5. Every employee adversely affected either directly or indirectly as a result of the application of this rule shall receive the protection afforded by Sections 6, 7, 8, and 9 of the Washington Job Protection Agreement of May 1936, except that for the purposes of this Agreement Section 7(a) is amended to read 100% (less earnings in outside employment) instead of 60% and extended to provide period of payment equivalent to length of service not to exceed 5 years and to provide further that allowances in Sections 6 and 7 be increased by subsequent general wage increases.

Any employee required to change his residence shall be subject to the benefits contained in Sections 10 and 11 of the Washington Job Protection Agreement and in addition to such benefits shall receive a transfer allowance of four hundred dollars ($400.00) and five working days instead of the "two working days" provided by Section 10(a) of said agreement. Under this Section, change of residence shall not be considered "required" if the reporting point to which the employee is changed is not more than 30 miles from his former reporting point.

If any protective benefits greater than those provided in this Article are available under existing agreements, such greater benefits shall apply subject to the terms and obligations of both the carrier and employee under such agreements, in lieu of the benefits provided in this Article.

6. This rule shall become effective September 1, 1971, except on such carriers as may elect to preserve existing rules or practices and so notify the authorized employee representatives on or before August 1, 1971.

ARTICLE IX - VACATIONS

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, 1973, by substituting the following Section 1 for the amended Section 1 contained in the agreement of November 17, 1964 as amended, substituting the following Section 2 for the amended Section 2 contained in the agreement of August 17, 1954 as amended, and substituting the following Section 9 for Section 9 as amended:

Section 1 (a) - Effective January 1, 1973, each employee, subject to the scope of schedule agreements held by the organizations signatory to the April 29, 1949 Vacation Agreement, will be qualified for an annual vacation of one week 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.

Beginning with the effective date of the provisions of Article 3 of Agreement "A" dated May 23, 1952, on an individual carrier, but not earlier than the year 1960, in the application of this Section 1(a) each basic day in yard service performed by a yard service employee or by an employee having interchangeable road and yard rights shall be computed as 1.3 days, and each basic day in all other services shall be computed as 1.1 days, for purposes of determining qualifications for vacations. (This is the equivalent of 120 qualifying days in a calendar year in yard service and 144 qualifying days in a calendar year in road service.) (See NOTE below.)

Beginning with the year 1960 on all other carriers, in the application of this Section 1(a) each basic day in all classes of service shall be computed as 1.1 days for purposes of determining qualifications for vacation. (This is the equivalent of 144 qualifying days.) (See NOTE below.)

(b) - Effective January 1, 1973, each employee, subject to the scope of schedule agreements held by the 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 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 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.

D

BLE

MAY 19, 1986

APPENDIX B

to

AWARD

of

ARBITRATION BOARD NO. 458

DATED MAY 19, 1986

between railroads represented by the

NATIONAL CARRIERS' CONFERENCE COMMITTEE

and

employees of such railroads represented by the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

Section 3 - Incidental Work

Road and yard employees in engine service and qualified ground service employees may perform the following items of work in connection with their own assignments without additional compensation:

(a) Handle switches

(b) Move, turn, spot and fuel locomotives

(c) Supply locomotives except for heavy equipment and supplies generally placed on locomotives by employees of other crafts

(d) Inspect locomotives

(e) Start or shutdown locomotives

(f) Make head-end air tests

(g) Prepare reports while under pay

(h) Use communication devices; copy and handle train orders, clearances and/or other messages.

(i) Any duties formerly performed by firemen.

Section 4 - Construction of Article

Nothing in this Article is intended to restrict any of the existing rights of a carrier.

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This Article shall become effective June 1, 1986 except on such carriers as may elect to preserve existing rules or practices and so notify the authorized employee representatives on or before such date.

ARTICLE IX - INTERDIVISIONAL SERVICE

Note: As used in this Agreement, the term interdivisional service includes interdivisional, interseniority district, intradivisional and/or intraseniority district service.

An individual carrier may establish interdivisional service, in freight or passenger service, subject to the following procedure.

Section 1 - Notice

An individual carrier seeking to establish interdivisional service shall give at least twenty days' written notice to the organization of its desire to establish service, specify the service it proposes to establish and the conditions, if any, which it proposes shall govern the establishiment of such service.

Section 2 - Conditions

Reasonable and practical conditions shall govern the establishment of the runs described, including but not limited to the following:

(a) Runs shall be adequate for efficient operations and reasonable in regard to the miles run, hours on duty and in regard to other conditions of work.

(b) All miles run in excess of the miles encompassed in the basic day shall be paid for at a rate calculated by dividing the basic daily rate of pay in effect on May 31, 1986 by the number of miles encompassed in the basic day as of that date. Weight-on-drivers additives will apply to mileage rates calculated in accordance with this provision.

(c) When a crew is required to report for duty or is relieved from duty at a point other than the on and off duty points fixed for the service established hereunder, the carrier shall authorize and provide suitable transportation for the crew.

Note: Suitable transportation includes carrier owned or provided passenger carrying motor vehicles or taxi, but excludes other forms of public transportation.

(d) On runs established hereunder crews will be allowed a $4.15 meal allowance after 4 hours at the away from home terminal and another $4.15 allowance after being held an additional 8 hours.

(e) In order to expedite the movement of interdivisional runs, crews on runs of miles equal to or less than the number encompassed in the basic day will not stop to eat except in cases of emergency or unusual delays. For crews on longer runs, the carrier shall determine the conditions under which such crews may stop to eat. When crews on such runs are not permitted to stop to eat, crew members shall be paid an allowance of $1.50 for the trip.

(f) The foregoing provisions (a) through (e) do not preclude the parties from negotiating on other terms and conditions of work.

Section 3 - Procedure

Upon the serving of a notice under Section 1, the parties will discuss the details of operation and working conditions of the proposed runs during a period of 20 days following the date of the notice. If they are unable to agree, at the end of the 20-day period, with respect to runs which do not operate through a home terminal or home terminals of previously existing runs which are to be extended, such run or runs will be operated on a trial basis until completion of the procedures referred to in Section 4. This trial basis operation will not be applicable to runs which operate through home terminals.

Section 4 - Arbitration

(a) In the event the carrier and the organization cannot agree on the matters provided for in Section 1 and the other terms and conditions referred to in Section 2 above, the parties agree that such dispute shall be submitted to arbitration under the Railway Labor Act, as amended, within 30 days after arbitration is requested by either party. The arbitration board shall be governed by the general and specific guidelines set forth in Section 2 above.

(b) The decision of the arbitration board shall be final and binding upon both parties, except that the award shall not require the carrier to establish interdivisional service in the particular territory involved in each such dispute but shall be accepted by the parties as the conditions which shall be met by the carrier if and when such interdivisional service is established in that territory. Provided further, however, if carrier elects not to put the award into effect, carrier shall be deemed to have waived any right to renew the same request for a period of one year following the date of said award, except by consent of the organization party to said arbitration.

Section 5 - Existing Interdivisional Service

Interdivisional service in effect on the date of this Agreement is not affected by this Article.

Section 6 - Construction of Article

The foregoing provisions are not intended to impose restrictions with respect to establishing interdivisional service where restrictions did not exist prior to the date of this Agreement.

Section 7 - Protection

Every employee adversely affected either directly or indirectly as a result of the application of this rule shall receive

the protection afforded by Sections 6, 7, 8 and 9 of the Washington Job Protection Agreement of May 1936, except that for the purposes of this Agreement Section 7(a) is amended to read 100% (less earnings in outside employment) instead of 60% and extended to provide period of payment equivalent to length of service not to exceed 6 years and to provide further that allowances in Sections 6 and 7 be increased by subsequent general wage increases.

Any employee required to change his residence shall be subject to the benefits contained in Sections 10 and 11 of the Washington Job Protection Agreement and in addition to such benefits shall receive a transfer allowance of four hundred dollars ($400.00) and five working days instead of the "two working days" provided by Section 10(a) of said agreement. Under this Section, change of residence shall not be considered "required" if the reporting point to which the employee is changed is not more than 30 miles from his former reporting point.

If any protective benefits greater than those provided in this Article are available under existing agreements, such greater benefits shall apply subject to the terms and obligations of both the carrier and employee under such agreements, in lieu of the benefits provided in this Article.

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This Article shall become effective June 1, 1986 except on such carriers as may elect to preserve existing rules or practices and so notify the authorized employee representatives on or before such date. Article VIII of the May 13, 1971 Agreement shall not apply on any carrier on which this Article becomes effective.

ARTICLE X - LOCOMOTIVE STANDARDS

In run-through service, a locomotive which meets the basic minimum standards of the home railroad or section of the home railroad may be operated on any part of the home railroad or any other railroad.

A locomotive which meets the basic minimum standards of a component of a merged or affiliated rail system may be operated on any part of such system.

ARTICLE XI - TERMINATION OF SENIORITY

The seniority of any employee whose seniority in engine or train service is established on or after November 1, 1985 and who is furloughed for 365 consecutive days will be terminated if such employee has less than three (3) years of seniority.

rules related to starting times and yard limits for yard crews which are at variance with existing agreements.

(c) A Joint Committee, comprised of an equal number of carrier representatives and organization representatives, shall be constituted to determine whether a bona fide need exists to provide the service. If the Joint Committee has not made its determination by the end of the 14 day advance notice period referenced in Paragraph (b), it shall be deemed to be deadlocked, and the service will be allowed on an experimental basis for a six-month period. If, after the six months have expired, the organization members of the Joint Committee continue to object, the matter shall be referred to arbitration.

(d) If the parties are unable to agree upon an arbitrator within seven days of the date of the request for arbitration, either party may request the National Mediation Board to appoint an arbitrator. The fees and expenses of the arbitrator will be shared equally by the parties.

(e) The determination of the arbitrator shall be limited to whether the carrier has shown a bona fide need to provide the service requested or can provide the service without a special exception to the existing work rules related to starting times and yard limits for yard crews being made at a comparable cost to the carrier.

- - - - - - - -

Nothing in this Article is intended to restrict any of the existing rights of a carrier.

This Article shall become effective November 17, 1991 except on such carriers as may elect to preserve existing rules or practices and so notify the authorized employee representatives on or before such date.

ARTICLE X - INTERDIVISIONAL SERVICE

Article IX - Interdivisional Service of the May 19, 1986 Award of Arbitration Board No. 458, is amended as follows:

Section 4(b) of Article IX is renumbered Section 4(c) and a new Section 4(b) is hereby adopted:

> (b) The carrier and the organization mutually commit themselves to the expedited processing of negotiations concerning interdivisional runs, including those involving running through home terminals, and mutually commit themselves to request the prompt appointment by the National Mediation Board of an arbitrator when agreement cannot be reached.

ARTICLE XI - GENERAL PROVISIONS

Section 1 - Court Approval

This Implementing Document is subject to approval of the courts with

E

MERGER
IMPLEMENTING AGREEMENT
(North Little Rock/Pine Bluff Hub)

between the

UNION PACIFIC RAILROAD COMPANY
Southern Pacific Transportation Company
and the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

PREAMBLE

The U.S. Department of Transportation, Surface Transportation Board ("STB") approved the merger of the Union Pacific Corporation ("UPC"), Union Pacific Railroad Company/Missouri Pacific Railroad Company (collectively referred to as ("UP") and Southern Pacific Rail Corporation, Southern Pacific Transportation Company ("SPT"), St. Louis Southwestern Railway Company ("SSW"), SPCSL Corp., and the Denver & Rio Grande Western Railroad Company ("DRGW")(collectively referred to as ("SP") in Finance Docket 32760. In approving this transaction, the STB imposed New York Dock labor protective conditions. Copy of the New York Dock conditions is attached as Attachment "A" to this Agreement.

Subsequent to the filing of Union Pacific's application but prior to the decision of the STB, the parties engaged in certain discussions which focused upon Carrier's request that the Organization support the merger of UP and SP. These discussions resulted in the parties exchanging certain commitments, which were outlined in letters dated March 8 (2), March 9 and March 22, 1996.

On May 14, 1997, the Carriers served notice of their intent to merge and consolidate operations generally in the following territories:

Union Pacific:

North Little Rock to Longview (not including Longview or Texarkana)

North Little Rock to Monroe/Livonia (not including Livonia but including Alexandria)

North Little Rock to Shreveport (not including Shreveport)

North Little Rock to Van Buren (not including Van Buren)

North Little Rock to Memphis

North Little Rock to Dexter

North Little Rock to Pine Bluff

North Little Rock Terminal

Paragould to Lexa

SSW: Pine Bluff to Big Sandy (not including Texarkana or Big Sandy)

Pine Bluff to Shreveport (not including Shreveport)

Pine Bluff to Memphis

Pine Bluff to Dexter

Pine Bluff to North Little Rock

Pine Bluff Terminal

Pursuant to Section 4 of the New York Dock protective conditions, in order to achieve the benefits of operational changes made possible by the transaction and to modify collective bargaining agreements to the extent necessary to obtain those benefits,

IT IS AGREED:

ARTICLE I - WORK AND ROAD POOL CONSOLIDATIONS

The following work/road pool consolidations and/or modifications will be made to existing runs.

A. Zone 1 Seniority District

1. Territory Covered: (North) North Little Rock to Dexter (not including Dexter)

North Little Rock to Memphis

Pine Bluff to Dexter (not including Dexter)

Pine Bluff to Memphis

Paragould to Lexa

2. Territory Covered: (South)

North Little Rock to Longview (not including Longview, Marshall or Texarkana)

North Little Rock to Shreveport (not including Texarkana or Shreveport)

Pine Bluff to Big Sandy (not including Texarkana, Mt. Pleasant or Big Sandy)

Pine Bluff to Shreveport (not including Shreveport)

The above includes all main lines, branch lines, industrial leads, yard tracks and stations between or located at the points indicated. Where the phrase "not including" is used above, it refers to other than through freight operations, but does not restrict through freight engineers from operating into/out of such terminals/points or from performing work at such terminals/points pursuant to the designated collective bargaining agreement provisions.

North Operations

3. All North Little Rock to Poplar Bluff and Pine Bluff to Illmo pool freight service shall be combined into one (1) pool with North Little Rock/Pine Bluff as the home terminal. Dexter will serve as the away from home terminal. Engineers operating between North Little Rock/Pine Bluff and Dexter may utilize any combination of UP and SSW tracks between such points. The on duty location for this pool shall be at North Little Rock.

   a. The pool described above shall be slotted, and Attachment "B" lists the slotting order for the pool. Former UP and SSW engineers shall have prior rights to said pools turns as set forth in said Attachment "B". The Carrier and the Organization shall mutually agree on the number of turns subject to this arrangement. If turns in excess of that number are established or any of such turns be unclaimed by a prior rights engineer, they shall be filled from the zone roster, and thereafter from the common roster.

   b. The UP pool presently protecting coal train service North Little Rock to/from Newport shall remain a separate pool and shall be unaffected by this Agreement.

   c. The current UP Dupo-Memphis ID pool shall be suspended upon implementation of this Agreement.

d. The current UP Salem-Poplar Bluff ID pool shall continue as present except that runs shall begin and end at Dexter rather than Poplar Bluff. From time of implementation of this Agreement until time of implementation of a Merger Implementing Agreement for the St. Louis Hub, engineers in the Salem-Poplar Bluff ID pool shall be paid district miles to and from Poplar Bluff even though running only to/from Dexter. This payment of constructive miles is an interim measure which terminates when the St. Louis Hub is completed.

e. The current SSW St. Louis to Illmo pool shall be extended to Dexter upon implementation of this Agreement, with payment of additional district miles being made for such extended runs.

f. The current UP Dupo to Poplar Bluff pool shall continue as present except that runs shall begin and end at Dexter rather than Poplar Bluff. From time of implementation of this Agreement until time of implementation of a Merger Implementing Agreement for the St. Louis Hub, engineers in the Dupo-Poplar Bluff pool shall be paid district miles to/from Poplar Bluff even though running only to/from Dexter. This payment of constructive miles is an interim measure which terminates when the St. Louis Hub is completed.

4. All North Little Rock to Memphis and Pine Bluff to Memphis pool freight service shall be combined into one (1) pool with North Little Rock/Pine Bluff as the home terminal. Memphis will serve as the away from home terminal, and shall cease to function as a home terminal for pool service between North Little Rock and Memphis. Engineers operating North Little Rock/Pine Bluff and Memphis may utilize any combination of UP and SSW tracks between such points.

a. The pool described above shall be slotted, and Attachment "C" lists the slotting order for the pool. Former UP and SSW engineers shall have prior rights to said pool turns as set forth in said Attachment "C". The Carrier and the Organization shall mutually agree on the number of turns subject to this arrangement. If turns in excess of that number are established or any of such turns be unclaimed by a prior rights engineers they shall be filled from the zone roster, and thereafter from the common roster.

b. Engineers protecting through freight service in the North Little Rock/Pine Bluff to Memphis pool described in Article I.A.4. above shall be afforded lodging at North Little Rock, if requested, pursuant to the terms of this Agreement. The option to exercise "reverse lodging" at the home terminal must be initiated with CMS within thirty (30) days following the date

of implementation of this Agreement and remains in effect for a one (1) year period, renewable annually thereafter. This provision does not apply to employees hired on or after the date of this Agreement.

c. Engineers protecting through freight service in the North Little Rock/Pine Bluff to Memphis pool, who have elected the reverse lodging option described in b. above shall have lay off privileges at the away from home terminal consistent with the designated collective bargaining agreement rules and practices. When an engineer lays off at the away from home terminal, such vacancy will be filled by the extra board at Memphis, if in existence.

5. Pool freight engineers in the North Little Rock/Pine Bluff-Dexter and North Little Rock/Pine Bluff-Memphis pools may not be used to handle their through freight trains, either at the beginning or the end of their trip, from North Little Rock to Pine Bluff or vice versa. Such trackage may only be used by such engineers under the 25-mile zone provisions described below.

a. Pool freight engineers described above may receive their train up to twenty-five (25) miles on the far side of the terminal or receive or deliver their train up to twenty-five (25) miles on the UP Monroe Subdivision between North Little Rock and Pine Bluff without claim or complaint from any other engineer.

b. For purposes of the application of this Agreement, the lines of demarcation shall be the terminal (switching) limits of North Little Rock and Pine Bluff Terminals prior to the implementation of this Agreement. For the territory between North Little Rock and Pine Bluff, the engineer must operate south of UP Monroe Subdivision Mile Post 315.7, vicinity of North Little Rock, or north of UP Monroe Subdivision Mile Post 346.0, vicinity of Pine Bluff.

c. When so used, the engineer shall be paid an additional one half (½) day at the basic pro rata through freight rate in addition to the district miles of the run. If the time spent beyond the terminal is greater than four (4) hours, then they shall be paid on a minute basis at the basic pro rata through freight rate.

6. Concurrent with the suspension of ID service between Dupo and Memphis under 3.c. above, a new short pool shall be established for handling of pool freight service between Dexter and Memphis with Dexter as the home terminal. Memphis will serve as the away from home terminal, and shall cease to function as a home terminal for

Side Letter No. 24

July 2, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
HAZELWOOD MO 63042

MR JOHN R KOONCE
GENERAL CHAIRMAN BLE
5050 POPLAR AVE STE 501
MEMPHIS TN 38157

MR D E THOMPSON
GENERAL CHAIRMAN BLE
414 MISSOURI BLVD
SCOTT CITY MO 63780

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This has reference to the Merger Implementing Agreement for the Kansas City Hub entered into this date.

Much discussion occurred surrounding certain calling procedures and other local provisions, such as "Sadie Hawkins Days", applicable to former UP 8th District Engineers performing service in the Kansas City to Marysville pool prior to implementation of this Agreement.

Without prejudice or precedent the Carrier agreed to meet, post implementation, to review the above referred-to items to consider whether to adopt any of these former provisions to Zone 2 and/or the entire Kansas City Hub.

Yours truly,

M. A. Hartman

M. A. Hartman
General Director-Labor Relations

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

July 2, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
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GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE WY 82001

Gentlemen:

This has reference to the Merger Implementing Agreement for the Kansas City Hub entered into this date.

Upon implementation of this Agreement, and after all assignments have been made in connection therewith, those former SPCSL Engineers who remained at Ft. Madison or continued working between Ft. Madison and Chicago (including Chicago) and who did not relocate to Kansas City will receive a one (1) time in-lieu relocation payment in the gross amount of $3,500.00. Acceptance of this payment constitutes a waiver of all claims or grievances in connection with the elimination of Quincy as a home terminal for pool operations.

The parties hereto acknowledge this arrangement is made without prejudice or precedent and on a not-to-be cited basis.

The terms of this Side Letter are unrelated to and independent of the provisions set forth in Articles I.A.4.c. and I.A.4.d., and shall not have the effect of reducing or negating such provisions.

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

Yours truly,

M. A. Hartman

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

J. R. Koonce
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

QUESTIONS AND ANSWERS - KANSAS CITY HUB

ARTICLE I - WORK AND ROAD POOL CONSOLIDATION

Q.1. What is the impact of the terminal operations at terminals where both the former UP and SSW/SPCSL had yards/terminal operations being "consolidated into a single operation"?

A.1. In a consolidated terminal, all road crews can receive/leave their trains at any location within the boundaries of the new consolidated Terminal and may perform work anywhere within those boundaries pursuant to the applicable collective bargaining agreement. The Carrier will designate the on/off duty points for road crews. All rail lines, yards, and/or sidings within the Terminal are considered as common to all crews working in, into and out of the Terminal and all road crews may perform all permissible road/yard moves pursuant to the applicable collective bargaining agreements.

Q.2. Is it the intent of this agreement to use engineers beyond the 25-mile zone?

A.2. No.

Q.3. Since the 25-mile zone provisions specify that engineers may be called to receive "the train for which they were called", does this preclude their use under such 25-mile zone provision for any other train?

A.3. Yes, unless other pre-existing local agreements or practices permit otherwise.

Q.4. What is intended by the words "at the basic pro rata through freight rate" as used in this Agreement?

A.4. Payment would be at the high (unfrozen) through freight rate of pay which is applicable to the service portion of the trip.

Q.5. How will initial terminal delay be determined when performing service as in the 25-mile zone?

A.5. Initial terminal delay for engineers entitled to such payments will be governed by the applicable collective bargaining agreement and will not commence when a crew operates back through the on-duty point. Operation back through the on-duty point shall be considered as operating through an intermediate point.

Q.6. How is a crew which received their train in the twenty-five (25) mile zone on the far side of the terminal compensated?

A.6. When so used, the crew shall be paid an additional one-half (½) basic day at the basic pro rata through freight rate for this service in addition to the district miles of the run. If the time spent beyond the terminal is greater than four (4) hours, they shall be paid on a minute basis at the basic pro rata through freight rate. Miles within the 25-mile zone shall not be added to the district miles of the run. Time spent within the zone does not factor into the computation of overtime; however, if the time spent within the zone, if factored into the computation of overtime, would produce road overtime earnings for the tour of duty in excess of the minimum four (4) hour payment, the higher overtime earnings would apply.

Q.7. If a crew in the twenty-five (25) mile zone is delayed in bringing the train into the origin terminal so that it does not have time to go to the destination terminal, what will happen to the crew?

A.7. If the crew had operated back through the origin terminal, they will be transported to the destination terminal, unless emergency conditions (i.e., acts of God, derailment, etc.) prevent such, and be paid district miles, overtime where applicable and a minimum of four (4) hours at the basic pro rata through freight rate.

Q.8. In regards to Question 6 above. What happens if a crew in the twenty-five (25) mile zone is delayed and does not depart the origin terminal a second time?

A.8. If the crew origin terminal is the home terminal will be released at the origin terminal and paid a basic day, including overtime when applicable, in addition to the minimum of four (4) hours at the basic pro rata through freight rate for working the 25-mile zone. If the origin terminal is the away terminal, the crew will be deadheaded to the destination terminal, except in cases of emergency (i.e., Acts of God, derailment, etc.).

Q.9. Is it the intent of this agreement to use engineers in the 25-mile zone if not qualified to operate on that territory?

A.9. No. It is not the intent of this agreement to require engineers to operate against their will within the 25-mile zone if not familiar with such territory.

Q.10. Do the 25-mile zone provisions, including the pay provisions thereof, apply to all engineers?

A.10. These provisions apply equally to pre-1985 engineer, post-1985 engineers, and engineers hired/promoted subsequent to the provisions of this agreement.

Q.11. Is the ½ day at the basic pro rata through freight rate for operating in the 25-mile zone frozen and/or is it a duplicate payment/special allowance?

A.11. No, it is subject to future wage adjustments and it is not a duplicate pay/special allowance.

Q.12. At locations common to other hubs, such as Jefferson City, Wichita, Winfield, etc., is it understood that the right of a Kansas City Hub engineer to reach out 25 miles beyond the terminal to provide Hours of Service relief under the 25-mile zone provisions of this Agreement is dependent upon reciprocal 25-mile zone agreements in those hubs?

A.12. Yes.

Q.13. When an engineer is used for hours of service relief at the away from home terminal pursuant to this Agreement may he be used to provide relief for more than one train?

A.13. No, when the engineer returns to the away from home terminal after performing hours of service relief (on only one train) he will stand first out upon arrival subject to rest and he shall next be either deadheaded or perform actual service to the home terminal.

Q.14. What does the phrase "interchange rules are not applicable for intra-carrier moves within the terminal" mean?

A.14. This refers to movements between locations, points or yards of the former pre-merger roads (i.e., UP, SP, DRGW, SSW and SPCSL). Interchange rules do not apply to such movements.

Q.15. In Article I.A.9 it is provided that local assignments, assigned freight service, and any other irregular assignments will be protected by prior rights Zone 1 engineers from the Kansas City Hub "on a prior rights basis." What happens when such service is advertised and goes no bid?

A.15. The vacancy would be filled by engineers holding seniority in the terminal. For example, such work would be protected by the OMC at Council Bluffs.

Q.16. Carrier and the Organization on the former Eastern District have entered into an agreement providing for the establishment of RSS assignments at Marysville, which will be under the ED Agreement at that location. Are any such RSS jobs at Marysville to be treated the same as the Jeffrey Energy Pool assignments for purposes of application of the grandfather provisions of Article I.B.8.?

A.16. Yes.

Q.17. With regard to Article I.B.8., is it intended that the attrition of the Jeffrey Energy Pool assignments to the UP 18th District would be applied to force a prior rights former 8th District engineer out of Marysville?

A.17. No.

Q.18. With regard to Article I.B.8.a., if an engineer who was awarded prior rights to the Jeffrey Energy Pool assignments subsequently bid off or was reduced from such assignments, is he precluded from later reasserting his prior rights seniority to such assignments?

A.18. No.

Q.19. Are there any circumstances under which a former UP 8th District engineer would be entitled to relocation benefits from one location to another location within Zone 2?

A.19. Since Marysville, Topeka and Kansas City were all within the same seniority district pre-merger, and are retained/prior righted post-merger, not basis for relocation benefits could be established.

Q.20. Even though under Article I.A.11.b. the extra board at Atchison is not included in the prior rights arrangements at Atchison/St. Joseph, would a prior righted Atchison or St. Joseph engineer forfeit their prior rights under Article I.A.11.a. if they bid in the extra board?

A.20. No.

Q.21. After the six (6) year period in Article I.A.4.c. has expired, what application does Article I.A.4.d. have if the Carrier elects to phase out its use of BNSF trackage rights on a gradual basis rather than on an immediate basis?

A.21. It is not intended that Carrier may circumvent the provisions of Article I.A.4.d. by implementing a plan to discontinue such trackage rights operations on a phased in basis. While the specific facts of the case will speak for themselves, it is undisputed that the intent of the parties is to afford relocation benefits to engineers forced to

relocate to Kansas City as a direct result of discontinuance of exercise of the trackage rights operations.

ARTICLE II - SENIORITY CONSOLIDATIONS

Q.1. What is the status of pre-October 31, 1985 trainmen/firemen seniority?

A.1. Trainmen/firemen seniority will be in negotiations/arbitration with the appropriate Organization. Employees will be treated as firemen should they not be able to hold as an engineer. Those currently "treated as" will continue such status.

Q.2. What is the status of post-October 31, 1985 trainmen/firemen seniority?

A.2. A post-October 31, 1985 engineer will exercise their seniority as a trainman/fireman in accordance with the applicable agreements should they not be able to hold as an engineer.

ARTICLE III - EXTRA BOARDS

Q.1. Will extra boards established under this section be confined to protecting extra work exclusively within the zone in which established?

A.1. All extra boards will only protect extra work within one zone. After implementation, should the Carrier desire to establish extra boards which protect extra work in more than one zone, this will be done pursuant to the existing collective bargaining agreement, and the parties must reach agreement as to how engineers from the zones involved will be allowed to exercise seniority to such extra board(s). Failure to reach such agreement, common seniority will be used.

Q.2. Are these guaranteed extra boards?

A.2. The provisions of the designated collective bargaining agreement shall apply.

Q.3. In Article III.A.1. referring to use of the Atchison Extra Board for Hours of Service relief, what does "except in emergency" mean?

A.3. The order of providing Hours of Service relief would be use of a rested away-from-home pool engineer on a straightaway move or the protecting extra board at Kansas City, including the supplementing extra board described in Article III.A.5.a. If all these sources are exhausted, the Atchison Extra Board could be used in order to move the train.

ARTICLE IV - APPLICABLE AGREEMENTS

Q.1. When the Merger Implementing Agreement becomes effective what happens to existing claims previously submitted under the prior agreements?

A.1. The existing claims shall continue to be handled in accordance with the former agreements and the Railway Labor Act. No new claims shall be filed under those former agreements once the time limit for filing claims has expired.

Q.2. Under Article IV.G., is it the intent that an engineer may receive duplicate compensation under this provision and some other agreement rule, such as deadhead provisions?

A.2. No.

ARTICLE V - FAMILIARIZATION

Q.1. An engineer who makes familiarization trips only on the portion of the geographic territory where he intends to work may later exercise to another part of the territory with which he is not familiar. Does this Agreement apply to the necessary additional familiarization trips?
A.1. Yes, no matter how much time has elapsed from date of implementation of this Agreement.

Q.2. Who will approve an engineer as being properly familiarized on a new territory?
A.2. An engineer will not be considered qualified on a new territory until check ride is given by the designated Carrier officer as per the requirements of 49 CFR, Parts 240.127 and 240.129.

Q.3. May a brakeman, conductor, other employee not specified in the Agreement be used to familiarize an engineer on an unfamiliar geographic territory?
A.3. No.

Q.4. If an unqualified extra engineer stands first out for an assignment and the next extra engineer is qualified, may the first out extra engineer be run-around?
A.4. No. The first out extra engineer will be called for the assignment and the next out engineer qualified will be called to act as a pilot.

Q.5. How shall a qualified engineer used as pilot be compensated?
A.5. The same as if he had operated the train.

ARTICLE VI - IMPLEMENTATION

Q.1. How will Local Chairmen assisting in the implementation process be treated for protection purposes?
A.1. Local Chairmen assisting the Carrier in implementing the Agreement shall be paid the greater of their earnings or their protection. While assisting the Carrier in the implementation process they shall be governed by basic New York Dock protection reduction principals when laying off (other than company service while assisting in implementation) or absent for any reasons. They will not be required to occupy the higher rated job or position during implementation period.

ARTICLE VII - PROTECTIVE BENEFITS AND OBLIGATIONS

Section A:

Q.1. How will test period earnings be calculated for employees returning to service following extended absence (a period of one year or more)?
A.1. Their test period earnings will be the average of the test period earnings of the two (2) employees below and two (2) employees above on the pre-merger rosters working in the same class of service.

Q.2. How will test period earnings be calculated for part time union officers?
A.2. In the same manner as question 1, Answer 1 above.

Q.3. How does the Carrier calculate test period earnings if, during the last twelve (12) months, an employee has missed two (2) months compensated service?

A.3. The Carrier will go back fourteen (14) months (or however many months necessary) to calculate the test period earnings based on twelve (12) months compensated service.

Q.4. How will an employee be advised of his test period earnings?

A.4. Test periods will be furnished to each individual and their appropriate General Chairman.

Q.5. An employee is off one or more days of a month in the test period account of an on-duty personal injury. Will that month be used in computing test period averages?

A.5. Yes, if the employee performed other compensated service during the month.

Q.6. An engineer protects an extra board which pays a bonus day to an employee who stays marked up on the board for the entire pay period. Is this payment included in calculation of test period earnings?

A.6. Yes.

Q.7. Is vacation pay received during the test period considered as compensation?

A.7. Yes.

Q.8. If an engineer is on vacation the entire month and the vacation pay therefor is less than his TPA, would he be entitled to draw a displacement for the difference?

A.8. Yes.

Q.9. How is length of service calculated?

A.9. It is the length of continuous service an employee has in the service of the Carrier, as defined in the Washington Job Protection Agreement of 1936.

Q.10. If an employee has three years of engine service and three years of train service, how many years of protection will they have?

A.10. Six.

Q.11. Claims for a protection guarantee are subject to offset when an employee is voluntarily absent. How are such offsets computed?

A.11. A prorated portion of the guarantee is deducted for each twenty-four (24) hour period or portion thereof. The proportion varies depending on the number of days in the month and the rest days of a regularly assigned employee. For example, in a thirty (30) day month, the through freight deduction would be 1/30th. For an employee assigned to a six (6) day local, the proration would be 1/26th or 1/27th, depending on how rest days fell. For an unassigned yard employee, the proration would be anywhere from 1/20th to 1/24th, depending on how the rest days fall. A deduction will not be made for an employee required to lay-off due to mileage regulations.

Q.12. An employee assigned to the extra board lays off for one day. During the period of lay-off, he would not have otherwise had a work opportunity. What offset should be made in the employee's protective claim?

A.12. A pro rata portion of the guarantee is deducted, such proportion depending on the number of days in the month, i.e., 1/28th, 1/29th, 1/30th or 1/31st. [Except mileage regulation lay-off].

Q.13. What prorated portion of a protection guarantee will be deducted for an employee working on a guaranteed extra board whereon such employee is entitled to lay off up two (2) days per month without deduction of the extra board guarantee?

A.13. No deduction will be made from the protection guarantee for the first two (2) days of layoff during the month. Layoffs in excess of two (2) will result in a prorated deduction from the protection guarantee on the basis of the number of days in the month for each day of layoff in excess of two. [Except mileage regulation lay-off.]

Q.14. How will employees know which jobs are higher rated?

A.14. The Carrier will periodically post job groupings identifying the highest to lowest paid jobs.

Q.15. Will specific jobs be identified in each grouping?

A.15. Pools, locals and extra boards, with different monetary guarantees, may be identified separately but yard jobs and road switchers will not be.

Q.16. What rights does an employee have if he is already covered under labor protection provisions resulting from another transaction?

A.16. Section 3 of New York Dock permits employees to elect which labor protection they wish to be protected under. By agreement between the parties, if an employee has three years remaining due to the previous implementation of Interdivisional Service the employee may elect to remain under that protection for three years and then switch to the number of years remaining under New York Dock. If an employee elects New York Dock then he/she cannot later go back to the original protection even if additional years remain. It is important to remember that an employee may not receive duplicate benefits, extend their protection period or count protection payments under another protection provision toward their test period average for this transaction.

Q.17. Will the Carrier offer separation allowances?

A.17. The Carrier will review its manpower needs at each location and may offer separation allowances if the Carrier determines that they will assist in the merger implementations. Article I Section 7 of New York Dock permits an employee that is "dismissed" as defined by New York Dock to request a separation allowance within seven days of his/her being placed in dismissed status in lieu of all other benefits.

Q.18. Does an employee who elects to exercise his seniority outside the Kansas City Hub and not participate in the formulation of rosters for the new Kansas City Hub qualify for wage protection?

A.18. The certification agreed to under Article VII applies only to those employees who are slotted on the newly formed Kansas City Hub rosters.

Q.19. In applying the "highest rated job" standard to a protected employee, may the Carrier require an employee to take a higher rated job (or use those earnings as an offset against the protection guarantee) which would require a change in residence?
A.19. No, unless the job is protected from that source of supply point.

Section B:

Q.1. Who is required to relocate and is thus eligible for the allowance?
A.1. An engineer who can no longer hold a position at his location and must relocate to hold a position as a result of the merger. This excludes engineers who are borrow outs or forced to a location and released.

Q.2. Are there mileage components that govern the eligibility for an allowance?
A.2. Yes, the engineer must have a reporting point farther than his old reporting point and at least 30 miles between the current home and the new reporting point and at least 30 miles between reporting points.

Q.3. Can you give some examples?
A.3. The following examples would be applicable.

Example 1: Engineer A lives 80 miles east of Kansas City and works a yard assignment at Kansas City. As a result of the merger, he is assigned to a yard job with an on duty at Lee's Summit. Because his new reporting point is closer to his place of residence no relocation allowance is given.

Example 2: Engineer B lives 35 miles east of Kansas City and goes on duty at the SP yard office in Kansas City. As a result of the merger he goes on duty at the UP yard office in Kansas City which is one mile away. No allowance is given.

Example 3: Engineer C lives in Ft. Madison and is unable to hold an assignment at that location and must place on an assignment at Kansas City. The engineer meets the requirement for an allowance and whether he is a homeowner, a homeowner who sells their home or a non-homeowner determines the amount of the allowance.

Example 4: Engineer D lives in Ft. Madison and can hold an assignment in Ft. Madison but elects to place on an assignment at Kansas City. Because the engineer can hold in Ft. Madison, no allowance is given.

Q. 4. Why are there different dollar amounts for non-home owners and homeowners?
A. 4. New York Dock has two provisions covering relocating. One is Article I Section 9 Moving expenses and the other is Section 12 Losses from home removal. The $10,000 is in lieu of New York Dock moving expenses and the additional $10,000 or $20,000 is in lieu of loss on sale of home.

Q. 5. Why is there a set amount offered on loss on sale of home?
A. 5. It is an in lieu of amount. Engineers have an option of electing the in lieu of amount or claiming New York Dock benefits. Some people may not experience a loss on

sale of home or may not want to go through the procedures to claim the loss under New York Dock.

Q. 6. What is loss on sale of home for less than fair value?
A. 6. This refers to the loss on the value of the home that results from the Carrier implementing this merger transaction. In many locations the impact of the merger may not affect the value of a home and in some locations the merger may affect the value of a home.

Q. 7. Can you give an example?
A. 7. Prior to the merger announcement a home was worth $60,000. Due to numerous employees transferring from a small city the value drops to $50,000. Upon approval of the sale by the Carrier employee is entitled to $10,000 under Section 12 and the expenses provided under Section 9, or the owner can claim the in lieu of amount of $30,000.

Q. 8. If the parties cannot agree on the loss of fair value what happens?
A. 8. New York Dock Article I Section 12 (d) provides for a panel of real estate appraisers to determine the value before the merger announcement and the value after the merger transaction.

Q. 9. What happens if an employee sells a home valued at $50,000 for $20,000 to a family member?
A. 9. That is not a bona fide sale and the employee would not be entitled to either an in lieu of payment or a New York Dock payment for the difference below the fair value.

Q. 10. What is the most difficult part of New York Dock in the sale transaction?
A. 10. Determine the value of the home before the merger transaction. Whiie this can be done through the use of professional appraisers, many people think their home is valued at a different amount.

Q.11. Must SPCSL engineers and SSW Jefferson City engineers be forced to an assignment to be eligible for relocation benefits?
A.11. No, since they must relocate (except those Jefferson City engineers electing the benefits of Side Letter No. 7) to Kansas City, they make application for other assignments.

Q.12. Are there any seniority moves that are eligible for an allowance?
A.12. Yes. A seniority move that permits another employee who would have otherwise been forced to move to remain at the same location will be eligible for an allowance. The move may not trigger other relocation allowances.

SIDE LETTER NO. 2

Q. 1. Will an engineer gain or lose vacation benefits as a result of the merger?
A. 1. SSW/SPCSL engineers will retain the number of weeks vacation earned for 1998 and 1999 that they would have earned under their previous vacation agreement. Beginning with the 2000 calendar year they will be treated as if they had always been a UP engineer and will earn identical vacation benefits as a UP engineer who had the same hire date and same work schedule.

Q. 2. When the agreement is implemented, which vacation agreement will apply?
A. 2. The vacation agreements used to schedule vacations for 1998 will be used for the remainder of 1998 and in 1999.

Q. 3. Will personal leave be applicable to SSW/SPCSL engineers in 1998?
A. 3. Personal leave days for SSW/SPCSL engineers will apply effective January 1, 1999. The number of personal leave days applicable to SSW/SPCSL engineers in 1998 will be prorated based upon actual implementation date.

MILEAGE OF RUNS
ATTACHMENT "B"

Kansas City to Council Bluffs (via Falls City)	204
Kansas City to Des Moines (former CNW)	221
Kansas City to Ft. Madison	225
Kansas City to Quincy	210
Kansas City to Marysville	147
Kansas City to Jefferson (via River Sub)	162
Kansas City to Jefferson City (via Sedalia)	154
Kansas City to Wichita (via BNSF trackage/El Dorado)	197
Kansas City to Wichita (via BNSF trackage/Peabody)	197
Kansas City to Wichita (via BNSF trackage/Newton)	215
Kansas City to Winfield (via BNSF trackage)	215
Kansas City to Coffeyville	190
Kansas City to Pratt (via Hutchinson)	268
Ft. Madison to Chicago (IHB)	230
Quincy to Chicago (IHB)	265

All mileages shown are approximations and are subject to final verification.

ATTACHMENT "C"

POOL ALLOCATION

Kansas City - Jefferson City Pool (__turns); former UP _____%; former SSW _____%.

1.	UP	11.	UP
2.	SSW	12.	SSW
3.	UP	13.	UP
4.	SSW	14.	SSW
5.	UP	15.	UP
6.	SSW	16.	SSW
7.	UP	17.	UP
8.	SSW	18.	SSW
9.	UP	19.	UP
10.	SSW	20.	SSW

(Turns in excess of the highest number shown herein will be filled by engineers from the zone roster, and thereafter from the common roster).

ATTACHMENT "D"
UP
Jefferson City Engineers

1.	H. R. Bunch	11/21/73
2.	T. G. Stock	01/16/74
3.	C. P. Beach	02/08/74
4.	E. R. Lister	05/08/74
5.	W. D. Herrington	05/17/74
6.	L. E. Bagby	06/30/74
7.	T. M. Kohn	08/15/74
8.	F. S. Wiggins	08/19/74
9.	D. G . Wagers	09/28/74
10.	D. D. Huff	10/12/74
11.	M. W. Carver	11/04/74
12.	D. A. Slicker	04/16/75
13.	J. G. McCasland	09/01/75
14.	D. W. Roling	09/01/75
15.	M. W. Offineer	12/02/75
16.	S. A. Wheeler	04/17/76
17.	W. J. Shelton	12/10/76
18.	R. J. Berhorst	12/10/76
19.	R. L. Moeckel	04/23/77
20.	L. C. Frank	07/25/77
21.	D. M. Steigers, Jr.	07/25/77
22.	M. W. Smith	10/26/77
23.	R. L. Viessman	11/16/77
24.	R. W. Nowack	11/16/77
25.	J. M. Rackers	04/29/78
26.	W. F. McKinney	04/29/78
27.	D. A. Laune	08/01/78
28.	C. W. Goodin	08/01/78
29.	D. E. Imsland	01/28/78
30.	J. R. Stevens	01/29/79
31.	M. H. Twardowski	02/19/79
32.	S. L. Job	10/21/79
33.	R. K. Sennott	10/22/79
34.	C. W. Kerr	11/10/79

ATTACHMENT "D"
UP
Jefferson City Engineers

35.	C. A. VanLoo	03/11/80
36.	S. G. Asher	05/24/80
37.	L. K. Lorts	05/24/80
38.	H. D. Downing	05/24/80
39.	C. L. Williams	08/16/80
40.	H. W. Schanuth, Jr.	04/26/81
41.	B. M. Britt	04/26/81
42.	A. K. Schad	04/26/81
43.	C. F. Chapman	04/26/81
44.	R. K. Ellis	04/26/81
45.	C. W. Groose	04/26/81
46.	T. J. Schepers	04/26/81
47.	C. E. Weaver	06/09/81
48.	L. A. Frank	02/18/82
49.	C. G. Palmer	02/18/82
50.	J. S. Moss	02/18/82
51.	A. L. Adams	04/09/82
52.	K. W. Pihana	06/05/82
53.	H. J. Smith	11/22/94
54.	R. O. Key	11/22/94
55.	S. P. Keilt	11/25/94
56.	A. I. Lindsey	12/01/94
57.	K. N. Olsen	04/08/96
58.	C. C. Groose	04/08/96
59.	R. J. Berthelson	05/03/96
60.	A. L. Cachere	05/03/96
61.	J. P. Sevart	05/03/96
62.	E. V. Ochs	05/03/96
63.	T. C. McCormick	05/03/96
64.	C. L. Groose	01/07/97

ATTACHMENT "D" (Cont'd)
SSW
Jefferson City Engineers

1.	A. R. Barnett	498-64-8641
2.	W. M. Bond	488-48-7762
3.	D. A. Brown	430-84-2941
4.	G. M. Campbell	489-48-6291
5.	D. L. Claque	431-82-1203
6.	R. D. Cummings	490-58-6727
7.	G. W. Davis	488-54-5738
8.	B. H. Demsey	493-46-5704
9.	G. R. Dildy	432-90-7501
10.	M. A. Dixon	432-90-9018
11.	S. V. Davenport	432-66-9151
12.	M. E. Gage	494-48-1534
13.	W. E. Gross	486-46-6308
14.	R. J. Hanschen	494-56-4710
15.	C. J. Hicks	490-52-8319
16.	R. E. Holdt	490-44-1427
17.	T. G. Jenkins	492-50-5232
18.	S. M. Jungers	355-46-3204
19.	R. D. Lambeth	
20.	R. A. Lawrence	489-44-7272
21.	G. R. Moore	430-90-4525
22.	D. T. Mayberry	430-86-4260
23.	M. J. Menz	480-56-5003
24.	T. W. Mobley	498-56-9829
25.	L. D. Malloy	487-60-0637
26.	D. G. Morris	498-60-1850
27.	G. W. Osterhage	350-36-6191
28.	D. L. Patrick	430-84-4709
29.	R. L. Pettit	498-56-9524
30.	K. D. Pickett	497-50-3013
31.	R. G. Potter	336-34-4705
32.	G. B. Ruiz	500-34-9530
33.	T. C. Sawyer	337-58-8700
34.	G. H. Schaefer	494-56-1547
35.	J. W. Sissom	494-56-3344
36.	D. R. Snyder	428-88-2388
37.	L. W. Steele	498-46-8524
38.	F. G. Spencer, Sr.	450-66-1573
39.	W. P. Stover	360-32-6732
40.	L. E. Strange	499-48-5076
41.	D. R. Svetlich	513-44-3474
42.	F. J. Thielemier	
43.	G. W. Thomas	432-02-9718
44.	J. L. Webb	495-52-1476
45.	R. L. Wright	494-56-0481
46.	M.O. Coats	

ATTACHMENT "E"

POOL ALLOCATION

Kansas City - Jefferson City Pool (51 turns); former UP 69%; former SSW 31%

1.	UP	27.	UP
2.	SSW	28.	SSW
3.	UP	29.	UP
4.	UP	30.	UP
5.	SSW	31.	SSW
6.	UP	32.	UP
7.	UP	33.	UP
8.	UP	34.	SSW
9.	SSW	35.	UP
10.	UP	36.	UP
11.	UP	37.	UP
12.	SSW	38.	SSW
13.	UP	39.	UP
14.	UP	40.	UP
15.	SSW	41.	SSW
16.	UP	42.	UP
17.	UP	43.	UP
18.	SSW	44.	SSW
19.	UP	45.	UP
20.	UP	46.	UP
21.	SSW	47.	SSW
22.	UP	48.	UP
23.	UP	49.	UP
24.	UP	50.	SSW
25.	SSW	51.	UP
26.	UP		

(Turns in excess of the highest number shown herein will be filled by engineers from the zone roster, and thereafter from the common roster).

ATTACHMENT "F"

Zone 1 (Baselines)

MP	47
CNW	17
SPCSL	32 (16 Kansas City to Ft. Madison/Quincy and 16 Ft. Madison/Quincy to Chicago)
Total	80

Zone 4 (Baseline)

Total	69

The above totals do not include extra boards, these are regular assigned baselines.

212044

BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 32760, SUB-FILE 43

IN THE MATTER OF ARBITRATION BETWEEN UNION PACIFIC RAILROAD COMPANY AND BROTHERHOOD OF LOCOMOTIVE ENGINEERS, NEW YORK DOCK ARBITRATION, CASE NO. 03/074

(Arbitration Review)

APPEAL FROM ARBITRATION AWARD

SEP 20 2004

APPENDIX
VOLUME II

Respectfully submitted,

THOMPSON COBURN LLP

Clifford A. Godiner
Rodney A. Harrison
One US Bank Plaza
St. Louis, Missouri 63101
314-552-6000
FAX 314-552-7000

Attorneys for Carrier

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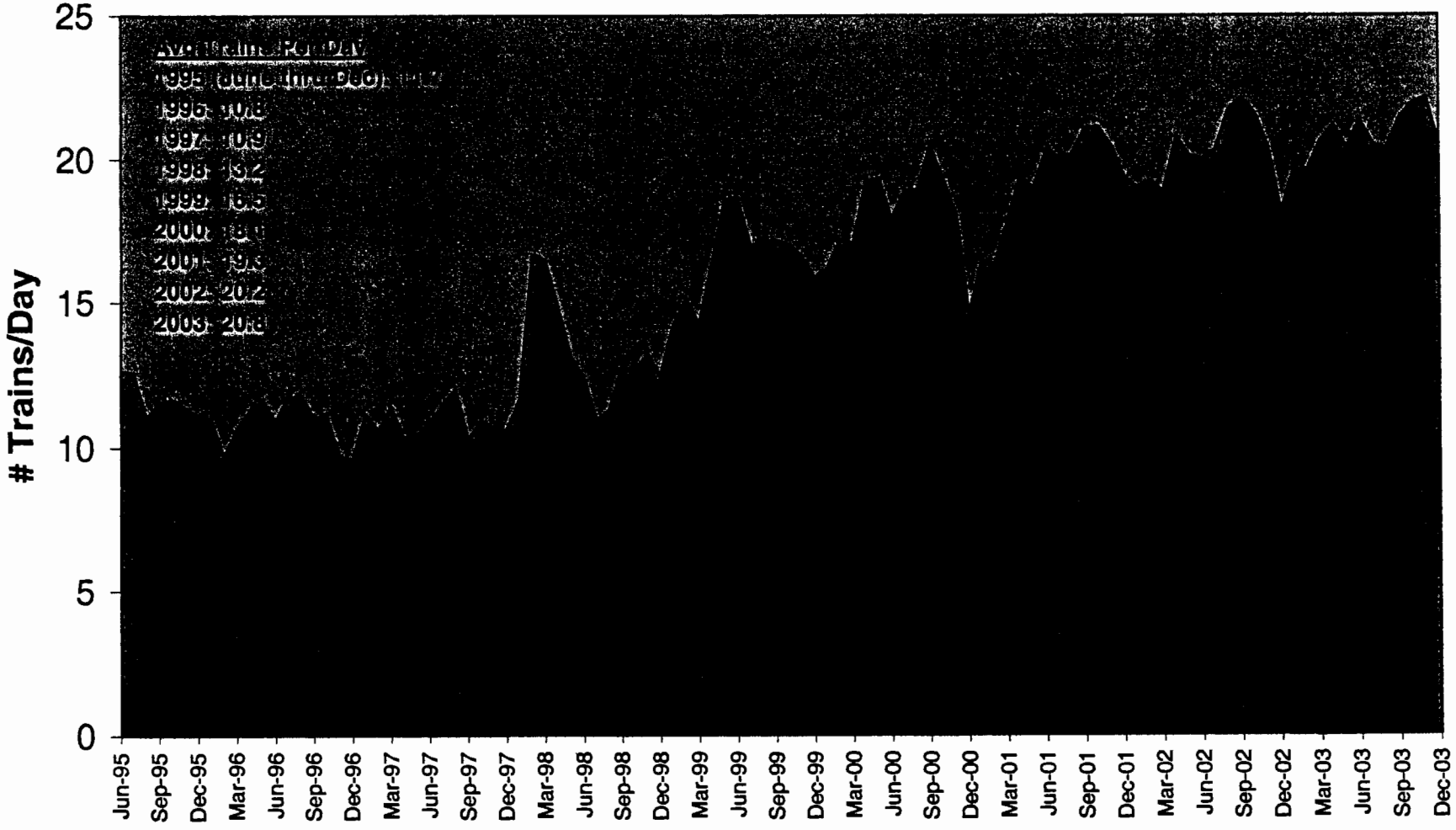
CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing was served upon Charles R. Rightnowar, General Chairman, Brotherhood of Locomotive Engineers, 320 Brooke Drive, Suite 115, Hazelwood, Missouri 63042, this 20th day of September, 2004.

_____

H

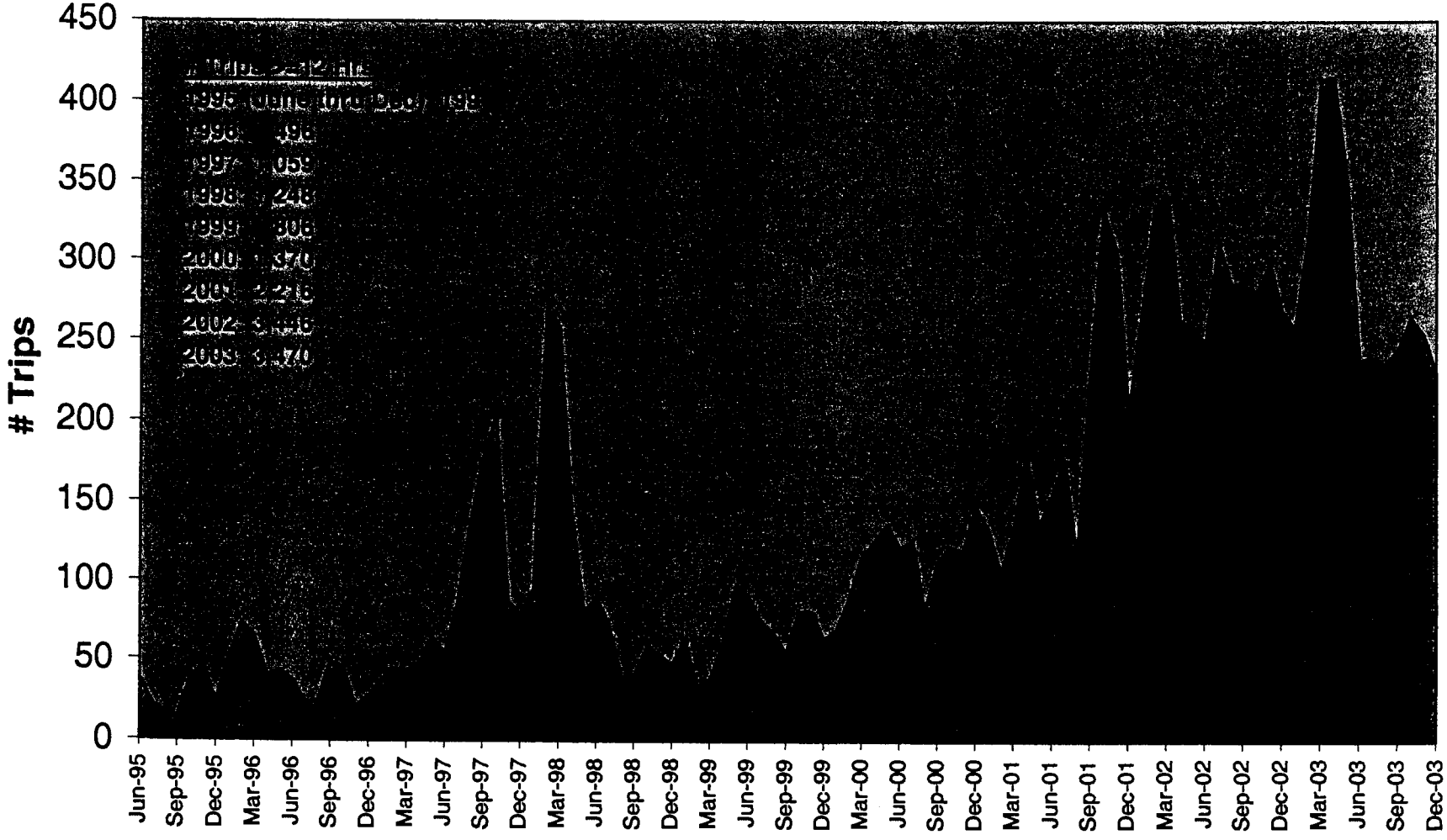
Trains Per Day - NLR Memphis Corridor
June 1995 - December 2003



1/31/04

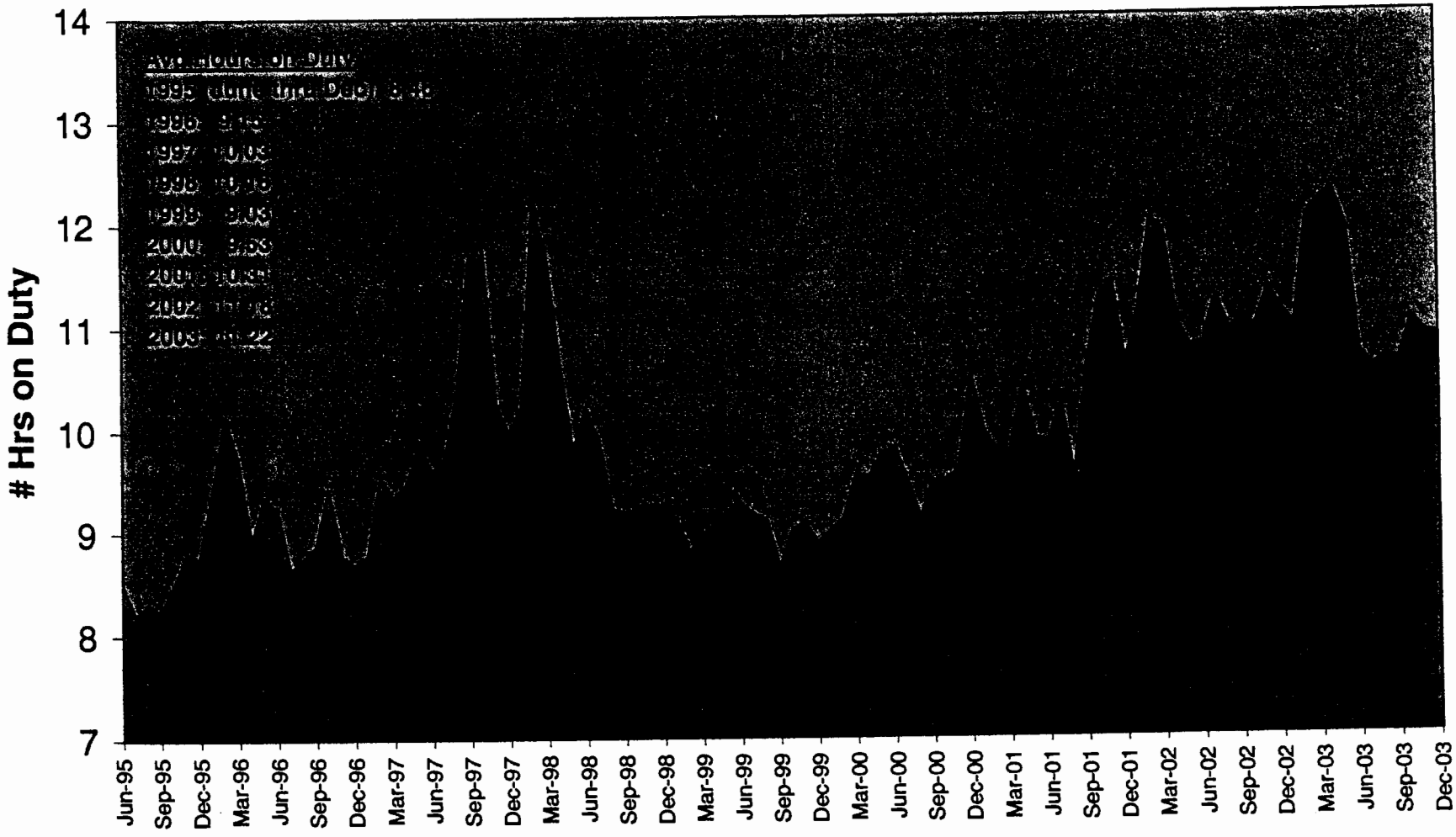
I

Trips 12 Hrs or Greater - NLR Memphis Corridor
June 1995 - December 2003



1/31/04

Average Hours on Duty - NLR Memphis Corridor
June 1995 - December 2003



1/31/04

J

UNION PACIFIC RAILROAD COMPANY

R D ROCK - DIRECTOR
LABOR RELATIONS DEPT.

1416 DODGE STREET
OMAHA NEBRASKA 68179
(402) 271-4353

May 16, 2003

MR C R RIGHTNOWAR
GENERAL CHAIRMAN BLE
320 BROOKES DR STE 115-118
HAZELWOOD MO 63042

Dear Sir:

In accordance with Article IX - "Interdivisional Service" of the May 19, 1986 National Award, this letter shall serve as the requisite notice advising of Union Pacific's intent to establish intra and inter-seniority district service operations as set forth below:

1) North Little Rock and Memphis via the Memphis Subdivision.

2) North Little Rock to Memphis via the White Bluff Subdivision through Pine Bluff, Jonesboro Subdivision to Brinkley, Brinkley Subdivision to Memphis.

3) Memphis to North Little Rock via Brinkley Subdivision through Stuttgart and Pine Bluff.

4) Memphis to Pine Bluff via Brinkley Subdivision via Brinkley Subdivision through Stuttgart.

5) Marion Yard (Memphis Subdivision) via the BNSF trackage rights from Presley Junction to West Memphis, to Brinkley via the Brinkley Subdivision to Pine Bluff via the Jonesboro Subdivision to North Little Rock via White Bluff Subdivision to North Little Rock.

All pool freight service between North Little Rock/Pine Bluff and Memphis shall be combined into one (1) pool with North Little Rock/Pine Bluff as the home terminal. Engineers working North Little Rock/Pine Bluff and Memphis may utilize any combination of tracks between such points.

Actual miles will be paid for runs in the new North Little Rock/Pine Bluff Memphis ID service. Examples are illustrated in Attachment "A".

The terms and conditions governing the above-referenced operations shall be established in concert with applicable National Agreement provisions.

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For the purpose of discussing the intra-seniority and inter-seniority district service operations identified above, and for Union Pacific's proposed agreement governing said operations, we have arranged to hold a meeting at 10:00 a.m., on May 29, 2003, in Conference Room 321A, Union Pacific headquarters building, located at 1416 Dodge Street, Omaha, Nebraska.

Yours truly,

R. D. Rock
Director - Labor Relations

CC: Dick Meredith
Terry Olin
Joe Santamaria
Mike Scoggins - Kansas City
Mitzy Graybeal - Kansas City
Dennis Jacobson - HDC
Mike Brazytis - WT08
Harry Straub - WT07
Tony Zabawa - PNG07
Pat Kenny - PNG07

M-2

ATTACHMENT "A"

RUNS:	MILES:
North Little Rock to Memphis (UP Yard)	150
North Little Rock to Memphis (NS)	156
North Little Rock to Memphis (IC)	160
North Little Rock to Memphis (CST)	162
Pine Bluff to Memphis (UP)	137
Pine Bluff to Memphis (NS)	139
Pine Bluff to Memphis (IC)	134
Pine Bluff to Memphis (CSX)	142
Memphis (UP) to North Little Rock via White Bluff	190
Memphis (NS) to North Little Rock via White Bluff	192
Memphis (IC) to North Little Rock via White Bluff	187
Memphis (CSX) to North Little Rock via White Bluff	195

All mileage shown are approximations and are subject to final verification.

M-3

K

UNION PACIFIC RAILROAD COMPANY

1416 DODGE STREET
OMAHA, NEBRASKA 68179

August 29, 2003

Mr. C. R. Rightnowar
General Chairman
Brotherhood of Locomotive Engineers
320 Brookes Drive, Suite #115
Hazelwood, MO 63042

Dear Mr. RIghtnowar:

In accordance with Article IX - "Interdivisional Service" of the May 19, 1986 BLE National Agreement, this letter shall serve as the requisite notice advising of Union Pacific's intent to establish interdivisional district service operations as set forth in the table below:

Run	Home Terminal	Away-From-Home Terminal	Approximate Distance ***
Marysville, KS - Jefferson, MO *	Marysville, KS	Jefferson City, MO	309 mi./302 mi.
Kansas City Terminal - Jefferson City, MO *	Kansas City, KS/MO	Jefferson City, MO	162 mi./154 mi.
Kansas City Terminal - St. Louis Terminal * **	Kansas City, KS/MO	St. Louis Terminal	295 mi./287 mi.
St. Louis Terminal - Kansas City - Terminal * **	St. Louis, MO (Dupo, IL)	Kansas City Terminal	295 mi./287 mi.
Kansas City Terminal - Labadie, MO *	Kansas City, KS/MO	Labadie, MO	243 mi./235 mi.
St. Louis Terminal - Jefferson City, MO **	St. Louis, MO (Dupo, IL)	Jefferson City, MO	133 mi.
Villa Grove, IL - Jefferson City, MO	Villa Grove, IL	Jefferson City, MO	291 mi.

* - Via either the Sedalia Subdivision or the River Subdivision
** - Including trains operating to/from Ameren Corporation's facility located near Hillcrest, MO
*** - Subject to final verification by the parties

The terms and conditions governing the interdivisional service operations set forth above shall be in accordance with applicable National Agreement provisions.

For the purpose of discussing these interdivisional service operations and presenting Union Pacific's proposed agreement governing these operations, we have

Z-3

arranged to hold a meeting on Thursday, September 25, 2003, commencing at 10:00 a.m. in Conference Room 321A in Union Pacific's headquarters building, located 1416 Dodge Street, in Omaha, Nebraska.

We look forward to working with your organization on this important matter.

Yours truly,

R.D. Rock

Robbin D. Rock
Director - Labor Relations
Arbitration & Negotiations

cc: Mr. R. D. Meredith
Mr. A. T. Olin
Ms. G. A. Barton
Mr. D. J. Duffy – Room 1206
Mr. J. H. Koch – Room 1206
Mr. J. M. Santamaria – Kansas City, MO
Mr. R. M. Scoggins – Kansas City, MO
Mr. W. P. Meriwether – Kansas City, MO
Mr. S. K. Keller – St. Louis, MO
Mr. M. W. Payette – Chicago, IL
Mr. M. Brazytis – WT08

Z-4

L

Brotherhood of Locomotive Engineers

General Committee of Adjustment
Union Pacific Railroad Central Region

320 Brookes Dr., Suite 115 • Hazelwood, MO 63042 • (314) 895-5858 • Fax (314) 895-0104

C.R. Rightnowar
GENERAL CHAIRMAN

R.E. Rhodes
1ST VICE-CHAIRMAN

T.H. Wells
2ND VICE-CHAIRMAN

C.R. Brand
SECRETARY-TREASURER

September 22, 2003

Mr. Roland Watkins
Director Arbitration Services
National Mediation Board
1031 K Street, Suite 250 East
Washington, D.C. 20572

Via Facsimile and Airborne Express

Dear Mr. Watkins:

Please accept this as the Organization's request for a selection list for the assignment of a New York Dock Arbitrator to an on-property dispute related to the Carrier's improper attempt to change Surface Transportation Board approved Hub Merger Implementing Agreements in the St. Louis, Kansas City, and Pine Bluff/North Little Rock Hubs by a conflicting, superceded 1986 Railway Labor Act Agreement.

The Parties' are at impasse as to this matter, pursuant to the face of the exchanged correspondence (copies attached hereto as Exhibits A and B), and prior meetings.

Sincerely,

Charles Rightnowar

Charles R. Rightnowar

cc: R. D. Rock

BB-1

M

UNION PACIFIC RAILROAD COMPANY

1416 DODGE STREET
OMAHA, NEBRASKA 68179

VIA FAX AND U. S. MAIL

October 1, 2003

Mr. Roland Watkins
Director, Arbitration Services
National Mediation Board
1301 K Street N.W., Suite #250E
Washington, DC 20572

Dear Mr. Watkins:

This refers to your letter dated September 23, 2003, regarding the Brotherhood of Locomotive Engineers' ("BLE") request for, *" . . . assignment of a New York Dock Arbitrator to an on-property dispute related to the Carrier's improper attempt to change Surface Transportation Board approved Hub Merger Implementing Agreements in the St. Louis, Kansas City, and Pine Bluff/North Little Rock Hubs by a conflicting, superceded 1986 Railway Labor Act Agreement."* In connection therewith, your office seeks Union Pacific's comments regarding BLE's request.

It is UP's position that BLE's request is improper and should not be granted under any circumstances. The foundation for this position is outlined below:

1. UP's notice was served pursuant to Article IX (Interdivisional Service) of the 1986 BLE National Agreement. Section 3 thereof mandates the parties to meet and negotiate the terms and conditions regarding the proposed runs. Specifically, Section 3 reads, in relevant part, as follows:

   > *"Upon the serving of a notice under Section 1, the parties will discuss the details of operation and working conditions of the proposed run during a period of 20 days following the date of the notice."*

   Inasmuch as there has been no meeting to discuss the runs contained in UP's August 29, 2003, there cannot yet be an impasse.

2. Mr. Rightnowar's request for assignment of an arbitrator was made before the date the parties were to meet to discuss UP's notice. Additionally, Mr. Rightnowar has declared the parties to be at an impasse without even having met to discuss the subject matters of UP's notice. (It also bears noting that Mr. Rightnowar has since contacted UP and advised he could not attend the

disputes by arbitrating them in accordance Railway Labor Act provisions (not New York Dock).

5. Mr. Rightnowar's request stands in stark contrast with existing arbitral authority regarding the interplay between existing Agreement rights or provisions, such as Article IX, and New York Dock. Specifically, in rendered in arbitration pursuant to Article 1, Section 4 of New York Dock, Referees Richard Kasher and Robert Peterson held, in relevant part, as follows:

> *"The Carrier desires to establish special train operations, which would essentially call for the creation of interdivisional service runs. The Carrier's intention in this regard is contained in its Operating Plan as presented to the ICC.*
>
> *"This Arbitration Committee has no reason to conclude that the ICC had intended that the Carrier would have a unilateral right to establish interdivisional service and circumvent agreed-upon or recognized procedures for attainment of such service. Here, it is to be noted that creation of interdivisional service is not something that the collective bargaining agreements prohibit. Rather, current agreements provide an orderly manner and reasonably expeditious means by which such service may be implemented and myriad problems resolved; such agreements include final and binding arbitration provisions should such action be necessary.*
>
> *"Such issue will, therefore, be remanded for direct negotiation between the parties pursuant to the guidelines contained in existing agreements for the establishment of interdivisional service."*

The above citation makes it clear that pre-existing Agreement rights, such as those contained in Article IX, are not in conflict with New York Dock unless the parties expressly provide for such a restriction. (Reference the "Findings & Award" rendered by the "Arbitration Committee established pursuant to Section 4 of Article I of the New York Dock conditions imposed by the Interstate Commerce Commission in FD No. 30800, dated February 14, 1989")

6. Mr. Rightnowar's position in wholly unsupported by prior practice and BLE actions. For example, UP and other BLE and UTU General Committees have negotiated, arbitrated and/or implemented more than fourteen (14) new interdivisional service runs (agreements) on territories that are covered by a New York Dock merger implementing agreement. **On those runs where arbitration was necessary, not one was progressed under the provisions of New York Dock -- all were progressed in accordance with the procedure set forth in Article IX.**

cc: Mr. R. D. Meredith
Mr. A. T. Olin
Mr. R. Gregory
Ms. G. A. Barton
Mr. K. M. McBratney
Mr. J. M. Santamaria -- Kansas City, MO
Mr. R. M. Scoggins -- Kansas City, MO
Mr. W. P. Meriwether -- Kansas City, MO
Mr. J. M. Crandall -- North Little Rock, AR

Mr. C. R. Rightnowar -- BLE
BLE Local Chairmen

N

ARBITRATION COMMITTEE

In the Matter of the Arbitration between:	Pursuant to Article 1, § 11 of the New York Dock Conditions
BROTHERHOOD OF LOCOMOTIVE ENGINEERS, Organization,	I.C.C. Finance Docket No. 32760
and	
UNION PACIFIC RAILROAD COMPANY, Carrier.	OPINION AND AWARD

Hearing Date: August 17, 2000
Hearing Location: Roseville, California
Date of Award: September 15, 2000

MEMBERS OF THE COMMITTEE

Neutral and Sole Member: John B. LaRocco

APPEARANCES

For the Carrier

Andrea Gansen
Director Labor Relations
Union Pacific Railroad Company
1416 Dodge Street
Omaha, NE 68179

For the Organization

Don M. Hahs
Vice-President
Union Pacific Railroad Company
1011 St. Andrews
Kingwood, TX 77339

Charlie Rightnowar
General Chairman
UP Eastern Region Committee
Brotherhood of Locomotive Engineers
320 Brookes Drive, Suite 115
Hazelwood, MO 63042

Michael Coats
Vice General Chairman
SSW Committee
Brotherhood of Locomotive Engineers
320 Brookes Drive, Suite 115
Hazelwood, MO 63042

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OPINION OF THE COMMITTEE

I. INTRODUCTION

The United States Surface Transportation Board (STB) approved the application of the Union Pacific Railroad Company (Former UP) to control and merge with the Southern Pacific Transportation Company (SPT) and its subsidiaries. [Finance Docket No. 32760.] One of the SPT's subsidiaries was the St. Louis Southwestern Railway (SSW). As a condition of the merger, the STB imposed on the merged Carrier (UP) the employee protective conditions set forth in *New York Dock Railway-Control-Brooklyn Eastern District Terminal*, 360 I.C.C. 60, 84-90 (1979); affirmed, *New York Dock Railway v. United States*, 609 F.2d 83 (2nd Cir. 1979) ("New York Dock Conditions") pursuant to the relevant enabling statute.

Subsequent to the merger, the Brotherhood of Locomotive Engineers (BLE) and the Carrier herein negotiated a number of merger implementing agreements. This dispute concerns the proper interpretation and application of two of these merger implementing agreements: the St. Louis Hub Merger Implementing Agreement and the Kansas City Hub Merger Implementing Agreement. Therefore, this case properly falls within the ambit of Article 1, § 11 of the New York Dock Conditions.

At the August 17, 2000 hearing, the Organization and Carrier waived the Tripartite Arbitration Committee set forth in Article 1, § 11 of the New York Dock Conditions. They agreed that the undersigned would act as the sole and neutral member of the Arbitration Committee.

In addition, the parties stipulated to the following Question at Issue:

> If an employee named in Attachment D of the Kansas City Hub Agreement voluntarily relocates from Jefferson City to Kansas City,

RR-2

does he maintain prior rights to positions on the Jefferson City to Kansas City pool pursuant to Side Letter #7?

The parties, including four Committees of the Organization, filed submissions and/or letters with the Arbitration Committee on or before the August 17, 2000 hearing. At the hearing, the Committee heard extensive argument and the matter was deemed submitted.

II. BACKGROUND AND SUMMARY OF THE FACTS

Prior to the merger, Jefferson City, Missouri, was the home terminal for former UP engineers working in pool freight service to Kansas City, Missouri. Jefferson City was also the home terminal for SSW engineers working in through freight service from Jefferson City to both Kansas City and St. Louis, Missouri.[1] Many of the former UP and SSW engineers resided in the Jefferson City vicinity. The former UP engineers held seniority on UP Merged Seniority Roster Number One while the SSW engineers apparently held both point and system seniority.

To efficiently integrate the SPT with the former UP, the Carrier planned to operate a hub and spoke through freight system. With regard to the territory pertinent to this case, the Carrier contemplated that St. Louis and Kansas City would become hubs. Jefferson City would become a point on spokes emanating from both hubs, which would eliminate Jefferson City as a home terminal. Consistent with these plans, St. Louis became the home terminal for engineers in pool freight service between St. Louis and Jefferson City. However, as will be explained more fully in the ensuing paragraphs, Jefferson City remained a home terminal for many engineers even after the consummation of the two hub merger implementing agreements.

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[1] St. Louis was the home terminal of former UP engineers performing through freight service between St. Louis and Jefferson City.

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In sum, the Organization and the Carrier agreed that those engineers residing in Jefferson City, on the date of the Carrier's notice (January 30, 1998) to designate Kansas City as a hub, could indefinitely continue to reside in Jefferson City.[2] Those engineers granted the right to indefinitely maintain their residences in Jefferson City are identified in Attachment D to the July 2, 1998 Kansas City Hub Merger Implementing Agreement.

Before the parties negotiated the Kansas City Hub Merger Implementing Agreement, the Carrier memorialized certain commitments to the former UP and SSW engineers residing in Jefferson City. Side Letter No. 16 of the St. Louis Hub Merger Implementing Agreement, which is dated April 15, 1998, reads:

> This has reference to the Merger Implementing Agreement for the St. Louis Hub entered into this date.
>
> During our negotiations it was recognized that there are inherent difficulties in implementing a merged operation in the St. louis Hub and "carving out" the operations and employees between Jefferson City and Kansas City to become part of the Kansas City Hub without a corresponding Merger Implementing Agreement for the Kansas City Hub. This is a problem inherent in implementing merged hubs on a phased basis, and in all hubs this cascading effect has required the parties to use their imagination to develop temporary solutions to cover the interim period between implementing agreements covering adjoining hubs. Such a need is recognized here with regard to the St. Louis Hub.
>
> The Organization has requested that Carrier make certain written commitments regarding the merged operation in the Kansas City Hub between Kansas City and Jefferson City which are necessary in order for it to agree to relinquish that territory from the

[2] The Organization submits that certain externalities, including political pressure, propelled the Carrier to agree to permit Jefferson City engineers to maintain their residences in Jefferson City, not just for the duration of their New York Dock protective periods but for their entire railroad careers.

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seniority roster for the St. Louis Hub. Those commitments are as follows:

1. Those former UP and SSW engineers who resided at Jefferson City or vicinity on the date of the notice served for the Kansas City Hub will be allowed to continue to maintain their residences at that location so long as pool freight service between Kansas City and Jefferson City and extra board work at Jefferson City continues to exist and such employees possess sufficient seniority to hold such assignments.

2. The engineers described above may voluntarily relocate to Kansas City under the Merger Implementing Agreement for that hub; however, they will not be required to do so and will be allowed to continue to reside at Jefferson City on an attrition basis.

3. It is intended that the pool freight operations between Kansas City and Jefferson City will ultimately be home terminaled at Kansas City. The details surrounding how that change will be accomplished will be negotiated in the Implementing Agreement for the Kansas City Hub.

Several months later, on July 2, 1998, the parties entered into the Kansas City Hub Implementing Agreement which divides terminal, local and through freight service into, out of and near Kansas City into various seniority zones. Article 1.C. sets the Zone Three seniority district as the territory between Kansas City and Jefferson City. The parties specified the rights and obligations of Jefferson City engineers in Article 1.C.2.a. as follows:

2. All former UP Kansas City to Jefferson City and former SSW Kansas City to Jefferson City pool operations shall be combined into one (1) pool with Kansas City as the home terminal. Jefferson City will serve as the away-from-home terminal. Engineers operating between Kansas City and

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Jefferson City may utilize any combination of UP or SSW trackage between such points.

a. The parties agreed in Article 1.A.4.a. of the St. Louis Hub Merger Implementation Agreement the Kansas City to Jefferson City pool would be slotted on a work equity basis. Attachment "C" lists the slotting order for the pool. Former SSW and UP engineers residing at or in the vicinity of Jefferson City shall have prior rights to said pool turns. The engineers subject to this prior rights arrangement are identified on Attachment "D". If turns in excess of that number are established or any of such turns be unclaimed by a prior rights engineer, they shall be filled from the zone roster, and thereafter from the common roster. The parties further agreed in Side Letter No. 16 of the St. Louis Hub Agreement to allow former UP and SSW engineers residing in Jefferson City or vicinity on the date notice was served to begin negotiations for the Kansas City Hub (notice dated January 30, 1998) to continue to maintain their residences at that location so long as pool freight service between Kansas City and Jefferson City and extra board work at Jefferson City continue to exist and such engineers possess sufficient seniority to hold such assignments. Such engineers will be allowed to continue to reside at Jefferson City on an attrition basis subject to the terms and conditions of this Merger Implementing Agreement (See Side Letter No. 7).

The parties elaborated on the status of Jefferson City engineers and established an attrition formula in Side Letter No. 7 to the Kansas City Hub Merger Implementing Agreement. The pertinent paragraphs (the second, third and fourth paragraphs) of Side Letter No. 7 provide:

> In Side Letter No. 16 of the St. Louis Hub Merger Implementing Agreement and referenced in Article I.B.3.a. of Kansas City Hub Merger Implementing Agreement, the parties agreed to allow former UP and SSW engineers residing at or in the vicinity of Jefferson City to continue to maintain their residences at that location subject to the language of Side Letter No. 16.

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> The Carrier intends to have Kansas City as the home terminal for all engineers performing service in the Kansas City to Jefferson City pool. The present UP and SSW engineers at Jefferson City covered by this Agreement will be eliminated by attrition. When a former UP or SSW engineer, residing at or in the vicinity of Jefferson City, vacates his pool assignment through retirement, resignation, voluntary seniority move/relocation, etc., and it is not claimed/occupied by a prior rights Jefferson City engineer covered by this Side Letter, such position will no longer be maintained at Jefferson City but will be readvertised as having Kansas City as the designated home terminal.
>
> Initially, upon implementation of this Agreement, the home terminal for the Kansas City to Jefferson City pool will be Jefferson City. (Note: This does not modify or nullify the provisions of Side Letter No. 23 to the St. Louis Hub Merger Implementing Agreement). Sufficient pool turns (along with extra board positions, as described below) shall be established to accommodate those engineers identified on the Attachment to this Agreement. After date of implementation, pool turns which are advertised which exceed the number necessary to fulfill this arrangement may be filled by any other Kansas City Hub engineers. Engineers residing at or in the vicinity of Kansas City who perform service in this pool will be afforded reverse lodging and HAHT privileges at Jefferson City.

The sixth paragraph of Side Letter No. 7 provides that the home terminal will shift from Jefferson City to Kansas City when 51 percent of the pool turns are occupied by engineers at Kansas City. This paragraph also affords Jefferson City engineers lodging and held away from home terminal (HAHT) privileges at Kansas City with layoff privileges at Jefferson City (once Kansas City became the home terminal). Since engineers at Jefferson City can voluntarily relocate to Kansas City before the home terminal shifts, those engineers currently receive lodging and HAHT privileges at Jefferson City.

Subsequent to July 8, 1998, several former UP and SSW engineers listed on Attachment D of the Kansas City Hub Merger Implementing Agreement voluntarily opted to move their residences

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from Jefferson City to Kansas City.[3] In essence, the question at issue concerns whether or not those engineers, who voluntarily relocated from Jefferson City to Kansas City, should now be considered attrited within the meaning of the Kansas City Hub Merger Implementing Agreement and thus, removed from Attachment D. While the question at issue arose within the context of the Carrier seeking to cut Jefferson City - Kansas City pool turns, this Committee will answer the Question at Issue without expressing any opinion on whether or not the Carrier has the ability to unilaterally cut turns.[4] To reiterate, we emphasize that nothing in this Opinion should be construed to mean that the Carrier may or may not cut turns in the Jefferson City - Kansas City pool.

III. THE POSITIONS OF THE PARTIES

A. The Position of the BLE SSW Committee

The sole type of prior rights for engineers listed on Attachment D, who operate through freight assignments between Kansas City and Jefferson City, are the rights allocated in Attachment C and more fully described as Zone Three of the Kansas City Hub. There are no other prior rights. Nowhere does the Kansas City Hub Agreement give super prior rights to any group of engineers. The Kansas City Hub Agreement grants Attachment D engineers Zone Three prior pool rights.

Side Letter No. 16 provided that the engineers identified on Attachment D could remain at Jefferson City but, their places of residence did not have any impact on the nature or type of their prior rights so long as they stayed in the Zone Three Kansas City district. Indeed, the number of engineers listed in Attachment D to the Kansas City Hub Agreement is exactly the same number of

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[3] These engineers collected a relocation allowance.

[4] All of the BLE Committees contend that the Carrier is explicitly and implicitly prohibited from unilaterally cutting such turns. On the other hand, the Carrier asserts that it has the ability to adjust the pool.

RR-8

engineers performing service in Zone Three at the time the list was developed. Thus, Zone Three and the prior rights are one and the same concept.

Stated differently, after implementation of the Kansas City Hub Agreement, the engineers on Attachment D had a choice of staying in Jefferson City or relocating to Kansas City. The parties intended to give engineers an unfettered choice of deciding whether to live in Kansas City or Jefferson City. The choice was entirely voluntary. To be voluntary, the choice could not involve the relinquishment of any prior rights. Therefore, moving their residences to Kansas City had no impact on the prior rights of Attachment D engineers so long as they did not move beyond Kansas City. Their prior rights remained Zone Three regardless of whether they resided in Jefferson City or Kansas City.

Attrition from Attachment D occurs when an engineer vacates his pool assignment, not when an engineer moves his residence to Kansas City. The engineers, who voluntarily relocated to Kansas City, continue to fill the same pool assignments between Kansas City and Jefferson City that they occupied when they resided in Jefferson City. Thus, their change of residences did not require the engineers to vacate their pool assignments. Put simply, these engineers did not attrite. The Kansas City Hub Agreement provides that an engineer attrites only upon a "voluntary seniority move/relocation." It is important to note that a "/" rather than a "," or an "or" appears in this clause. To attrite, an engineer must either engage in a voluntary seniority move or a voluntary seniority relocation. The parties did not intend for attrition to apply to an engineer who merely changed his residence within the same prior rights zone since such a move does not involve a change of seniority. The purpose of this language was to govern the rights of those prior SSW engineers who held

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systemwide seniority. If they moved their seniority to other zones in the Kansas City Hub, or elsewhere, they attrited from Attachment D.

Last, double ended pools are not uncommon on this property and so, it is logical that engineers would not lose prior rights when they move to their homes from one terminal to another in the same seniority zone.

The BLE SSW Committee requests that the Question at Issue be answered affirmatively.

B. The Carrier's Position

An engineer who voluntarily relocates his residence from Jefferson City to Kansas City does not maintain prior rights to positions in the Jefferson City - Kansas City pool. The plain language of Side Letter No. 7 gives protected, prior rights to employees residing in Jefferson City. Voluntarily relocating one's residence from Jefferson City removes the engineer from this protected group.

The plain language of Side Letter No. 7 shows that an engineer attrites from Attachment D if the engineer moves his residence from Jefferson City. Side Letter No. 7 provides that attrition occurs by retirement, resignation or voluntary seniority move/relocation. The latter phrase covers either a voluntary seniority move or a voluntary relocation (such as, an engineer moving his residence to Kansas City). The language in Side Letter No. 7 goes on to state that if a position vacated by an attriting engineer is claimed by a prior rights Jefferson City engineer, the position remains within the ambit of protection. However, if the position is not claimed by a prior rights Jefferson City engineer, then the job is re-designated with Kansas City as the home terminal.

RR-10

The Committee should interpret the provisions of Side Letter No. 7 in harmony with the terms of Side Letter No. 16 to the St. Louis Hub Agreement. Side Letter No. 16 afforded Jefferson City engineers the option of voluntarily moving to Kansas City. Side Letter No. 7 restated this option but with the added condition that the relocation results in the engineer's attrition from Jefferson City as the home terminal.

The BLE SSW Committee contends that the prior rights are not just for keeping Jefferson City as a home terminal but rather, the prior rights cover any pool job between Kansas City and Jefferson City without regard to the home terminal of the position. Such an interpretation is contrary to the plain language of the two Side Letters and would stymie the purpose of the protection which was to safeguard work for those engineers who elected to maintain their residences in Jefferson City. In the extreme, the BLE SSW's construction of Side Letter No. 7 could conceivably force a junior engineer residing at Jefferson City to move (to enable the engineer to work) which defeats the whole purpose of Side Letter No. 16 and Side Letter No. 7.

If this Committee determines that the contract language is ambiguous, the Carrier's interpretation is the most reasonable construction of Side Letter No. 7. The parties built a protective circle around Jefferson City. As stated previously, the BLE SSW Committee's interpretation would expand the circle to include those engineers residing in Kansas City simply because, at some remote time in the past (after Attachment D was promulgated), the engineers resided at Jefferson City.

In addition, it was the intent of the parties that attrition would operate to eventually move all of the positions to Kansas City. It makes sense that this attrition would occur when an engineer moves his residence from Jefferson City to Kansas City.

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The Carrier seeks a negative answer to the Question at Issue.

C. The Position of the BLE Committee UP-Central Region

The Kansas City Hub Agreement provided engineers with prior rights according to zones. In addition, an engineer who had prior rights to work in a particular zone also held common seniority to claim a position in any zone not filled by an engineer holding prior rights in the particular zone. The former SSW engineers and UP engineers at Jefferson City were placed in Zone Three per the Kansas City Hub Agreement. They hold prior rights to all Zone Three work regardless of their residence. In addition, according to Side Letter No. 16 of the St. Louis Hub Agreement and Side Letter No. 7 of the Kansas City Hub Agreement, those engineers living in Jefferson City were granted additional prior rights to work originating in Jefferson City, that is, pool freight service between Jefferson City and Kansas City. The parties identified these engineers in Attachment D to the Kansas City Hub Agreement. Thus, the engineers residing in Jefferson City were granted an additional level of prior rights or super prior rights over and above the prior rights afforded to Zone Three engineers.

The plain language of Side Letter No. 16 provides that the engineers could continue to reside in Jefferson City on an attrition basis. Side Letter No. 7 reiterated and clarified their right to reside at Jefferson City. Side Letter No. 7 clearly provides that those engineers residing at Jefferson City hold prior rights to work at the Jefferson City terminal, including freight pool service between Jefferson City and Kansas City, subject to attrition. Attrition will occur because the work will gradually shift to Kansas City where Zone Three employees initially residing in Kansas City or Zone Three employees who had relocated to Kansas City have prior rights to the attrited work.

RR-12

It is sensible and it is logical that an engineer who collects a lucrative relocation allowance when the engineer moves from Jefferson City to Kansas City attrites from Attachment D.[5] If the position held by the engineer who moves to Kansas City is not claimed by a prior rights engineer residing in Jefferson City, the position is redesignated for Zone Three at the Kansas City terminal. The super prior rights for this position end. Over time, all positions will incrementally shift to Kansas City via this kind of attrition (as well as the resignation and the retirement of engineers who continue to reside in Jefferson City).

In summary, those engineers who voluntarily relocated to Kansas City are reduced from the prior rights Jefferson City freight pool protection. Stated differently, the engineer is expunged from Attachment D but continues to enjoy Zone Three prior rights per the Kansas City Hub Agreement.

The BLE Committee for the UP Central Region urges the Committee to answer the Question at Issue in the negative.

D. Other Positions

Two other BLE committees filed letters with this Committee. While the BLE UP Central Region Committee suggests that these other two committees support its position, a close perusal of the letters reveals that neither committee reached the crux of the issue herein.

IV. DISCUSSION

As the parties argue, this Committee must start its analysis of this dispute by examining the plain language written by the negotiators in Side Letter No. 16 of the St. Louis Hub Agreement,

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[5] Under the interpretation advanced by the BLE SSW Committee, the relocating engineer gains a generous relocation benefit without any sacrifice. The parties wanted to give engineers the option of moving to Kansas City, not to reward them for exercising this voluntary option.

RR-13

Article 1.C. of the Kansas City Hub Agreement and Side Letter No. 7 of the Kansas City Hub Agreement. This Committee rightfully presumes that experienced negotiators intend to write down the words which appear in their agreements and that they expect this Committee to follow the usual and ordinary meaning of those words. Extrinsic evidence such as negotiating history or past practice is only relevant to interpreting the provisions of the parties' agreements if the language therein is unclear, ambiguous, vague or contradictory.

After closely reviewing all of the contractual provisions pertinent to this dispute, this Committee concludes that the plain language of the Agreements provide special, and perhaps, unique rights to engineers indefinitely maintaining their residences in Jefferson City and these rights are expressly predicated on the engineers keeping their residences in Jefferson City. For the reasons more fully explained below, this Committee answers the Question at Issue in the negative.

Beginning with Side Letter No. 16 of the St. Louis Hub Agreement, as reinforced by Article 1.C. of the Kansas City Hub Agreement and concluding in Side Letter No. 7 of the Kansas City Hub Agreement, the parties carved out a special status for those Jefferson City engineers who continued to maintain their residences at that location. In other words, the plain and express language found in those three provisions demonstrate the negotiators' intent to establish a unique protective arrangement for engineers keeping their residences in the vicinity of Jefferson City. Put simply, throughout the bargaining over the two hub agreements, the negotiators afforded Jefferson City special treatment but with an important condition: to retain this special status, the engineer had to reside and continue to reside at Jefferson City.

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Our analysis starts with the clear and unambiguous language in the sentence labeled "2" in Side Letter No. 16. That sentence granted the Jefferson City engineers the option of voluntarily relocating to Kansas City but the parties contemplated that the option was subject to an "attrition" of engineers who "reside at Jefferson City . . . . ."[6] While Side Letter No. 16 did not spell out the "attrition basis," the bargain was struck. The language following the word "however" conclusively shows that the parties would later devise an attrition formula for those engineers who "continue to reside in Jefferson City." The parties were clearly making a distinction between an engineer who continues to reside in Jefferson City from an engineer who elects not to continue to reside at Jefferson City albeit, that election was entirely voluntary.

Thus, Side Letter No. 16 was the foundation for establishing special prior rights for engineers conditioned on their voluntary decision to continue to indefinitely reside in Jefferson City.

When the parties wrote Side Letter No. 7 to the Kansas City Hub Agreement, they had to develop an attrition formula because, in Side Letter No. 16, they already agreed that attrition would apply to the Jefferson City engineers.

The pertinent sentence in the third paragraph of Side Letter No. 7 provides that when an engineer residing in the vicinity of Jefferson City vacates a pool assignment through "retirement, resignation, voluntary seniority move/relocation, etc.," and, if another "prior rights Jefferson City engineer" does not claim the position, the position is then advertised with Kansas City as the home terminal. This language shows not only what events result in attrition but also demonstrates that those engineers continuing to reside in the vicinity of Jefferson City have a tier of prior rights over

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[6] Certainly, the engineer had the absolute right to opt to move his residence to Kansas City. That is, the Carrier could not force an engineer to relocate.

RR-15

and above Zone Three prior rights. The parties would not have written words providing that the position remains at Jefferson City if claimed by another prior rights Jefferson City engineer if there was only one level of prior rights. If the interpretation advocated by the BLE SSW Committee were accurate, the parties would have simply wrote "Zone Three engineer" instead of describing the engineer as a "prior rights Jefferson City engineer."

With regard to attrition, this pivotal sentence also provides that an engineer attrites from the special prior rights upon a voluntary seniority move/relocation. In Side Letter No. 16, the parties expressly grant the engineer a right to "voluntarily relocate" to Kansas City. Almost exactly the same words, "voluntary relocation," appear in this critical sentence of Side Letter No. 7. Despite the appearance of this virtually identical wording in the two side letters, the BLE SSW Committee wants to divorce the term "voluntary relocation" in Side Letter No. 7 from "voluntarily relocate" in Side Letter No. 16 under the guise that the slash mark creates a different meaning for the term in Side Letter No. 7. The plain meaning of the slash mark is "or." The engineer either voluntarily makes a seniority move or voluntarily relocates. The adjective, "voluntary" modifies "seniority move" or "relocation." The BLE SSW Committee's contention that the relocation must involve a seniority move might be persuasive if the word "and" appeared in lieu of the slash mark. This Committee may not parse language to lead to a conclusion at odds with the usual and ordinary meaning of the words used by the negotiators.

Thus, when an engineer voluntarily moves his residence to Kansas City, the engineer attrites from Attachment D.

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Our interpretation of Side Letters Nos. 7 and 16 is supported by the express language in Article 1.C.2.a. which provides that if the number of pool turns between Kansas City and Jefferson City is "in excess of" the number originally established or if "any of such turns be unclaimed by a prior rights engineer," the position is filled by any engineer having Zone Three prior rights, or if not claimed by a Zone Three engineer, then an engineer from the common Kansas City Hub roster. If there was not any difference in the prior rights for engineers residing at Jefferson City, and the prior rights for engineers residing at Kansas City (that is, they all had the same Zone Three prior rights), there would be no reason for the parties to insert the language about the assignment of pool turns in excess of the number of established turns or turns unclaimed by a prior rights Jefferson City engineer. In addition, Article 1.C.2.a. unambiguously announces that "former SSW and UP engineers residing at or the vicinity of Jefferson City shall have prior rights to said pool turns." Again, the parties would not need to write this provision if the same prior rights attached to a Zone Three engineer regardless of whether the engineer resides in Jefferson City or Kansas City. This language definitively demonstrates that the place of residence was important. The parties do not write their agreement with the understanding that entire clauses or phrases will be rendered meaningless or superfluous. These two sentences in Article 1.C.2.a. militate against the construction advanced by the BLE SSW Committee. If the BLE SSW Committee's interpretation were correct, the parties would have written in exclusive Zone Three prior rights in these sentences as opposed to specifically providing prior rights to those Jefferson City engineers residing in Jefferson City.

In summary, the parties created special protections and special prior rights for engineers who kept their residences in Jefferson City. These special prior rights are above and beyond the Zone

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Three prior rights for engineers at Kansas City or engineers who voluntarily relocate from Jefferson City to Kansas City because the latter attrite from Attachment D.

This Committee again emphasizes that we are not addressing whether the Carrier may or may not cut pool turns in the Jefferson City - Kansas City corridor.

AWARD AND ORDER

QUESTION AT ISSUE: If an employee named in Attachment D of the Kansas City Hub Agreement voluntarily relocates from Jefferson City to Kansas City, does he maintain prior rights to positions on the Jefferson City to Kansas City pool pursuant to Side Letter #7?

ANSWER: No.

Date: September 15, 2000

John B. LaRocco
Neutral and Sole Committee Member

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ARBITRATION COMMITTEE

In the Matter of the Arbitration between:	)	Pursuant to Article 1, § 11 of the New York Dock Conditions
BROTHERHOOD OF LOCOMOTIVE ENGINEERS,	)	
Organization,	)	I.C.C. Finance Docket No. 32760
and	)	
UNION PACIFIC RAILROAD COMPANY,	)	
Carrier.	)	**OPINION AND AWARD**

Hearing Date: November 10, 2000
Hearing Location: Sacramento, California
Date of Award: January 26, 2001

MEMBERS OF THE COMMITTEE

Neutral and Sole Member: John B. LaRocco

QUESTIONS AT ISSUE

ORGANIZATION'S QUESTION AT ISSUE

Does Side Letter No. 24 of the St. Louis Hub Merger Implementing Agreement modify the MPUL Laying Off and Leave of Absence Schedule Rule beyond the geographical territory of the St. Louis Hub?

CARRIER'S QUESTION AT ISSUE

Did the April 15, 1998 letter agreement amending the "Laying Off and Leave of Absence" rule dated October 22, 1952 and contained on Page 250 of the current Collective Bargaining Agreement apply only to the St. Louis Hub or does it apply to all of the MPUL committee?

[St. Louis Hub SL24.NYD]

U-1

OPINION OF THE COMMITTEE

I. INTRODUCTION

The United States Surface Transportation Board (STB) approved the application of the Union Pacific Railroad Company (Former UP) to control and merge with the Southern Pacific Transportation Company (SPT) and its subsidiaries. [Finance Docket No. 32760.] The former Missouri Pacific Railroad was one of the properties comprising the former UP. As a condition of the merger, the STB imposed on the merged Carrier (UP) the employee protective conditions set forth in *New York Dock Railway-Control-Brooklyn Eastern District Terminal*, 360 I.C.C. 60, 84-90 (1979); affirmed, *New York Dock Railway v. United States*, 609 F.2d 83 (2nd Cir. 1979) ("New York Dock Conditions") pursuant to the relevant enabling statute.

At the November 10, 2000 hearing, the Organization and Carrier waived the tripartite Arbitration Committee established by Section 11(a) of the New York Dock Conditions.[1] They agreed that the undersigned neutral would act as the sole member of the Arbitration Committee. At the neutral member's request, the parties waived the 45-day time limitation for issuing this decision as set forth in Section 11(c) of the New York Dock Conditions.

II. BACKGROUND AND SUMMARY OF THE FACTS

Following the merger, the Organization and the Carrier entered into several important merger implementing agreements predicated on dividing much of the UP into a hub and spoke operating system. Two of these hubs were at St. Louis, Missouri and North Little Rock, Arkansas.[2] The North

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[1] Unless indicated otherwise, all sections of the New York Dock Conditions cited herein appear in Article 1.

[2] St. Louis and North Little Rock are both points on the Missouri Pacific-Upper Lines territory.

U-2

Little Rock/Pine Bluff Hub Merger Implementing Agreement went into effect on February 1, 1998. The St. Louis Hub Merger Implementing Agreement went into effect on November 1, 1998.

Both of these merger implementing agreements had a savings clause defining the relationship between the merger implementing agreements and the applicable schedule agreements. Article VIII(A) of the St. Louis Hub Merger Implementing Agreement reads:

> The provisions of the applicable Schedule Agreement will apply unless specifically modified herein.

Identical language appears in Article VIII(A) of the North Little Rock/Pine Bluff Hub Merger Implementing Agreement.

This dispute concerns to what extent a side letter attached to the St. Louis Hub Merger Implementing Agreement modifies or supersedes the Missouri Pacific-Upper Lines Schedule Agreement which is the working agreement at another hub. The Laying Off and Leave of Absence Rule on the Missouri Pacific-Upper Lines, which was originally adopted on or about October 22, 1952, provides employees with a 30-day buffer period (except in cases of illness or injury) before employees are required to obtain a formal leave of absence or forfeit their seniority. More specifically, Section 1 of the Laying Off and Leave of Absence Rule in the Schedule Agreement provides:

> When employees in engine service are permitted to lay off, they must not be absent in excess of 30 days, except in case of sickness or injury, without having formal leave in writing, granted in accordance with the provisions of this agreement.

Side Letter No. 24 of the St. Louis Hub Merger Implementing Agreement, which is dated April 15, 1998, states:

> This refers to the Merger Implementing Agreement for the St. Louis Hub entered into this date.
>
> During our negotiations of this Hub, the Carrier requested a modification of certain existing rules. To address that issue we agreed to the following:
>
> The current rule entitled "Laying Off and Leave of Absence" dated October 22, 1952, and contained on Page 250 of the current Collective Bargaining Agreement will be amended as follows:
>
> > **"ITEM 1.** "When employees in engine service are permitted to layoff, they must not be absent in excess of 15 days, except in the case of sickness or injury, without having formal leave in writing, granted in accordance with the provisions of this Agreement."
> >
> > The remainder of the rule remains unchanged.
>
> This Memorandum Letter of Agreement is made with the understanding it is without prejudice to the positions of the respective parties and it will not be cited by any party in any other negotiation or proceeding.
>
> If the foregoing adequately and accurately describes our agreement in this matter, please so indicate by signing in the space provided for that purpose below.

There is not any provision either in the body of the North Little Rock/Pine Bluff Hub Merger Implementing Agreement or in a side letter attached thereto, that is identical or similar to the terms of Side Letter No. 24 to the St. Louis Hub Merger Implementing Agreement.

The parties concur that Side Letter No. 24 modifies the Schedule Rule on lay offs and leave of absences by changing the applicable period of absence from 30 days to 15 days. The parties disagree on the breadth of the modification. The Carrier contends that the Schedule Rule was modified wherever it applied, that is, wherever the Missouri Pacific-Upper Lines agreement has been

adopted as the working agreement for a particular hub. On the other hand, the Organization argues that the modification applied only to the territory covered by the terms of the St. Louis Hub Merger Implementing Agreement.

During Summer and Fall, 2000, the Carrier sought to apply the 15-day limitation period to engineers working under the Missouri Pacific-Upper Lines Schedule Agreement within the ambit of the North Little Rock/Pine Bluff Hub. The Carrier's application of the 15-day limitation period to lay offs and leave of absences by engineers at the North Little Rock/Pine Bluff Hub precipitated the instant controversy.

From the Organization's perspective, the negotiating history of Side Letter No. 24 is critical to its interpretation. According to the November 7, 2000 affidavit of Dennis E. Penning, who was the former General Chairman on the UP Eastern Region and a signatory to Side Letter No. 24, the Organization was faced with a dilemma. Penning declared that the Carrier threatened to apply the Chicago & Eastern Illinois Schedule Agreement, a labor contract which the Organization deemed inferior to other applicable schedule agreements, to the entire St. Louis Hub territory. Penning further attested that the Carrier had the authority to choose any one of the schedule agreements applicable to any territory covered by the St. Louis Hub Merger Implementing Agreement pursuant to a recent New York Dock arbitration decision. *United Transportation Union and Union Pacific Railroad Company*, NYD § 4 Arb (Yost; 4/14/97). Penning explained that the Organization agreed to modify the laying off and leave of absence schedule rule to obviate the Carrier's threat to adopt the Chicago & Eastern Illinois Schedule Agreement. Penning stressed that inasmuch as Chicago & Eastern Illinois employees were only involved in the St. Louis Hub, the Carrier could not select the

Chicago & Eastern Illinois Schedule Agreement as the working agreement for any other Hub. Lastly, Penning also attested that while he agreed to the modification of the Schedule Rule, he insisted on the paragraph in Side Letter No. 24 that the modification not be cited in any other negotiation and be accomplished without prejudice.

III. THE POSITIONS OF THE PARTIES

A. The Organization's Position

Side Letter No. 24 and the St. Louis Hub Merger Implementing Agreement, when read together, demonstrate that the amendment to the laying off and leave of absence schedule rule applies only to the employees and territories covered by the St. Louis Hub Merger Implementing Agreement. The second paragraph of Side Letter No. 24 states that ". . . during our negotiations of this Hub, the Carrier requested a modification . . . . ." This language proves that the negotiations on the modification were confined to the St. Louis Hub. In addition, the preamble to the St. Louis Hub Merger Implementing Agreement sets forth the territory of the consolidated Hub which excludes the territory covered by other hub merger implementing agreements, including the North Little Rock/Pine Bluff Hub Merger Implementing Agreement.

Furthermore, as former General Chairman Penning related in his affidavit, the penultimate paragraph of Side Letter No. 24 unambiguously provides that the change to the Schedule Rule was without prejudice to the positions of either party and the parties were barred from citing the change in any other negotiation. If the modification to the Schedule Rule was made without prejudice, then the original laying off and leave of absence rule endures at those points not covered by the St. Louis

Hub Merger Implementing Agreement. If Side Letter No. 24 changed the Schedule Agreement everywhere, there would be no reason for the parties to insert a non-referable clause in the side letter.

The BLE Committee membership who are subject to the terms of the St. Louis Hub Merger Implementing Agreement ratified the Agreement by an 84.1 percent vote. However, only those engineers working at points encompassed by the St. Louis Hub Merger Implementing Agreement voted in the ratification canvass. Conversely, those employees at other locations on the Missouri Pacific-Upper Lines did not vote on the terms and conditions in the St. Louis Hub Merger Implementing Agreement. The constitution and bylaws of the International Organization provide that a change in a schedule rule is not effective unless ratified by employees who are subject to the rule. More specifically, Sections 43(a) and 43(b) of the International Constitution and Bylaws bar the Organization's officers from entering into an agreement that changes a rule governing the wages and working conditions of engineers without ratification by the affected membership.[3] Since the Organization Committee members at the North Little Rock/Pine Bluff Hub did not vote on the St. Louis Hub Merger Implementing Agreement, the laying off and leave absence rule remains unchanged at North Little Rock. *Division 48, International Brotherhood of Locomotive Engineers v. Windham*, Civ. Action 86-2313-C-2 (E.D. MO 1986).

Assuming *arguendo*, that Side Letter No. 24 is unclear or ambiguous, the negotiating history supports the Organization's interpretation. The former General Chairman iterated in his affidavit that the Organization only agreed to reduce the 30-day limitation period to 15 days in the Schedule Rule to short circuit the Carrier's very real threat of applying an inferior Schedule Agreement to the

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[3] Section 33(a)(1) of the Constitution and Bylaws of the International Organization provide a similar mandatory ratification process for merger agreements.

entire St. Louis Hub territory. However, that inferior agreement could not have been selected by the Carrier in any other Hub touching on the Missouri Pacific-Upper Lines territory. Therefore, it is illogical that the General Chairman and the Organization would agree to modify the Schedule Rule beyond the St. Louis Hub inasmuch as the Chicago & Eastern Illinois Schedule Agreement could not be adopted beyond that Hub.

Furthermore, each merger implementing agreement was negotiated separately and became effective at different times. The parties clearly intended that the terms and conditions of each merger implementing agreement would only apply to the territory expressly covered by the particular implementing agreement.

Article VIII(A) of the St. Louis Hub Merger Implementing Agreement and identical clauses in the other implementing agreements, including Article VIII(A)of the North Little Rock/Pine Bluff Hub Merger Implementing Agreement, demonstrate that the schedule rules are saved unless expressly modified by the Merger Implementing Agreement. Nothing in Side Letter No. 24 suggests that the parties were modifying the laying off and leave of absence rule for the entire property covered by the Schedule Agreement. The savings clause in the North Little Rock/Pine Bluff Hub Merger Implementing Agreement limits the application of Side Letter No. 24 to the territories within the scope of the St. Louis Hub Merger Implementing Agreement.

B. <u>The Carrier's Position</u>

Side Letter No. 24 amended the laying off and leave of absence schedule rule across the Missouri Pacific-Upper Lines. Stated differently, the amended rule is expansive. It pertains to more

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territory than just the St. Louis Hub. The schedule rule was modified wherever the Missouri Pacific-Upper Lines schedule agreement is the applicable working agreement.

Nowhere in Side Letter No. 24 is there any language restricting the change in the Laying Off and Leave of Absence Rule to the St. Louis Hub. The absence of such language is a direct contrast to the presence of limiting language on other side letters. For example, Side Letter No. 26 to the St. Louis Hub Merger Implementing Agreement, which amended Schedule Rule 26(D), expressly states that the revision applies only to the St. Louis Hub. Similarly, Side Letter No. 23 to the St. Louis Hub Merger Implementing Agreement contains verbiage restricting the breadth of the rule change so that the amended rule is effective only at certain locations. The language in these two side letters demonstrates that the parties knew how to write restrictive terms. If the parties did not intend for Side Letter No. 24 to completely and entirely modify the Schedule Rule they would have inserted limiting language in the side letter.

Next the express language of Side Letter No. 24 conclusively demonstrates that the change in the rule went beyond the St. Louis Hub. The third paragraph of Side Letter No. 24 states that the current rule will be amended but does not restrict the amendment to the St. Louis Hub. The second paragraph reveals that the Carrier requested modification to existing rules. It would be senseless for the Carrier to ask for a change to a rule and then agree to a bifurcated application of the amendment whereby employees within the St. Louis Hub are treated differently from employees outside the St. Louis Hub.

Lastly, the words in Side Letter No. 24 constitute specific language. It is axiomatic in the interpretation of contracts that specific provisions control over general provisions. The Article

VIII(A) savings clause in the St. Louis Hub Merger Implementing Agreement is a broad and general provision. Side Letter No. 24 is a very specific and detailed provision that supersedes Article VIII(A). Thus, the savings clause is irrelevant.

IV. DISCUSSION

The parties bargained separately over the various hub merger implementing agreements and the Carrier implemented each merger implementing agreement at a different time. This bargaining process and environment strongly suggests that the parties contemplated that the provisions of each hub merger implementing agreement would pertain only to employees and property covered by the particular merger implementing agreement. Otherwise, the Carrier and Organization would have negotiated a master hub agreement, the terms of which would pierce the boundaries of each hub.

In this particular case, the North Little Rock/Pine Bluff Hub Merger Implementing Agreement became effective many months before the Carrier implemented the St. Louis Hub Merger Implementing Agreement. The employees subject to the North Little Rock/Pine Bluff Hub Merger Implementing Agreement understood the changes in working conditions brought about by the terms of their hub merger implementing agreement. Of course, these employees were not privy to the terms and conditions of the separately negotiated merger agreement governing the St. Louis Hub. It is noteworthy that the North Little Rock/Pine Bluff Hub Agreement does not contain a side letter equivalent to Side Letter No. 24 of the St. Louis Hub Merger Implementing Agreement.

Therefore, the North Little Rock/Pine Bluff Hub employees were not subject to any terms of the St. Louis Hub Agreement or, put differently, that they were not suddenly subject to a modification of their working conditions when the St. Louis Hub Agreement became effective nine

months later. It would be incongruous that, for a nine-month period, the North Little Rock/Pine Bluff Hub engineers would be subject to the 30-day limitation period in the Schedule Rule and then, on November 1, 1998, the more stringent 15-day limitation period would suddenly be imposed on these engineers.

In sum, the context in which the Hub Agreements were negotiated strongly supports the Organization's construction of Side Letter No. 24.

In addition, the express language of Side Letter No. 24 buttresses the Organization's position. As the Organization persuasively argues, the second paragraph of Side Letter No. 24 refers to ". . . negotiations of this Hub . . ." which clearly announces that the parties were bargaining over terms and conditions applicable to the territory covered by the St. Louis Hub Merger Implementing Agreement. The language does not state during negotiations of "all Hubs" or, during negotiations of "Hubs attendant to the Missouri Pacific-Upper Lines." It logically follows that the outcome of those negotiations pertained exclusively to the St. Louis Hub.

Absent any language showing that the breadth of the change in the laying off and leave of absence rule extended beyond the demarcation of the St. Louis Hub, the clear language of Side Letter No. 24 restricts the modification to employees subject to the terms and conditions of the St. Louis Hub Merger Implementing Agreement.

Inasmuch as the terms of Side Letter No. 24 of the St. Louis Hub Merger Implementing Agreement did not extend beyond the territory covered by the St. Louis Hub, Article VIII(A) of North Little Rock/Pine Bluff Hub Merger Implementing Agreement preserved (saved) the

unmodified schedule rule on laying off and leave of absence for territory covered by the North Little Rock Hub.

AWARD AND ORDER

Organization's Question at Issue: Does Side Letter No. 24 of the St. Louis Hub Merger Implementing Agreement modify the MPUL Laying Off and Leave of Absence Schedule Rule beyond the geographical territory of the St. Louis Hub?

Answer to Organization's Question at Issue: No.

Carrier's Question at Issue: Did the April 15, 1998 letter agreement amending the "Laying Off and Leave of Absence" rule dated October 22, 1952 and contained on Page 250 of the current Collective Bargaining Agreement apply only to the St. Louis Hub or does it apply to all of the MPUL committee?

Answer to Carrier's Question at Issue: For the reasons more fully stated in this Opinion, Side Letter No. 24 applies only to employees and territory subject to the terms and conditions of the St. Louis Hub Merger Implementing Agreement.

Date: January 26, 2001

John B. LaRocco
Arbitrator
Neutral and Sole Committee Member

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ORGANIZATION EXHIBIT

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MERGER
IMPLEMENTING AGREEMENT
(Houston Hub Zones 1 and 2)
between the
UNION PACIFIC RAILROAD COMPANY
SOUTHERN PACIFIC TRANSPORTATION COMPANY

and the
BROTHERHOOD OF LOCOMOTIVE ENGINEERS

PREAMBLE

The U.S. Department of Transportation, Surface Transportation Board ("STB") approved the merger of the Union Pacific Corporation ("UPC"), Union Pacific Railroad Company/Missouri Pacific Railroad Company (collectively referred to as "UP") and Southern Pacific Rail Corporation, Southern Pacific Transportation Company ("SPT"), St. Louis Southwestern Railway Company ("SSW), SPCSL Corp., and the Denver & Rio Grande Western Railroad Company ("DRGW") (collectively referred to as "SP") in Finance Docket 32760. In approving this transaction, the STB imposed New York Dock labor protective conditions. Copy of the New York Dock conditions is attached as Attachment "A" to this Agreement.

Subsequent to the filing of Union Pacific's application but prior to the decision of the STB, the parties engaged in certain discussions which focused upon Carrier's request that the Organization support the merger of UP and SP. These discussions resulted in the parties exchanging certain commitments, which were outlined in tetters dated March 8 (2), March 9 and March 22,1996. Copies of these letters are attached as Attachment "B" to this Agreement.

On August 29, 1996, the Carriers served notice of their intent to merge and consolidate operations generally between Houston, Texas and Avondale and Alexandria, Louisiana. On that same date the Carriers served notice of the sale of certain lines and facilities between Iowa Junction and Avondale, Louisiana to the Burlington Northern Santa Fe Company ("BNSF"). In order to permit the expedient consummation of this sale as mandated by the STB, the parties entered into an Interim Agreement dated October 2, 1996. That Agreement is attached as Attachment "C" to this Agreement, and provides certain protective benefits which will be applied from the time of the line and facility sale to BNSF until the effective date of this Agreement.

Pursuant to Section 4 of the New York Dock protective conditions, in order to achieve the benefits of operational changes made possible by the transaction and to modify collective bargaining agreements to the extent necessary to obtain those benefits,

IT IS AGREED:

ARTICLE I - SENIORITY AND WORK CONSOLIDATIONS

The following seniority consolidations and/or modifications will be made to existing rosters:

A. Avondale West Seniority District - Zone 1

1. Territow Covered: Avondale to Livonia (including Livonia)
Avondale to Lafayette (including Lafayette)
Avondale Terminal

The above includes all main lines, branch lines, industrial leads, yard tracks and stations between or located at the points identified. All UP operations between Livonia and Anchorage and Addis and Lettsworth, including Lobdell Junction to Baton Rouge, shall be included in the new Avondale West Seniority District.

2. Former Rosters Included:

SP	UP
Morgan, Louisiana & Texas District (34.52%) (Roster #31)	Avondale (Roster#16101) (48.97%)
	DeQuincy (Roster #05101) (.98%)
	TPMP (Roster 17101) (15.54%)

a. Seniority integration of the employees from the above affected former rosters into one consolidated prior rights seniority roster for Zone 1 will be done in the manner set forth in the Standby Seniority Merger Implementing Agreement executed this date. Based upon the equity data provided to the Organization, a merged roster will be developed by the Organization using the percentages denoted above. The number of engineers on such prior rights roster will be mutually agreed upon by the parties based upon anticipated service requirements prior to the formulation of the prior rights merged roster for Zone 1. Copy of the finalized prior rights seniority roster for Zone 1 shall be attached and identified as Attachment "D" to this Agreement.

b. Service requirements for Zone 1 not filled by employees on the prior rights rosters described above shall be protected by engineers from the common seniority roster defined in Article II.D. of the Standby Seniority Merger Implementing Agreement.

3. Terminal Consolidation

Avondale - All UP and SP operations within the new Avondale Terminal limits shall be consolidated into a single operation. The westward terminal limits of the consolidated terminal are as follows:

Union Pacific: Mile Post 17.0.
Southern Pacific: Mile Post 17.77.

Preexisting eastward terminal limits remain unchanged.

4. Road Operation Consolidations

a. All Avondale-Livonia/Lafayette pool operations shall be combined into one (1) pool with Avondale as the home terminal. Crews in this pool may operate to either of the destination terminals via any combination of former UP and SP trackage. Crews may also be transported between the destination terminals for the return trip to the home terminal, subject to the terms set forth in Side Letter No. 1.

b. Any road switcher/zone local or local service may be established to operate from any point to any other point within the Avondale West Seniority District. Any yard assignments outside of the terminal limits of Avondale shall be converted to road switcher/zone local assignments. This provision is not intended to modify existing agreements currently in force, if any, which require maintenance of local service over certain specified territories.

B. **Houston East Seniority District - Zone 2**

1. Territory Covered:

Houston to Alexandria (not including Houston and not including Alexandria)
Houston to Livonia (not including Houston and not including Livonia)
Houston to Lafayette (not including Houston and not including Lafayette)
Houston to Baytown (not including Houston)
Alexandria to Lake Charles (not including Alexandria)
Houston to Kemah on the SP Galveston Branch

The above includes all main lines, branch lines, industrial leads, yard tracks and stations between the points identified. Where the phrase "not including" is used above, it refers to yard operations and does not restrict road crews from operating into/out of such terminals or from performing work in such terminals which is permissible under local and national agreements.

2. Former Rosters Included:

SP	UP
Texas & New Orleans District (66.78%) (Roster#01)	DeQuincy(Roster#05101) (24.19%)
	Lake Charles (Roster #35101) (2.67%)
	Baytown (Roster#04101) (6.36%)

a. Seniority integration of the employees from the above affected former rosters into one consolidated prior rights seniority roster for Zone **2** will be done in the manner set forth in the Standby Seniority Merger Implementing Agreement executed this date. Based upon the equity data provided to the Organization, a merged roster will be developed by the Organization using the percentages denoted above. The number of engineers on such prior rights roster will be mutually agreed upon by the parties based upon anticipated service requirements prior to the formulation of the prior rights merged roster for Zone **2.** Copy of the finalized prior rights seniority roster for Zone **2** shall be attached and identified as Attachment "E" to this Agreement.

b. Service requirements for Zone **2** not filled by employees on the prior rights rosters described above shall be protected by engineers from the common seniority roster defined in Article II.D. of the Standby Seniority Merger Implementing Agreement.

3. Road Operation Consolidations

a. All Houston-Alexandria, Houston-Livonia and Houston-Lafayette pool operations shall be combined into one (1) pool with Houston as the home terminal. Crews in this pool may operate to any of the destination terminals via any combination of former UP and SP trackage. Crews may also be transported between Livonia and Lafayette for the return trip to the home terminal, subject to the terms set forth in Side Letter No. 1.

b. Any road switcher/zone local or local service may be established to operate from any point to any other point within the new Houston East Seniority District. Any yard assignments within the limits of this seniority district except

at Lake Charles and except the hump and trim jobs at Beaumont, shall be converted to road switcher/zone local assignments. This provision is not intended to modify existing agreements currently in force, if any, which require maintenance of local service over certain specified territories.

4. Other Operations

a. SP Baytown Branch - All SP operations on its Baytown Branch, including yards at Dayton and Mont Belvieu, shall be included in the new prior rights Houston East Seniority District (Zone 2) and consolidated with other UP and SP operations as appropriate. Any pool freight service originating or terminating at Dayton may be protected by either the consolidated Houston-East pool established in 3.a. above, or a separate pool.

b. UP Baytown Branch - All UP operations on its Baytown Branch shall be included in the new Houston East Seniority District (Zone 2) and consolidated with other UP and SP operations as appropriate.

c. SP Galveston Branch - All SP operations on its Galveston Branch, including Strang Yard, to Kemah, but excluding that part of the line from Kemah to Galveston and Galveston Yard, shall be included in the new Houston East Seniority District (Zone 2) and consolidated with other UP and SP operations as appropriate.

C. Extra Boards

1. Guaranteed Extra Boards (road, yard, or combination road/yard) may be established at any location within the Houston East Seniority District (Zone 2) and Avondale West Seniority District (Zone 1) pursuant to the designated collective bargaining agreement provisions. At any locations where multiple extra boards now exist, such boards may be consolidated.

a. At outside points the Company may establish guaranteed extra boards that cover assignments in multiple locations. For example, the Carrier may establish one extra board to cover the DeQuincy/Lake Charles area, or one extra board to cover the Beaumont/Orange/Amelia/Mauriceville area. When established, the Carrier shall designate the geographic area the extra board will cover. If exhausted, such extra board may be supplemented from the next nearest extra board in the seniority district in accordance with existing agreement rules and practices.

ARTICLE II - APPLICABLE AGREEMENTS

A. All employees and assignments in the territories comprehended by this Implementing Agreement will work under the Collective Bargaining Agreement currently in effect between the Union Pacific Railroad Company and the Brotherhood of Locomotive Engineers dated October 1, 1977 (reprinted October 1, 1991), including all applicable national agreements, the "local/national" agreement of May 31, 1996, and all other side letters and addenda which have been entered into between date of last reprint and the date of this Implementing Agreement. Where conflicts arise, the specific provisions of this Agreement shall prevail. None of the provisions of these agreements are retroactive.

B. All runs established pursuant to this Agreement will be governed by the conditions set forth in Section 2 through 6 of the Livonia Interdivisional Agreement dated February 27, 1995. These provisions are replicated in Attachment "F".

C. Engineers protecting pool freight operations on the territories covered by this Agreement shall receive continuous held-away-from-home terminal pay (HAHT) for all time so held at the distant terminal after the expiration of sixteen (16) hours. All other provisions in existing agreement rules and practices pertaining to HAHT pay remain unchanged.

D. Actual miles will be paid for runs in the new Houston East Seniority District and the new Avondale West Seniority District. Examples are illustrated in Attachment "G".

ARTICLE III - FAMILIARIZATION

A. Engineers involved in the consolidation covered by this Agreement whose assignments require performance of duties on a new geographic territory not familiar to them will be given full cooperation, assistance and guidance in order that their familiarization shall be accomplished as quickly as possible. Engineers will not be required to lose time or "ride the road" on their own time in order to qualify for these new operations.

B. Engineers will be provided with a sufficient number of familiarization trips in order to become familiar with the new territory. Issues concerning individual qualification shall be handled with local operating officers. The parties recognize that different terrain and train tonnage impact the number of trips necessary and the operating officer assigned to the merger will work with the local Managers of Operating Practices in implementing this section. If disputes occur under this Article they may be addressed directly with the

appropriate Director of Labor Relations and the General Chairman for expeditious resolution.

C. It is understood that familiarization required to implement the merger consolidation herein will be accomplished by calling a qualified engineer (or Manager of Operating Practices) to work with an engineer called for service on a geographic territory not familiar to him.

D. Engineers hired subsequent to the effective date of this document will be qualified in accordance with current FRA certification regulations and paid in accordance with the local agreements that will cover the merged Hub.

ARTICLE IV - IMPLEMENTATION

A. The Carrier will give at least sixty (60) days' written notice of its intent to implement this Agreement.

B. 1. Concurrent with the service of its notice, the Carrier will post a description of Zones **1** and **2** described in Article 1 herein.

2. Twenty (20) days after posting of the information described in 6.1. above, the appropriate Labor Relations Personnel, CMS Personnel, General Chairmen and Local Chairmen **will** convene **a** workshop to implement assembly of the merged seniority rosters. At this workshop, the representatives of the Organization will construct consolidated seniority rosters, without names, which reflect the equity distribution from the interested former rosters. After constructed, employees from the interested former rosters will be assigned to the new consolidated rosters pursuant to Article II.B.6. of the Standby Seniority Merger Implementing Agreement.

3. Dependent upon the Carrier's manpower needs, the Carrier may develop a pool of representatives of the Organization, with the concurrence of the General Chairmen, which, in addition to assisting in the preparation of the rosters, will assist in answering engineers' questions, including explanations of the seniority consolidation and implementing agreement issues, discussing merger integration issues with local Carrier officers and coordinating with respect to CMS issues relating to the transfer of engineers from one zone to another or the assignment of engineers to positions.

C. The roster consolidation process shall be completed in seven (7) days, after which the finalized agreed-to rosters will be posted for information and protest in accordance with the applicable agreements. If the participants have not finalized agreed-to rosters, the Carrier will prepare **such** rosters,

post them for information and protest, will use those rosters in assigning positions, and will not be subject to claims or grievances as a result.

D. Once rosters have been posted, those positions which have been created or consolidated will be bulletined for a period of seven *(7)* calendar days. Employees may bid on these bulletined assignments in accordance with applicable agreement rules. However, no later than ten (10) days after closing of the bulletins, assignments will be made.

E. 1. After all assignments are made, employees assigned to positions which require them to relocate will be given the opportunity to relocate within the next thirty (30) day period. During this period, the affected employees may be allowed to continue to occupy their existing positions. If required to assume duties at the new location immediately upon implementation date and prior to having received their thirty (30) days to relocate, such employees will be paid normal and necessary expenses at the new location until relocated. Payment of expenses will not exceed thirty (30) calendardays.

2. The Carrier may, at its option, elect to phase-in the actual implementationof this Agreement. Employees will be given ten (10) days' notice of when their specific relocation/reassignment is to occur.

F. Engineers will be treated for vacation, entry rates and payment of arbitraries as though all their time on their original railroad had been performed on the merged railroad. Engineers assigned to the Hub on the effective date of this Agreement (including those engaged in engineer training on such date) shall have entry rate provisions waived and engineers hired/promoted after the effective date of this Agreement shall be subject to National Agreement rate progression provisions.

ARTICLE V - PROTECTIVE BENEFITS AND OBLIGATIONS

A All employees who are listed on the prior rights Avondale West (Zone 1) and Houston East (Zone 2) merged rosters shall be considered adversely affected by this transaction and consolidation and will be subject to the New York Dock protective conditions which were imposed by the STB. It is understood there shall not be any duplication or compounding of benefits under this Agreement and/or any other agreement or protective arrangement.

1. Carrier will calculate and furnish TPA's for such employees to the Organization as soon as possible after implementation of the terms of this Agreement. The time frame used for calculating the TPA's in

accordance with New York Dock will be August 1,1995 through and including July 31, 1996.

2. In consideration of blanket certification of all employees covered by this Agreement for wage protection, the provisions of New York Dock protective conditions relating to "average monthly time paid for" are waived under this Implementing Agreement.

3. Test period averages for designated union officers will be adjusted to reflect lost earnings while conducting business with the Carrier.

4. National Termination of Seniority provisions shall not be applicable to engineers hired prior to the effective date of this Agreement.

B. Engineers required to relocate under this Agreement will be governed by the relocation provisions of New York Dock. In lieu of New York Dock provisions, an employee required to relocate may elect one of the following options:

1. Non-homeowners may elect to receive an "in lieu of" allowance in the amount of $10,000 upon providing proof of actual relocation.

2. Homeowners may elect to receive an "in lieu of" allowance in the amount of $20,000 upon providing proof of actual relocation.

3. Homeowners in Item 2 above who provide proof of a bona fide sale of their home at fair value at the location from which relocated shall be eligible to receive an additional allowance of $10,000.

   a) This option shall expire within five (5) years from date of application for the allowance under Item 2 above.

   b) Proof of sale must be in the form of sale documents, deeds, and filings of these documents with the appropriate agency.

   Note: All requests for relocation allowance must be claimed on form which is attached as "Attachment "H."

4. With the exception of Item 3 above, no claim for an "in lieu of" relocation allowance will be accepted after two

(2) years from date of implementation of this Agreement.

5. Under no circumstances shall an engineer be permitted to receive more than one (1) "in lieu of" relocation allowance under this Implementing Agreement.

6. Engineers receiving an "in lieu of" relocation allowance pursuant to this Implementing Agreement will be required to remain at the new location, seniority permitting, for a period of two (2) years.

ARTICLE VI - SAVINGS CLAUSES

A. The provisions of the applicable Schedule Agreement will apply unless specifically modified herein.

B. Nothing in this Agreement will preclude the use of any engineers to perform work permitted by other applicable agreements within the new Houston East Seniority District or the new Avondale West Seniority District, i.e., yard crews performing Hours of Service Law relief within the road/yard zone, ID crews performing service and deadheads between terminals, road switchers handling trains within their zones, etc.

C. The provisions of this Agreement shall be applied to all employees covered by said Agreement without regard to race, creed, color, age, sex, national origin, or physical handicap, except in those cases where a bona fide occupational qualification exists. The masculine terminology herein is for the purpose of convenience only and does not intend to convey sex preference.

Signed at SAN FRANCISCO this 17th day of JANUARY, 1997.

FOR THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS:

D. E. Penning
General Chairman, BLE

R. A. Poe
General Chairman, BLE

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

FOR THE CARRIERS:

M. A. Hartman
General Director-Labor Relations
Union Pacific Railroad Co.

W. E. Loomis
Director-Labor Relations
Southern Pacific Transportation Co.

APPROVED:

D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

Q

RECD
FEB 20 2001
Labor Relations

SPECIAL ARBITRATION BOARD

PARTIES TO DISPUTE:

Brotherhood of Locomotive Engineers
(UP Southern General Committee of Adjustment)
and
Union Pacific Railroad

STATEMENT OF CLAIM:

The Carrier's proposed Terms and Conditions to be applied to interdivisional train service from a new home terminal at Beaumont, Texas does not conform to the requirements of Section 2-Conditions of Article 1X of the Arbitrated 1986 BLE National Agreement.

BACKGROUND

On August 17, 1998, the Carrier served notice, pursuant to Article 1X of the BLE 1986 National Agreement, to establish interdivisional train operations from a new home terminal at Beaumont, Texas to various away-from-home terminals. On December 3, 1998, the parties agreed to an Interim Beaumont Interdivisional Operation, without prejudice to either parties' position.

Following further negotiations, the parties were unable to reach agreement. Accordingly, the dispute was arbitrated on January 18, 2000.

FINDINGS

The General Chairman has provided a well-reasoned brief which he expanded upon at the arbitration hearing. The General Chairman recognizes that, pursuant to Article 1X and a long-line of Arbitral Awards, the Carrier has the right to establish new interdivisional train service. However, he points out that Section 2-Conditions of Article 1X requires that "reasonable and practical conditions shall govern the establishment" of train runs. Moreover, Section 2 provides

flexability in that it also states that the parties are "not limited" to the guidelines. In summary, he contends that the Carrier has not properly recognized and given weight to certain circumstances unique to the BLE. Accordingly, he argues that these elements, as explained in his brief and as argued at the arbitration hearing, should be incorporated in the final Award.

I have carefully reviewed the position of both parties in this matter. The same Article 1X notice became the subject for arbitration between the Carrier and the United Transportation Union. On November 26, 1999, Arbitration Board No. 570 (Arbitrator John B. Criswell) issued its Award. I have no basis for not abiding my the substance of that Award. Accordingly, as is customary in these matters, there is attached to this Award an Agreement in the form of Terms and Conditions for final settlement of the dispute which is hereby imposed on the parties.

Dated this 25th day of February, 2000, at Arlington, VA.

Eckehard Muessig
Arbitrator

Terms and Conditions

between the

Union Pacific Railroad
and the

Brotherhood of Locomotive Engineers

Interdivisional Service - Beaumont

ARTICLE I

Section 1: Service

A. New Interdivisional Service shall be established from Beaumont, as the new home terminal, to the following points and paid the miles shown below with a minimum of a basic day when performing service or combination deadhead and service:

Home Terminal	Away from Home Terminal	Miles
Beaumont – E. Pool	LIVONIA	161 via Beaumont Subdivision 167 via Lafayette Subdivision
Beaumont – E. Pool	LAFAYETTE	129 via Lafayette Subdivision
Beaumont – E. Pool	ALEXANDRIA	148 via Beaumont Subdivision 153 via Lafayette Subdivision
Beaumont – W. Pool	HOUSTON	88 via Beaumont Subdivision to Settegast 85 via Beaumont Subdivision to Englewood 81 via Lafayette Subdivision to Settegast 82 via Lafayette Subdivision to Englewood
Beaumont – W. Pool	Hearne	195 miles via BN & SP to Hearne 213 miles via BN & Valley Jct. To Hearne

B. Crews may operate via any combination of UP and former SP trackage over the Lafayette or the Beaumont Subdivision between Beaumont and Livonia, Lafayette, Alexandria and Houston. Crews will be paid the miles run if routing is different than identified in Section A.

C. Beaumont pool turns established under this Agreement as well as the east long pool turn at Houston established under the Houston Hub Merger Agreement will operate on a

first in/first out basis at both the home and away-from-home terminals. As such, runarounds en route do not apply. The off duty time of a crew determines the first in conditions. If more than one (1) crew arrives at the same time, the order of first in will be based on the crew's order at time of call for original service.

Section 2: Rates of Pay

The provisions of the 1986 National Arbitration Award as amended by subsequent agreements shall apply.

Section 3: Overtime

Overtime will be calculated in accordance with the National Agreements.

Section 4: Call

All crews headquartered at Beaumont will receive a two (2) hour call for any service.

Section 5: Transportation

When a crew is required to deadhead or is required to take charge of a train or is relieved from duty at a point other than the on and off duty points identified in Section 1, the Carrier shall authorize and provide suitable transportation for the crew.

Section 6: Meal Allowance and Eating Enroute

In order to expedite the movement of interdivisional service, the Carrier shall determine the conditions under which such crews may stop to eat. When crews covered by this agreement are not permitted to stop and eat, such crews will be paid an allowance of $1.50 for the trip in accordance with the provisions set forth in the 1986 National Arbitration Award.

Section 7: Suitable Lodging

Suitable lodging will be provided by the Carrier in accordance with existing Agreements.

Section 8: Seniority / Pools and Extra Boards.

A. Service from Beaumont to Livonia, Lafayette, Alexandria. A new east pool shall be established at Beaumont with multiple away-from-home terminals.

B. Service from Beaumont to Houston. A new west pool shall be established at Beaumont with Houston as the away-from-home terminal.

C. Service from Beaumont to Hearne/Valley Junction. This service will be protected by the new west pool.

D. Beaumont Extra Board. The existing engineer extra board at Beaumont shall protect vacancies in this new Interdivisional Pool Freight Service, other miscellaneous service the board currently protects, as well as all other service previously protected by the DeQuincy extra board. The Carrier will have the right to eliminate the DeQuincy extra board.

E. Force Assigning. All new positions not filled by employees voluntarily, will be filled by force assigning the junior engineer not working as such in the Houston Hub.

Section 9: Repositioning Crews at the Away-From-Home Terminals

A. The highway miles shown below will govern when crews are repositioned/ deadheaded between the following away-from-home terminals:

Alexandria – Lafayette	=	93 miles
Alexandria – Livonia	=	104 miles
Lafayette – Livonia	=	51 miles.

B. The repositioning conditions set forth in this Section are restricted to the terminals listed above.

C. Article I,B,3,a. of the Houston Hub Merger Agreement regarding repositioning crews from one away from home terminal to another will apply.

D. This is subject to the conditions contained in Side Letter No. 1 of the Houston Hub Agreement.

Section 10: Familiarization

To ensure proper familiarization and compliance with applicable FRA regulations, if any, employees new to the territory will be provided with a sufficient number of familiarization trips over territory where they are not currently qualified. Issues concerning individual qualification shall be handled with local operating officers. Employees will not be required to lose time or "ride the road" on their own time in order to qualify for these new operations. Pay will be made in the same manner as if the employee had performed service. If a dispute arises concerning this process, it will be addressed directly with the appropriate Labor Relations Officer and the General Chairman.

Section 11: Hours of Service Relief

A. The provisions for Hours of Service Relief and the utilization of crews as set forth in the Livonia Interdivisional Agreement and the Houston Hub Merger Agreement for both the Houston east long pool and the DeQuincy Operation (short pools) will continue to apply with the exception the Beaumont extra board will replace the DeQuincy extra board.

Section 12: Mileage Regulation

Pools established by this Agreement shall be regulated in accordance with existing Agreements and practices.

Section 13: Beaumont/Amelia

A. Road crews at Beaumont may get or leave their trains at Amelia.

B. When west pool crews get or leave trains at Amelia, it will not change the road miles established in Section 1 of this Agreement. When east pool crews get or leave trains at Amelia, the Beaumont/Amelia road miles will be added to the trip mileage. The miles shall be both over and back as if in combination service.

C. This clause does not change the Beaumont Terminal limits.

Section 14: Held-Away-From-Home Terminal Payments

Crews covered by this Agreement will receive continuous held-away-from-home terminal payments for all time held at the far terminal after the expiration of sixteen hours.

Section 15: Work Train/Turnaround Service

All unassigned work train and/or turnaround service operating out of Beaumont will be protected by the Beaumont extra board.

ARTICLE II

Section 1: Interim Pool and Extra Board Positions

A. On the date of implementing this Agreement, the existing Beaumont Interim operation pool turns, the additional Interim operation extra board positions at Beaumont and any remaining extra board positions at DeQuincy will be abolished.

B. No less than fifteen (15) days prior to the date of implementing this Agreement, the new Beaumont short pool turns (east and west) along with all new additional Beaumont extra

board positions will be advertised. Assignment of employees to the new positions will be made ten (10) days from the date of advertisement and employees so assigned will assume their new positions at 12:01 a.m. on the date of implementing the Agreement.

Note: It is understood on the time and date of implementing this Agreement, employees may already be on duty and/or at the away from home terminals. Those employees will assume their new positions upon final tie-up at the home terminal.

Section 2: With the advance advertisement of new positions, employees whose positions will be abolished under Section 1 above, will not be permitted to exercise their seniority over junior employees who are assigned to the new positions so advertised. Employees who desire the new positions must obtain such through the advertisement process set forth in Subsection 1 B above.

ARTICLE III

Section 1 - Subsequent to the implementation of this Agreement, employees who were occupying positions which were abolished as set forth in Article II, Section 1 of this Agreement and who as a result of this Agreement were required to change their place of residence from DeQuincy to Beaumont as defined in National Agreements and applicable Job Protection Agreements, will be provided Interdivisional Income and Homeowner/Moving Expense Protection pursuant to the relevant National Agreement provisions.

ARTICLE IV

Section 1 – This Agreement will become effective on the date Carrier advertises the new positions as set forth in Article II, Section 1 B of this Agreement.

Section 2 – This Agreement is in compliance with the provisions set forth in the National Agreements.

Section 3 – Where in conflict with any other agreements, understandings or practices, the provisions of this Agreement will apply.

Imposed this 25th day of February, 2000 in accordance with Article IX Arbitration in conjunction with the attached award.

R

IMPLEMENTING AGREEMENT
(Longview Hub)

between the

UNION PACIFIC RAILROAD COMPANY

SOUTHERN PACIFIC TRANSPORTATION COMPANY

and the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

PREAMBLE

The U.S. Department of Transportation, Surface Transportation Board ("STB") approved the merger of the Union Pacific Corporation ("UPC"), Union Pacific Railroad Company/Missouri Pacific Railroad Company (collectively referred to as "UP") and Southern Pacific Rail Corporation, Southern Pacific Transportation Company ("SPT"), St. Louis Southwestern Railway Company ("SSW"), SPCSL Corp., and the Denver & Rio Grande Western Railroad Company ("DRGW") (collectively referred to as "SP") in Finance Docket 32760. In approving this transaction, the STB imposed New York Dock labor protective conditions. Copy of the New York Dock conditions is attached as Attachment "A" to this Agreement.

Subsequent to the filing of Union Pacific's application but prior to the decision of the STB, the parties engaged in certain discussions which focused upon Carrier's request that the Organization support the merger of UP and SP. These discussions resulted in the parties exchanging certain commitments, which were outlined in letters dated March 8 (2), March 9 and March 22, 1996.

On May 14, 1997, the Carriers served notice of their intent to merge and consolidated operations generally in the following territories:

Union Pacific:	Longview to Ft. Worth (not including Mesquite or Ft. Worth or any stations between Mesquite and Ft. Worth.)
	Longview to Livonia (not including Alexandria or Livonia)

Longview to Valley Junction (not including Valley Junction or Hearne)

Texarkana Terminal
Palestine, TX
Troup, TX

Southern Pacific: Big Sandy to Hearne (not including Hearne)

Big Sandy to Dallas (not including Mesquite or Dallas or any station between Mesquite and Dallas).

Texarkana to Sulphur Springs (end of track) via the SSW Commerce Subdivision

Texarkana Terminal
Lewisville, AR

Pursuant to Section 4 of the New York Dock protective conditions, in order to achieve the benefits of operational changes made possible by the transaction and to modify collective bargaining agreements to the extent necessary to obtain those benefits,

IT IS AGREED:

ARTICLE I - WORK AND ROAD POOL CONSOLIDATIONS

The following work/road pool consolidations and/or modifications will be made to existing runs.

A. Zone 1 - Seniority District

Territory Covered: Longview to Livonia (not including Longview, Alexandria or Livonia).

The above includes all main lines, branch lines, industrial leads, yard tracks and stations between or located at the points indicated. Where the phrase "not including" is used above, it refers to other than through freight operations, but does not restrict through freight engineers from operating into/out of such terminals/points or from performing work at such terminals/points pursuant to the designated collective bargaining agreement provisions.

1. Pool freight operations between Longview and Livonia shall be protected by either a long pool or two short pools. The long pool shall operate Longview to Livonia with Longview as the home terminal. The short pool will consist of:

   a. One pool operating Longview to Shreveport, with Shreveport

as the home terminal, and

b. One pool operating Shreveport to Livonia, with Shreveport as the home terminal.

For the first 90-day period following implementation of this Agreement all pool freight operations shall be protected by the short pools. Thereafter, Carrier may advertise turns in the long pool at Longview as operational and business conditions warrant. Any engineers required to relocate to Longview as a result of the institution of long pool operations shall be covered by the relocation provisions of this Agreement.

2. Engineers in this pool will be provided lodging at the away from home terminal pursuant to existing agreements and the Carrier shall provide transportation to engineers between the on/off duty location and the designated lodging facility.

3. Any road switcher/zone local or local service may be established to operate from any point to any other point within the seniority district pursuant to the designated collective bargaining agreement provisions. This provision is not intended to modify existing agreements currently in force, if any, which require maintenance of local service over certain specified territories.

4. At Longview, engineers called to operate pool freight service to Shreveport or Livonia may receive the train for which they were called up to twenty-five (25) miles on the far side of the terminal and run back through Longview to their destination without claim or complaint from any other engineer. At Shreveport, engineers called to operate pool freight service to Longview or Livonia may receive the train for which they were called up to twenty-five (25) miles on the far side of the terminal and run back through Shreveport to their destination without claim or complaint from any other engineer. When so used, the engineer shall be paid an additional one half (½) day at the basic pro rata through freight rate for this service in addition to the district miles of the run. If the time spent beyond the terminal under this provision is greater than four (4) hours, then they shall be paid on a minute basis at the basic pro rata through freight rate.

5. All road switcher/zone local and yard assignments at Marshall, Reisor, Lewisville or Shreveport shall be protected by engineers from this seniority zone. Any such assignments, including irregular assignments (i.e., work train, wreck train, etc.) between Longview and Livonia (excluding Longview and Alexandria yards) shall be protected by engineers from this seniority zone.

6. All UP and SSW operations within the Shreveport terminal limits shall be consolidated into a single operation. For purposes of leaving or receiving road trains, the terminal limits of Shreveport shall be extended westward to include Reisor. The westward limits shall extend to Mile Post 323.8 on the UP Reisor Subdivision. Other Shreveport terminal limits remain unchanged. All existing yard assignments at Shreveport may be converted to road switcher/zone local assignments at the Carrier's option. All road engineers may leave or receive their trains at any location within the terminal and may perform work within the terminal pursuant to the designated collective bargaining agreement provisions. The Carrier will designate the on/off duty points for all engineers, with these on/off duty points having appropriate facilities as currently required in the collective bargaining agreement.

7. All rail lines, yards and/or sidings within or at Shreveport will be considered as common to all engineers working in, into and out of Shreveport.

B. Zone 2 - Seniority District

Territory Covered: Longview to Valley Junction (not including Longview, Valley Junction or Hearne)

Big Sandy to Hearne (not including Hearne)

The above includes all main lines, branch lines, industrial leads, yard tracks and stations between or located at the points indicated. Where the phrase "not including" is used above, it refers to other than through freight operations, but does not restrict through freight engineers from operating into/out of such terminals/points or from performing work at such terminals/points pursuant to designated collective bargaining agreement provisions.

1. All Longview-Valley Junction and Big Sandy-Hearne pool operations shall be combined into one (1) pool with Longview as the home terminal. Valley Junction/Hearne will serve as the away from home terminal. Engineers in this pool may operate between Longview/Big Sandy and Valley Junction/Hearne via any combination of former UP and SSW trackage between these points. Crews going on duty at Longview and taking charge of their trains at Big Sandy or leaving their trains at Big Sandy and going off duty at Longview will be paid full district miles between Longview and Valley Junction/Hearne.

2. Engineers in this pool will be provided lodging at the away from home terminal pursuant to existing agreements and the Carrier shall provide transportation to engineers between the on/off duty location and the designated lodging facility.

3. Any road switcher/zone local or local service may be established to operate from any point to any other point within the seniority district pursuant to the designated collective bargaining agreement. This provision is not intended to modify existing agreements currently in force, if any, which require maintenance of local service over certain specified territories.

4. At Longview or Big Sandy, engineers called to operate pool freight service to Valley Junction/Hearne may receive the train for which they were called up to twenty-five (25) miles on the far side of the terminal and run back through Longview or Big Sandy to their destination without claim or complaint from any other engineer. At Valley Junction/Hearne, engineers called to operate through freight service to Big Sandy/Longview may receive the train for which they were called up to twenty five (25) miles on the far side of the terminal and run back through Valley Junction/Hearne to their destination without claim or complaint from any other engineer. When so used, the engineer shall be paid an additional one-half (½) day at the basic pro rata through freight rate for this service in addition to the district miles of the run. If the time spent beyond the terminal under this provision is greater than four (4) hours, then they shall be paid on a minute basis at the basic pro rata through freight rate.

5. All road switcher/zone local and yard assignments at Tyler, Troup, Corsicana, Palestine or Big Sandy shall be protected by engineers from this seniority zone. Any such assignments, including irregular assignments (i.e., work train, wreck train, etc.) between Longview and Valley Junction (excluding Longview and Hearne) or Big Sandy and Hearne shall be protected by engineers from this seniority zone.

6. Tyler terminal limits shall be extended to include the UP Tyler Industrial Lead between Mile Posts 8.0 and 26.3 (end of track). Pre-existing SSW Tyler Terminal limits remain unaffected. Upon implementation of this Agreement, Tyler will cease to function as a crew change location for through freight operations. Interchange rules are not applicable for intra-carrier moves within the terminal.

7. Any demarcation between former SP and SSW yards at Corsicana shall be extinguished and such yards shall be combined into a unified operation. Corsicana terminal limits shall extend between Mile Posts 208.0 and 211.0 on the SP Dallas Subdivision and to Mile Post 618.0 on the SSW Ennis Subdivision.

8. The terminal limits of Longview shall extend between Mile Posts 88.5 and 96.2 on the UP Dallas Subdivision and to Mile Post 1.9 on the UP Palestine Subdivision. The terminal limits of Big Sandy shall extend between Mile Posts 524.0 and 527.0 on the SSW Pine Bluff

Subdivision and between Mile Posts 112.0 and 115.0 on the UP Dallas Subdivision.

C. Zone 3 - Seniority District

Territory Covered: Longview to Ft. Worth (not including Mesquite or Ft. Worth or any stations between Mesquite and Ft. Worth)

Big Sandy to Dallas (not including Mesquite or Dallas or any stations between Mesquite and Dallas)

Texarkana to Sulphur Springs (end of track) via SSW Commerce Subdivision

The above includes all main lines, branch lines, industrial leads, yard tracks and stations between or located at the points indicated. Where the phrase "not including" is used above, it refers to other than through freight operations, but does not restrict through freight engineers from operating into/out of such terminals/points or from performing work at such terminals/points pursuant to designated collective bargaining agreement provisions.

1. All Longview to Ft. Worth pool operations shall be combined into one (1) pool with Longview as the home terminal. Dallas/Ft. Worth will serve as the destination terminal. Engineers in this pool may operate between Longview and Ft. Worth via any combination of former UP or SSW trackage. Crews going on duty at Longview and taking charge of their trains at Big Sandy or leaving their trains at Big Sandy and going off duty at Longview will be paid full district miles between Longview and Ft. Worth.

2. Engineers in this pool will be provided lodging at the away from home terminal pursuant to existing agreements and the Carrier shall provide transportation to engineers between the on/off duty location and the designated lodging facility.

3. Any road switcher/zone local or local service may be established to operate from any point to any other point within the seniority district pursuant to the designated collective bargaining agreement. This provision is not intended to modify existing agreements currently in force, if any, which require maintenance of local service due to certain specified territories.

4. Upon implementation of this Agreement, Mineola and Texarkana will cease to function as terminals for through freight operations and become stations en route.

5. At Longview or Big Sandy, engineers called to operate through freight service between Longview and Ft. Worth may receive the train for which they were called up to twenty-five (25) miles on the far side of the terminal and run back through Longview or Big Sandy to their destination without claim or complaint from any other engineer. When so used, the engineer shall be paid an additional one half (½) day at the basic pro rata through freight rate for this service in addition to the district miles of the run. If the time spent beyond the terminal under this provision is greater than four (4) hours, then they shall be paid on a minute basis at the basic pro rata through freight rate.

6. The terminal limits of Longview shall extend between Mile Posts 88.5 and 96.2 on the UP Dallas Subdivision and to Mile Post 1.9 on the UP Palestine Subdivision. The terminal limits of Big Sandy shall extend between Mile Posts 524.0 and 527.0 on the SSW Pine Bluff Subdivision and between Mile Posts 112.0 and 115.0 on the UP Dallas Subdivision.

7. All road switcher/zone local and yard assignments at Texarkana, Mt. Pleasant, Longview or Mineola shall be protected by engineers from this seniority zone. Any such assignments, including irregular assignments (i.e., work train, wreck train, etc.) between Texarkana and Mesquite (excluding Marshall and Mesquite) or on the former SSW Commerce Subdivision between Texarkana and Sulphur Springs (end of track) will be protected by engineers from this seniority zone.

8. All UP and SSW operations within the Texarkana terminal limits shall be consolidated into a single operation.

9. All rail lines, yard and/or sidings at Texarkana will be considered as common to all engineers working in, into and out of Texarkana. All engineers will be permitted to perform all permissible road/yard moves pursuant to the designated collective bargaining agreement provisions. Interchange rules are not applicable for intra-carrier moves within the terminal.

ARTICLE II - OTHER OPERATIONS

A. Certain trackage within the Longview Hub (i.e, the trackage between Texarkana and Big Sandy via Mt. Pleasant) is coextensive with trackage contained in the North Little Rock/Pine Bluff Seniority District (Zone 1). Engineers from either of these seniority districts may operate over such coextensive trackage as set forth in this Article without claim or complaint from other engineers.

1. Pool freight service originating at Houston and destined for Longview and/or Shreveport, and pool freight service originating at Longview and/or Shreveport and destined for Houston shall belong to engineers of the Houston Hub.

2. Pool freight service originating at North Little Rock/Pine Bluff destined for Longview/Big Sandy and/or Shreveport, and pool freight service originating at Longview/Big Sandy and/or Shreveport destined for North Little Rock/Pine Bluff shall belong to engineers of the North Little Rock/Pine Bluff Hub.

3. Engineers of the Houston Hub have certain rights as defined in the Implementing Agreement for that hub to handle their own through freight trains between Longview and Marshall and between Shreveport and Marshall at times of main line service interruptions.

4. Engineers of the North Little Rock/Pine Bluff Hub have rights to operate over trackage between Marshall and Big Sandy in the handling their own through freight trains between North Little Rock/Pine Bluff and Longview/ Big Sandy. (Note: In the event operating conditions require operations from North Little Rock/Pine Bluff to Longview/Big Sandy via Shreveport, such runs shall terminate at Shreveport and thereafter be handled between Shreveport and Longview by engineers of the Longview Hub short pool.)

5. Engineers of both the Houston and North Little Rock/Pine Bluff Hubs have certain rights as defined in the Implementing Agreements for those hubs to receive their through freight train up to twenty five (25) miles on the far side of the terminal and run back through the terminal to their destination.

6. Hours of service relief of through freight trains originating at North Little Rock/Pine Bluff which have reached Lewisville or Texarkana or points beyond but which are not within the twenty-five (25) mile HOS relief zone described above, shall be performed by the first out rested away-from-home-terminal crew. Upon completion of such service, said crew shall be placed first out upon rest for service back to North Little Rock/Pine Buff. HOS relief for trains which have not reached Lewisville or Texarkana shall be protected by engineers at North Little Rock/Pine Bluff.

7. Handling of the Winfield coal trains onto the SSW Commerce Subdivision west of Mt. Pleasant shall belong to engineers of the Longview Hub. Such coal trains shall be handled by extra board engineers at Texarkana from Texarkana to the unloading point and return, or by extra board engineers at Longview from Big Sandy to the unloading point and return.

8. When local, work, wreck, HOS relief, or other such road runs are called or assigned which operate exclusively within the territorial limits of one of the zones established in this Agreement, such service shall be protected by engineers in such zone. If such run or assignment extends across territory encompassing more than one zone, it will be protected by engineers in the zone in which such service is home terminaled. For example, a local home terminaled at Texarkana operating to/from Palestine would be protected by Zone 3 engineers.

9. Existing UP Mineola to North Little Rock, UP Texarkana to Palestine, SSW Pine Bluff to Tyler and SSW Tyler to Hearne ID runs will be suspended upon implementation of this Agreement.

ARTICLE III - SENIORITY CONSOLIDATIONS

A. To achieve the work efficiencies and allocation of forces that are necessary to make the Longview Hub operate efficiently as a unified system, a new seniority district will be formed and a master Engineer Seniority Roster - UP/BLE Longview Merged Roster #1 will be created for the engineers holding seniority in the territory comprehended by this Agreement on the effective date thereof. The new roster will be divided into three (3) zones as described in Article I.A., I.B. and I.C.

B. Prior rights seniority rosters will be formed covering each of the three (3) zones outlined above. Placement on these rosters and awarding of prior rights to their respective zones shall be based on the following:

1. Zone 1 - The roster will consist of former UP engineers with prior rights on the Ft. Worth Merged 7 (TP) (Roster #012111), TP Avondale (Roster #016101), TP Shreveport (Roster #015101) and SSW (Roster #308101).

2. Zone 2 - This roster will consist of former SP (H&TC) engineers (Roster #130101), former SSW engineers (Roster #301101), and former UP engineers with prior rights on Palestine Merged 10 (Roster #014111).

3. Zone 3 - This roster will consist of former SSW engineers (Roster #307101), former UP Ft. Worth Merger 7 (TP) (Roster #012111), and former Arkansas (Roster #032111).

C. Seniority integration of the engineers from the above affected former rosters into three (3) prior rights zone rosters will be done on the basis of work equity. The source of determining such equity will be furnished to the Organization and the Organization will furnish the Carrier with the necessary equity percentages prior to the roster formulation process.

D. Entitlement to assignment on subject prior right rosters shall be made on the following order of priority:

1. Engineers with prior rights on the interested pre-merged rosters.

2. Engineers working on the SSW Engineer's System Seniority Roster and the SP Eastern Lines Seniority Roster with no prior rights status on the interested pre-merger rosters.

E. Engineers on each of the prior rights rosters described above will be afforded common seniority on the other zones outside their prior rights zone including the additional zones involved when the Longview and DFW Hubs are combined under I below. All such common seniority shall be based upon the current date of seniority as a locomotive engineer. If this process results in employees having identical common seniority dates, seniority will be determined by the employee's fireman's date, and if there are still identical dates, seniority will be determined by the employee's earliest continuous hire date with their carrier.

F. Any engineer working in the territories described in Article I. above on or before December 1, 1996, but currently reduced from the engineers working list, shall also be given a place on the roster and prior rights. Engineers currently forced to this territory will be given a place on the roster and prior rights if so desired; otherwise, they will be released when their services are no longer required and will not establish a place on the new roster.

G. Union Pacific engineers currently on an inactive roster pursuant to previous merger agreements and other UP, SP and SSW engineers who are on long term leave of absence shall not participate in the roster formulation process described above; however, in the event they return to active service, they will take the appropriate equity slot to which they would have been entitled at such time of formulation of said roster and stand immediately ahead of the engineer assigned that slot. The Carrier and Organization shall jointly agree on all names of employees which are excluded from the roster formulation process and placed on an inactive roster.

H. With the creation of the new seniority district described herein, all previous seniority outside the Longview Hub held by engineers on the new roster shall be eliminated and all seniority inside the new hub held by engineers outside the district shall be eliminated, excepted as modified by Article III.I. below.

I. When negotiations for the DFW Hub are completed, the parties hereto intend for the Longview Hub (Zones 1, 2 and 3) to become a part of the DFW Hub. Former SSW and SP engineers currently working in the Longview Hub (Zones 1, 2 and 3) will be afforded seniority opportunities within the DFW Hub based upon the language of that Agreement.

J. All engineer vacancies within the Longview Hub must be filled prior to any engineer being reduced from the working list or prior to engineers being permitted to exercise to any reserve or supplemental boards. Prior rights engineers in their prior rights zone must displace any common engineers working in that zone prior to being permitted to exercise to any reserve or supplemental boards.

K. The total number of engineers on the master UP/BLE Longview Hub Merger Roster #1 will be mutually agreed upon by the parties based upon anticipated service requirements.

ARTICLE IV - EXTRA BOARDS

A. The following extra boards shall be established to protect vacancies and other extra board work into or out of the Longview Hub or in the vicinity thereof:

1. Shreveport - One Guaranteed Extra Board (combination road/yard) to protect all service in Zone 1 except the Longview-Livonia pool.

2. Longview - Guaranteed Extra Board (combination road/yard) to protect each of the following:

   a. Zone 1 pool freight service in the Longview-Livonia pool as defined in Article I.A.1. above.

   b. All service in Zone 2, except as modified by paragraph 3. below.

   c. All service in Zone 3, except as modified by paragraph 4. below.

3. Tyler - One Guaranteed Extra Board (combination road/yard) to protect all assignments originating at Corsicana, Palestine, Tyler or Troup.

4. Texarkana - One Guaranteed Extra Board (combination road/yard) to protect all assignments originating at Texarkana.

B. If additional extra boards are established after the date of implementation of this agreement, it shall be done pursuant to the terms of the designated collective bargaining agreement. When established, the Carrier shall designate the geographic area the extra board will cover. If exhausted, such extra board may be supplemented from the next nearest extra board in the seniority district in accordance with existing agreement rules and practices.

ARTICLE V - APPLICABLE AGREEMENTS

A. All engineers and assignments in the territories comprehended by this Implementing Agreement will work under the Collective Bargaining Agreement currently in effect between the Union Pacific Railroad Company and the Brotherhood of Locomotive Engineers dated October 1, 1977 (reprinted October 1, 1991), including all applicable national agreements, the "local/national" agreement of May 31, 1996, and all other side letters and addenda which have been entered into between date of last reprint and the date of this Implementing Agreement. Where conflicts arise, the specific provisions of this Agreement shall prevail. None of the provisions of these agreements are retroactive.

B. All runs established pursuant to this Agreement will be governed by the following:

1. Rates of Pay: The provisions of the June 1, 1996 National Agreement will apply as modified by the May 31, 1996 Local/National Agreement.

2. Overtime: Overtime will be paid in accordance with Article IV of the 1991 National Agreement.

3. Transportation: When a crew is required to report for duty or is relieved from duty at a point other than the on and off duty points fixed for the service established hereunder, the Carrier shall authorize and provide suitable transportation for the crew.

   Note: Suitable transportation includes Carrier owned or provided passenger carrying motor vehicles or taxi, but excludes other forms of public transportation.

4. Suitable Lodging: Suitable lodging will be provided by the Carrier in accordance with existing agreements.

5. Existing ID run provisions regarding overmile rate and meal allowances as contained in the current UP Texarkana to Palestine ID Agreement shall apply to the following through freight territories:

   - Longview - Valley Junction/Hearne
   - Longview - Fort Worth
   - Longview - Livonia
   - Shreveport - Livonia

   Current (non-ID) Agreement rules shall apply to the Longview-Shreveport short pool.

C. Engineers protecting pool freight operations on the territories covered by this Agreement shall receive continuous held-away-from-home terminal pay (HAHT) for all time so held at the distant terminal after the expiration of sixteen (16) hours. All other provisions in existing agreement rules and practices pertaining to HAHT pay remain unchanged.

D. Except where specific terminal limits have been detailed in the Agreement, it is not intended to change existing terminal limits under applicable agreements.

E. Actual miles will be paid for runs in the new Longview Hub. Examples are illustrated in Attachment "B".

ARTICLE VI - FAMILIARIZATION

A. Engineers involved in the consolidation of the Longview Hub covered by this Agreement whose assignments require performance of duties on a new geographic territory not familiar to them will be given full cooperation, assistance and guidance in order that their familiarization shall be accomplished as quickly as possible. Engineers will not be required to lose time or "ride the road" on their own time in order to qualify for these new operations.

B. Engineers will be provided with a sufficient number of familiarization trips in order to become familiar with the new territory. Issues concerning individual qualification shall be handled with local operating officers. The parties recognize that different terrain and train tonnage impact the number of trips necessary and the operating officer assigned to the merger will work with the local Managers of Operating Practices in implementing this Section. If disputes occur under this Article they may be addressed directly with the appropriate Director of Labor Relations and the General Chairmen for expeditious resolution.

C. It is understood that familiarization required to implement the merger consolidation herein will be accomplished by calling a qualified engineer (or Manager of Operating Practices) to work with an engineer called for service on a geographic territory not familiar to him.

D. Engineers hired subsequent to the effective date of this document will be qualified in accordance with current FRA certification regulations and paid in accordance with the local agreements that will cover the merged Hub.

ARTICLE VII - IMPLEMENTATION

A. The Carrier will give at least thirty (30) days' written notice of its intent to implement this Agreement.

B. 1. Concurrent with the service of its notice, the Carrier will post a description of Zones 1, 2 and 3 described in Article 1 herein.

2. Ten (10) days after posting of the information described in B.1. above, the appropriate Labor Relations Personnel, CMS Personnel, General Chairmen and Local Chairmen will convene a workshop to implement assembly of the merged seniority rosters. At this workshop, the representatives of the Organization will construct consolidated seniority rosters, without names, which reflect the equity distribution from the interested former rosters. After constructed, engineers from the interested former rosters will be assigned to the new consolidated rosters as set forth in Article III of this Implementing Agreement.

3. Dependent upon the Carrier's manpower needs, the Carrier may develop a pool of representatives of the Organization, with the concurrence of the General Chairmen, which, in addition to assisting in the preparation of the rosters, will assist in answering engineers' questions, including explanations of the seniority consolidation and implementing agreement issues, discussing merger integration issues with local Carrier officers and coordinating with respect to CMS issues relating to the transfer of engineers from one zone to another or the assignment of engineers to positions.

C. The roster consolidation process shall be completed in five (5) days, after which the finalized agreed-to rosters will be posted for information and protest in accordance with the applicable agreements. If the participants have not finalized agreed-to rosters, the Carrier will prepare such rosters, post them for information and protest, will use those rosters in assigning positions, and will not be subject to claims or grievances as a result.

D. Once rosters have been posted, those positions which have been created or consolidated will be bulletined for a period of five (5) calendar days. Engineers may bid on these bulletined assignments in accordance with applicable agreement rules. However, no later than ten (10) days after closing of the bulletins, assignments will be made.

E. 1. After all assignments are made, engineers assigned to positions which require them to relocate will be given the opportunity to relocate within the next thirty (30) day period. During this period, the affected engineers may be allowed to continue to occupy their existing positions. If required to assume duties at the new location immediately upon implementation date and prior to having received their thirty (30) days to relocate, such engineers will be paid normal and necessary expenses at the new location until relocated. Payment of expenses will not exceed thirty (30) calendar days.

2. The Carrier may, at its option, elect to phase-in the actual

implementation of this Agreement. Engineers will be given ten (10) days' notice of when their specific relocation/reassignment is to occur.

F. Engineers will be treated for vacation, entry rates and payment of arbitraries as though all their time on their original railroad had been performed on the merged railroad. Engineers assigned to the Hub on the effective date of this Agreement (including those engaged in engineer training on such date) shall have entry rate provisions waived. Engineers hired/promoted after the effective date of this Agreement shall be subject to National Agreement rate progression provisions.

ARTICLE VIII - PROTECTIVE BENEFITS AND OBLIGATIONS

A. All engineers who are listed on the Longview Hub merged rosters shall be considered adversely affected by this transaction and consolidation and will be subject to the New York Dock protective conditions which were imposed by the STB. It is understood there shall not be any duplication or compounding of benefits under this Agreement and/or any other agreement or protective arrangement.

1. Carrier will calculate and furnish TPA's for such engineers to the Organization as soon as possible after implementation of the terms of this Agreement. The time frame used for calculating the TPA's in accordance with New York Dock will be August 1, 1995 through and including July 31, 1996.

2. In consideration of blanket certification of all engineers covered by this Agreement for wage protection, the provisions of New York Dock protective conditions relating to "average monthly time paid for" are waived under this Implementing Agreement.

3. Test period averages for designated union officers will be adjusted to reflect lost earnings while conducting business with the Carrier or other related union business.

4. National Termination of Seniority provisions shall not be applicable to engineers hired prior to the effective date of this Agreement.

B. Engineers required to relocate under this Agreement will be governed by the relocation provisions of New York Dock. In lieu of New York Dock provisions, an employee required to relocate may elect one of the following options:

1. Non-homeowners may elect to receive an "in lieu of" allowance in the amount of $10,000 upon providing proof of actual relocation.

2. Homeowners may elect to receive an "in lieu of" allowance in the amount of $20,000 upon providing proof of actual relocation.

3. Homeowners in Item 2 above who provide proof of a bona fide sale of their home at fair value at the location from which relocated shall be eligible to receive an additional allowance of $10,000.

   a) This option shall expire within five (5) years from date of application for the allowance under Item 2 above.

   b) Proof of sale must be in the form of sale documents, deeds, and filings of these documents with the appropriate agency.

   NOTE: All requests for relocation allowances must be submitted on the prescribed form.

4. With the exception of Item 3 above, no claim for an "in lieu of" relocation allowance will be accepted after two (2) years from date of implementation of this Agreement.

5. Under no circumstances shall an engineer be permitted to receive more than one (1) "in lieu of" relocation allowance under this Implementing Agreement.

6. Engineers receiving an "in lieu of" relocation allowance pursuant to this Implementing Agreement will be required to remain at the new location, seniority permitting, for a period of two (2) years.

ARTICLE IX - SAVINGS CLAUSES

A. The provisions of the applicable Schedule Agreement will apply unless specifically modified herein.

B. Nothing in this Agreement will preclude the use of any engineers to perform work permitted by other applicable agreements within the new seniority districts described herein, i.e., yard engineers performing Hours of Service Law relief within the road/yard zone, ID engineers performing service and deadheads between terminals, road switchers handling trains within their zones, etc.

C. The provisions of this Agreement shall be applied to all engineers covered by said Agreement without regard to race, creed, color, age, sex, national origin, or physical handicap, except in those cases where a bona fide occupational qualification exists. The masculine terminology herein is for the purpose of convenience only and does not intend to convey sex preference.

ARTICLE X - EFFECTIVE DATE

This Agreement implements the merger of the Union Pacific and Southern Pacific railroad operations in the area covered by Notice dated May 14, 1997.

Signed at Omaha, NE this 13th day of August, 1997.

FOR THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS:

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

D. E. Thompson
General Chairman, BLE

D. E. Penning
General Chairman, BLE

R. A. Poe
General Chairman, BLE

APPROVED:

D. M. Hahs
Vice President, BLE

J. L. McCoy
Vice President, BLE

FOR THE CARRIERS:

M. A. Hartman
General Director-Labor Relations
Union Pacific Railroad Co.

W. E. Loomis
Director-Labor Relations
Southern Pacific Transportation Co.

S

JFM

MERGER IMPLEMENTING AGREEMENT

between the

UNION PACIFIC/MISSOURI PACIFIC RAILROAD COMPANY CHICAGO AND NORTH WESTERN RAILWAY COMPANY

and the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

In Finance Docket No. 32133, the Interstate Commerce Commission (ICC) approved the acquisition and control of the Chicago and North Western Railway Company (CNW) by the Union Pacific/Missouri Pacific Railroad Company (Union Pacific or UP). In order to achieve the benefits of operational changes made possible by the transaction and to modify pretransition labor arrangements to the extent necessary to obtain those benefits, **IT IS AGREED:**

I. **Seniority and Work Consolidation**. To achieve the work efficiencies and allocation of forces that are necessary to make the merged Carrier operate efficiently as a unified system, the following seniority consolidations will be made:

A. St. Louis, Missouri

1. (a) The CNW employees assigned to CNW yard assignments at Madison, Illinois, on September 1, 1995, will be placed on the bottom of Missouri Pacific (MP) Merged Roster No. 1 and will have prior rights to the former CNW regularly assigned yard assignments at Madison. Should those former CNW assignments be abolished or consolidated with other MP assignments, the former CNW employees will have no prior rights. However, should those former CNW assignments be reestablished, prior rights shall apply. Any newly established assignments will not be subject to prior rights.

(b) Both MP employees and former CNW employees may work all assignments covered by Merged Roster No. 1 and may work all assignments protected by the MP St. Louis extra board. All employees and all assignments will work under the MP

Agreement all in accordance with the employees' seniority on Merged Roster No. 1, subject to prior rights.

NOTE: Prior rights will not apply to assignments on nor operation of the MP Merged Roster #1 extra board at St. Louis.

2. (a) The CNW employee(s) assigned to the Monterey Mine assignment on September 1, 1995, will be placed on the bottom of the Chicago and Eastern Illinois (C&EI) road roster at St. Louis and will have prior rights to the Monterey Mine assignment, if regularly assigned. Should this assignment be abolished or consolidated with other C&EI assignments, the former CNW employee(s) will have no prior rights. However, should those former CNW assignments be reestablished , prior rights shall apply. Any newly established assignments will not be subject to prior rights.

(b) Both C&EI and the former CNW employee may work the Monterey Mine Assignment, may work all assignments covered by the C&EI road roster and may work all assignments protected by the C&EI extra board at St. Louis. All employees and all assignments will work under the C&EI Agreement all in accordance with the employees' seniority on the C&EI road roster at St. Louis, subject to prior rights.

NOTE: Prior rights will not apply to assignments on nor operation of the C&EI extra board at St. Louis.

3. (a) The number of employees assigned to work South Pekin, Illinois, to St. Louis (in through freight only, excluding power plant operations) on September 1, 1995, will be transferred to St. Louis and will be placed on the bottom of the C&EI road roster at St. Louis and will have prior rights to a maximum of three positions in the new St. Louis to Chicago/South Pekin pool. Any newly established assignments will not be subject to prior rights.

(b) Both C&EI employees and former CNW employees may work all assignments in the new St. Louis to Chicago/South Pekin Pool, may work all assignments protected by the C&EI road roster (including the Monterey Mine assignment) and may work

all assignments protected by the St. Louis extra board (including the Monterey Mine assignment). All employees and all assignments will work under the C&EI Agreement all in accordance with the employees' seniority on the C&EI roster at St. Louis, subject to prior rights.

NOTE: Prior rights will not apply to assignments on nor operation of the C&EI extra board at St. Louis.

B. Kansas City, Missouri

1. (a) The CNW employees assigned to CNW yard assignments at Kansas City on September 1, 1995, will be placed on the bottom of MP Merged Roster No. 2A and Merged Roster 2B and will have prior rights to the former CNW yard assignments. Should those former CNW assignments be abolished or consolidated with other MP assignments, those former CNW employees will have no prior rights. However, should those former CNW assignments be reestablished , prior rights shall apply. Any newly established assignments will not be subject to prior rights.

(b) Both MP employees and former CNW employees may work all assignments covered by Merged Rosters 2A and 2B and may work all assignments protected by the Merged Roster 2A and Merged Roster 2B extra boards. All employees and all assignments will work under the MP Agreement all in accordance with the employees' seniority on Merged Rosters 2A and 2B, subject to prior rights.

NOTE: These prior rights will not be applicable to assignments on nor operation of the three MP extra boards at Kansas City.

2. (a) The number of CNW employees assigned to road service work between Kansas City and Des Moines (excluding service to Indianola), on September 1, 1995, and who are headquartered at Des Moines, will be transferred to Kansas City . Those CNW employees, as well as the CNW employees currently assigned to work between Kansas City and Des Moines headquartered at Kansas City and the CNW employees on the CNW extra board at Kansas City, will all be placed on the

bottom of the MP Merged Roster 2A and MP Merged Roster 2B and will have prior rights to their percentage in the new Kansas City to Omaha Metro Complex (OMC)/Des Moines pool. The percentage will be as follows: 75% for Merged Roster 2B and 25% for the former CNW employees. The percentage for the former CNW employees need not be maintained as those employees attrite or are unavailable. Any newly established assignments will not be subject to prior rights.

NOTE: These prior rights will not be applicable to assignments on nor operation of the three MP extra boards at Kansas City.

(b) Both MP employees and former CNW employees may work all assignments in the Kansas City to OMC/Des Moines pool, may work local assignments between Kansas City and Des Moines (excluding service to Indianola) and all assignments protected by Merged Roster No. 2A and Merged Roster 2B may work all assignments protected by the Merged Roster No.2A and Merged Roster 2B extra boards. All employees and all assignments will work under the MP Agreement all in accordance with the employees' seniority on Merged Roster No. 2A and Merged Roster 2B, subject to prior rights.

C. Chicago, Illinois Complex

1. A new consolidated Chicago Terminal Complex (CTC) seniority roster will be established to protect all non-through freight, yard or extra board assignments headquartered within the CTC. The CTC is defined in Article III.

2. The new CTC seniority roster will consist of the following employees:

(a) All C&EI employees working in Chicago on March 1, 1996;

(b) All CNW employees on the Chicago Freight Terminal #7 Roster;

(c) The number of CNW Eastern #1 employees working in Chicago on March 1, 1996; and,

(d) The number of CNW Northeastern #2 employees working in Chicago on March 1, 1996.

NOTE 1: "Working in Chicago" is defined as holding an assignment (non-through freight, yard, or extra board) with an on-duty point within the territory of the new CTC as defined in Article III.

NOTE 2: One Eastern-1 extra board employee for each four Eastern-1 employees transferred to the CTC and one Northeastern-2 extra board employee for each four Northeastern-2 employees transferred to the CTC will also be transferred to the new CTC roster.

3. (a) Employees identified in Paragraph 2, above, will be placed on the new CTC seniority roster in the following manner:

(1) Employees identifies in 2(a), (c) and (d), above, will be dovetailed based upon the employees's engine service date. If this process results in employees having identical seniority dates, seniority will be determined by the employees's service date.

(2) The dovetailed list in (1), above, will be placed on the bottom of the CNW Chicago Freight Terminal #7 Roster creating the new CTC roster.

(b) Each employee placed on the new CTC roster will be provided prior rights to their former work now included in the CTC. Current assignments retained in the new CTC will not be rebulletined. Should any former assignments subsequently be abolished or consolidated with other CTC assignments, there will be no prior rights to those assignments. However, should those former CNW assignments be reestablished , prior rights shall apply. Any newly established assignments will not be subject to prior rights. The new CTC seniority roster will indicate prior rights in the following manner:

NOTE: Prior rights will not apply to assignments on nor operation of the CTC extra board.

EXAMPLE (assumes roster only has five people on it):

	Prior Rights to which Assignments				
Name	Roster Ranking	Chicago Freight Terminal#7	Eastern#1	North-Eastern#2	C&EI
Jones, J.	#1	X			
Smith, L.	#2	X			
Ames, G.	#3			X	
Bailey, T.	#4				X
Moore, K.	#5		X		

(c) All employees placed on the CTC roster may work all assignments protected by the new CTC roster and may work all assignments protected by the new CTC extra board. All employees and all assignments will work under the CNW Agreement all in accordance with the employee's seniority on the new CTC roster, subject to prior rights.

(d) New employees hired and placed on the CTC roster subsequent to the adoption of the CTC will be governed by the CNW collective bargaining agreement, but will have no prior rights to any assignments within the CTC; will have no rights to any CNW Eastern #1, CNW Northeastern #2 nor C&EI assignments outside of the CTC; will rank below all prior rights employees on the roster and will have seniority to all assignments headquartered within the CTC.

D. Omaha

1. UP/BLE Roster #1 will be expanded to protect all assignments headquartered within the Omaha Metro Complex (OMC) or which have the OMC as the source of supply. The OMC is defined in Article III.

2. The new UP/BLE Merged Roster #1 will consist of the following employees:

(a) All UP employees on the current UP/BLE #1;

(b) All CNW employees assigned to work between the OMC and Sioux City, Iowa (including Sergeant Bluff, Iowa) on September 1, 1995.

NOTE 1: CNW employees who work in the Sioux City area on yard, locals and road switchers and through freight between Sioux City and St. James, Minnesota will remain under the CNW Agreement until the Carrier gives a 30 day written notice that it is instituting through freight service between the OMC and Worthington. When such service is instituted then all employees in all classes of service between the OMC and Worthington, Minnesota will be part of the UPED Seniority District #1 and will operate under the UPED Agreement provisions and the provisions of Article II New Operations. Assignments at Worthington and to Minneapolis shall remain under the CNW.

NOTE 2: Employees on the Sioux City extra board may relieve crews unloading coal trains at the Sergeant Bluff power plant but will not be used to return trains to the OMC.

NOTE 3: The carrier notice to institute ID service to Worthington does not require additional bargaining of terms and conditions as those are already set forth in the Award but to give the parties time to transfer the employees to the new seniority roster and relocate additional employees to the OMC if needed.

(c) All CNW employees working an assignment headquartered within the OMC on September 1, 1995;

NOTE 1: "Working an assignment headquartered within the OMC" is defined as holding an assignment (non-through freight, yard or extra board) with an on-duty point within the territory of the OMC.

NOTE 2: "Working an assignment headquartered within the OMC" is also defined as the CNW assignments working to Norfolk, Nebraska, from Fremont, Nebraska, and the CNW assignment at Norfolk.

3. (a) Employees identified in Paragraph 2, above, will be placed on the new UP/BLE Merged Roster #1 in the following manner:

(1) Employees identified in 2(b) and (c), above, will be dovetailed based on the employee's engine service date. If this process results in employees having identical seniority dates, seniority will be determined by the employee's Company service date.

(2) The dovetailed list in (1), above, will be placed on the bottom of the UP/BLE Roster #1.

NOTE: Employees affected by the dovetailing of seniority in 3(a), above, will be transferred to the OMC in accordance with operational needs.

(b) Each employee placed on the new UP/BLE Merged Roster #1 will retain their current assignment (if operated) and will be provided primary prior rights to assignments on their former seniority district. Secondary prior rights shall be granted former CNW employees on other CNW work transfered to UPBLE merged roster number 1 not covered by primary prior rights. . Prior rights will also include the new operations established in accordance with Article II, Section A, Paragraph (1), but prior rights will not apply to assignments on nor operation of the UP extra boards at the OMC. Should any former CNW assignment be abolished or consolidated with UP assignments, the former CNW employees will have no prior rights to those assignments. However, should those former CNW assignments be reestablished , prior rights shall apply. Any newly established assignments will not be subject to prior rights; however, additions to pool freight service shall not be considered "newly established assignments" as used in this

sentence. The UP/BLE Merged Roster #1 seniority roster will indicate prior rights in the following manner:

EXAMPLE (assumes only five people on the roster):

	Prior Rights to which Assignments				
Name	**Roster Ranking**	**UP/BLE Roster#1**	**CNW within OMC**	**CNW - OMC to Worth'ton**	
Brown, J.	#1	P			
Green, S.	#2	P			
Black, C.	#3		S	P	
White, P.	#4		P	S	
Blue, R.	#5		P	S	

(c) All employees placed on the UP/BLE Merged Roster #1 may work all assignments (regular or extra) protected by the new roster. All employees and all assignments will work under the UP Agreement in accordance with the employee's seniority on the new roster, subject to prior rights.

(d) New employees hired and placed on the new UP/BLE Merged Roster #1 subsequent to the adoption of this agreement will be governed by the UP Agreement, but will have no prior rights to any assignment protected by the new roster, will rank below all prior rights employees on the roster and will have seniority rights to all assignments protected by the new roster.

4. The expanded UP/BLE Merged Roster #1 will enable the Carrier to address necessary operational efficiencies and economies in the territory and on the following trackage: the existing UP/BLE Seniority District #1; the OMC as defined in Article III; ; and the north-south main line, branch lines and yards from the OMC to Sioux City. It will include all trackage from Sioux City to Worthington after service of the notice in Article I D 2 (b).

E. Midwest

1. A new CNW Midwest seniority district will be created to address necessary operational efficiencies and economies on the following lines: Mason City, Iowa, to Butterfield, Minnesota; Allendorf, Iowa, to Bricelyn, Iowa; Hartley, Iowa, to Emmetsburg, Iowa; Estherville, Iowa, to Eagle Grove, Iowa; Burt, Iowa, to Goldfield, Iowa; Forest City, Iowa, to Belmond, Iowa; Kanawha, Iowa, to Belmond, Iowa; Dows, Iowa, to Clarion, Iowa; Mason City, Iowa, to Somers, Iowa; Eagle Grove, Iowa, to Ames, Iowa; Ellsworth, Iowa, to Jewell, Iowa; Mallard, Iowa, to Grand Junction, Iowa; Albert City, Iowa, to Rolfe, Iowa; Royal, Iowa, to Laurens, Iowa; Coulter, Iowa, to Clarksville, Iowa; Iowa Falls, Iowa, to Alden, Iowa; Oelwein, Iowa, to Waterloo, Iowa; Marshalltown, Iowa, to Steamboat Rock, Iowa; Marshalltown, Iowa, to Powerville, Iowa; Marshalltown, Iowa, to Albia, Iowa; Hampton, Iowa, to Sheffield, Iowa; Des Moines, Iowa, to Yale, Iowa; Des Moines, Iowa, to Woodward, Iowa; Des Moines, Iowa, to Indianola, Iowa: and Des Moines, Iowa, to Bondurant, Iowa. In addition, trackage from Des Moines to Mason City and trackage from the OMC to Clinton is included in the new Midwest seniority district.

2. The new Midwest Seniority District will consist of the following employees:

   (a) The number of CNW Southern #3 employees working in the Midwest territory on September 1, 1995 (less those transferred to other districts in accordance with this Agreement);

   (b) The number of CNW Central #5 employees working in the Midwest territory on September 1, 1995 (less those transferred to other districts in accordance with this Agreement).

NOTE: "Working in the Midwest territory" is defined as holding an assignment (through freight, non-through freight, yard or extra board) with an on-duty point within the territory of the new Midwest seniority district.

3. Currently active employees on the Central 5 and Southern 3 Seniority Rosters who have been placed on the new Midwest Seniority District will be listed on the new Midwest Seniority District Roster as follows:

(a) Two new rosters will be created: Midwest Roster A and Midwest Roster B;

Roster A will list the currently active Southern 3 employees with their current seniority date ahead of currently active Central 5 employees who will receive a common date of June 1, 1996 and will be ranked in the order they currently stand on the Central 5 Roster.

Roster B will list the currently active Central 5 employees with their current seniority date ahead of currently active Southern 3 employees who will receive a common date of June 1, 1996 and will be ranked in the order they currently stand on the Central 5 Roster.

(b) Employees with seniority dates on the Midwest Seniority District after June 1, 1996 will be listed on both Rosters A and B behind Southern and Central employees. Rosters A and B will exist until such time as all employees on either of the two rosters with dates older than June 1, 1996 are attrited.

(c) Employees listed on Roster A shall have prior rights to those positions (including extra boards) headquartered at points located on the former Southern 3 territory. Employees listed on Roster B shall have prior rights to those positions (including extra boards) headquartered at points located on the former Central 5 territory.

(d) On runs which operate over both former Southern 3 and Central 5 territories, the Local Chairmen involved will work with the Crew Management Director or his designee to determine whether equalization is required as between employees having a date of June 1, 1996 or earlier. If equalization is desired, the Local Chairman will then notify the Crew Management Director to post a bulletin to the entire district which will indicate that the bulletin is for equalization purposes, the time period the assignment will cover, and whether Roster A or B will have prior right to the assignment. No changes will be made during the life of the bulletin. If no bids are received from the Roster

to whom equalization is owed, the right to the equalization will be deemed waived and the bulletin will be canceled.

(e) The prior rights set forth in this Section 3 govern assignment to service only. Once assigned, all employees, including prior rights employees, on the new Midwest seniority roster may work all assignments (regular or extra) protected by the Midwest roster without regard to former Southern 3 and Central 5 seniority demarcation lines. All employees and all assignments will work under the CNW (proper) Agreement and under the terms and conditions established in Article II.

F. Seniority and Service Rights

The following will apply to employees transferring from CNW to UP (Sections A, B and D of this Article I) and to employees transferring from UP to CNW (Section C of this Article I):

(a) All engine service seniority with the employees' original railroad will be eliminated;

(b) Seniority with the employees' new railroad will be established in accordance with the provisions of this Article I; and,

(c) The employees will be treated for vacation, entry rates and payment of arbitraries as though all their time in engine service on their original railroad had been performed on their new railroad.

(d) Employees with train service seniority on their original railroad will forfeit that seniority. Train service on the employees' new railroad will be established either following the same relative standing as on the original railroad or as provided for in the UTU National Agreement.

NOTE: Subparagraph (d) is contingent upon the implementing agreement for the other operating craft organization.

(e) The seniority consolidations provided for in this Article I will result in the elimination of GNW Southern #3 seniority district. CNW Freight Terminal #7 and the C&EI Chicago Yard seniority districts will also be eliminated and made part of the

new CTC seniority district. The UP/BLE Seniority District #1 will also be eliminated and will become the basis for the new UP/BLE Merged Roster #1 seniority district.

(f) CNW employees placed on the bottom of a C&EI or MP roster under Sections A and B of this Article I will be placed on the roster in the same seniority order they held on the CNW.

(g) After the initial placement on a new roster in accordance with the procedures set forth in Article V, below, no additional employees hired prior to the date of this Agreement will be permitted to place on another roster under the provisions of this Agreement.

II. New Operations

A. The following new operations may be implemented in accordance with the provisions set forth in this Article II:

1. Under the UP Agreement with the OMC as the home terminal: , OMC-Sioux City, OMC-Sergeant Bluff, OMC-North Platte, OMC-Grand Island (including the "picker" pool) and OMC-Marysville. OMC-Worthington shall be included after the notice in Article I D 2 (b) becomes effective.

NOTE: The current North Platte-Fremont and North Platte - Council Bluffs doubleheaded interdivisional pools may cease operations (with the understanding these pools may be re-established by the Carrier) when replaced by an OMC-North Platte and North Platte-OMC pool.

2. Under the *CNW* Agreement with Boone as the home terminal: Boone-Clinton and Boone-OMC; with Clinton as the home terminal: Clinton-OMC.

Note: Return trips from the OMC and Clinton in the Boone pool may go to Des Moines, Mason City, Nevada and Ames with the employees being either transported back to the home terminal of Boone after completion of the trip or taking a train back to the home terminal of Boone and being paid actual miles run or transported or combination thereof. This does not prohibit the use of Clinton crews on their return trip from being used to any of these cities and then

transported to Clinton or used on another train to Clinton and paid actual miles run or transported or combination thereof.

Example: A crew goes from Boone to the OMC and on its return trip it takes a train to Ames and is then transported back to Boone to tie up. The crew is paid actual miles Boone to Council Bluffs (where it yarded its train), and on its return trip is paid from Missouri Valley (where it received its train) to Ames and Highway miles Ames to Boone unless overtime was greater.

3. Under the MP Agreement with Kansas City as the home terminal: Kansas City-OMC/Des Moines.

NOTE: This will be a single pool with alternative destinations (see Article I, Section B2).

4. Under the C&EI Agreement with St. Louis as the home terminal: St. Louis - Chicago/South Pekin.

NOTE 1: This will be a single pool with alternative destinations (see Article 1, Section A3).

NOTE 2: The current St. Louis-Chicago operation is a guaranteed pool. The guarantee and offset adjustments for the new pool operation will be paid and adjusted in accordance with Side Letter #1 of the Villa Grove Interdivisional Run Arbitration Agreement.

5. On the territory covered by the CNW Agreement:

(a) Twin Cities (home terminal) to Worthington (far terminal);

(b) Any Midwest Seniority District location to any other Midwest Seniority District location; (This includes runs to the OMC)

(c) Waukegan (home terminal) to Clinton (far terminal) with Waukegan as the on-duty point/off-duty point and transported to/from the power plants at Waukegan and Pleasant Prairie;

NOTE: Employees working in the Waukegan-Clinton pool freight service will be from both CNW Eastern #1 and CNW Northeastern #2. The equalization for the

pool will be 71% for Eastern #1 and 29% for Northeastern #2. Either road extra board may be used to fill any vacancy in the pool or to perform hours of service relief.

(d) South Pekin (home terminal) to Clinton; and,

(e) Chicago (CTC) (home terminal) to Clinton/South Pekin.

NOTE: This will be a single pool with alternative destinations.

B. The terms and conditions of the new operations set forth in Section A, above, are as follows:

1. Miles Run - The miles paid shall be the actual miles run.. Actual miles run to/from the OMC will be calculated in accordance with the chart found in Attachment A.

NOTE: As long as the Fremont-North Platte and Council Bluff-North Platte Double headed pools are operated they will be paid the minimum number of specified miles in the current ID agreements and will be paid additional miles if they run past their currently assigned final terminals.

Example 1: A Fremont-North Platte crew operates on a return trip ten miles past Fremont towards Blair and are then transported back to Fremont. They will be paid 244 miles North Platte to Fremont and an additional ten miles to the point of leaving their train.

Example 2: A Council Bluff-North Platte crew operates a train from North Platte to a point ten miles short of Council Bluffs and are then transported to their tie up point. They will be paid the full 282 miles. A Boone-OMC crew then takes the same train from the same point to Boone. They are paid the 144 miles Council Bluffs to Boone and an additional ten miles for the distance west of Council Bluffs.

2. Basic Day/Rate of Pay - The provisions of the November 7, 1991, Implementing Agreement (BLE) will apply, to include applicable entry rates.

3. Overtime - Overtime will be paid in accordance with Article IV of the November 7, 1991, Implementing Document (BLE).

4. Transportation - Transportation will be provided in accordance with Section (2)(c) of Article IX of the May 19, 1986, National Arbitration Award (BLE).

5. Meal Allowance and Eating Enroute - Meal allowances and eating enroute will be governed by Section 2(d) and Section (2)(e) of Article IX of the May 19, 1986, National Arbitration Award (BLE), as amended by the November 7, 1991, Implementing Agreement.

6. Suitable Lodging - Suitable lodging will be provided by the Carrier in accordance with applicable agreements as identified in Article II.

7. Held-away-from-home terminal time will be up to a maximum of eight (8) hours in every twenty-four (24) hour-period beginning after the first sixteen (16) hours.

8. All through freight service will be rotary pool freight service with blue print board provisions for placing employees in the proper order at the home terminal and at the far terminal. Under a blue print board operation, employees are not run-around if used on the train for which called.

NOTE 1: Item B7, above, will not apply to the OMC-North Platte nor the North Platte-OMC operation. The traditional HAHT payment for that operation will continue to apply.

NOTE 2: Item B2, above, will reflect the CNW rate of pay for those new operations governed by the CNW Agreement.

NOTE 3: It is not the intent of this Award to eliminate provisions of the existing MP/C&EI ID Agreements involving St. Louis - Chicago and Kansas City - Omaha by the addition of South Pekin and Des Moines respectively as alternate destinations from the home terminal and the creation of the OMC and CTC for the receiving and leaving of trains, except those subjects of this award that are identified in this note.

In addition, it is not the intent to eliminate provisions of existing UPED ID Agreements involving Fremont -

North Platte, Council Bluffs - North Platte and Council Bluffs-Marysville by the creation of the OMC as a complex for the receiving and leaving of trains by a pool nor the North Platte - South Morrill ID Agreement by the creation of the thirty mile zone, except those subjects of this award that are identified in this note.

The specific areas of coordination are as follows:

Miles Run - The currently paid miles from St. Louis to South Pekin and Kansas City to Des Moines will be paid for crews run between those points. Mileage paid to and from the OMC will be paid per the chart set forth in Attachment A. For example, if a Kansas City crew receives its train six miles north of the Council Bluffs yard toward Missouri Valley and takes the train to Kansas City, the crew will be paid the 204 miles OMC to Kansas City and six miles for receiving the train north of the Council Bluffs yard. If new OMC-North Platte/North Platte-OMC or OMC-Marysville pools are established this note shall govern them. If new pools are not established then the note to B 1 above governs existing pools.

Hours of Service Relief - At South Morrill, the OMC, Des Moines, South Pekin, North Platte, Marysville and the CTC, the extra board(s) home terminaled at each location may now be used, if not previously allowed, to perform hours of service relief in all directions, except on northbound KC-OMC MP trains. If this service results in the extra board being used off its seniority district, the extra board crew is limited to the same road/yard limit that a yard crew would be limited to under applicable agreements measured from the consolidated switching limits not from the terminal complex limits.

Thirty Mile Zone - At South Morrill through freight crews from the UP and CNW may leave or receive their trains at any location within the thirty mile zone and will be governed by the conditions set forth in other sections of this Award.

Terminals/Complexes - ID crews may now receive or leave their trains anywhere within the complex limits of the OMC or CTC or the new terminal limits of Kansas City and St. Louis as extablished in this award.

NOTE 4: The Carrier will not serve a national ID notice to move the Clinton and Boone home terminals to the OMC and have those terminals become away from home terminals. This does not prohibit the serving of ID notices to run through either of these terminals with other than the OMC as the home terminal.

C. When the carrier has a customer request for particularized handling that would provide more efficient service, local and road switcher service may be established to operate in turnaround service or to operate from any location to any other location within any seniority territory outlined in Article I. Should this service be desired by the Carrier and the desired service would cross seniority lines, such service may be implemented upon a five (5) day notice by the Carrier to the involved General Chairmen. The service will be manned by employees from the seniority territory where the home terminal of the assignment is located. The involved local chairmen may make arrangements for the equalization of work; however, such equalization must be cost neutral to the Carrier.

D. All pool freight and all other road service crews may receive and/or leave trains anywhere within the boundaries of the terminal of their runs in accordance with the provisions of all national agreements.

NOTE: "Anywhere within the terminal" is defined to include the CTC and OMC as those complexes are defined in Article III and to include the consolidated terminals of St. Louis, Kansas City and South Morrill.

E. 1. Turnaround service/Hours of Service relief for the new operations listed in Section A, above, may be performed as follows:

(a) When crews are heading toward the home terminal, the protecting extra board will be used.

(b) When crews are heading toward the far terminal, an extra board at that terminal, if available, will be used first, in any direction out of the extra board point except on northbound KC-OMC MP trains. The first-out away-from-home terminal crew also may be used.

NOTE 1: Crews used for this service, whether extra or in the pool, may be used for multiple "dogcatches" during a tour of duty.

NOTE 2: When the first-out away-from-home terminal crew completes this service, the crew may be used for either a through train or for additional turnaround service/Hours of Service relief. Any crew used for two consecutive turnaround service/Hours of Service relief jobs will be placed first out after rest for a through train or deadheaded back to the home terminal.

2. Nothing in this Section E prevents the use of other employees to perform work currently permitted by other agreements, including, but not limited to, yard crews performing hours of service relief within the road/yard zone, ID crews performing service and deadheads between terminals, traveling switch engines (TSEs) handling trains within their zones and using an employee from a following train to work a preceding train.

F. 1. The new operations listed in Section A, above, may be implemented separately, in groups or collectively, upon five (5) days' notice by the Carrier to the involved General Chairman.

2. The new operations listed in Section A, above, may be run by the Carrier in pool service, extra service or any other type of service necessary to meet the demands of the service and/or to meet customer requirements.

III. **Terminals/Complexes**

A. The following terminal and complex consolidations will be implemented on the Implementation Date of this Agreement in accordance with the provisions set forth in this Article III:

1. Kansas City

(a) The existing switching limits at Kansas City will now include the CNW rail line to CNW Mile Post 500.3.

(b) All road crews (MP, including former CNW, and UP) may receive/leave their trains at any location within the boundaries of the new Kansas City Consolidated terminal and may perform work anywhere within those boundaries. The Carrier will designate the on/off duty point(s) for road crews.

(c) All yard assignments in the new consolidated Kansas City terminal will be governed by the MP Agreement and manned by MP employees from MP Merged Roster 2, subject to the prior rights requirement of Article I.

NOTE: This provision will not alter the current work equity/seniority allocation for UP Seniority District #8 employees.

(d) All rail lines, yards and/or sidings within the new consolidated Kansas City terminal will be considered as common to all crews working in, into and out of Kansas City. All crews will be permitted to perform all permissible road/yard work. Interchange rules are not applicable for intra-carrier moves within the consolidated terminal.

2. St. Louis

(a) The existing switching limits at St. Louis will now include the CNW rail line to CNW Mile Post 144.

(b) All road crews (MP and C&EI, including former CNW) may receive/leave their trains at any location within the boundaries of the new St. Louis consolidated terminal and may perform work anywhere within those boundaries. The Carrier will designate the on/off duty point(s) for road crews.

(c) All yard assignments in the new consolidated St. Louis terminal will be governed by the MP Agreement and manned by MP employees from MP Merged Roster #1, subject to the prior rights requirement of Article I.

(d) All rail lines, yards and/or sidings within the new consolidated St. Louis terminal will be considered as common to all crews working in, into and out of St. Louis. All crews will be permitted to perform all permissible road/yard moves. Interchange rules are not applicable for intra-carrier moves within the consolidated terminal.

C. Chicago Terminal Complex

1. The new consolidated Chicago Terminal Complex (CTC) will be the entire area within and including the following trackage: Waukegan (CNW Mile Post 41.0 on the Kenosha Branch) southwest paralleling the EJE rail line to Geneva (CNW Mile Post 41.0 on the Geneva Subdivision), continuing on a parallel with the EJE line south through Normantown and East Joliet through Brisbane, Matteson, Chicago Heights (south to the current southern boundary of Mile Post 30.0 on the C&EI) to Griffith, then north on a parallel with the EJE through Van Loon and Ivanhoe, and then east paralleling the EJE line through Kirk and Gary Yard.

2. All road crews (CNW and C&EI) may receive/leave their trains at any location within the boundaries of the new CTC and may perform any work anywhere within those boundaries. The Carrier will designate the on/off duty point(s) for road crews.

3. All yard and non-through freight assignments headquartered within the CTC will be governed by the CNW Agreement and manned by employees from the new CTC seniority roster, subject to the prior rights requirements of Article I.

   NOTE: This provision will not be applicable to C&EI non-through freight road assignments headquartered within the CTC which operate onto C&EI road territory.

4. All rail lines, yards and/or sidings within the new CTC will be considered as common to all crews working in, into and out of the CTC. All crews will be permitted to perform all permissible road/yard moves. Interchange rules are not applicable for intra-carrier moves within the CTC.

D. Omaha Metro Complex

1. The new consolidated Omaha Metro Complex (OMC) will be the entire area within and including the following trackage: Fremont (UP Mile Post 44.75 - west) to Omaha/Council Bluffs (UP Mile Post 473.1 - south) to Missouri Valley (CNW Mile Post 327.2 - east) and return to Fremont. At California Junction, trackage north to CNW Mile Post 10.2 will be included.

NOTE: The Omaha Metro Complex described above is part of the larger UP/BLE Merged Roster #1 seniority district described in Article I.

2. All road crews (UP, including former CNW, and MP) may receive/leave their trains at any location within the boundaries of the new complex and may perform any work within those boundaries. The Carrier will designate the on/off duty point(s) for road crews.

3. All yard and non-through freight assignments headquartered within the complex will be governed by the UP Agreement and manned by employees from the new UP/BLE Merged Roster #1 seniority district, subject to the prior rights requirement of Article I.

4. All rail lines, yards and/or sidings within the new complex will be considered as common to all crews working in, into and out of the complex. All crews will be permitted to perform all permissible road/yard moves. Interchange rules are not applicable for intra-carrier moves within the complex.

5. In addition to the consolidated complex, the UP terminal at Omaha/Council Bluffs and the CNW terminal at Council Bluffs will be consolidated into a single terminal controlled by UP. The existing UP switching limits at Omaha/Council Bluffs will now include the CNW rail line to CNW Mile Post 345.0.

E. South Morrill

1. South Morrill will be a consolidated terminal with the following boundaries: UP Mile Post 156.8 to UP Mile Post 166.0. All road crews (UP and CNW) may receive/leave their trains at any location within the boundaries of the consolidated South Morrill Terminal and may perform any work anywhere within those boundaries.

2. The following will be applicable to achieve efficient operations in and around the common UP/CNW terminal of South Morrill, Nebraska:

   (a) UP crews (destined North Platte or Cheyenne) may receive their trains up to thirty (30) miles westward on the CNW from their existing far terminal of South Morrill. CNW crews (destined Bill) may receive their trains up to thirty (30) miles eastward on the UP (toward North Platte) or westward on the

UP (toward Cheyenne) from their existing far terminal of South Morrill.

(b) The thirty (30) miles listed in (a), above, will run east from UP mile Post 156.8 to UP Mile Post 126.8 and will run west from UP Mile Post 166.0 to CNW Mile Post 24.8 and UP Mile Post 196.0.

(c) Crews relieving trains or extra crews called for this service may also perform all work in connection with the train regardless of where the train is received.

(d) Through freight crews that operate in the thirty mile zone at South Morrill will be paid time or miles whichever is greater with a minimum of one-half basic day. The time or miles paid in the thirty mile zone will be treated separately from the miles from South Morrill to Bill, Cheyenne or North Platte for the compensation of overtime. The time or miles paid is subject to wage adjustments.

Example: A pre-October 31, 1985 North Platte crew is transported to its train 10 miles north of South Morrill and they take the train to North Platte. The miles north of South Morrill equal 20 and it took one hour. The crew spent an additional 10 1/2 hours between South Morrill and North Platte for a total time on duty of 11 1/2 hours. The crew will be paid 1/2 basic day for the work in the thirty mile zone, the miles to North Platte and 1/2 hour overtime for the part of the trip South Morrill to North Platte that took over 10 hours.

(e) Initial terminal delay for crews performing this service will be governed by the applicable collective bargaining agreements and will not again commence when the crew operates into South Morrill. For the operation back through South Morrill, South Morrill will be considered an intermediate point.

(f) Departure and/or terminal runarounds will not apply for crews arriving/departing South Morrill under this Section.

3. Nothing in the Section E prevents the use of other employees to perform work currently permitted by other agreements, including, but not limited to, TSEs handling trains within their zone, an engineer

from a following train to work a preceding train and the CNW extra board at South Morrill to perform service in all directions on both CNW and UP trackage.

NOTE 1: The UP extra board at South Morrill may be abolished by the Carrier.

NOTE 2: The CNW extra board at South Morrill will be permitted to perform Hours of Service relief on the UP side of South Morrill consistent with the parameters of the road/yard service zone mileage limits found in the applicable National Agreement measured from the new teminal boundaries as set forth in Article III Section E1.

F. General Conditions for Terminal/Complex Operations

1. Initial delay and final delay at Kansas City and St. Louis terminal and at the Chicago and Omaha complexes will be governed by the applicable collective bargaining agreements, including the Duplicate Pay and Final Terminal Delay provisions of the 1986 and 1991 National Agreements.

2. For all locations, road employees will be transported to/from their trains to/from the designated on/off duty point in accordance with applicable rules. Yard Extra Board employees in the Chicago Terminal Complex will report to Proviso and will be transported to/from their assignment if the assignment is more than twenty (20) miles from the employee's home by the most direct highway route.

3. The current application of National Agreement provisions provides for the following regarding work and Hours of Service relief under the Combined Road/Yard Service Zone, which shall continue to apply:

   (a) Yard crews at Kansas City and St. Louis may perform such service in all directions out of the new consolidated terminals.

   (b) Yard crews at the CTC may perform such service in all directions out of individual yards (switching limits) within the complex.

(c) Yard crews at the Omaha Metro Complex may perform such service in all directions out of the individual yards (switching limits) within the complex.

4. Nothing in this Section F will prevent the use of other employees to perform this work and/or relief in any way permitted by applicable agreements.

IV. Extra Boards

A. Terminals/Complexes

1. Kansas City -

The current Merged Roster #2B extra board will protect the work in the consolidated terminal. The current Merged Roster #2B extra board will protect the Kansas City - OMC/Des Moines operation. This service for these extra boards is in addition to other service protected by these extra boards.

2. St. Louis -

The current Merged Roster #1 extra board will protect the work in the consolidated terminal. The current C&EI road extra board at St. Louis will protect the Monterey Mine and the St. Louis - Chicago/South Pekin operations. This service for these extra boards is in addition to other service protected by these extra boards.

3. Chicago Consolidated Complex -

The current CNW Chicago Freight Terminal #7 extra board will become the CTC extra board and will protect the work (yard and non-through freight) within the CTC, including former C&EI, Eastern #1 and Northeastern #2 work. This service is in addition to any other service protected by that extra board. Prior rights will not be applicable to positions on or operation of this extra board.

4. Omaha Metro Complex -

The current UP/BLE Seniority District #1 combination extra board will protect the work in the complex and all assignments headquartered within the complex, including the new operations provided for in

Article II. This service for this extra board is in addition to other service protected by this extra board.

5. Outlying Points -

(a) The Carrier may establish guaranteed extra boards at locations governed by the UP Agreement on the new OMC seniority territory where extra boards do not now exist.

(b) The Carrier may establish guaranteed extra boards at locations governed by the CNW Agreement on the new Midwest seniority territory where extra boards do not now exist.

B. Nothing in this Article IV will prevent the use of other employees to perform this work in any way permitted by applicable agreements.

V. Implementation

A. The Carrier will give at least forty (40) days' written notice of its intent to implement this Agreement.

B. 1. Concurrent with the serving of its notice, the Carrier will post a description of those new merged seniority districts which will require former CNW employees to make a seniority election. Those seniority districts are MP Merged Rosters #2A and #2B, C&EI road roster at St. Louis, the new CNW Chicago Terminal Complex, the new UP Omaha Metro Complex and the new CNW Midwest.

2. The Carrier will determine the number of employees to be transferred to those new rosters in accordance with Article I.

3. Fifteen (15) days after posting of the information described in B, above, the appropriate Directors of Labor Relations, General Chairmen and Local Chairmen will convene a workshop to implement assembly of the merged seniority rosters. Employees on a roster from where work is being transferred will be canvassed, in seniority order for each roster, and required to make an election as to which roster the employees wishes to be transferred or whether the employee wishes to remain on the current roster. (Staying will not be possible on those rosters which are being eliminated.) Positions on the new roster will be awarded on using the method as spelled out in

the various provisions of this Agreement. Failure or refusal of an employee to make an election will result in the Carrier making the assignment for the employee.

4. At the end of the workshop, which will last no more than five (5) days, the participants will have finalized agreed-to rosters which will then be posted for information and protest in accordance with the applicable agreements. If the participants have not finalized agreed-to rosters, the Carriers will prepare such rosters, post them for information and protest, will use those rosters in assigning positions and will not be subject to claims or grievances as a result.

C. Once rosters have been posted, the Carrier will bulletin all positions covered by this agreement which require rebulletining for a period of five (5) calendar days. Employees may bid on these bulletined assignments in accordance with applicable agreement rules. However, no later than 10 (ten) days after the closing of the bulletins, assignments will be made .

D. 1. After all assignments are made, employees assigned to positions which require them to relocate will be given the opportunity to relocate within the next thirty (30) day period. During this period, the affected employees may be allowed to continue to occupy their existing positions. If required to assume duties at the new location immediately upon implementation date and prior to having received their thirty (30) days to relocate, such employees will be paid normal and necessary expenses at the new location until relocated. Payment of expenses will not exceed thirty (30) calendar days.

2. The Carrier may, at its option, elect to phase-in the actual implementation of this Agreement. Employees will be given ten (10) days' notice of when their specific relocation/reassignment is to occur.

E. All employees on any affected roster who were not in active status (disability, leave of absence, holding official or union positions, dismissed, etc.) at the time of the roster workshop will be placed on an inactive roster. If at any future date any such employee is released to return to active service, the employee will be allowed to exercise an election as to which roster he/she wishes in line with his/her original seniority. Such election must be made at the time the employee marks up for service. Once the returning employee elects a roster placement, the junior employee occuping that designated

position and all other below him/her will be repositioned to the next lower designated position on that merged roster.

F. The parties will meet for purposes of reviewing the operational implementation of this Award. Questions and answers pertaining thereto should be prepared by the parties covering that implementation. Should the parties be unable to agree upon any item, that/those matter(s) is/are to be referred to party pay arbitration. Future individual claim disputes will be arbitrated in accordance with the applicable New York Dock or Railway Labor Act provisions. This provision will not delay the implementation of any section of the Award.

VI. Protection

1. Employees who are adversely affected as a result of the implementation of this Agreement will be entitled to the employee protection provided for in the New York Dock Conditions. With the following addition: Employees required to relocate under this Agreement will have the option of electing the relocation benefits provided for in the New York Dock Conditions or an in lieu allowance in the amount of $28,000.00 less applicable taxes.

2. Employees currently eligible for other protective benefits must elect between those benefits and the benefits provided by this Agreement. This election must take place within ten (10) days after the adverse affect. No benefits will be paid until the employee has made an election.

3. There will be no pyramiding of benefits.

4. Health and Welfare benefits will be provided in accordance with the provisions of the applicable collective bargaining agreement.

VII. Familiarization

Employees will not be required to lose time or "ride the road" on their own time in order to qualify for new operations.

1. Employees will be provided with a sufficient number of familiarization trips in order to become familiar with a new territory. Issues concerning individual qualifications should be handled with local operating officers.

2. If road crew or extra board employees operating in CTC have not been in the Chicago Terminal Complex within six (6) months prior to assignment, Carrier will provide a local operating officer or pilot if requested. Issues concerning individual qualifications should be handled with local operating officers.

VIII. Conflict of Agreements

Should the provisions of any BLE Collective bargaining agreement conflict with the terms and intent of this Agreement, this Agreement will apply.

The Carrier may serve the required notices at any time after the date of this Arbitration Award. Dated this 10th day of January, 1996.

/s/ John J. Mikrut, Jr.
John J. Mikrut, Jr.

IX. Interpretation of Award

The parties have reviewed the Arbitration Award and have agreed to interpret the Award. The interpretation has been accomplished through minor language clarifications, the addition of notes and examples and agreed upon Questions and Answers. Since the interpretation has been agreed to by all parties, they will advise the Surface Transportation Board in writing that all appeals of the January 10, 1996 Award are withdrawn including the request for a stay and the carrier is now free to continue implementation of the Award as now interpreted.

The parties agree that the interpretation of the Award is without prejudice to either party and that no portion of this document, changes, notes, examples or Questions and Answers will be cited by any party in any proceeding or negotiations not involving an interpretation of them.

For the Organization:

6-3-96
General Chairman BLE Date

6/4/96
General Chairman BLE Date

For the Carrier:

6/3/96
Assistant Vice-President Date

6/3/96
Assistant Vice-President Date

D E Lenning 6-6-96
General Chairman BLE Date

W S Huckley 6-3-1996
General Director Date

R E Dean 6-6-96
Vice-President BLE Date
(D.E.P.)

ATTACHMENT A

Actual miles (miles run on the train) will be paid on the basis of the chart set forth below. The miles listed for some locations reflect the mileage payment required under existing agreements. If a crew receives/leaves a train on main/line territory within a consolidated complex but outside a yard, the mileage paid will be based on the main line mile post nearest the train.

OMC (Council Bluffs)	- Clinton	341 miles
	- Boone	144 miles
	- Des Moines	199 miles
	- Mason City	251 miles
	- Worthington	185 miles
	- Sioux City	96 miles
	- Sergeant Bluff	88 miles
	- North Platte	282 miles *
	- Grand Island	144 miles *
	- Marysville	160 miles *
	- Kansas City	204 miles
OMC (Missouri Valley)	- Clinton	320 miles *
	- Boone	124 miles
	- Des Moines	178 miles
	- Mason City	231 miles
	- Worthington	165 miles
	- Sioux City	76 miles
	- Sergeant Bluff	68 miles
	- North Platte	281 miles
	- Grand Island	145 miles
	- Marysville	180 miles
	- Kansas City	224 miles
OMC (Fremont)	- Clinton	357 miles
	- Boone	161 miles
	- Des Moines	215 miles
	- Mason City	267 miles
	- Worthington	202 miles
	- Sioux City	113 miles
	- Sergeant Bluff	105 miles
	- North Platte	244 miles
	- Grand Island	108 miles
	- Marysville	145 miles
	- Kansas City	238 miles

* These miles are calculated with 4 additional miles working into Council Bluffs to MP 1. We pay 4 miles less working out of Council Bluffs.

These are the current miles and they are to be changed if additions or reductions in the mileage occur.

T

September 25, 2000

MOA# 1610010048

MR B D MACARTHUR
GENERAL CHAIRMAN BLE
217 FIFTH AVE S STE 502
CLINTON IA 52732

Dear Sir:

This refers to our recent discussions concerning establishment of dual-destination interdivisional service home terminaled at South Pekin, Illinois and operating via Nelson to either Chicago, Illinois or Clinton, Iowa.

Pursuant to Article IX of the Award of Arbitration Board No. 458, on August 24, 2000, the Carrier served notice to establish the ID service referred to above. By letter dated August 28, 2000 you advised your position that Carrier's August 24th notice was inappropriate under Article IX, Sec. 5 of the Award of Arbitration Board No. 458, asserting that that provision "did not alter interdivisional service Agreements in effect on the dates of the respective National Agreements." In regard to operating via Nelson, you further asserted that "the provisions of [Art. IX,] Sec. 3 . . . do not apply to runs which operate through a definite terminal. We disagree with both assertions.

First, Article IX, Sec. 5 of the Award of Arbitration Board No. 458 merely allowed that ID service (rather than ID service "agreements") in effect on the date those agreements became effective would not be affected by this article. Article IX, Sec. 5 does not prevent the Carrier from establishing the ID service referred to in the first paragraph since neither ID agreement to which you referred in your August 28th letter had been currently implemented, nor is the nature of the service presently contemplated substantially similar to that outlined in either preexisting agreement.

Second, Art. IX, Sec. 3 concerns itself with operation through a "home terminal" rather than through a "definite terminal" as you've set forth. On August 24th, Nelson was not a home terminal for any crew operating in thru-freight service.

Accordingly, neither Article IX, Sec. 5 nor Art. IX, Sec. 3 of the Award of Arbitration Board No. 458 support your contention that the Carrier's August 24th notice was inappropriate. Because Art. IX, Sec. 3 provides for operating ID service on a trial basis after a period of 20 days following the date of the notice, please

accept this as notice of the Carrier's intent to establish such ID service on October 1, 2000 under the conditions set forth in the Carrier's latest proposal tendered this date.

Sincerely,

Jim Albano
Director Labor Relations

CC: John Raaz
Dick Meredith
David Barnes
Roger Lambeth

UNION PACIFIC RAILROAD COMPANY

1416 DODGE STREET
OMAHA, NEBRASKA 68179

August 17, 2000

File: 920-10

VIA FAX AND OVERNIGHT MAIL

MR J W BABLER
GENERAL CHAIRMAN UTU
307 W LAYTON AVE
MILWAUKEE WI 53207
(414) 489-3705

MR B D MACARTHUR
GENERAL CHAIRMAN BLE
217 FIFTH AVE S STE 502
CLINTON IA 52732
(319) 243-1109

Gentlemen:

In accordance with Article IX—Interdivisional Service—of the October 31, 1985 UTU National Agreement and the Award of Arbitration Board No. 458 (BLE) please accept this as notification of the Carrier's desire to establish interdivisional pool freight service between Chicago and South Pekin, Illinois, via Nelson, conditions as set forth in Section 2 thereof, as amended.

I suggest we meet in Omaha on August 24, 2000 at 1:00 p.m. in Hdqtrs., Conference Room 321-A to discuss this service. Please advise.

Sincerely,

J. G. Albano

Jim Albano
Director Labor Relations

CC: John Raaz
David Barnes
Roger Lambeth
Dick Meredith

MEMORANDUM OF AGREEMENT #1610010048

between the

UNION PACIFIC RAILROAD

and the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

INTERDIVISIONAL OPERATIONS
South Pekin to Chicago/Clinton

IT IS AGREED:

On August 24, 2000 the Company served notice to establish dual-destination interdivisional service home terminaled at South Pekin, Illinois operating via Nelson to Chicago/Clinton.

The parties signatory hereto pursuant to the above cited Article, agree to the following interdivisional conditions:

CONDITIONS

Article I – Interdivisional Service

Section 1 – Home Terminal

(a) South Pekin, Illinois shall be the home terminal for employees working in the interdivisional service between South Pekin and Chicago/Clinton, the dual-destination away from home terminals for this interdivisional service.

NOTE: Effective with implementation of this IDR Agreement, the engineer pool operating between South Pekin, Illinois and Clinton, Iowa will be abolished and concurrently reestablished under the conditions set forth in this IDR Agreement. The parties agree that in the event this IDR Agreement is suspended, canceled, or otherwise modified in relevant part, the conditions prevalent prior to its implementation will be concurrently reestablished. For example, but not limited thereto, the South Pekin to Clinton engineer pool will be reestablished under the conditions set forth at Art. II, Sec. 5(d) of the Mikrut Award implementing the 1996 C&NW/UP Merger Agreement.

Section 2 – District Miles/Miles Run/Operation

(a) Crews used in straight-away, terminal-to-terminal service will be paid district miles. For the purposes of this IDR Agreement, district mileage between

South Pekin and Chicago is 200, and district mileage between South Pekin and Clinton is 133. In the application of this provision, neither terminal nor rubber tire miles will be paid. All service not covered by this provision will be paid miles run with a minimum of a basic day.

(b) Crews used in turn-around service out of the away from home terminal at Clinton will be paid the miles of the assignment with a minimum of a basic day, and upon tie-up, may be deadheaded in combination service to the home terminal. AHT crews at Clinton performing turnaround service and not immediately deadheaded to the home terminal, will be held first-out for call pending legal rest for a thru-train, deadhead, or service and deadhead combined back to the home terminal. No runarounds will accrue as a result of this provision.

(c) Except in emergency (defined as when RE80 and XE80 at Proviso [NZ021] are exhausted), crews will not be used in turn-around service out of the away from home terminal at Chicago. Crews so used will be subject to the conditions set forth in (b) above.

(d) Crews will not be used in straight away service from one AHT to the other AHT (Clinton to/from Chicago).

Section 3 – Rates of Pay

(a) The basic day and rates of pay for employees engaged in interdivisional operations will be governed by the provisions of the Award of Arbitration Board No. 458, the November 7, 1991 BLE National Implementing Document, the 1992 Memorandum of Agreement (Crew Consist) as amended by the June 6, 1996 Understanding and the May 31, 1996 National Agreement.

(b) Held away from home time at Chicago/Clinton shall be paid continuously for all time held after 16 hours from the time released from duty until time on duty. For AHT crews called to deadhead, held away ceases upon departure.

(c) All service coupled with deadhead during any single tour of duty shall be paid as combination service without requiring such notification from the Carrier.

Section 4 – Overtime

(a) Overtime will be paid in accordance with Article IV(2) of the November 1, 1991 Agreed Upon Implementation of Public Law 102-29. For crews operating in straight-away, terminal-to-terminal service between South Pekin and Chicago [subject to this Article, Sec. 2(a)], overtime will begin after twelve (12) hours on-duty.

Section 5 – Transportation

(a) Transportation will be provided in accordance with Section 2(c) of Article IX of the Award of Arbitration Board No. 458.

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Section 6 – Meal Allowance and Eating Enroute

(a) Meal allowances will be governed by Article VI of the PEB 219 Implementing Agreement.

(b) Eating en route will be governed by Section 2(e) of Article IX of the Award of Arbitration Board No. 458.

Section 7 – Lodging

(a) Regular assigned and extra board engineers who are used in this service will be provided lodging by the Carrier in accordance with existing agreements.

Section 8 – Extra Boards/Hours of Service

(a) The existing extra board at South Pekin shall protect vacancies in the interdivisional pool freight service as well as all other services the extra board currently protects.

(b) Hours of service relief may be effectuated by any means consistent with relevant agreement provisions currently in effect. For example, but not limited thereto, interdivisional crews may be called in combined service to deadhead and relieve crews between terminals; crews from a following train may relieve the crew of a preceding train; relief service may be effectuated from the extra board protecting interdivisional service.

Article II – Implementation

Section 1.

(a) The Carrier shall give the General Chairman written notice of its desire to implement the Agreement. Assignments to the new turns will be made within five (5) days from the date of advertisement and employees so assigned will assume their new positions at 12:01 AM on the date of implementing the Agreement.

(b) Upon implementation of this Agreement, any employees who are not qualified on the territory assigned will not be required to lose time or "ride the road" on their own time in order to qualify. The Carrier will determine the number of familiarization trips needed for each employee and for each run. Local union representatives will be advised of the number of trips. When possible, a qualified engineer from one portion of the new run will ride with a qualified engineer from another portion of the run. In this way, the employees will be able to assist one another during familiarization.

NOTE: It is understood on the time and date of implementing this agreement, employees may already be on duty or at away from home terminal. Those employees will assume their new positions upon final tie-up at the home terminal.

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Article III – Protection Conditions

Section 1.

(a) All engineers adversely affected by this Agreement will be entitled to the protective benefits of Article IX, Section 7 of the Award of Arbitration Board No. 458.

(1) Any engineer who has NYD protective benefits due to the implementation of the UP/C&NW Merger Agreement will have the option of continuing those protective benefits or electing the benefits of Article IX, Section 7 of the Award of Arbitration Board No. 458.

NOTE: For the purposes of this IDR Agreement, the phrase "adversely affected" means the employee has suffered diminished income by reference to his/her test period average (TPA) in at least four (4) months out of the second through seventh (7th) calendar month following implementation of this IDR Agreement. Unusual earnings associated with operational start-up issues will not be included in the calculation of income for the purpose of determining adverse affect. **Side Letter No. 1** to this IDR Agreement will identify the calendar months relevant to the determination of those employees adversely affected, if any, as a result of the establishment of this interdivisional service.

Article IV -- Protection Benefit Provisions

Section 1.

(a) Subsequent to the implementation of this Agreement, each employee who, as a result of this Agreement, is required to relocate and elects to change his or her place of residence as defined in the following **NOTE**, may elect one (1) of the following Protection Benefit provisions:

OPTION 1: Accept the INCOME PROTECTION ***(must be adversely affected as defined by the NOTE in Article III, Sec. 1)*** and HOMEOWNER PROTECTION AND MOVING EXPENSE BENEFITS of the National Agreements and/or applicable Protection Agreements, or

OPTION 2: Accept the INCOME PROTECTION ***(must be adversely affected as defined by the NOTE in Article III, Sec. 1)*** of the aforementioned Agreements as amended BUT IN LIEU OF THE HOMEOWNER PROTECTION AND MOVING EXPENSE BENEFITS, accept a lump sum allowance of:

a) $20,000 for homeowners
b) $5,000 for non-homeowners, or

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OPTION 3: Accept in LIEU OF THE INCOME PROTECTION ***(must be adversely affected as defined by the NOTE in Article III, Sec. 1)*** AND HOMEOWNER PROTECTION AND MOVING EXPENSE BENEFITS of the aforementioned agreements, a lump sum allowance of:

a) $30,000 for homeowners, or
b) $10,000 for non-homeowners

(Employees electing OPTION 3 who are found to be NOT adversely affected as defined by the NOTE in Article III, Sec. 1 will be treated as having elected OPTION 2.)

NOTE: For the purposes of this IDR Agreement, the phrase "change place of residence" contemplates an employee's actual, physical relocation, for a period of not less than one (1) year, seniority permitting, from his or her primary residence at a location distant from the home terminal identified in this Agreement to a new primary residence in the vicinity of the home terminal.

(b) The election for the Protection Benefit provisions will be made on the election form, which is **Attachment "A"** of this Agreement.

(c) Each employee as defined in Subsection (a) of this Section 1 at their request will be provided the election form no later than ten (10) days from the date requested.

(d) Election of the benefits must be requested by the employee within one (1) year from the date of implementing this Agreement.

Section 2.

(a) The term "homeowner" as used in Section 1 is defined as an employee who, on the date of implementing this Agreement, owned his or her home or was under contract to purchase a home. Employees who do not own their home or are not under contract to purchase a home will be considered as non-homeowners (renters).

(b) The term "home" as used in any Section of this Article means the single primary, permanent residence of the employee which is used for residential purposes only.

(c) If an employee owns and is under contract to purchase and occupies a mobile home on a permanent foundation as his or her residence, such employee will be treated as "homeowner" under applicable provisions of this Article.

Section 3.

(a) Employees will be provided an income test period earning statement, and if adversely affected as defined in the **NOTE** in Article III, Section 1(a), they will be provided income protection as set forth by the applicable National and Protection Agreements.

(b) Employees who elect Option 1 will be provided the Moving Expense Benefits once said employee documents the relocation. In this regard, should there be any controversy with respect to the value of the home, the loss sustained in its sale, the loss under a contract of purchase, loss and cost in securing termination of lease, or any question in connection this these matters, it shall be decided through joint conference

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between the parties signatory hereto and in the event they are unable to agree, the dispute may be referred by either party to a Board of three competent real estate appraisers, selected in the following manner: One to be selected by the Organization and the Carrier, respectively; these two shall endeavor by agreement within ten (10) days to select the third appraiser, or to select some individual authorized to name the third appraiser and in the event of failure to agree, the Chairman of the National Mediation Board shall be requested to appoint the third appraiser. A decision of a majority of the appraisers shall be required and said decision shall be final and conclusive. The salary and expenses of the third or neutral appraiser, including the expenses of the appraisal board shall be borne equally by the parties to the proceedings. All other expenses shall be paid by the party incurring them, including the salary of the appraiser selected by such party.

Section 4.

(a) Employees other than those identified in Section 1 of this Article (not required to change place of residence) who are assigned to a new position under this Agreement and /or whose position is abolished as a result of this Agreement, will upon request be provided an income test period earning statement and if such employees are adversely affected, as defined in the **NOTE** in Article III, Section 1(a), they will also be provided the income protection as set forth in applicable National and Protection Agreements.

Section 5.

(a) There shall be no duplication of benefits receivable by any employee under this Agreement and any other agreement of protective arrangement.

(b) Employees referred to in this Article who are receiving the protective income benefits prescribed under this Agreement shall, at the expiration of their protective period, be entitled to such protective benefits under the other previous applicable protective agreements provided they have continued to maintain their responsibilities and obligations under the applicable protective agreements and arrangements.

Section 6.

(a) Carrier will not require an employee to change his or her place of residence solely for the purpose of having such employee obtain a higher rated position under the Income Protection Conditions. Such employee will however be required to obtain the highest rated position at their work location.

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Article IV – Effective Date – General

Section 1.

Except as specifically provided herein, the system and national collective bargaining agreements awards and interpretations shall prevail. Where in conflict with any other agreements, understandings or practices, the provisions of this Agreement will apply.

Signed this ____ day of _____, 2000.

FOR THE BLE:

_____
B. D. MacArthur
General Chairman BLE

FOR THE UPRR:

_____
J. M. Raaz
AVP Labor Relations

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ATTACHMENT "A"

PROTECTION BENEFIT PROVISIONS
ELECTION FORM

In accordance with Article IV of Memorandum of Agreement #1610010048 establishing Interdivisional Freight Service operations between South Pekin, Illinois and Chicago/Clinton, I understand that I must make an election as to my Protection Benefit Provisions, choosing one (1) of the following options:

(Check One OPTION only)

OPTION 1. _____ The Income Protection ***(must be adversely affected as defined by the NOTE in Article III, Sec. 1)*** and Homeowner Protection and Moving Expense Benefits as provided in National and/or Protection Agreements.

OPTION 2. _____ The Income Protection ***(must be adversely affected as defined by the NOTE in Article III, Sec. 1)***, but in lieu of the Homeowner and Moving Benefits accept a Lump Sum Allowance of:

(Check one:) _____ $20,000 as a homeowner, or

_____ $5,000 as a non-homeowner

OPTION 3. _____ In lieu of Income Protection ***(must be adversely affected as defined by the NOTE in Article III, Sec. 1)*** and Homeowner Protection and Moving Expense Benefits as provided in the WJPA as amended, a Lump Sum Allowance of:

(Check one:) _____ $30,000 as a homeowner

_____ $10,000 as a non-homeowner

*(Employees electing **OPTION 3** who are found to be NOT adversely affected as defined by the **NOTE** in Article III, Sec. 1 will be treated as having elected **OPTION 2**.)*

I understand the definitions of a "homeowner" and "home" as set forth in Article IV and if I am a homeowner, whether I elect OPTION 1, 2, or 3, I further understand that I must attach a copy of my deed to my home, with an original Notary Public signature, to this election form.

(Please Print)

NAME _____

SS# _____

Signature _____

Date _____

This form is to be mailed to J. G. Albano, Director--Labor Relations, 1416 Dodge St., Rm. 330, Omaha, NE 68179

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September 19, 2000

MOA #1610010048
Side Letter #1

MR B D MACARTHUR
GENERAL CHAIRMAN BLE
217 FIFTH AVE S STE 502
CLINTON IOWA 52732

Dear Sir:

Consistent with the NOTE at Article III, Section 1(a) of the above referenced IDR Agreement, this will confirm our understanding that the six (6) month post-implementation period beginning November 1, 2000 and running through April of 2001 will be used to determine whether or not an employee is "adversely affected."

This six (6) month period is being established to create a fair test period, that is unaffected by the increase in traffic due to the closure of the Mississippi River. To be considered "adversely affected," an employee must demonstrate diminished earnings in no less than four (4) of the six (6) months.

Please signify your concurrence by signing and dating in the space provided below.

Sincerely,

Jim Albano
Director Labor Relations

CONCUR:

_____
General Chairman BLE

_____
Date

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September 19, 2000

MOA#1610010048
Side Letter No. 2

MR B D MACARTHUR
GENERAL CHAIRMAN BLE
217 FIFTH AVE S STE 502
CLINTON IA 52732

Dear Sir:

This refers to the above captioned agreement and our discussion held in conference in your office on September 13, 2000.

This will confirm our understanding that, so long as the IDR conditions set forth in MOA#1610010048 are in effect, crews working in the Chicago (CTC) to Clinton/South Pekin pool established pursuant to the "New Operations" set forth in the Mikrut Award Implementing the UP/C&NW Merger Agreement, Article II, Section 5(d), will not be used in straight-away, through freight service between Chicago and South Pekin. This is with the further understanding that such crews will continue to operate between Chicago and Clinton under Article II, Section 5(d) as referred to above. In the event MOA#1610010048 is suspended, cancelled, or otherwise modified in pertinent part, operations between Chicago and South Pekin will resume and be governed by Article II, Section 5(d) as referred to above.

Please signify your concurrence by signing and dating in the space provided.

Sincerely,

Jim Albano
Director Labor Relations

CONCUR:

_____
General Chairman BLE

_____
Date

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September 18, 2000

MOA 1610010048

Side Letter No. 3

Mr. B. D MacArthur
General Chairman BLE
217 Fifth Ave S Ste 502
Clinton, IA 52732

Dear Sir:

This is in reference to the above captioned agreement and our discussions held in conference in your office on September 13, 2000, regarding relocation provisions contained in Article IV.

During our discussions, both parties agreed that it is our intent to avoid force assigning any employees to South Pekin. In an effort to avoid having to force assign, we are agreeable to treating any employees who may be required to work out of South Pekin during the initial implementation of the interdivisional service described herein, in the same manner that we have handled furloughed employees making temporary transfers.

In other words, reasonable travel expenses to the new work location will be allowed, the Carrier will absorb the cost of lodging, and a per diem allowance for meals of $35.00 per day will be provided.

In this particular instance, the Carrier is agreeable to providing these benefits for a period of 90 days after the implementation of the ID Service to any engine service employee forced to South Pekin (for employees who do not reside in or around South Pekin). At the conclusion of that 90-day period the manpower situation at South Pekin will be evaluated and if it is still necessary to supplement the work force at South Pekin with employees from Chicago, the above-described benefits will be extended for a second 90-day period.

At the conclusion of the two 90-day periods (180-days), the provisions of Article IV – Protection Benefit Provisions will be applicable to any employee who is forced to relocate to South Pekin.

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Again, this particular option is offered in an effort to avoid forced relocations to South Pekin, and to determine during the 180-day period whether additional manpower will be necessary at South Pekin. This will provide the Carrier with the opportunity to employ people, if necessary, at South Pekin to avoid forced relocation to the extent possible and to provide a reasonable period in which to assess manpower requirements.

If this accurately describes your understanding concerning this matter, please indicate your concurrence by signing in the appropriate space below.

Sincerely,

Jim G. Albano
Director Labor Relations

AGREED:

_____ _____
GENERAL CHAIRMAN (DATE)

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U

AGREEMENT

Between

UNION PACIFIC RAILROAD COMPANY

And

THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS

In Finance Docket No. 30,800, the Interstate Commerce Commission imposed New York Dock labor protective conditions. The parties acknowledge that the provisions of this Agreement, though different from the provisions of New York Dock, satisfy the Interstate Commerce Commission's imposition of labor protective conditions in Finance Docket No. 30,800. Further, the provisions of this Agreement constitute a valid exchange of benefits and obligations. For every additional benefit received by the Carrier or the employes there is a corresponding obligation accepted by the Carrier or the employes.

Finally, the parties hereto, in keeping with their mutual good faith efforts to reach agreement on all the issues covered by this Agreement and in view of the nature of some of the terms of this Agreement, understand that such Agreement is without prejudice to the positions of either party regarding the proper application of New York Dock conditions, and is not to be cited by any party in any other proceeding as an example of the proper application of the New York Dock conditions or any other protective conditions.

I. SENIORITY AND APPLICABLE AGREEMENTS

(A) MKT and OKT agreements will be eliminated and the employes covered thereby will be consolidated into the appropriate UP roster(s) as set forth in Attachment I.

(B) The agreements applicable on the territories comprised of the following:

1. Kansas, Oklahoma and Gulf Railroad Co.
2. Midland Valley Railway Co.
3. Texas and Pacific Railway (including sub lines)
4. Gulf Coast Lines:

(a) International-Great Northern Railroad Co.
(b) St. Louis, Brownsville & Mexico Railway Co.
(c) Beaumont, Sour Lake & Western Railway Co.
(d) San Antonio, Uvalda & Gulf Railroad Co.
(e) Orange & Northwestern Railroad Co.
(f) Iberia, St. Marie & Eastern Railroad Co.
(g) San Benito & Rio Grande Valley Railway Co.
(h) New Orleans, Texas & Mexico Railway Co.
(i) New Iberia & Northern Railroad Co.
(j) San Antonio Southern Railway Co.
(k) Houston & Brazos Valley Railway Co.
(l) Houston North Shore Railway Co.
(m) Asherton & Gulf Railway Co.

(n) Rio Grande City Railway Co.

(o) Asphalt Belt Railway Co.

(p) Sugarland Railway Co.

5. Texas Pacific-Missouri Pacific Terminal Railroad of New Orleans

will be eliminated and the employes covered thereby will be consolidated into the appropriate roster(s) set forth in Attachment I.

(C) The employes covered by Sections A and B above, and the work performed by them, will be covered by one consolidated collective bargaining agreement, as described in Attachment VIII.

II. IMPLEMENTATION

(A) The Carrier will give ninety (90) days written notice of its intent to implement this Agreement.

(B) During the first fifteen (15) days of the period set forth in (A) above, the Carrier will accept applications for separation from the service of the Carrier. Successful applicants will receive an amount equal to their earnings in the preceding twelve-month period with a minimum of Fifty Thousand Dollars ($50,000), less all deductions required by law. Their separation will coincide with the completion of the ninety (90) day period set forth in (A) above. Employes electing separation shall be afforded the options set forth in Attachment III. The terms of said Attachment III shall govern in the granting of separations.

(C) Concurrent with the commencement of the fifteen (15) day separation period set forth in (B) above, the Carrier will post merged seniority rosters. The work equity ordering of such rosters shall be based upon the percentage equities of the interested rosters, as detailed in Attachment IV.

(D) 1. After close of the first thirty (30) day period, during which the severance program will be completed, all UP, MKT, OKT and KOG/MV employes (excluding those on disability, leave of absence, holding official or union positions, etc., who will be discussed below) will be canvassed, in seniority order, to make an election as to which roster and which designated position thereon they wish to occupy. Failure and/or refusal of an employe to make an election will result in the Carrier and Organization making the election for such employe. Designated roster positions shall be awarded on the basis of seniority on the interested roster. At the conclusion of this process merged seniority rosters will be finalized by the appropriate General Chairman and appropriate Director of Labor Relations. At the conclusion of the thirty (30) day roster formulation period, new merged seniority rosters will be posted. Employes will have sixty (60) days to protest these rosters in accordance with the applicable schedule agreement, such protest to be submitted to the General Chairman and Director of Labor Relations.

(D) 2. All those employes on interested rosters who are in an inactive status, such as disability, leave of absence, holding official or union positions, dismissed, etc., shall be placed on an inactive roster and will not be canvassed for participation in the election process. If at any future date any one of such employes is released to return to active service, such employe will, at that time, be allowed to exercise his election as to which roster and which designated position thereon he wishes to occupy in line with his original seniority. Once such returning employe elects a roster

placement, the junior employe occupying that designated position and all others below him will be repositioned to the next lower designated position on that merged roster. Active employes being canvassed to elect a roster and designated position thereon will be made aware of all inactive employes on their interested roster which could later impact the merged roster at the time they are canvassed to make their election.

(E) After the close of the thirty (30) day roster formulation period set forth in (D) above, the Carrier will bulletin all positions on each merged seniority district, listing the home terminal of the position, for a period of ten (10) calendar days. Attached, as Attachment V, is an exhibit illustrating run miles for the merged territory. Employes on each seniority district may bid on positions advertised on their merged seniority district. Within fifteen (15) days of the closing of the bulletins, assignments will be made based upon the employe's relative seniority standing on the new merged rosters.

(F) After all assignments are made, employes assigned to positions which require them to relocate will be given the opportunity to relocate within the next thirty (30) day period. During this period, the affected employes will continue to occupy their existing positions.

(G) The Carrier will give ten (10) days notice of the specific dates upon which the employes will be required to be available for their new positions.

(H) A summary of the implementation schedule contemplated by Sections (A) through (G) above is as follows:

Day 1:	Carrier's ninety (90) day notice of intent to implement the Agreement.
	Carrier posting of merged seniority rosters and roster profiles.
	Carrier posting of severance offer.
Day 16:	Severance "window" closes at 12:01 A.M.
Day 21:	Written notice of acceptance or rejection of severance requests given to all applicants (copy of results to General Chairman).
Day 31:	Commencement of canvassing for selection of rosters and designated positions.
Day 61:	Posting of new merged seniority rosters, including names and sizing.
	Posting of bulletins covering all positions on the new merged seniority districts.
Day 71:	Bulletins close.
Day 86:	All assignments made.
After Day 90:	Carrier will give employes ten (10) days notice of specific dates they will be required to be available for their new positions.
	Relocating employes will have thirty (30) days to relocate.
Day 120:	Roster protest period ends.

III. SPECIAL TRAIN OPERATIONS

(A) Deregulation is an inescapable fact of the transportation environment in which the Union Pacific operates, and with deregulation has come increased competition. This increased competition applies to all Union Pacific business, but especially the business covered by the four special train operations listed in this Article. In order for Union Pacific to secure this special business, and in order for the employes to secure the job opportunities associated with this business, the parties agree the following four special train operations will be implemented:

(1) With implementation of this Agreement, turnaround freight service will be established between Chico and Dallas with Chico as the home terminal.

(2) With implementation of this Agreement, turnaround freight service will be established between Smithville and the Georgetown Railroad via either Granger or Round Rock with Smithville as the home terminal.

(3) With implementation of this Agreement, through freight service will be established operating McAlester to Mesquite and Mesquite to McAlester, with Mesquite the home terminal.

(4) With implementation of this Agreement, through freight service will be established operating Ft. Worth to Smithville and Smithville to Ft. Worth, with Ft. Worth the home terminal.

(B) With implementation of this Agreement, Carrier's rights under existing interdivisional run agreements are preserved.

IV. FAMILIARIZATION

(A) Employes involved in the consolidation herein provided, whose assignments require performance of duties on a geographic territory not familiar to them, will be given full cooperation, assistance and guidance in order that the employes' familiarization shall be accomplished as quickly as possible.

(B) Employes whose assignments require performance of duties on a geographic territory not familiar to them will not suffer loss of compensation while familiarizing themselves with such territory.

(C) Familiarization with a new territory should normally require no less than three (3), nor more than six (6) familiarization round-trips taken within a thirty (30) day period. In all cases, employes will not be considered approved to operate on such territory until approved by the Manager of Operating Practices. Should an employe have difficulty becoming familiar with the new territory within the limits set forth hereinabove, additional familiarization trips may be required by the Manager of Operating Practices without loss of compensation.

(D) It is understood that familiarization will be accomplished by calling a qualified engineer pilot (or Manager of Operating Practices) to work with an engineer called for service on a geographic territory not familiar to him.

NOTE: It is intended to complete the majority of the necessary initial familiarization on unfamiliar territories in the first ninety (90) days following implementation of this Agreement. In those instances where familiarization trips are required subsequent to said ninety (90)

day period, a Manager of Operating Practices will not be used as a pilot for such purpose unless there is no qualified Engineer available on the extra board.

V. PROTECTIVE BENEFITS AND OBLIGATIONS

(A) General: All employes holding seniority on rosters listed on Attachment II to this Agreement shall be considered affected by this transaction and consolidation and will be subject to the protective benefits set forth in Attachment VI hereto. It is understood there shall not be any duplication or compounding of benefits under this Agreement and/or any other agreement or protective arrangement.

(B) In lieu of all relocation benefits provided under Article I(8) and I(10) of Attachment VI hereto, employes required to change their residence may elect to receive a lump sum allowance to homeowners of Seventeen Thousand Five Hundred Dollars ($17,500). Non-homeowners may elect to receive a relocation allowance of Eight Thousand Dollars ($8,000).

NOTE: A "change of residence" as referred to above shall only be considered "required" if the new reporting point of the employe is more than thirty (30) normal highway miles, via the most direct route, from the employe's point of employment at the time of implementation, and the new reporting point is farther from the employe's residence than his former point of employment.

(C) Employes required to change their place of residence who elect the lump sum relocation benefits set forth in (B) above shall, upon reporting for and working the assignment at the new location, be accorded a special transfer allowance of Four Thousand Dollars ($4,000.00) in consideration of travel and temporary living expenses while undergoing relocation. Employes receiving relocation allowances under (B) above and this Section shall not thereafter be permitted to voluntarily exercise seniority on a position which again will require a change in residence from the new point of assignment for a period of twenty-four (24) months from date of assignment, except in cases of documented hardship, and then only by written agreement between the Director of Labor Relations and the General Chairman.

(D) Dismissed Employes: Each "dismissed employe" shall provide the Carrier with the following information for the month in which he is entitled to benefits no later than the twenty-fifth day of the month following the month for which benefits are claimed, on a form provided by the Carrier (copy attached as Attachment VII):

(1) The day(s) claimed by such employe under any unemployment insurance act.

(2) The day(s) each such employe worked in other employment, the name(s) and address(es) of the employer, and the gross earnings made by the "dismissed employe" in such other employment.

(E) In the event a "dismissed employe" is entitled to unemployment benefits under applicable law but forfeits such unemployment benefits under any unemployment insurance law because of failure to file for such unemployment

benefits (unless prevented from doing so by sickness or other valid causes), for purposes of the application of Article I (4)(c) of Attachment VI, he shall be considered the same as if he had filed for, and received, such unemployment benefits.

(F) If the "dismissed employe" referred to herein has nothing to report under this Article account not being entitled to benefits under any unemployment insurance law and having no earnings from any other employment, such employe shall submit, within the time period provided for in Paragraph (D) of this Article V, the appropriate form stating "Nothing to Report".

(G) The failure of any "dismissed employe" referred to in this Article V to provide the information required in this Article V shall result in the withholding of all protective benefits during the month covered by such information pending Carrier's receipt of such information from the employe.

(H) The dismissal allowance shall cease prior to expiration of the employe's protective period in the event of the employe's resignation, death, retirement, termination for justifiable cause, failure to return to service upon recall or failure to accept a comparable position which does not require a change in his place of residence for which he is qualified and eligible after appropriate notification, if his return does not infringe upon the employment rights of other employes under a working agreement.

(I) Displaced Employes: Each "displaced employe" shall provide the Carrier with the information requested on a form provided by the Carrier (copy attached as Attachment VII). The form shall be submitted no later than the twenty-fifth (25) day of the month following the month for which benefits are claimed.

(J) The failure of any "displaced employe" referred to in this Article V to provide the information required in this Article V shall result in the withholding of all protective benefits during the month covered by such information pending the Carrier's receipt of such information from the employe.

VI. TRANSFER POLICY

(A) As and when shortages of employes occur on a particular seniority district, in lieu of the Carrier being required to hire or promote additional employes to alleviate such shortages, the Carrier may, at its option, implement the following procedures:

(1) If surplus employes exist on other seniority districts, the required number of additional positions on the district where the shortage exists will be offered to all employes on the nearest adjacent seniority district where a surplus exists. If an insufficient number of employes on the nearest adjacent seniority district elect to make a voluntary transfer, voluntary transfers shall be offered to successive seniority districts in the order of their relative distances from the district where the shortage exists. Those voluntarily accepting transfer to the location where the shortage exists shall be transferred to such seniority district in seniority order and given a new seniority date on that seniority district. Such employes shall retain their seniority date on their former seniority district, but may not return unless or until they become furloughed on the seniority district to which transferred, and in any event not before the expiration of one year, during which period they will not be furloughed nor demoted. Employes voluntarily transferring under this provision shall be entitled to the relocation benefits and options set forth in Article V (B) and (C) of this Agreement.

(2) Notwithstanding the provisions of (1) above, an employe who has transferred shall have the right to return to the original location from which transferred prior to the Carrier hiring or promoting additional employes at that location, in which event the seniority date at the transferred location shall be forfeited. Further, a transferred employe who is offered a return to his home seniority district in advance of hiring or promotion on that district who declines such offer, shall at that time forfeit the seniority date on such home seniority district.

(3) No transfer of engineers under this Article VI shall occur without thirty (30) days advance written notice to the General Chairman, during which time a meeting will be held, if requested, with the Director of Labor Relations to insure that said Article VI is being properly applied.

VII. TRANSPORTATION - COFFEYVILLE/PARSONS

(A) The terms of this Agreement and the proposed MKT merger operating plan contemplate that Coffeyville, Kansas, will be the home terminal or away-from-home terminal for all assignments originating and terminating at Parsons, Kansas. So long as such operation continues, Carrier will provide transportation between Coffeyville and Parsons for all crews protecting a tour of duty which originates and/or terminates at Parsons.

(B) Crews transported Coffeyville to Parsons at the beginning of a tour of duty, or Parsons to Coffeyville at the conclusion of a tour of duty, shall be paid the established rail mileage (41 miles) between those two points at the basic through freight rate as an arbitrary travel allowance separate and apart from their service trip.

(C) In the event individual crew members elect not to avail themselves of transportation as described above, payment of the arbitrary travel allowance set forth in (B) above shall nevertheless be paid to such crew members.

(D) Individual crew members who reside at Parsons may, for a period of five (5) years from the effective date of this Agreement, request transportation from Parsons to Coffeyville for commencement of a trip out of Coffeyville, or from Coffeyville to Parsons at the end of a trip into Coffeyville. In such event, the crew member(s) shall not be considered on duty or under pay, nor shall they be entitled to the arbitrary travel allowance set forth in (B) above; rather, such transportation shall be considered merely as a convenience to crew members who may elect to maintain their personal residences closer to Parsons than to Coffeyville.

NOTE: In the event a crew member requests transportation at the conclusion of a trip either under (A) or (D) above, and time waiting for transportation from tie-up time until arrival of said transportation exceeds forty-five minutes (45"), all time waiting from expiration of said forty-five minutes (45") until arrival of said transportation shall be paid to the crew member at the pro rata basic through freight rate.

VIII. SAVINGS CLAUSES

(A) Where the rules of the Schedule Agreement conflict with this Agreement, this Agreement shall apply.

(B) The parties hereto recognize that there may be employes on other seniority districts on the merged Union Pacific System who, although not comprehended by the terms of this Agreement by virtue of not being identified on At-

tachment II, may believe they have suffered an adverse effect as a result of the ICC authorized acquisition of the MKT by Union Pacific in Finance Docket No. 30,800.It is understood that the ICC imposition of New York Dock Protective Conditions was intended to afford protection to all affected employes of the Carriers involved, and the terms of this Agreement are not intended to nullify or otherwise modify the application of New York Dock to other employes not covered by this Agreement should it be determined they have been adversely affected by the Union Pacific acquisition of MKT.

(C) The provisions of this Agreement shall be applied to all employes covered by said Agreement without regard to race, creed, color, age, sex, national origin, or physical handicap, except in those cases where a bonafide occupational qualification exists. The masculine terminology herein is for the purpose of convenience only and does not intend to convey sex preference.

(D) The negotiations which led to this Agreement and this Agreement are independent from any other negotiations and shall not be cited by either party in any future negotiations.

(E) The parties realize that much of the impact of this Agreement cannot be foreseen; therefore, the parties agree that the appropriate Directors of Labor Relations and BLE General Chairmen will meet quarterly, or more often if requested, to discuss any problems which may have arisen in the application of this Agreement.

Signed at Corpus Christi, Texas this 9th day of December, 1988.

FOR THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS:

R. W. Windham
General Chairman
MP Upper Lines

C. E. Huston
General Chairman,
Former MP Gulf

M. L. Royal Jr.
General Chairman,
Former TP

M D Murry
General Chairman, KOG/MV

J. B. Wright
General Chairman, MKT/OKT

APPROVED:

R P McLaughlin
1st Vice President, BLE

E E Watson
Vice President, BLE

E L Hayden
Vice President, BLE

FOR THE UNION PACIFIC RAILROAD COMPANY (INCLUDING MKT):

R. D. Merritt
General Director-Labor Relations

M A Hartman
Director-Labor Relations

T. L. Wilson, Jr.
Director - Labor Relations

V

File: 920-8

A G R E E M E N T

between

UNION PACIFIC RAILROAD COMPANY

and

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

KANSAS CITY, MISSOURI/OMAHA, NEBRASKA
INTERDIVISIONAL SERVICE

Pursuant to Carrier's notice of March 7, 1991, served under the provisions of Article IX of the BLE National Agreement of May 19, 1986, to establish interdivisional freight service between Kansas City, Missouri and Omaha, Nebraska.

NOTE: The references to Kansas City, Missouri and Omaha, Nebraska encompasses the terminals of these respective locations.

IT IS AGREED:

Section 1. ESTABLISHMENT OF INTERDIVISIONAL SERVICE: Interdivisional freight service will be established between Kansas City, Missouri and Omaha, Nebraska. Falls City, Nebraska will be discontinued as a home terminal and crew change point for crews used in this interdivisional service.

Section 2. HOME TERMINAL: Kansas City, Missouri is designated as the home terminal and Omaha, Nebraska as the away-from-home terminal. In the implementation of this agreement, it is agreed that the source of supply for all jobs on this territory will be Kansas City, Missouri.

Section 3. BOARD STANDINGS: Engineers in this service will be ordered on the board as follows:

A. Pool freight engineers who are runaround by other pool freight engineers in Kansas City Yard, or enroute between Kansas City and far terminal (Omaha), will upon arrival at far terminal be given the same relative position on the list at far terminal that they held prior to leaving Kansas City.

In the application of this Section A, to be available for return trip to Kansas City, a pool freight engineer, if runaround enroute or at home terminal, must have registered off duty at far terminal prior to the calling time of the train.

B. Pool freight engineers who are runaround by other pool freight engineers at far terminal (Omaha), or enroute between far terminal and Kansas City, will, upon arrival at Kansas City. be given the same relative position on the list at Kansas City that they held prior to leaving far terminal on last trip.

C. Pool freight engineers dogcatching out of far terminal and relieved enroute due to insufficient time will be given the same relative position on list at home terminal as held prior to departure from far terminal.

D. When a pool freight engineer(s) is called for straight away service and is subsequently used to make a lapback or turnaround and is then operated into and out of the away-from-home terminal, the following will govern:

The engineer will be:

(1) Allowed a basic day penalty in addition to the actual miles run with a minimum of a basic day for service performed. Once an engineer is in this situation, he may be used for multiple turn in and out of the terminal, without regard to the standing of other rested engineers. Upon completion of service he will be either --

(a) deadheaded to Kansas City and paid a minimum day at the rate applicable to the class of service last performed, unless actual time consumed is greater in which event the latter amount shall be allowed; or

(b) held on duty for service to Kansas City on an imminent train. For pay purposes engineers so used will begin a new day when departing Council Bluffs.

(2) The provisions of Article 4(k) (Turnaround Service) of the BLE agreement are abrogated for the purposes of this service.

Section 4. RATES OF PAY: All miles run in excess of the miles encompassed in the basic day shall be paid for at the rate calculated by dividing the basic daily rate of pay in effect on May 16, 1986, by the number of miles encompassed in the basic day as of that date. Weight on driver additives will apply to mileage rates calculated in accordance with this provision.

Section 5. MEAL ALLOWANCE AND EATING ENROUTE: Meal allowances and eating enroute will be governed by Section 2(d) and Section 2(e) of Article IX of the May 19, 1986 National Agreement.

Section 6. TRANSPORTATION: Transportation to and from lodging facilities will be furnished at no expense to the employees where distance or other considerations justify. Disputes as to distance or other considerations, not settled locally, will be handled by the General Chairman and the Director of Labor Relations.

When tied up on line of road, crews in this service will be deadheaded to their objective terminal immediately after being tied up. If the relief crew or transportation does not arrive within one hour of the time tied up, a separate payment on a minute basis will be allowed for all waiting time in excess of one hour.

Section 7. LOCAL SERVICE: Engineers in this service will not be used to fulfill the requirements of the August 10, 1946 Agreement covering local service.

Crews in the service established under this agreement will not be required to yard their train at an intermediate terminal and depart with another train to either the home terminal or the away from home terminal, nor will they be required to exchange positions with other employees of an opposing train at the meeting point.

Engineers in this interdivisional service will not be used in construction or work train service.

Section 8. FAMILIARIZATION:

A. Employees involved in the service herein described, whose assignments require performance of duties on a geographic territory not familiar to them, will be given full cooperation, assistance and guidance in order that the employees' familiarization shall be accomplished as quickly as possible.

B. Employees whose assignments require performance of duties on a geographic territory not familiar to them will not suffer loss of compensation while familiarizing themselves with such territory.

C. Familiarization with a new territory should normally require no less than three (3), nor more than six (6) familiarization round trips taken with a thirty (30) day period. In all cases, employees will not be considered approved to operate on such territory until approved by the Manager of Operating Practices. Should an employee have difficulty becoming familiar with the new territory within the limits set forth hereinabove, additional familiarization trips may be required by the Manager of Operating Practices without loss of compensation.

D. It is understood that familiarization will be accomplished by calling a qualified engineer pilot, or assigned to a regular assigned through freight engineer or Manager of Operating Practices to work with an engineer called for service on a geographic territory not familiar to him.

NOTE: It is intended to complete the majority of the necessary initial familiarization on unfamiliar territories in the first ninety (90) days following implementation of this Agreement. In those instances where familiarization trips are required subsequent to said ninety (90) day period, a Manager of Operating Practices will not be used as a pilot for such purpose unless there is no qualified engineer available on the extra board.

Section 9. DEADHEAD: Regularly assigned pool freight engineers will receive full mileage for deadheads from terminal to terminal in excess of two (2) in a pay period.

In the application of this Article VIII, the Carrier may deadhead other than the first out crew without penalty in order to avoid deadheading a crew more than two (2) times in a pay period.

Section 10. INVESTIGATIONS: Investigations involving employees in this service will be held at such time and place as will cause as little travel, inconvenience, and loss of time as practicable to all employees involved. If attendance at an investigation required an employee to travel to any point away from his/her home terminal or to a point off his/her seniority district, deadhead mileage over that portion of the run where he/she formerly held no rights will be paid. Compensation for time lost or time for attending the investigation or hearing will be determined under existing agreement rules, provided, however, that deadhead pay for going to and from the investigation and pay for attending the investigation will be included in computing loss of earnings.

In the event the investigation lasts more than one day, the provisions of Article II (Expenses Away From Home) of the June 25, 1964 Agreement, as amended, will apply.

Section 11. PROTECTION: All permanently assigned employee(s) occupying a position on the effective date of this Agreement abolished as a result of the implementation of this service, will be entitled to the protective benefits of Article IX, Section 7 of the May 19, 1986 Agreement which reads as follows:

> "Every employee adversely affected either directly or indirectly as a result of the application of this rule shall receive the protection afforded by Sections 6, 7, 8 and 9 of the Washington Job Protection Agreement of May 1936, except that for the purposes of this Agreement Section 7(a) is amended to read 100% (less earnings in outside employment) instead of 60% and extended to provide period of payment equivalent to length of service not to exceed six years and to provide further that allowances in Section 6 and 7 be increased by subsequent general wage increases.
>
> "Any employee required to change his residence shall be subject to the benefits contained in Sections 10 and 11 of the Washington Job Protection Agreement and in addition to such benefits shall receive a transfer allowance of four hundred dollars ($400.00) and five working days instead of the 'two working days' provided by Section 10(a) of said agreement. Under this Section, change of residence shall not be considered 'required' if the reporting point to which the employee is changed is not more than thirty miles from his former reporting point.
>
> "If any protective benefits greater than these provided in this Article are available under existing agreements, such greater benefits shall apply subject to the terms and obligations of both the carrier and employee under such agreements, in lieu of the benefits provided in this Article."

Employees in active service (regular or extra) on the effective date of this agreement in the territory covered by this agreement residing at or in the vicinity of Falls City, Nebraska, i.e., closer to Falls City than Kansas City via the most direct highway route and are required to change their residence, will be afforded one of the following options:

(1) Accept the change of resident benefits provided in Article IX, Section 7 of the National Agreement of May 19, 1986, as further clarified by Side Letter 2 of this Agreement.

(2) Accept a lump sum of $32,500.00 if on January 1, 1992, the employee owns his/her own house or is under contract to purchase his home.

(3) Accept a lump sum of $10,000.00 if on January 1, 1992, the employee does not own a home or is not under contract to purchase a home.

If an employee elects option 2 or 3, such elective is in lieu of any and all benefits to which the employee is entitled under Article IX, Section 7 of the National Agreement of May 19, 1986.

Employees assigned to other than this through freight service will not be required to relocate to Kansas City, Missouri. If they are later recalled to or required to exercise seniority to a position at Kansas City, they will be entitled to one of the options set forth above.

Employees assigned to locals, TSE, or reserve board initially will not be required to relocate to Kansas City, Missouri. If they are later recalled to or required to exercise seniority to a position at Kansas City, they will be entitled to one of the options set forth above. In recognition of the fact that Falls City is being eliminated as a terminal, such employees may elect Options 2 or 3 twelve months following implementation and will be deemed as having been relocated to Kansas City. They, however, may wait until actually required to relocate and at that time elect Options 1, 2 or 3.

Section 12. PROBLEM RESOLUTION: If problems should arise over the application of this Agreement, the parties agree to meet promptly to resolve such problems. This section does not preclude the right of employees to file time claims.

Section 13. SAVINGS CLAUSE: To the extent the rules of the Schedule Agreement may conflict with this Agreement, this Agreement will apply.

Section 14. EFFECTIVE DATE: This agreement shall become effective ~~June~~ July 1, 1992.

Signed at Omaha, Nebraska, this 31st day of March, 1992.

FOR THE ORGANIZATION:

M. D. Waldemer
General Chairman, BLE

FOR THE CARRIER:

Director Labor Relations

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W

BEFORE A BOARD OF ARBITRATION

Pursuant to Article 1, Section 4 of
the New York Dock Conditions

Finance Docket No. 32760

In the Matter of Arbitration Between Brotherhood of Locomotive Engineers ("BLE") And Union Pacific Railroad Company ("UP")	OPINION AND AWARD

Members of the Board of Arbitration

Eckehard Muessig, Chairman
Jim McCoy, Organization Member
Scott Hinckley, Carrier Member

OPINION OF THE BOARD

I. INTRODUCTION

On August 6, 1996, the Surface Transportation Board ("STB") in Finance Docket 32760 approved the common control and merger of the rail carriers controlled by the Union Pacific Rail Corporation (Union Pacific Railroad Company and Missouri Pacific Railroad Company) ("UP") and the rail carriers controlled by the Southern Pacific Rail Corporation (Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corporation and the Denver and Rio Grande Western Railroad Company) ("SP"). The STB imposed the labor protective conditions contained in New York Dock ("NYD").

II. BACKGROUND AND SUMMARY OF FACTS

On January 13, 1998, pursuant to conditions as imposed by the STB, the Carrier served a Section 4 NYD notices on the General Chairmen of the SP Western General Committee and the UP Western General Committee concerning its desire to initiate negotiations relative to the terms and conditions of an Implementing Agreement for the Los Angeles Hub ("LA Hub") directed toward consummation of the approved transaction.

In its Operating Plan filed with its merger application, the Carrier indicated that it would implement a "hub and spoke" operating scheme for the merged railroad. Instructive for this dispute is that the LA Hub was the fourth Hub to be negotiated that involved the above-cited committees. Earlier, the two committees successfully negotiated and had BLE membership ratification for NYD Implementing Agreements at the Salt Lake, Roseville and Portland Hubs.

Following its January 13 notice, the Carrier prepared two documents relative to its LA Hub negotiations. One document contained terms covering a number of subjects and conditions similar to those contained in the earlier Hub Implementing Agreements. The other document was based on standard NYD conditions. However, prior to beginning its negotiations to finalize the Implementing Agreement, the Organization was asked if it wished to continue to negotiate the Implementing

Agreement along the lines of the earlier Hub negotiations or whether standard NYD conditions would form the basis for the negotiations. The Organization chose the same process and procedures as the parties had used when successfully arriving at the three earlier Hub Agreements

Following several negotiating sessions, the negotiators reached agreement on a merger Implementing Agreement for the LA Hub ("The Implementing Agreement") in mid-November 1998. It was then sent to the BLE membership for a ratification vote. However, unexpectedly, an undated four page document, titled LA Hub Proposed Agreement signed by Mr. J. R. Saunders, Local Chairman, Division 5 and D. W. Hannah, Local Chairman, Division 56 was distributed to the BLE membership. This document in effect asked the BLE members not to ratify the negotiated Implementing Agreement. Indeed, the Agreement then failed to be ratified.

The Carrier asserts that the Organization engaged in bad-faith bargaining. It contends that the agreed upon and initialed Implementing Agreement was obtained falsely. Therefore, it argues that it now is invalid.

Subsequently, the matter was advanced to arbitration pursuant to Section 4 NYD. Although Section 4 of the New York Dock Conditions contemplates the adjudication of a dispute by a single Arbitrator, the parties agreed to establish this three Member Arbitration Board to decide this dispute. The undersigned was selected by the parties to serve as its Chairman.

On April 8, 1999, a hearing was held in St. Louis, Missouri. The Chairman, at the outset, restricted each party to one spokesman who was to be limited to a thirty minute presentation to be used in any manner desired. At the conclusion of the presentation, each spokesman was allowed fifteen (15) minutes for rebuttal. The spokesmen were Mr. Scott Hinckly, the Carrier member of this Board, and Mr. Richard Radek, a BLE Vice President and Director of Arbitration for the BLE. Mr. Jim McCoy, the BLE Member of this Board and a Vice President of the BLE, was provided a rebuttal opportunity at the end of the hearing to address the Board in view of his role as a Board member.

The Board granted Mr. Radek's motion to file a post-hearing br to be received by the Chairman no later than April 23. The Carrier also chose to file a brief, subject to the same time restrictions. The Parties' briefs were received in a timely manner and are a part of the record considered by the Board in arriving at this Award.

III. QUESTION AT ISSUE

What shall be the terms of the Implementing Agreement for the selection and assignment of forces within the Los Angeles Hub?

IV. POSITIONS OF THE PARTIES

The following is believed to be an accurate abstract of the parties' substantive positions in this dispute. The absence of a detailed recitation of each and every argument or contention advanced by the advocates in this arbitration does not mean that the issue was not fully considered by the Board.

THE CARRIER'S POSITION

Basic to the Carrier's position is its strongly held view that it sincerely attempted to reach a negotiated Implementing Agreement with the Organization. However, because the two Local Chairmen authored and distributed the four page letter, noted earlier, to its membership, the Carrier contends the Implementing Agreement failed to be ratified. The Carrier asserts that the Organization engaged in bad-faith bargaining. Specifically, the BLE had the option at the outset to bargain on essentially NYD conditions or to follow the pattern used to arrive at Implementing Agreements at the other hubs. They chose the latter.

Accordingly, the parties, by expanding beyond basic NYD, could now bargain, for example, over such major issues as automatic certification, seniority, vacations, relocation benefits, etc. The Organizati accepted this choice. However, the Carrier points out, in its letter to its membership, the two Local Chairmen claimed that the Implementing Agreement, agreed on by its negotiators, was "shoved down our throats." The Carrier asserts that the action taken by the two Chairmen shows a failure to adhere to generally accepted bargaining practices. Ther

Carrier contends that the initialed Agreement "was obtained falsely and, thus, is invalid." Accordingly, the Carrier now has presented a proposed Implementing Agreement that it contends adheres to the general accepted basic NYD standards.

The Carrier submits that the Arbitrator and, in this case, the Board derives its authority and serves as an extension of the STB. Therefore, the committee must carry out the STB's mandate. In this respect, the Carrier relies upon a number of authorities. Among these are Interstate Commerce Commission ("ICC") (the predessor to the STB) decision of January 5, 1989 in Finance Docket No. 30965 when it stated:

> "The arbitrator's duty, simply stated, is to fashion an implementing arrangement that will reconcile worker protections with the terms and the objectives of the transaction that we approved. If those terms and objectives cannot be achieved without modification of existing work rules and collective bargaining arrangements, he clearly has the authority to modify such arrangements to the extent necessary to carry out his mandate."

Accordingly, this decision established that the Arbitrator (in this case, a three Member Board) has broad authority in matters such as this.

The Carrier explained how the extensiveness and complexities of the geographic area in which the UP and SP operated required it to make a number of critical decisions to comply with the STB's mandate. In this respect, it argued and provided its reason for including the following major issues in the Implementing Agreement:

1. A consolidated engineers' seniority roster would be prepared by dovetailing the seniority of all engineers into a common roster, with certain work "prior righted" for a two year period.

2. A single CBA would be applicable. In the Salt Lake and Portland Hubs, the Carrier selected the UP Idaho Collective Bargaining Agreement as the single Agreement for both of the hubs. By selecting the Idaho Agreement for the Los Angeles Hub, the Carrier would have a single CBA for the three hubs, which the Carrier submits would contribute to greater efficiency.

3. Modified Pool Operations to comport with the various routing options now available because the merger would be created.

4. Operating plans for train and engine crews would be the same. Basically, this means that the crew would go on and off duty at the same location and, when required, would stay at the same lodging facilities.

In summary, the Carrier maintains that its proposal complies with the STB decision and that this Board should impose its proposed Implementing Agreement to settle this case.

THE ORGANIZATION'S POSITION

The Organization contends that resolution of the key issues in this case must take into account substantive actions taken by the parties before and after the merger application had been approved. One major consideration in this regard was the modification of the SP-Western Lines Schedule Agreement.

Following negotiations, on November 3, 1997, the Parties consummated an Agreement referred to as the "BLE/SP West Modification Agreement" ("The Modification Agreement"). The Organization contends that the Modified Agreement contemplated the selection of the SP-West Lines Agreement as the CBA for all engineers in the Los Angeles Hub. That Agreement preserved certain unique provisions of the SP-West Lines Agreement, including enhanced protection for SP engineers who probably would be affected by the eventual restructing of work in the Los Angeles Basin. The Union strongly contends that the Carrier gained significant work rule concessions. Accordingly, the Union argues the SP-West Agreement now modified and effective for the large preponderance of LA Hub engineers became the foundation agreement for the Hub Implementing Agreement. The Union states: "The two simply must go together because they were designed as such, and the selection of the SP-West Agreement in the LA Hub was not a casual decision."

Moreover, the Organization points out that the Carrier selected the SP-West Agreement for Trainmen in the LA Hub. Therefore, extending it to the Engineers would be appropriate and consistent with the Carrier's earlier decision. It further argues that the Carrier may not select the Idaho Agreement, because it is not in force in any location within the LA Hub territory. In support of this contention, it relies upon a holding by Arbitrator Yost, dated April 14, 1997, in the Matter of Arbitration between the United Transportation Union and the UP.

Last, by way of substantive action taken prior to the finalization of the LA Hub Implementing Agreement, the Organization pointed out that the Carrier, in exchange for its support for the merger application, made certain commitments to the Organization. Particularly relevant to this dispute are two Carrier's letters, both dated March 8, 1996. The Organization notes that these letters made a number of commitments that should be considered in the matters at issue before the Board. In its letter, the Carrier stated (quoted verbatim) that:

> 1. Union Pacific will grant certification as adversely affected by the merger to the 1023 engineers projected to be adversely affected in the Labor Report Study and to all other engineers identified in any Merger Notice served after Board approval.
>
> 2. Union Pacific also commits that, in any Merger Notice served after Board approval, it will only seek those changes in existing Collective Bargaining Agreements that are necessary to implement transactions, meaning such changes that produce a public transportation benefit not based solely on savings achieved by Agreement change(s).
>
> 3. The final issue which was discussed pertained to integration of seniority as a result of post-merger consolidations and implementing agreements. BLE asked if Union Pacific would defer to the interested BLE committees regarding the method of seniority integration where the committees were able to achieve a mutually agreeable method for doing so. In that regard, Union Pacific would give deference to an internally devised BLE seniority integration solution, so long as; 1) it would not be in violation of the law or present undue legal exposure; 2) it would not be administratively burdensome, impractical or costly; and 3) it would not create an impediment to implementing the operating plan.

Accordingly, the Organization submits that the final LA Hub Implementing Agreement must give weight to the commitments briefed above.

Turning then to the specifics of the Implementing Agreement in this dispute, the Organization proposes the retention of the November 1998 Implementing Agreement in its entirety except as noted below.

The Organization, both in its detailed brief and before this Body, requests that the 25 mile zone provision (Article VI B-3 of the Implementing Agreement) be removed because it is unnecessary. It claims that the Yost Award previously cited came to the same conclusion, under a similar set of circumstances.

It further believes that application of Article III, Pool Operations/Assigned Service to the LA Hub is not practical or cost effective, asserting that the Carrier's proposal would only diffuse the workforce to too many points, a scheme that would not be operationally sound or in the public interest. The Organization rejects the practicability of the LA to Yermo/Yuma Pool service, stating that the same idea had been tried in the past and failed because of the distances involved and because of operational problems such as traffic density and special grade braking requirements in that territory. The Organization also suggests greater benefits would be achieved by adding two new pool provisions, as shown below:

1. On Duty: West Colton. May work to Gemco/Los Angeles/Dolores-Harbor/Anaheim & Return. Must tie up at the originating terminal. Home Terminal West Colton.

2. On Duty: Los Angeles/Dolores. May work to Gemco/West Colton/Anaheim. Home Terminal Los Angeles. May report to either Los Angeles or Dolores. Must tie up at the originating terminal.

In summary, the Organization contends that the changes it has proposed to the Implementing Agreement provide the merger benefits sought by the Carrier and is "in harmony with the applicable pre-negotiations commitments and the New York Dock conditions."

Nonetheless, the Organization states that, if the Board decides otherwise, a number of other provisions should be part of any revised

Implementing Agreement. With respect to which CBA should be applied to the LA Hub, the Organization maintains that the SP-West Agreement be selected. Concerning the Seniority provision, the Organization agrees that the seniority provision contained in Article II of The Implementing Agreement meets the March 8, 1996 Carrier commitment letter and should, therefore, be in the Board's Award of an Implementing Agreement. The Organization urges that Article IV of the November 3, 1997 SP-West Modification Agreement concerning disability and life insurance benefits be retained. Likewise, Article II of the November 3, 1997 Modification Agreement pertaining to the calculation of Protective Period monthly TPA should be retained.

In summary, the Organization arques that it has made its case as to what should be contained in the Implementing Agreement. However, if the Board does not adopt its recommendation, it arques that the November 1998 Implementing Agreement which failed ratification should be awarded by this Board.

V. DISCUSSION

This Arbitration arose because the two former SP Local Chairmen in their four page letter previously cited urged the employees they represent to reject the Implementing Agreement. The Carrier asserts that the Organization engaged in bad-faith bargaining. In our opinion, the letter is extremely misleading and in many instances factually wrong. Their actions were clearly harmful to these parties collective bargaining now and perhaps in the future. Fundamental to successful collective bargaining are the intangible elements of confidence and trust. The letter undermined those essential elements, harming the ability of the parties to successfully bargain.

While the Board does not intend to belabor the point, it is instructive to briefly discuss the intent and scope of NYD Section 4 (a) bargaining. It is apparent that the authors of the four page letter misunderstood the Section 4(a) scope of bargaining provisions. Under Section 4(a), the parties are required to bargain about the selection of forces involved in the transaction, the equitable arrangement for the assignment of employees based on the surrounding circumstances of the transaction and how the New York Dock Conditions would be applied.

There is no legal obligation in the New York Dock Conditions for ei party to bargain about a permissive bargaining subject. In the cas at hand, the Organization was provided the choice of basic Section bargaining as described above or enhanced bargaining that would inc subjects that are not mandatory bargaining under Section 4(a). The BLE selected the latter. Implicit in the selection of the accredit representatives was that the scope of bargaining would be expanded. These representatives obviously were aware of this fact because the are seasoned and extremely well-qualified bargainers. The give and take of bargaining is well-understood by these persons.

Indeed, the Organization leaders attempted to inform its membe ship of the difference between negotiating an Implementing Agreement and a Collective Bargaining Agreement. In its Summary Letter that transmitted the LA Hub ballots, the following observations were made (quoted verbatim):

> In order to fully understand this Implementing Agreement and the enormous amount of effort put into negotiating these provisions it is necessary for you each to understand that bargaining over an Implementing Agreement under New York Dock provisions is very different from negotiating collective bargaining conditions.
>
> First of all mergers are not made to benefit the employees of the railroads involved but are done to provide cost savings to the railroad and increase dividends for the stock holders. Therefore it is necessary for you to understand that this is not the proper forum to conduct negotiations to improve your collective bargaining agreement or address the unjust treatment of our post 1985 engineers.
>
> If a voluntary Implementing Agreement is not reached under the terms and conditions of New York Dock the issue is then placed before an Arbitrator who - after hearing the case - issues a decision that becomes the Implementing Agreement. The Arbitrator is limited by the New York Dock conditions in what he can and can not rule on and that is significant when it comes to blanket certification and relocation benefits.

Ironically, some of the bargaining issues complained of in the four page letter were raised by the Local Chairmen (e.g., the 25 mile zor issue). To agree to bargain about certain issues and when those iss

are not resolved to one's satisfaction does not mean that an Implementing Agreement was "shoved down our throats" as stated in the letter.

Throughout the four page letter, reference was made to the Modification Agreement, implying that somehow a vote on the initialed Implementing Agreement could reverse the earlier Agreement. This notion was clearly misleading and wrong. The authors of the four page document, for whatever reason, chose to ignore the guidance contained in the Ballot Transmittal Letter noted above. Likewise, the comments about extra boards certification of engineers and Union dues are not accurate and mislead as to what the negotiators had agreed to when they initialed the Implementing Agreement.

In summary, on this issue, the Carrier's charge of bad-faith bargaining is understandable. However, good-faith bargaining is difficult to define. It is a shapeless or formless principle. Apparently, the action by the two Local Chairmen was an unilateral one. In any event, the Board has no proper basis for rejecting the Organization's official explanation as provided in its post-hearing brief.

Before turning to the substance of the question before the Board, it should be noted again that this Board is a quasi-judicial extension of the STB and, thus, is bound to apply to the transaction at hand, the STB's interpretation of its controlling legislation and the New York Dock Conditions. Among many precedents on this point, see United Transportation Union v. Norfolk and Western Railway Co., 882 F.2d 1114, 1120 (D.C. Cir. 1987).

Certain key provisions of Finance Docket No. 32760 to which the various proposals of the parties would be applied are worthy of note. As stated in that Docket, these are (identified by page number):

> Union Support. The merger is supported by seven unions representing approximately 55% of the union-represented employees on the combined UP and SP systems: the United Transportation Union; the Brotherhood of Locomotive Engineers: the International Association of Machinists and Aerospace Workers; the International Brotherhood of Electrical Workers; the International Brotherhood of Boilermakers and Blacksmiths; the Sheet and Metal Workers International Association; and the International Brotherhood of Firemen and Oilers. The UP/SP merger is the first major merger since the Staggers Act that has received

widespread union support, and applicants are correct in their assessment that such extensive "labor support in a major rail merger case is unheard of in recent years, and stands as a testament to the compelling benefits of this merger." Page 171

... We find that the statutory protections provided in New York Dock are appropriate to protect employees affected by the merger, the lines sales, and the terminal railroad control transactions, and we further find that, subject to such protections, approval of the merger (in the lead docket), the lines sales (in the Sub-No. 2 docket), and the terminal railroad control transactions (in the Sub-No. 3, 4, 5, 6, and 7 dockets) will be consistent with the public interest insofar as carrier employees are concerned. No unusual circumstances have been shown in this case to justify additional protection. Page 173

The Immunity Provision. An arbitrator acting under Article I, Section 4 of the New York Dock conditions imposed in the lead docket, the Sub-No. 2 docket, and the Sub-No. 3, 4, 5, 6, and 7 dockets will have the authority to override CBAs and RLA rights, as necessary to effect, respectively, the merger in the lead docket, the line sales in the Sub-No. 2 docket, and the terminal railroad control transactions in the Sub-No. 3, 4, 5, 6, and 7 dockets. This authority derives ultimately from 49 U.S.C. 11341(a), the "immunity" provision. Page 173

Certain Requests Denied. We will not impose several additional labor-related conditions that have been requested by parties to this proceeding. Page 174

Cherry-Picking. We will deny ARU's request that we order that any CBA "rationalization" be accomplished by allowing UP/SP's unions to "cherry-pick" from existing UP or SP agreements. This is a matter committed to the implementing agreement procedures established by the New York Dock conditions. See New York Dock, 360 I.C.C. at 85(Article I, Section 4). Page 174

Reimbursements. We will deny ARU's request that we require UP/SP to repay SP employees their forgone lump sum payments and their deferred wage increases. SP has already "paid" its employees for their wage concessions by giving up productivity concessions achieved by the nation's other railroads. Page 174

Turning then to the specific proposals of the parties, the Board has carefully reviewed the record, the briefs submitted by the parties and the oral arguments presented at the hearing. The Board concludes that, under the circumstances, it would be ill-advised to change the initialed proposed Implementing Agreement which we find meets the STB's goal of a more economic and efficient operation as envisioned by its approved transaction.

Fundamental to our holding in this matter is the principle that the reviewing third party should apply the same factors to the issues as the negotiating parties did when they bargained and reached an agreement. Also, it is well-settled that third parties should not disturb agreements reached unless it can be demonstrated that factors not relevant to the bargaining process were given weight by the parties during their negotiations. Accordingly, it is the third party's role to impartially weigh all of the evidence adduced with respect to the various factors considered by the parties when trying to reach their agreement. For this Board, given the circumstances, to change the negotiated Implementing Agreement, it must find that all relevant information was not considered or not given proper weight by the negotiating parties.

There is no evidence in the extensive record developed in this matter that the negotiating parties did not considered all relevant factors. The negotiators also recognized certain unique characteristics of the Company and its business issues and concerns. Moreover, it was shown that the parties' negotiators were aware of the current and future highly competitive business environment in which the railroad functioned. There is a sense that the parties also were aware that certain changes had to be forthcoming within the framework of the collective bargaining process. Accordingly, the Board concludes that the parties to these proceedings had before them all proper factors when they initialed the proposed Implementing Agreement.

As for the question of whether these factors were properly applied during the negotiating process, the Board finds that there is no evidence to the contrary. This conclusion is given greater substance by noting the lengthy process that led to the proposed Implementing Agreement and the experience of the individuals involved. The persons involved in this process were seasoned negotiators who have years of

experience addressing and resolving complex rule, benefit and wage issues. The evidence of record before this Board demonstrates that the negotiators were keenly aware of the various factors that influenced and lead to successful bargaining. They clearly took into account that their efforts could not be conducted in a vacuum and that success depended upon properly based compromises.

The proposed Implementing Agreement reflects the give and take of the bargaining process. It meets the STB authorized transaction goal in a manner serving the interests of both parties.

Obviously, the Implementing Agreement does not address or solve all individual needs or desires of the Organization. Nor does it meet all the Carrier's. However, for the reasons stated and, given the circumstances, this Board will not modify what the seasoned negotiators agreed upon when they initialed the Implementing Agreement in mid-November 1998. Any other Award would lead to further controversy and tend to undermind future collective bargaining by these parties.

AWARD

The negotiated initialed Implementing Agreement will serve as this Board's Award.

Eckehard Muessig
Chairman

Dated: MAY 10, 1999

MERGER IMPLEMENTING AGREEMENT
Los Angeles Hub

between the

UNION PACIFIC
SOUTHERN PACIFIC TRANSPORTATION COMPANY
and
BROTHERHOOD OF LOCOMOTIVE ENGINEERS

In Finance Docket No. 32760, the U.S. Department of Transportation, Surface Transportation Board ("STB") approved the merger of the Union Pacific Corporation ("UPC"), Union Pacific Railroad Company/Missouri Pacific Railroad Company (collectively referred to as "UP") and Southern Pacific Rail Corporation, Southern Pacific Transportation Company ("SP"), St. Louis Southwestern Railway Company ("SSW"), SPCSL Corp., and The Denver & Rio Grande Western Railroad Company ("DRGW") (collectively referred to as "SP"). In approving this transaction, the STB imposed New York Dock labor protective conditions.

In order to achieve the benefits of operational changes made possible by the transaction, to consolidate the seniority of all engineers working in the territory covered by this Agreement into one common seniority district covered under a single, common collective bargaining agreement.

IT IS AGREED:

I. Los Angeles Hub

A new seniority district shall be created that encompasses the following area: UP territory including milepost 164.42 East of Yermo westward to end of track in the Los Angeles Basin and SP territory from (not including) Santa Barbara and milepost 460.0 at (including) Hivolt, and between Burbank Jct and Palmdale Jct, East to milepost 731.5 at (not including) Yuma including all tracks in the Los Angeles Basin and shall include all main and branch lines, industrial leads and stations between the points identified.

> **NOTE 1:** Engineers with home terminals within the hub may work to points outside the Hub without infringing on the rights of other engineers in other Hubs and engineers outside the Hub may work to points inside the Hub without infringing on the rights of engineers inside the Los Angeles Hub. The Hub identifies the on duty points for assignments and not the boundaries of assignments. (This note is further explained in side letter No. 3)

II. Seniority and Work Consolidation.

The following seniority consolidations will be made:

A. A new seniority district will be formed and a master Engineer roster(s) shall be created for the Los Angeles Hub for the engineers on the current SP seniority roster and the current UP Seniority roster and PE Seniority roster or on a SP auxiliary board from a point inside the Hub but working outside the Hub or UP engineer borrowed out to other locations that will return to the Hub upon release. It does not include borrow outs or auxiliary board engineers to the Hub, if any. All such engineers must be on one of these rosters or in training on January 13, 1998.

B. The new roster will be created as follows:

1. UP, SP and PE Engineers will be dovetailed based upon the current engineer seniority date within the Hub. This shall include any engineer working in trainman/fireman service with an engineer's seniority date. If this process results in engineers having identical seniority dates, seniority ranking will be determined by the engineer's earliest retained hire date with the Carrier.

2. All engineers who entered training after January 13, 1998 and are promoted in the Hub after January 13, 1998 will be considered common engineers(holding no prior rights), and placed on the bottom of the roster. Those engineers who entered training prior to January 13, 1998 and are promoted after that date will be entitled to any prior rights set forth in this agreement. This includes those who entered training and have been hostling.

3. All engineers placed on the rosters may work all assignments protected by the roster in accordance with their seniority and the provisions set forth in this Agreement.

4. Engineers placed on the Los Angeles Hub Roster shall relinquish all seniority outside the new roster area upon implementation of this Agreement and all seniority inside the Los Angeles Hub held by engineers outside the Hub shall be eliminated.

5. For the purposes of prior rights, SP San Joaquin engineers who remain in the LA Hub, SP Los Angeles and PE engineers will be dovetailed into one SP prior right roster.

   NOTE: San Joaquin engineers who have a right in the Roseville Hub Agreement to bid and relocate on assignments where work is moved will continue to do so in accord with those agreement provisions. Until that time they shall remain on the LA Hub roster.

C. Engineers who are on an authorized leave of absence or who are dismissed and later reinstated will have the right to displace to the appropriate roster, provided his/her seniority at time of displacement would have permitted him/her to hold that selection. The

parties will create an inactive roster for all such engineers until they return to service in a Hub or other location at which time they will be placed on the appropriate seniority rosters and removed from the inactive roster.

D. Prior rights and dovetail rights shall be governed by the following:

1. Until new extra boards are established the current ones shall be prior righted and protect the same assignments that they protected pre-merger. Once new extra boards are established they shall be filled from the dovetail rosters.

2. Road switchers and work trains that go on duty at pre-merger points that were clearly an SP or a UP point shall be filled using the prior right roster.

3. Road Switchers, local freights and work trains that go on duty at a pre-merger point that was a joint location or at a point where on duty points are consolidated, shall be filled as follows:

   Harbor area: 70% SP and 30% UP
   City of Industry 75% SP and 25% UP

   Engineers will be required to fill their prior right positions in the pre merger part of the above two areas first. For example, UP engineers will fill Paramount and Mead positions if available prior to former SP positions in the Harbor area.

   NOTE: When on duty points of the two former Carriers are consolidated a ten (10) day advance notice will be given.

4. Locals that run to or from Yermo shall be prior righted to the UP roster regardless of the on duty point. Locals that run West (such as Oxnard, Gemco, Palmdale and Santa Barbara) to pre merger SP destinations shall be prior righted to the SP roster regardless of the on duty point. This does not apply to locals that run to the Harbor area as that has been a joint area. All other locals shall be prior righted based on the on duty point.

5. Extra work trains shall be filled from the extra boards.

6. Victorville helpers shall be UP prior righted and Colton Helpers shall be SP prior righted.

7. Except as otherwise provided for in this agreement, all assignments at LATC/East Yard shall be prior righted on a 50/50 percentage basis per shift, at West Colton they shall be SP prior righted and at Yermo they shall be UP prior righted. Any new facility assignments established at other locations after the merger shall be filled from the dovetail roster. (This does not apply

to expansions of existing facilities)

8. Pools that run only to Yermo shall be UP prior righted and pools that run only to Yuma and/or Indio shall be SP prior righted up to the baseline number for the specific destination. The baseline number shall be 99(SP) and 37(UP). (The numbers 99 and 37 come from the number of pool turns the respective properties have had for the past two years). Turns above the baseline number shall be filled in one of the two following methods:

   a. If either the UP or SP drop below the baseline by a minimum of three turns and the other pools increase by a minimum of three then the Local Chairman may request that the increase in turns, up to the number decreased in the other pools, be prior righted to the roster that lost the turns. These turns will be the first ones whose prior rights are phased out in **E, 2,** below.

   b. All increases not filled by **a,** above shall be filled from the dovetail roster.

9. In determining the baseline, the SP shall add up the number of turns that go to Indio and Yuma, whether from West Colton or LATC/East Yard and subtract from that 35 (which represents their premerger portion of the West Colton-Basin Pool). The UP shall add up the number of turns that go to Yermo, whether from the West Colton or LATC/East Yard and subtract 9 (which represents their premerger portion of the West Colton-Basin Pool). Since there is more than one pool the Local Chairman shall designate how the prior right turns are allocated between the pools and once designated they cannot be changed.

   Example: The SP baseline is 99. After implementation the West Colton-Yuma pool has 45 turns and the LATC/East Yard-Yuma pool has 25. The total is 70. When one adds the 35 allocated to the West Colton-Basin pool the total comes to 105. This is 6 over the baseline. The Local Chairman must designate how many of the 45 and 25 turns are prior righted leaving six non prior right turns. If he designates all 25 in the LATC/East Yard and 39 in the West Colton pools then he cannot later change the designation.

10. The West Colton-Basin pool shall be prior righted on an 80(SP)/20(UP) basis up to the number 44 and shall be filled on a dovetailed basis after that number. The attached chart shows the specific job allocation.

11. Assignments at Yuma, both regular and extra board, protected by the West Colton source of supply shall be governed as follows:

    a. The assignments shall be prior righted to SP engineers holding

seniority in the Los Angeles Hub on the day this agreement is implemented.

b. If an assignment goes no bid/application then it shall be filled by an engineer from the adjoining Hub.

c. LA Hub SP prior right engineers shall have bid/application rights to vacancies on these assignments and shall not have displacement rights to them if they are held by an engineer from the adjoining Hub for a period of time not to exceed 6 months from the date the engineer from the other Hub holding the assignment is assigned, unless the 6 month period of time is waived by the engineer holding the assignment.

NOTE: These provisions shall become applicable when the adjoining area is under a merger agreement/award.

12. Engineers who are on assignments on the day of implementation shall remain on those assignments unless they make application to another vacancy or are displaced by engineers with displacement rights under the controlling CBA. This agreement does not create displacement rights due to its implementation.

E. Prior rights shall be phased out on the following basis:

1. Non pool freight prior right assignments shall have the prior rights phased out at the rate of 25% per year beginning with the start of year eight and 25 % with the start of year nine. The local chairman shall designate in writing 30 days prior to the end of each year the assignments that will no longer be prior righted the next year. Failure to do so will result in the Carrier selecting the assignments. The remaining prior rights (50%) shall be phased out through attrition.

2. Pool freight prior right assignments shall have the prior rights phased out at the rate of 25% per year beginning with the start of year eight and 25 % with the start of year nine. The remaining prior rights (50%) shall be phased out through attrition.

3. Yuma positions shall be prior righted until attrited.

III. POOL OPERATIONS/ASSIGNED SERVICE

The following operations may be instituted:

A. West Colton-Yermo and West Colton-Yuma - These operations will be run as separate pools. Trains originating or terminating at Mira Loma may be operated by West Colton engineers with the on and off duty point at West Colton. Engineers in this pool that take trains to and from Mira Loma shall be governed as follows:

1. This only applies when engineers go through Riverside and does not permit West Colton pool engineers to run through West Colton to Pomona and then back down the Riverside line to Mira Loma.

2. Engineers in the West Colton-Yuma pool shall be paid actual miles between Mira Loma and Yuma.

3. Engineers in the West Colton-Yermo pool with a trainman/engineman seniority date subsequent to October 31, 1985 shall be paid a 30 minute arbitrary in addition to all other payments when delivering or receiving trains at Mira Loma. Should the engineer receive the train on the outbound trip and deliver one on the return trip then they shall be entitled to two 30 minute payments.

4. Engineers on duty time shall begin and end at West Colton and not at Mira Loma.

5. If pool engineers hostler their power to and from Mira Loma they shall be paid the mileage from West Colton to Mira Loma.

6. For those eligible engineers, ITD shall be computed from the time on duty at West Colton until departure is made from Mira Loma and FTD shall be computed from the time the engineer "yards" the train at Mira Loma and ties up at West Colton. This does not change the method used to calculate ITD and FTD but identifies that Mira Loma will be considered "in the terminal" for these calculations.

B. LATC/EAST YARD-Yermo/Yuma - These operations shall be run as two separate pools, one to Yuma and one to Yermo.

NOTE: The parties recognize that traffic disruption due to track work, and potential temporary line closures for other reasons, may result in several trains using alternate routes in **A** and **B** above. In these instances, CMS shall contact the Local Chairman, and engineers from the route with reduced traffic shall be called to operate on the other line with calls being alternated between the two pools.

C. West Colton- Basin - These operations shall be run as one pool or a combination of pool service, with the home terminal at West Colton, and assigned service. Assigned service shall designate the home and away from home terminal. Assigned service shall have a single away from home terminal for each assignment. The pool shall have three away from home terminals of; the combined SP/UP LATC/LA East Yard terminal/LA/Long Beach Harbor area, Anaheim, and Gemco. This pool may be run as straight away with engineers tying up at the far terminal or as turn around. Service to City of Industry shall be run as turn around service with the engineer working or being

deadheaded in combination service back to West Colton at the end of the tour of duty.

NOTE: The Carrier shall give a ten day notice for the implementation of service in (**A**),(**B**), and (**C**), above if not given in the notice to implement this Hub agreement. Notice may be given individually or for more than one operation. Operations in place prior to the implementation of this Agreement shall continue until the Carrier serves notice to implement new operations and abolish old operations or the BLE exercises the cancellation clauses of the flat rate agreements.

D. Any pool freight, local, work train, hostler or road switcher service may be established in accordance with the controlling CBA.

E. None of the engineers in (A) through (D) above shall be restricted, in or between the terminals of their assignment, as to where they may set out or pick up cars or leave or receive their train. The type and amount of work shall be governed by the controlling CBA. All engineers may operate over any and all tracks and alternate routings between locations.

IV. EXTRA BOARDS

A. The Carrier may establish extra boards at any location in accordance with the governing CBA. The Carrier will give a thirty day notice of the consolidation of pre-merger extra boards and the notice provisions of the governing CBA shall be used in the establishment of new extra boards.

B. If there are no rested and available West Colton pool engineers at the away from home points LATC and the Harbor area, then the closest extra board may be used to work trains back to West Colton. When so used they will not be tied up at West Colton but will deadhead back to their on duty point. If sufficient traffic exists to warrant a pool to protect this service then a pool shall be established. The use of this pool shall be ahead of using a West Colton engineer in combination deadhead service.

C. Exhausted extra boards.

1. If one of the above extra boards is exhausted, then another (secondary)extra board may be used prior to using other sources of supply. Secondary extra boards shall be identified by bulletin.

2. An engineer called from his/her extra board for an assignment in another area not principally covered by their extra board shall be handled as follows:

    a. Pay received for this assignment shall <u>not</u> be used as an offset for extra board guarantee but shall be in addition to, however, it <u>shall</u> be used in computing whether the engineer is entitled to protection pay at the end of the month.

b. An engineer unavailable at time of call for secondary assignments shall have a deduction made in their extra board guarantee in accordance with the extra board agreement and shall have an offset to their protection in accordance with the protection offset provisions. If miss called for secondary calls, the engineer shall not be placed on the bottom of the board but will hold his/her place.

c. An engineer unavailable at time of call for secondary assignments shall not be disciplined.

D. On a temporary basis, until the Yuma area is under a merger agreement/award that provides for the consolidated Yuma extra board to cover El Centro vacancies and Yuma based assignments, The LA Hub extra board at Yuma will continue to protect all assignments that it protected pre-merger.

V. TERMINAL AND OTHER CONSOLIDATIONS

A. The SP LATC and UP LA East Yard shall be combined into a single terminal covering the existing terminal limits for each Carrier and the connecting trackage between the two terminals. Yard engineers shall not be restricted as to where in the terminal they can operate.

B. The provisions of **A** above will not be used to enlarge or contract the current limits except to the extent necessary to combine into a unified operation.

C. In the LA Hub, prior to this implementing Agreement, there existed several trackage rights, stations and Harbor areas used by both Carriers. With the implementation of this Agreement all areas, trackage, stations and facilities in the Hub shall be common to all engineers as a single unified system. Engineers shall not be restricted in the Hub where they can operate except on the basis of CBA provisions that set forth limits of an assignment such as the radius of a road switcher.

D. Riverside Line - When heading west, trains that pass Colton Crossing onto the Riverside line may be operated by West Colton-Basin crews as if "in the terminal". When heading East, trains that reach Streeter, a point directly south of West Colton on the Riverside line, may be operated by West Colton-Yuma or West Colton Yermo crews as if "in the terminal". This does not apply to Mira Loma trains as those trains have separate provisions.

VI. AGREEMENT COVERAGE

A. General Conditions for Terminal Operations.

1. Initial delay and final delay will be governed by the controlling collective bargaining agreement, including the Duplicate Pay and Final Terminal Delay provisions of the 1986 and 1991 National and Implementing Agreements and awards.

2. Engineers will be transported to/from their trains to/from their designated on/off duty point in accordance with Article VIII, Section 1 of the May 1986 National Agreement. The Carrier shall designate the on/off duty points for engineers.

3. The current application of National Agreement provisions regarding road work and Hours of Service relief under the combined road/yard service Zone, shall continue to apply. Yard engineers at any location within the Hub may perform such service in all directions out of their terminal.

B. General Conditions for Pool/Assigned Operations in Article III.

1. The terms and conditions of the pool operations set forth in Article III (A), and (B) shall be the same except where specifically provided otherwise in those Sections. The terms and conditions are those of the surviving collective bargaining agreement as modified by subsequent national agreements, awards and implementing documents and those set forth in this Agreement.

2. The terms and conditions of the pool and assigned service in Article III (C) shall be as follows:

   a. The pool shall operate first in/first out at the home terminal.

   b. Engineers, if operated in pool service to Gemco and Anaheim, shall be operated first in/first out at each away from home location.

   c. Engineers operated to LATC/LA East yard and the Harbor shall be treated as one pool, stay at the same lodging facility and shall operate first in/first out from the far terminal for calls to either LATC/LA East yard or the Harbor to return to West Colton. The lodging facility shall be the on and off duty point for this pool when at the away from home point.

   d. Pool engineers shall be paid in accordance with Sections 1,2,5, and 6 of the flat rate road switcher agreement effective September 16, 1996. The flat rate for these assignments shall be $300.00/engineer. These payments shall be inclusive of any payments for not stopping to eat. When given a call and release, the call and release rules shall apply for engineers in this pool in lieu of the flat rate.

e. In addition, that agreement shall be amended so that the cancellation clause shall be a one year notice unless the hours of service is changed from the current 12 hour provisions, in which case the cancellation notice shall be a 30 day notice. If canceled then the engineers shall be paid in accordance with pool freight service conditions based on the miles of the assignments.

g. Other payments made to the pool engineers will be in accordance with the held way from home provisions, overtime after 12 hours, the 25 mile zone payments, payments that are applicable when another person is in the cab such as an employee in training and runarounds of the governing CBA. The held time payment shall be made at the rate as provided in section 5(a) of the agreement (156.11) subject to all future wage and cola adjustments.

h. If there is both pool service and assigned service to the same location, they shall not be combined at the far terminal but shall operate independently from each other for the return trip.

I. Local freight assignments shall operate under local freight work and pay rules.

j. Separate and apart deadheading shall be paid in accordance with the National Agreement provisions and shall not be paid the flat rate. Separate and apart deadheading shall be from the home or away from home point to the away from home or home point when not connected with service. It does not include any deadheading in connection with service that would be covered in the flat rate.

k. Unless canceled sooner than the implementation date of this agreement, Agreement E&F 188-138 dated January 5, 1995 and all side letters and Questions and Answers to it are cancelled with the implementation of this agreement.

3. **Twenty-Five Mile Zone** - As provided in the note below, pool engineers may receive their train up to twenty-five miles on the far side of the terminal and run on through to the scheduled terminal. Engineers shall be paid an additional one-half (½) basic day for this service in addition to the miles run between the two terminals. If the time spent in this zone is greater than four (4) hours, then they shall be paid on a minute basis.

NOTE 1: This provision will apply at Yermo and Yuma for all pool engineers and at West Colton for LA Hub and Bakersfield pool engineers (only on trains that have not reached West Colton

from Bakersfield, Yermo and Yuma). It does not apply to trains that have not reached West Colton from the West.

NOTE 2: The Twenty five mile zone towards Yermo and Yuma shall be measured from Colton Crossing which shall extend to milepost 563.7 towards Yuma.

4. **Turnaround Service/Hours of Service Relief**. Except as provided in (3) above, turnaround service/hours of service relief at both home and away from home terminals shall be handled by extra boards, if available, prior to using pool engineers. Engineers used for this service may be used for multiple trips in one tour of duty in accordance with the designated collective bargaining agreement rules. Extra boards may handle this in all directions out of a terminal.

5. Nothing in this Section B (3) and (4) prevents the use of other engineers to perform work currently permitted by prevailing agreements, including, but not limited to yard engineers performing Hours of Service relief within the road/yard zone, ID engineers performing service and deadheads between terminals, road switchers handling trains within their zones and using a engineer from a following train to work a preceding train and payments required by the controlling CBA shall continue to be paid when this work is performed.

C. Agreement Coverage - Engineers working in the Los Angeles Hub shall be governed, in addition to the provisions of this Agreement, by the Collective Bargaining Agreement selected by the Carrier, including all addenda and side letter agreements pertaining to that agreement and previous National Agreement/Award/Implementing Document provisions still appiicable. Except as specifically provided herein the system and national collective bargaining agreements, awards and interpretations shall prevail. None of the provisions of these agreements are retroactive. The Carrier has selected the SP WEST modified BLE Agreements.

VII. PROTECTION.

A. Due to the parties voluntarily entering into this agreement the Carrier agrees to provide New York Dock wage protection (automatic certification) to all prior right engineers who are listed on the Los Angeles Hub Merged Rosters and working an assignment (including a Reserve Board) on January 13, 1998. (The term working shall also include those engineers disciplined and later returned to work and those full time Union Officers should they later return to service with the Carrier.) This protection will start with the effective (implementation) date of this agreement. The engineers must comply with the requirements associated with New York Dock conditions or their protection will be reduced for such items as layoffs, bidding/displacing to lower paying assignments when they could

hold higher paying assignments, etc. Protection offsets due to unavailability are set forth in the Questions and Answers and side letter #1.

B. This protection is wage only and hours will not be taken into account.

C. Engineers required to relocate under this agreement will be governed by the relocation provisions of New York Dock. In lieu of New York Dock provisions, engineers required to relocate may elect one of the following options:

1. Non-homeowners may elect to receive an "in lieu of" allowance in the amount of $10,000 upon providing proof of actual relocation.

2. Homeowners may elect to receive an "in lieu of" allowance in the amount of $20,000 upon providing proof of actual relocation.

3. Homeowners in Item 2 above, who provide proof of a bona fide sale of their home at fair value at the location from which relocated, shall be eligible to receive an additional allowance of $10,000.

   (a) This option shall expire five (5) years from date of application for the allowance under Item 2 above.

   (b) Proof of sale must be in the form of sale documents, deeds, and filings of these documents with the appropriate agency.

4. With the exception of Item 3 above, no claim for an "in lieu of"relocation allowance will be accepted after two (2) years from date of implementation of this agreement.

   NOTE: The two (2) year provision of this paragraph (4) shall be extended for engineers if operations affecting those engineers are not instituted until less than ninety (90) days remain in the two year period. If not instituted within 21 months of implementation then affected engineers shall have a one year extension from the date operations are instituted to request an "in Lieu of" payment.

5. Engineers receiving an "in lieu of" relocation allowance pursuant to this implementing agreement will be required to remain at the new location, seniority permitting, for a period of two (2) years.

6. In addition to those engineers required to relocate, engineers at the location where assignments are relocated from shall be treated as required to relocate under this Agreement, seniority governing, on a one for one basis equal to the number of assignments transferred. Once the number of in lieu

of allowances are granted equal to the number of assignments transferred all other moves associated with the specific number of assignments transferred will not be eligible for any moving allowance. The following is a list of assignments that will be transferred:

a. Assignments to West Colton for the West Colton-Basin pool/assigned service.
b. Assignments to West Colton for the West Colton-Yermo pool.
c. Assignments to LATC for the LATC-Yuma pool.
d. Extra board assignments in connection with the above moves. Engineers who are augmenting an extra board from a regular extra board shall be considered as assigned at the regular extra board point for determining whether relocation provisions shall apply.

D. There will be no pyramiding of benefits.

E. National Termination of Seniority provisions shall not be applicable to Engineers hired prior to the effective date of this agreement.

F. Engineers will be treated for vacation, payment of arbitraries and personal leave days as though all their service on their original railroad had been performed on the merged railroad. Engineers assigned to the Los Angeles Hub seniority roster with a seniority date prior to January 13, 1998 shall have entry rate provisions waived and engineers hired after that date shall be subject to the rate progression provisions of the controlling CBA. Those engineers leaving the Los Angeles Hub will be governed by the CBA where they then work.

VIII. FAMILIARIZATION

A. Engineers involved in the consolidation of the Los Angeles Hub covered by this Agreement whose assignments require performance of duties of a new geographic territory not familiar to them will be given familiarization opportunities as quickly as possible. Engineers will not be required to lose time or ride the road on their own time in order to qualify for these new operations.

B. Engineers will be provided with a sufficient number of familiarization trips in order to become familiar with the new territory. Issues concerning individual qualification shall be handled with local operating officers. The parties recognize that different terrain and train tonnage impact the number of trips necessary and an operating officer will be assigned to the merger that will work with the local managers of Operating Practices in implementing this Section. If disputes occur under this Agreement they may be addressed directly with the appropriate Director of Labor Relations and the General Chairman for expeditious resolution.

C. It is understood that familiarization required to implement the merger

consolidation herein will be accomplished by calling a qualified engineer (or qualified Manager of Operating Practices) to work with an engineer called for service on a geographical territory not familiar to the engineer.

D. Engineers who work their assignment (road or yard) accompanied by an engineer taking a familiarization trip shall be paid one (1) hour at the pro rata rate), in addition to all other earnings for each tour of duty. This payment shall not be used to offset any extra board payments. The provision of 3 (a) and (b) Training Conditions of the System Instructor Engineer Agreement shall apply to the regular engineer when the engineer taking the familiarization trip operates the locomotive.

E. Locomotive engineers will not be required to make the decision on whether or not an engineer being familiarized is sufficiently familiarized for the territory.

F. An engineer concerned about familiarization on his/her assignment must contact a Manager Operating Practices prior to being called to resolve the concerns.

IX. IMPLEMENTATION

The Carrier shall give 30 days written notice for implementation of this agreement and the number of initial positions that will be changed in the Hub. Thereafter implementation provisions of the various articles shall govern any further changes.

X. HEALTH AND WELFARE

A. Engineers currently are under either the National Plan or the Union Pacific Hospital Association. Engineers coming under a new CBA will have six months from the implementation of this agreement to make an election as to keeping their old coverage or coming under the coverage of their new CBA. Engineers who do not make an election will have been deemed to elect to retain their current coverage. Engineers hired after the date of implementation will be covered under the plan provided for in the surviving CBA.

This Agreement is entered into this ____ day of _____ 1998.

For the Organization: **For the Carrier:**

_____ _____

General Chairman BLE UP General Director Labor Relations

_____

General Chairman BLE SPWest

X

MERGER IMPLEMENTING AGREEMENT
(Portland Hub)
Zone 1

between the

UNION PACIFIC
SOUTHERN PACIFIC TRANSPORTATION COMPANY
and
BROTHERHOOD OF LOCOMOTIVE ENGINEERS

In Finance Docket No. 32760, the U.S. Department of Transportation, Surface Transportation Board ("STB") approved the merger of the Union Pacific Corporation ("UPC"), Union Pacific Railroad Company/Missouri Pacific Railroad Company (collectively referred to as "UP") and Southern Pacific Rail Corporation, Southern Pacific Transportation Company ("SP"), St. Louis Southwestern Railway Company ("SSW"), SPCSL Corp., and The Denver & Rio Grande Western Railroad Company ("DRGW") (collectively referred to as "SP"). In approving this transaction, the STB imposed New York Dock labor protective conditions.

In order to achieve the benefits of operational changes made possible by the transaction, to consolidate the seniority of all engineers working in the territory covered by this Agreement into one common seniority district covered under a single, common collective bargaining agreement,

IT IS AGREED:

I. Portland Hub

New seniority districts shall be created that encompasses the following area: UP territory including milepost 182.79 west of Seattle, Washington to Eastport, Idaho on the Spokane International to milepost 390.0 at Silver Bow Montana to milepost (Pocatello sub) 191.80 at McCammon, Idaho and to milepost (Pocatello sub) 0.64 at Granger, Wyoming; SP territory from (including) Chemult, Oregon to the Portland Terminal. The Hub shall be divided into three zones as follows:

Zone 1 will include operations Chemult north to Seattle and Portland east to (not including) Hinkle.

Zones 2 and 3 are not defined in this document but will be addressed in implementing agreements/awards covering those zones.

NOTE 1: Zone 1 shall include all main and branch lines, industrial leads and stations between the points identified.

NOTE 2: Crews with home terminals within a Zone may work to points outside the Zone and Hub without infringing on the rights of other engineers in other zones or Hubs. The Zone identifies the on duty points for assignments and not the boundaries of assignments. For example a road switcher on duty at Hinkle may work in any direction up to the limits of its radius as set by the road switcher agreement and a work train at Hinkle may work both east and west. Both of these assignments would use Zone 2 crews without infringing on the rights of Zone 1 crews. A Zone 1 pool freight crew would continue to operate through freight from Portland to Hinkle and perform the same work as it performed pre-merger.

NOTE 3: If former SP lines known as the Siskiyou and Coos Bay are reacquired by the Carrier then those lines that go as far as Bellview/Power will also be included in the SP prior right area.

NOTE 4: Any trackage, either under lease or sale, that may be reacquired by the UP will be included in the appropriate prior right territory.

II. Seniority and Work Consolidation.

The following Zone 1 seniority consolidations will be made:

A. A new seniority district will be formed and a master Engineer roster shall be created for Zone 1 for the engineers on the current SP Portland seniority roster and the current UP First Seniority District roster and UP Second Seniority District roster or on a SP auxiliary board from a point inside Zone 1 but working outside Zone 1 or UP engineer borrowed out to other locations that will return to the Zone upon release. It does not include borrow outs to the Zone, if any. All such engineers must be on one of these rosters on October 1, 1997.

B. The new roster will be created as follows:

1. UP First Seniority District, UP Second Seniority District and SP Engineers will be dovetailed based upon the current engineer seniority date within Zone 1. This shall include any engineer working in trainman/fireman service with an engineer's seniority date. If this process results in engineers having identical seniority dates, seniority ranking will be determined by the engineer's earliest retained hire date with the Carrier.

2. All engineers who entered training and are promoted in Zone 1 after October 1, 1997 will be considered common engineers, have no prior rights and placed on the bottom of the roster. An engineer who entered engineer training prior to October 1, 1997 and finished the training after October 1, 1997 shall not be a common engineer but will have prior rights in the area they took promotion.

3. All engineers placed on the rosters may work all assignments protected by the roster in accordance with their seniority and the provisions set forth in this Agreement.

4. Engineers placed on the Portland Hub Zone 1 Roster shall relinquish all seniority outside the new roster area upon implementation of this Agreement and all seniority inside the Zone held by engineers outside the Zone shall be eliminated. The seniority standing of engineers in more than one Zone of the Portland Hub will be finalized in the final Hub agreement.

5. Current 2nd District engineers working 2nd district assignments at Hinkle shall have the following options:

NON EXTRA BOARD ASSIGNMENTS

a. Be prior righted to the non extra board assignments and retain their zone 1 prior right and expanded seniority. If they voluntarily leave the assignments the assignments shall no longer be 2nd district assignments and shall become 3rd district assignments until zone 2 is covered by an agreement or an award and shall be further handled in zone 2 at that time.

b. If the assignments are abolished then the engineer shall be free to exercise his/her prior rights and expanded seniority. If the positions are later reestablished then the engineers who held the assignments at implementation shall be automatically reassigned and when contacted shall have an opportunity to return to it. Should they decline and not return to it then it shall be treated as a voluntary relinquishment per 5(a) above.

EXTRA BOARD ASSIGNMENTS

c. Be prior righted to the extra board assignments and retain their zone 1 prior right and expanded seniority. If they voluntarily leave the assignments the assignments shall no longer be 2nd district assignments and shall become 3rd district assignments until zone 2 is covered by an agreement or an award and shall be further handled in zone 2 at that time.

d. If the assignments are abolished then the engineer shall be free to exercise his/her prior rights and expanded seniority. If the positions are later reestablished then the engineers who held the assignments at implementation shall be automatically reassigned and when contacted shall have an opportunity to return to it. Should they decline and not return to it then it shall be treated as a voluntary relinquishment per 5(c) above.

NOTE 1: All 2nd district assignments once vacated will no longer be available to former 2nd district engineers but initially to the 3rd district and finally to the Zone 2 roster.

C. Engineers who are on an authorized leave of absence or who are dismissed and later reinstated will have the right to displace to the appropriate roster, provided his/her seniority at time of displacement would have permitted him/her to hold that selection. The parties will create an inactive roster for all such engineers until they return to service in a Hub or other location at which time they will be placed on the appropriate seniority rosters and removed from the inactive roster.

D. At the time of implementation all assignments will be prior righted to the seniority district that have rights to the assignments on the day prior to implementation. Prior rights shall also extend to the following pools up to the baseline established:

Seattle-Portland	32
Portland-Hinkle	52
Portland-Eugene/Oakridge	32
Oakridge-Klamath Falls	32

NOTE: Portland Terminal shall be considered as common to all seniority districts for determining that service operates within a pre-merger seniority district. For example, it does not matter where in the Portland terminal a pool freight assignment goes on duty, if it goes to Hinkle or Eugene or Oakridge then they would be prior right assignments.

E. Prior rights shall be phased out on the following schedule:

1. **Portland Extra Boards**- As Portland extra boards are consolidated they shall be filled using the dovetail roster.

NOTE : Because the first consolidated extra board shall be between the UP 1st and 2nd Districts then UP 1st and 2nd district engineers on an interim dovetail basis can make application for that assignment ahead of the SP. Once the SP extra board is consolidated with the UP extra board, full dovetail rights shall govern.

2. **Portland yard assignments**.- On the first day of the month following forty-eight (48) months from the date of implementation all Portland yard assignments shall no longer be filled on an 80UP/20SP basis (see page 8, this Article, section M) but, shall be filled using a 40UP/10SP basis for two more years. The dovetail roster shall be used at the end of the six year period and for those assignments not covered by prior rights.

3. **Pool assignments**- The first day of the month following twenty-four (24) months from the date of implementation shall begin a four year period for the transition of prior right assignments in each pool to dovetail assignments. At the end of each year the number of prior right turns (baseline) in each pool shall be transferred to dovetail assignments by 25% until the baseline is eliminated.

Example: The Portland-Hinkle pool baseline for the first three years is 52. On the first day of the month after three years the baseline of prior right turns shall drop to 39. On the first day of the month after four years from implementation the baseline shall drop to 26 turns. This will continue for two more years with the baseline dropping to 13 and then zero. It does not matter how many turns are in the pool at the time, only the baseline is being reduced.

4. **Non-pool and non-yard assignments within the thirty mile radius**- On the first day of the month following twenty-four months from the date of implementation, all non-pool and non-yard assignments within the thirty mile zone shall no longer have prior rights and shall be filled from the dovetail roster.

5. **Other assignments**- Any assignment within Zone 1 not covered above shall be filled using the dovetail roster on the same date that the last pool turns are also subject to the dovetail roster.

6. When assignment(s) goes through the transition from prior right to dovetail there will be no re-advertising of the assignment(s), nor will the process generate a displacement. It means that the next time an engineer places an application for the assignment or an engineer has a displacement from some other reason provided for in the CBA he/she shall do so on the basis of the dovetail roster. There shall be no Sadie Hawkins Days during this transition period.

F. In addition to the above, the dovetail roster shall be used for all new non pool freight assignments that operate over two or more prior right areas, all pool freight assignments above the baseline and any prior right assignment not filled by a prior right engineer.

NOTE: Unassigned work trains shall be run off the extra board(s). Until the extra boards are consolidated work trains will not work on more than one prior right road territory. An unassigned work train may work on both a road territory and anywhere in the Portland terminal. Work train service shall be governed by the controlling CBA.

G. New pool freight operations not covered in Article III of this Agreement and created after the implementation of this Agreement shall be covered under Article IX of the May 1986 National Arbitration Award and seniority issues regarding rights to the new run(s) shall be determined at that time. It is not the intent of this agreement to supplant existing runs with non pool assignments or create non pool assignments to avoid provisions of this Article.

H. Prior right UP 1st and 2nd District and SP engineers will be required to protect all assignments in their pre-merger prior rights area that still remain in the new zone 1. In addition they will be required to protect all consolidated extra boards and all other assignments that have a home terminal on duty point within thirty miles of the Portland Terminal limits.

I. When a permanent Zone 1 prior right vacancy exists at a point inside the thirty mile limit it shall be filled as follows:

1. The senior prior right applicant shall be assigned. If no applicant, and a reserve board exists with prior right engineers on the reserve board, then the junior prior right reserve board engineer shall be recalled in accordance with the reserve board provisions of the surviving CBA.

2. If no prior right applicant and no prior right engineer on a reserve board, then the senior applicant with prior rights on another area, shall be assigned unless that applicant is required to fill a prior right assignment on his/her prior right area.

3. If no applicant with prior rights in another area then the junior reserve board engineer with prior rights in another area shall be recalled in accordance with the reserve board provisions of the surviving CBA.

4. If no such engineer on a reserve board then the senior common engineer who makes application shall be assigned. If none then the senior demoted engineer shall be recalled. If none then the junior engineer from the protecting extra board shall be assigned.

J. When a permanent Zone 1 common vacancy exists at a point inside the thirty mile limit it shall be filled as follows:

1. The senior applicant with any prior rights from the dovetail roster shall be assigned.

2. If none, then the junior prior right engineer on all reserve boards shall be recalled in accordance with the reserve board provisions of the surviving CBA.

3. If none, then the senior applicant with common rights shall be assigned. If none, then the senior demoted engineer shall be recalled. If none, then the junior engineer from the protecting extra board shall be assigned

K. When a permanent Zone I vacancy exists at a point outside the thirty mile limit it shall be filled as follows:

1. The senior prior right applicant shall be assigned.

2. If none, then the junior engineer on a reserve board who holds prior rights to that assignment shall be recalled in accordance with the reserve board provisions of the surviving CBA.

3. If none, then the senior applicant not holding prior rights to the assignment shall be assigned.

4. If there are no engineers on a reserve board who hold prior rights to the vacancy and no other applicants, then the senior engineer who is demoted (prior rights to the assignment or common) shall be recalled and assigned to the vacancy.

5. If there are no applicants and no prior right reserve board or common demoted engineers, a protecting extra board engineer is forced to the assignment. When selecting the junior engineer on the extra board,

those engineers with prior rights on another area shall not be considered as the junior engineer. In this case the junior engineer who can be forced to the assignment will be assigned. That extra board position (the one within the thirty mile limit) may then be filled by recalling an engineer on a different reserve board.

Example: An assignment on the Albany road switcher (SP prior right) goes no bid. If there are any former SP engineers on a reserve board they shall be recalled and the assignment filled through the displacement process. If none on a reserve board then the senior demoted engineer who holds rights to the assignment (prior right or common) shall be recalled. If none in that status, then the junior former SP engineer on the protecting extra board (Eugene) shall be assigned with an SP engineer on the Portland extra board filling the Eugene extra board if that position also goes no bid. The junior reserve board engineer on the UP 1st and 2nd District reserve boards shall then be recalled for the filling of the Portland extra board vacancy if that position goes no bid.

NOTE: If engineers are on the bump board with vacancies pending, CMS may review their prior right status and other eligibility of these engineers prior to proceeding with the above steps.

L. The thirty mile limit restrictions, in (H) above, on force assigning shall be eliminated on the same day that all prior rights are eliminated. Effective that day the provisions of Article II (H),(I),(J) and (K) shall no longer apply. The application and vacancy provisions of the controlling CBA shall govern at that time. When prior rights are eliminated, engineers will be required to protect all assignments in Zone 1.

M. For the first 48 month period that the yard prior rights are in effect, the Portland yard assignments shall be prior righted on an 80(UP)/20(SP)% basis. The next 24 months shall be on a 40/10 basis. When possible, the 80/20 or 40/10 will be filled using the current geographical assignment basis, with the SP protecting Brooklyn assignments up to 20/10 % of the total and the UP protecting all other Portland terminal assignments. When it is not possible to fill on this basis then the following shall govern:

1. If a reduction is made in one area and it is necessary to designate an assignment in another area, the first such assignment shall be on a daylight shift, the second on the afternoon shift and the third on the night shift and so forth.

2. The representative from the area being designated shall select the assignment on the first and third shift and the representative from the area losing the assignment shall select the assignment on the second shift. If only one representative then the General Chairman shall make the selection.

Example: Several assignments are reduced at Brooklyn and it is necessary to designate three assignments in the UP area as SP assignments. The UP representative shall select which assignments become SP on the first and third shifts and the SP representative shall select the assignment on the second shift.

3. If assignments are later reestablished in the former area then they shall be redesignated in accordance with (M) above.

4. The parties recognize that at the time of implementation that the numbers may not be 80/20. If not, the parties will not automatically designate jobs in another area but will wait until assignments are reduced or added after implementation. Attachment "A" shows the chart that will be used.

N. During the six year period there shall be a separate reserve board (total of three) for each of the three prior right seniority areas. After the prior rights are eliminated there shall only be one reserve board for Zone 1. While the reserve board provisions of the controlling CBA will govern, should a surplus of engineers develop, the Carrier may use the opportunity to familiarize employees on other assignments in addition to using reserve boards when not needed in train service. This would apply to those pre October 1, 1997 engineers when protected.

III. POOL OPERATIONS.

Pool operations within the Portland Hub zone 1 shall be run as follows:

A. Current UP 1st and 2nd District pool home and away from home terminals are not modified by this agreement.

B. SP pool operations shall be modified to add pool freight service between Portland (home terminal) and Oakridge (away from home terminal) and sufficient engineers shall be relocated to protect this service.

C. Oakridge-Klamath Falls and Dunsmuir-Oakridge service shall also be instituted and current Eugene-Klamath Falls service shall be discontinued. Recognizing that some employees may commute to Oakridge from Eugene, if due to inclement weather

at Oakridge after their return from Klamath Falls, the Carrier will assist with lodging at Oakridge if available. If requested an engineer may receive a two hour call for Oakridge service.

NOTE : The Carrier shall give notice for the implementation of service in (B) and (C) above if not given in the notice to implement this Zone 1 agreement. The notice shall include the number of initial positions that will be changed. Applications shall be accepted for 15 days for the new positions. Engineers shall be notified of their assignment either by application or force in the seven days following close of applications. Assignments shall be phased in beginning 30 days after the application closing date. CMS will work with the local chairman with this process. If additional positions are established within the first year, over and above the original number, the same process will be used.

D. When the Portland-Oakridge and Oakridge-Klamath Falls service is started, additional traffic may result in both the transfer of positions and an increase in new positions. Both new and transferred will be covered under the provisions of this agreement for a two year period. New positions at Portland will be determined by using the average number of pool turns in the first quarter 1998 as the baseline number. One must remember that employees will be going to assignments in Dunsmuir, Oakridge and Portland.

E. SP Engineers forced to Dunsmuir will be permitted to make application back to their original prior rights Zone. The application must be on file within sixty (60) days of being forced and will be honored when vacancies of a minimum of thirty (30) days exist in the original SP prior right area of Zone 1 and there are no engineers their senior on reserve boards or demoted in that Zone. If an engineer is recalled and declines the recall, then his/her application will be pulled and not reentered. (See relocation section on restrictions if relocation allowances are requested).

Note: The minimum of thirty (30) days shall be met when all engineers senior to the forced engineer have been assigned to a working position for a minimum of thirty (30) days or on a leave of absence for a minimum of thirty (30) days and an additional regular assignment becomes vacant. If the engineer returning to the original zone works for ninety (90) days without being demoted then the forced zone rights will be relinquished and the original zone rights reinstated.

F. Any pool freight, local, work train, or road switcher service may be established pursuant to the controlling CBA to operate from any point to any other point within the new Hub with the on duty point within Zone 1.

IV. EXTRA BOARDS

A. Until the UP and SP extra boards are consolidated per (B) below the SP prior right board shall protect yard vacancies with an on duty point in the Brooklyn yard and the UP Second District and UP consolidated First and Second district extra boards shall protect other Portland Terminal Yard vacancies.

B. The three engineer road extra boards at Portland shall be consolidated based on the following time table.

1. The Carrier may serve notice within 8 months from the date of implementation of this agreement to combine the UP 1st and 2nd district extra boards at Portland. The notice will be a 30 day notice that will permit the combining of the two boards on the first day of the month on or after the 30 day notice is given. If notice has not been served at the end of the 8 month period then it shall be deemed to have been served on the last day of the 8 month period after implementation.

2. The Carrier may serve notice to combine the consolidated UP road extra board and the SP road extra board within 12 months from the date of consolidation of the extra boards in (B) (1) above. The notice will be a 30 day notice that will permit the combining of the two boards on the first day of the month on or after the 30 day notice is given. If notice has not been served at the end of the 12 month period then it shall be deemed to have been served on the last day of the 12 month period after implementation.

C. Other UP extra boards currently in zone 1 not mentioned above shall continue to operate in accordance with the provisions of the surviving CBA.

D. Any location not listed shall be covered by the nearest extra board or additional extra board(s) may be established pursuant to the provisions of the surviving CBA. It is the intent to establish an extra board at Oakridge.

E. Exhausted extra boards.

1. If prior to consolidation, one of the Portland extra boards is exhausted, then another Portland extra board may be used prior to using other sources of supply. If the Eugene or Oakridge extra board is exhausted then the other extra board may be used prior to using other sources of supply. If prior to an agreement/award in zone 2 the Second District extra board at Hinkle is exhausted the Third District extra board may be used prior to using other sources of supply.

2. An engineer called from his/her extra board for an assignment in another area not principally covered by their extra board shall be handled as follows:

   a. Pay received for this assignment shall not be used as an offset for extra board guarantee but shall be in addition to, however, it shall be used in computing whether the engineer is entitled to protection pay at the end of the month.

   b. An engineer unavailable at time of call shall have a deduction made in their extra board guarantee in accordance with the extra board agreement and shall have an offset to their protection in accordance with the protection offset provisions. If miss called for secondary calls, the engineer shall not be placed on the bottom of the board but will hold his/her place.

   c. An engineer unavailable at time of call shall not be disciplined.

3. Prior to the Carrier using a third extra board, all other sources of supply in the area where the vacancy exists must be exhausted.

NOTE: The nearest extra board will be determined by highway miles. When new assignments are established, the bulletin will identify the protecting extra board.

V. TERMINAL AND OTHER CONSOLIDATIONS

A. At the joint terminal location of Portland all UP and SP operations shall be consolidated into a unified terminal operation. Yard and road crews will not be restricted in the terminal where they can operate. The new terminal limits for Portland shall be : 17.0 on the UP main line, (Sandy siding), 765.01 on the SP main line south of Brooklyn, the Columbia river (North Portland Junction) 6.8 on the north and 741.24 on the SP Tillamook line.

NOTE: While these reflect the current terminal limits, the road/yard zones are still figured from the previous limits. This affects only the UP East main line limits which are 12.25 on the Graham line and 14.50 on the Kenton line. (Reference August 7, 1987 Agreement) The other limits in (A) above remain the same.

B. The provisions of (A) will not be used to enlarge or constrict the current limits except to the extent necessary to combine into a unified operation.

C. The terminal limits for Oakridge shall be MP578.74 and MP582.30.

VI. AGREEMENT COVERAGE

A. General Conditions for Terminal Operations.

1. Initial delay and final delay will be governed by the controlling collective bargaining agreement, including the Duplicate Pay and Final Terminal Delay provisions of the 1986 and 1991 National and Implementing Agreements and awards.

2. Engineers will be transported to/from their trains to/from their designated on/off duty point in accordance with Article VIII, Section 1 of the May 1986 National Agreement. The Carrier shall designate the on/off duty points for engineers.

3. The current application of National Agreement provisions regarding road work and Hours of Service relief under the combined road/yard service Zone, shall continue to apply. Yard crews at any location within the Hub may perform such service in all directions out of their terminal.

B. General Conditions for Pool Operations.

The terms and conditions of the pool operations set forth in Article III shall be the same for all pool freight runs. The terms and conditions are those of the surviving collective bargaining agreement as modified by subsequent national agreements, awards and implementing documents and those set forth below.

1. Turnaround Service/Hours of Service Relief. Turnaround service/hours of service relief at both home and away from home terminals;

   (a) May be handled by extra boards at the away from home terminal, and,

   (b) Shall be handled by extra boards at the home terminals,

   if extra crews are available, prior to using pool crews. Engineers used for this service may be used for multiple trips in one tour of duty in accordance with the designated collective bargaining agreement rules.

   (c) Extra boards may handle this service in all directions out of a terminal.

2. Nothing in this Section B (1) prevents the use of other crews to perform work currently permitted by prevailing agreements, including, but not limited to yard crews performing Hours of Service relief within the road/yard zone, ID crews performing service and deadheads between terminals, road switchers

handling trains within their zones and using a engineer from a following train to work a preceding train and payments required by the controlling CBA shall continue to be paid when this work is performed.

3. The Portland-Hinkle pool and the Seattle-Portland pool provisions that provide for guarantee and/or constructive miles shall continue for those engineers who are eligible for them on the day prior to implementation. Each pool shall also continue to be paid under the current short turnaround provisions of those Agreements.

4. The Portland-Hinkle, Seattle-Portland, Portland-Eugene, Portland-Oakridge and Oakridge-Klamath Falls pools shall be governed by, but not limited to, the same ITD, FTD, HAHT and Overtime rules (see page 20). Rules for future runs that are created under Article IX notices shall be determined at that time and this sets no precedence for future runs.

5. The Portland-Eugene, Portland-Oakridge and Oakridge-Klamath Falls pools shall be governed by the basic Short Turnaround provisions of the Idaho Agreement which currently provides for miles or hours with a minimum of a basic day.

C. **Agreement Coverage** - Engineers working in Zone 1 shall be governed, in addition to the provisions of this Agreement, by the Collective Bargaining Agreement selected by the Carrier, including all addenda and side letter agreements pertaining to that agreement and previous National Agreement/Award/Implementing Document provisions still applicable. Except as specifically provided herein the system and national collective bargaining agreements, awards and interpretations shall prevail. None of the provisions of these agreements are retroactive. The Carrier has selected the Idaho CBA as the controlling CBA in the Portland Hub and it shall be effective in Zone 1 on the implementation date of this agreement.

D. In addition to the above the following will govern in the area covered by this agreement:

1. **Twenty-Five Mile Zone** - At all home and away from home terminals, both inside and outside the Hub, pool crews may receive their train up to twenty-five miles on the far side of the terminal and run on through to the scheduled terminal. Crews shall be paid an additional one-half (½) basic day for this service in addition to the miles run between the two terminals. If the time spent in this zone is greater than four (4) hours, then they shall be paid on a minute basis.

Note: At Hinkle this provision will not apply unless Zone 2 is covered with a merger agreement/award with similar provisions.

2. **First-In/First-Out** - Employees in pool freight service will operate and/or deadhead on a first-in/first-out basis, however, pool freight employees used in short turnaround service or given a call and release shall be placed first out after legal rest.

3. **Displacement** - Employees with displacement rights exercising in pool freight service shall place into the pool at the home terminal in the last out position at which time the junior pool freight engineer will be removed. If such junior pool freight engineer is currently on-duty or at the away-from-home terminal; such junior engineer will be removed from the pool upon tie-up at the home terminal.

4. **Personal Leave** - Requests for personal leave day(s) will be granted or rejected at the time requested. If granted, the day(s) will commence at the time granted and the employee's mark up for return to service will be pended in increments of twenty-four (24) hours from that time depending on the number of days granted.

5. **Runarounds**- A terminal runaround occurs when engineers from the same pool, going to the same destination, depart the same yard in other than the order called and both trains have their power attached to their train. "Depart" means that a train has started moving on the track it was made up in.

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

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

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

Example 4: Two engineers are called from the same extra board and the first one is called Portland-Oakridge and the other is called Portland-Hinkle. No runaround can occur even if they depart from the same yard.

NOTE: Yards for the purposes of applying this runaround provision at Portland : Albina (East Portland/St. John Jct.); Barnes; Rivergate; Term 6; Kenton/Champ; Fir/Troutdale; and Brooklyn (East Portland/MP 765.01).

VII. PROTECTION.

A. Due to the parties voluntarily entering into this agreement the Carrier agrees to provide New York Dock wage protection (automatic certification) to all prior right engineers who are listed on the Portland Hub Merged Rosters and working an assignment (including a Reserve Board) on October 1, 1997. This protection will start with the effective (implementation) date of this agreement. The engineers must comply with the requirements associated with New York Dock conditions or their protection will be reduced for such items as layoffs, bidding/displacing to lower paying assignments when they could hold higher paying assignments, etc. Protection offsets due to unavailability are set forth in the Questions and Answers and side letter #1.

B. This protection is wage only and hours will not be taken into account.

C. Engineers required to relocate under this agreement will be governed by the relocation provisions of New York Dock. Those required to relocate to other than Oakridge may elect in lieu of New York Dock provisions, one of the following options:

1. Non-homeowners may elect to receive an "in lieu of" allowance in the amount of $10,000 upon providing proof of actual relocation.

2. Homeowners may elect to receive an "in lieu of" allowance in the amount of $20,000 upon providing proof of actual relocation.

3. Homeowners in Item 2 above, who provide proof of a bona fide sale of their home at fair value at the location from which relocated, shall be eligible to receive an additional allowance of $10,000.

   (a) This option shall expire five (5) years from date of application for the allowance under Item 2 above.

   (b) Proof of sale must be in the form of sale documents, deeds, and filings of these documents with the appropriate agency.

4. With the exception of Item 3 above, no claim for an "in lieu of"relocation allowance will be accepted after two (2) years from date of implementation of this agreement.

   NOTE: The two (2) year provision of this paragraph (4) shall be extended for those engineers at Hinkle and Eugene if operations affecting those engineers are not instituted until less than ninety(90) days remain in the two year period or after the two year period. If not instituted until after the period then affected engineers shall have one year from when affected to request an "in lieu of" payment.

5. Engineers receiving an "in lieu of" relocation allowance pursuant to this implementing agreement will be required to remain at the new location, seniority permitting, for a period of two (2) years.

6. In addition to those engineers required to relocate, engineers at Eugene, shall be treated as required to relocate under this Agreement if their pool and extra board assignment is transferred to Portland for the Portland-Oakridge pool, or on a seniority basis on a one for one basis for the number of assignments transferred. Once the number of in lieu of allowances are granted equal to the number of positions transferred all other moves associated with the specific number of assignments transferred will not be eligible for any moving allowances.

   NOTE: Paragraph (6) does not cover those instances when a yard or other assignment may be abolished at Eugene as a result of the merger and an engineer can no longer hold at Eugene because of that abolishment. Engineers who must relocate under this scenario are covered under this Article.

D. There will be no pyramiding of benefits.

E. National Termination of Seniority provisions shall not be applicable to Engineers hired prior to the effective date of this agreement.

F. Engineers will be treated for vacation, payment of arbitraries and personal leave days as though all their service on their original railroad had been performed on the merged railroad. Engineers assigned to the Portland Hub seniority roster with a trainman/engineman seniority date prior to October 1, 1997 shall have entry rate provisions waived and engineers hired after that date shall be subject to the rate progression provisions of the controlling CBA. Those engineers leaving the Portland Hub will be governed by the CBA where they then work.

VIII. FAMILIARIZATION

A. Engineers will not be required to lose time or "ride the road" on their own time in order to qualify for the new operations. Engineers will be provided with a sufficient number of familiarization trips in order to become familiar with the new territory. Issues concerning individual qualifications shall be handled with local operating officers.

B. Engineers who work their assignment (road or yard) accompanied by an engineer taking a familiarization trip in connection with the merger shall be paid one (1) hour at the straight time rate of pay in addition to all other earnings for each tour of duty. This payment shall not be used to offset any extra board payments. The provisions of 3 (a) and (b) Training Conditions of the System Instructor Engineer Agreement shall apply to the regular engineer when the engineer taking the familiarization trip operates the locomotive.

C. Beginning with implementation the Carrier may begin familiarization trips for engineers. They may be removed from their extra board and/or other assignments and temporarily placed on a familiarization board. When on the board they may be placed on other assignments and will be paid as if working the assignment and their riding on the assignment will not affect the pay of the working engineer. The familiarization board shall have the same guarantee, pay and offset provisions as the extra board. The Local Chairmen and CMS will work together to rotate engineers through the familiarization board. The familiarization board provisions shall expire when prior rights are expired.

NOTE 1: Familiarization will begin with any surplus engineers and extra board engineers. Later non pool assignments in the thirty mile zone, yard assignments and finally pool assignments. If prior to this schedule engineers obtain a position needing familiarization this schedule need not be followed.

NOTE 2: Engineers on the familiarization board will not have their protection offset for working a lower paying assignment. If the assignment they are taken from is higher paying than their TPA they will be paid a difference of earnings, however they must claim this difference on their timeslip.

IX. IMPLEMENTATION

The Carrier shall give 30 days written notice for implementation of this agreement and the number of initial positions that will be changed in the Hub. Thereafter implementation provisions of the various articles shall govern any further changes.

X. HEALTH AND WELFARE

A. Engineers currently are under either the National Plan or the Union Pacific Hospital Association. Engineers coming under a new CBA will have ninety (90) days after implementation to make an election as to keeping their old coverage or coming under the coverage of their new CBA. Engineers who do not make an election will have been deemed to elect to retain their current coverage. Engineers hired after the date of implementation will be covered under the plan provided for in the surviving CBA. Engineers electing to come under the coverage of the Union Pacific Hospital Association should contact that Association to insure that there is no gap in their coverage when they make the transition.

B. If an engineer is covered under a group life and/or disability insurance policy provided for in his/her CBA and that CBA is not the surviving CBA, the Carrier shall continue the premium payments required at the time of implementation of this agreement for those engineers presently covered under those provisions for a period of time as provided for in the group policy agreement however it shall not be longer than six years.

XI. DISCLAIMER

This agreement is a final agreement covering the area described in Zone 1. It is recognized that additional agreements will be entered into between the parties with respect to Zones 2 and 3. Provisions of those agreements cannot modify this agreement. After the final zone agreement is entered into the parties will enter into a master seniority agreement that will set forth the seniority rights, if any, between the different zones.

The provisions of this Agreement are entered into without prejudice to either party's position and the parties agree not to cite this agreement in negotiations/arbitration involving other zones in the Portland Hub or any other Hub.

This Agreement is entered into this 13th day of August 1998.

For the Organization:

M A. Mitchell
General Chairman BLE UP

General Chairman BLE SPWest

Vice President BLE

Vice President BLE

For the Carrier:

W S Hinckley
General Director Labor Relations

T. L. Wilson, Jr.
Director Labor Relations

Y

MERGER IMPLEMENTING AGREEMENT
(Dallas Ft. Worth (DFW)Hub)

between the

UNION PACIFIC RAILROAD COMPANY
SOUTHERN PACIFIC TRANSPORTATION COMPANY

and the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

In Finance Docket No. 32760, the U.S. Department of Transportation, Surface Transportation Board ("STB") approved the merger of the Union Pacific Corporation ("UPC"), Union Pacific Railroad Company/Missouri Pacific Railroad Company (collectively referred to as "UP") and Southern Pacific Rail Corporation, Southern Pacific Transportation Company ("SP"), St. Louis Southwestern Railway Company ("SSW"), SPCSL Corp., and The Denver & Rio Grande Western Railroad Company ("DRGW") (collectively referred to as "SP""). In approving this transaction, the STB imposed New York Dock labor protective conditions.

In order to achieve the benefits of operational changes made possible by the transaction, to consolidate the seniority of all engineers working in the territory covered by this Agreement into one common seniority district covered under a single, common collective bargaining agreement,

IT IS AGREED:

I. DALLAS FT. WORTH HUB

A. A new seniority district entitled the Dallas Ft. Worth Hub ("Hub") shall be created that encompasses the following area: Toyah (including) to Mesquite (including); Childress (including) to Ft. Worth (including) on the trackage rights; Winfield (not including) to Ft. Worth (including) on the trackage rights; Wichita (not including) to Taylor (not including) and Hearne/Valley Jct. (including); Dallas (including) south to Ennis (including); Plano Jct southwest to Ft. Worth and Ft. Worth northeast to McAlester(not including). (This includes all main and branch lines, industrial leads and stations between the points identified). This seniority district has provisions spelled out later in this document that combines Longview Hub engineers seniority with engineers in this Hub.

B. Engineers with home terminals within the DFW Hub may work to points outside the Hub without infringing on the rights of other engineers in other

Hubs and engineers outside the Hub may work to points inside the Hub without infringing on the rights of engineers inside the DFW Hub. The Hub identifies the on-duty points for assignments and not the boundaries of such assignments.

EXAMPLE 1: A road switcher on duty at Mesquite may work in any direction up to the limits of its radius as set by the controlling agreement, irrespective of the territorial description (boundaries) of the Hub.

EXAMPLE 2: A through freight train out of Ft. Worth may operate to points outside the territorial definitions of the DFW Hub, such as to Smithville.

NOTE 1: There are several points where engineers in this Hub work on tracks also used by engineers of other Hubs such as between Taylor and Hearne and between Mesquite and Ft. Worth. The entering into this agreement does not interfere with those operations.

C. If an assignment goes on duty at the dividing point between two Hubs and the work is performed in the other Hub except for terminal work at the dividing point then that assignment shall be part of the Hub where the road work is performed, however short term vacancies will be protected by a designated extra board.

D. When new locals are put on that will have an on duty point in this Hub and work both inside the Hub and outside the Hub, it shall be filled on a 50/50 equity basis with the DFW Hub filling the initial bulletin. The equity arrangement may be changed by agreement between the local chairmen involved with written confirmation from the General Chairmen to the Carrier.

E. There are several assignments that currently work into the DFW Hub such as the Longview - Ft. Worth Pool and the entering into this agreement does not interfere with their continued operation.

II. Seniority and Work Consolidation.

The following seniority consolidations will be made:

A. 1. A new seniority district, known as the DFW Hub, will be formed and a master UP/BLE DFW Hub Merged Engineer's Seniority Roster, will be created from engineers assigned / working in the territory comprising the new DFW Hub and those outside the Hub who have

rights to place in the Hub and elect to place in the Hub. (See section H of this Article II for integration of Longview Hub seniority)

2. The number of engineers who will be placed on the roster will be capped at the level of UP, SP, and SSW positions that existed in the month prior to the merger being approved or the number of current positions whichever is greater. As a result, but unlikely to happen, engineers electing to come into the Hub may bump some engineers out of the Hub. These elections and displacements shall be seniority moves and not entitled to a relocation allowance. Should more positions exist at time of implementation then the pre merger numbers shall set a template.

NOTE: Engineers who may have a relocation allowance held in abeyance from a merger transaction may utilize that allowance if electing this Hub and meet the relocation provisions.

B. The new rosters will be created as follows:

1. Engineers assigned on the seniority rosters identified in Section A above will be dovetailed based upon their current engineer's seniority date or consolidated seniority date, whichever is applicable. For UP engineers it will be the pre KATY merger seniority date, not the 1989 merger date. This shall include any engineer working in train service or as a hostler in the DFW Hub. If this process results in engineers having identical seniority dates, seniority ranking will be determined by the employee's earliest retained fireman's date with the Carrier and if still identical then on the earliest retained hire date.

2. All engineers placed on the roster may work all assignments protected by the roster in accordance with their seniority and the provisions set forth in this agreement and the controlling collective bargaining agreement.

3. Engineers who elect to be placed on the DFW Hub Merged Engineer's Seniority Roster shall relinquish all seniority outside the Hub upon implementation of this Agreement and all seniority inside the Hub held by engineers outside the Hub who do not elect to place in this Hub shall be eliminated. Those inside the Hub who elect to hold their seniority in abeyance shall be placed temporarily on the roster until such time as they elect to place on a post DFW Hub roster or there is no further election and by default become a permanent DFW Hub engineer.

4. Engineers hired or promoted after the implementation of the Longview Hub (02-01-98) shall only have common seniority unless the Cap in A, 1, above is not filled. If not filled, then engineers hired or promoted in either the Longview or DFW Hub after 02-01-98 shall be offered a prior right Cap spot, in seniority order, until the Cap is filled. Once the DFW Cap is filled all other common engineers shall remain as common engineers.

5. Engineers who are on an authorized leave of absence or who are dismissed and later reinstated with seniority unimpaired, will have the right to displace to any Hub and prior rights assignment which may have been established on his/her former territory, provided his/her seniority at time of selection would have permitted him/her to hold that selection. The parties will create an inactive roster for all such engineers until they return to service in a Hub or other location at which time they will be placed on the appropriate seniority rosters and removed from the inactive roster.

6. Engineers currently borrowed out to the DFW Hub, will be released when their services are no longer required and will not establish a permanent date on the merged roster.

7. The work on the Oklahoma City subdivision that is currently protected from the Coffeyville/Van Buren roster shall be transferred to this Hub and the following shall govern seniority.

   a. Those engineers on the assignment on the date of the thirty day notice of implementation shall have first rights to retain those assignments and be placed on the DFW Hub roster.

   b. Should those engineers elect to not retain those assignments then they shall be offered to the Coffeyville/Van Buren roster for bid and the successful bidders shall be placed on the DFW roster. Should no one bid the assignments then they shall be available to the DFW roster. Thereafter they shall only be available to the DFW roster.

C. Prior right provisions as set forth below, shall govern the following assignments.

1. Ft. Worth - Taylor/Hearne/Smithville (SP 16%, UP 84%, up to the baseline of 45 then dovetail roster.)

2. Ft. Worth - Sweetwater (UP 100%, up to the baseline of 6 then dovetail roster.)

3. Ft. Worth - Childress/Chickasha/Purcell (UP 62%, SSW 38% up to the baseline of 16 then dovetail roster.)

4. Ft. Worth - McAlester (UP 100%, up to the baseline of 34* then dovetail roster.)

5. Ft. Worth - Denison (UP 100%, up to the baseline of 34* then dovetail roster.)

6. Dallas - Taylor/Hearne/Tyler (SP 100% up to the baseline of 8 then dovetail roster.)

7. Sweetwater - Toyah (UP 100% up to the baseline of 5 then dovetail roster.)

8. Chickasha/Purcell - Wichita/Winfield (UP100% up to the baseline of 9 then dovetail roster.)

9. Chico Aggregate - (UP 100% up to the baseline of 4 then dovetail roster.)

10. Chickasha - Lawton regional pool (UP100% up to the baseline of 2 then dovetail roster.)

11. Denison - McAlester (UP100% up to the baseline of 34* then dovetail roster.)

NOTE: The baseline of 34 for paragraphs 4,5 and 11 is a total amount for those three pools. Within thirty (30) days of implementation the local chairman shall notify the Carrier in writing of the distribution of the total for the three pools and it shall not change after that. For example if 4 has 20 and 5 and 11 have 7 each then those are the baselines for the remainder of the initial baseline period. If not notified then the General Chairman shall set the baseline divisions.

12. Ft. Worth yard assignments prior rights shall be based on the attached chart (SP 3%, UP 97%,)

13. Dallas yard assignments prior rights shall be based on the attached chart (SP 22%, UP 69%, SSW 9%)

14. Arlington TSE assignments (UP100%) with a baseline of 10 however two GSW assignments shall be prior righted to those with prior GSW seniority.

15. Yard assignments at the following outlying points shall be prior righted with the baseline in brackets: Hearne (SP) (3), Waco(SSW) (1), Ennis (SP) (1), Oklahoma City (UP)(1), Enid (UP) (2), Big Spring (UP) (3), Odessa (UP) (2) and Denison (UP) (1). These are not prior righted if changed to non yard assignments.

16. All other assignments shall be filled from the dovetail roster.

D. Prior rights shall be phased out on the following basis:

1. For the first three years after implementation the pools shall retain prior rights up to the baseline level of 100%. At the start of the fourth year the prior rights shall fall to 67% and at the start of the fifth year at 33% and at the start of the sixth year all pool turns shall be assigned off the common roster.

2. DFW Hub Yard assignments and Arlington and GSW TSE assignments prior rights shall be reduced at the same time as the pool assignments except beginning with the 4th year all third shift assignments will be assigned using the common roster, beginning with the 5th year all second shift assignments will be assigned using the common roster and beginning with the 6th year all assignments will be filled using the common roster.

E. All vacancies within the DFW Hub must be filled prior to any engineer being reduced from the working list or prior to engineers being permitted to exercise to a reserve board. All engineers not eligible to hold a reserve board must be displaced prior to any engineer holding a position on a reserve board. (See Article VI for "Home Rule" provisions)

F. Engineers will be treated for vacation, payment of arbitraries and personal leave days as though all their service on their original railroad had been performed on the merged railroad.

G. SPEL and SSW engineers who are covered by this Implementing Agreement and who have earned vacation in 1999 for 2000 shall be entitled to obtain the benefits of the vacation agreement they worked under in 1999 for the calendar year 2000. Thereafter, vacation benefits shall be as set forth in the controlling agreement on the merged territory.

H. Longview Hub seniority and DFW Hub seniority shall be consolidated as provided in side letter no. 5.

I. Hearne/Valley Jct. Seniority shall be as follows:

1. Regular assignments, including Article I,C assignments (which are filled by the home Hub roster), shall be filled first by Home Hub or DFW engineers, whichever is applicable. If an assignment goes no bid from the DFW engineers or Home Hub engineers, engineers from other Hubs that run into Hearne may bid on these assignments. When assigned they will be subject to displacement from DFW or Home Hub engineers. If no bid from any engineer then recall shall be from the DFW Hub or Home Hub as appropriate.

2. Extra board assignments shall be available for bid by engineers in the following order of selection 1. Houston, 2. San Antonio 3. DFW 4. Longview (repeated as necessary). If an assignment goes no bid from the designated non DFW areas the assignments shall henceforth belong to the DFW Hub. These prior rights do not phase out with the pool prior rights but remain as long as the other Hubs bid them in.

III. POOL FREIGHT AND OTHER ROAD SERVICE OPERATIONS.

A. Existing UP and SP pool freight operations in the DFW Hub shall be restructured. Where multiple routes exist between terminals the pools may operate over any and all routes or combination of routes as part of their assignments. Pools identified with a "/" between them such as Taylor/ Hearne/Smithville have multiple away from home terminals with crews being tied up- at either location. The following shall govern such operations.

1. Operations with a home terminal at Ft. Worth shall operate as follows:

a. Ft. Worth - Taylor/Hearne/Smithville shall be one pool with multiple away from home terminals.

b. Ft. Worth - Sweetwater shall be run as one pool with Sweetwater as the only away from home terminal. The Ft. Worth East/West extra board shall protect Ft. Worth -Dallas/ Mesquite work. Engineers running between Ft. Worth and Dallas/Mesquite shall not be tied up at Dallas/Mesquite but returned to the on duty point.

c. Ft. Worth - Childress/Chickasha/Purcell shall be one pool with multiple away from home terminals. Ft. Worth - Wichita Falls work shall be protected by the Ft. Worth North extra board.

d. Ft. Worth - McAlester shall be one pool.

e. Ft. Worth - Denison shall be one pool.

2. Operations with a home terminal at Dallas shall operate as follows:

a. Dallas - Taylor/Hearne shall be one pool with multiple away from home terminals. This pool may also protect aggregate movement to and from Tyler for unloading in the Tyler vicinity. The Dallas extra board shall protect Dallas/Mesquite - Ft. Worth work. Extra Engineers running between Dallas and Ft. Worth shall not be tied up at Ft. Worth but returned to the on duty point.

NOTE: Both A,1,b and 2,a refer to work between Ft. Worth and Dallas/Mesquite. It is anticipated that shuttle work between these terminals will be needed and such work not protected by assigned service will be handled on an as needed basis by the two extra boards. These extra boards may handle cars in both directions and will be returned to their home terminal after their tour of duty. If sufficient work exists that would result in a pool of 4 or more in either direction then a pool may be established. A pool may be established at only one location if only that location has sufficient work and the other location does not.

3. Operations with a home terminal at Sweetwater shall operate as follows:

a. Sweetwater - Toyah shall be one pool.

4. Operations with a home terminal at Chickasha shall operate as follows:

a. Chickasha - Wichita/Winfield shall be one pool with multiple away from home terminals. Operations to Winfield shall be operated through Purcell on the trackage rights line.

NOTE: The pool in a, above may be operated as a directional running pool.

b. Chickasha - regional pool which operates between Enid - Lawton - Oklahoma City Subdivision with Chickasha as the on and off duty point. This pool may be abolished and run off the extra board.

5. Operations with a home terminal at Chico shall operate as follows:

a. Within the Hub engineers may travel to any point, but no further than one tour of duty away from the home terminal. For example, they would not go to Dallas, tie up for rest and then go to Hearne. They will tie up at the home terminal after the second tour of duty. They could take aggregate cars/trains to another point towards their home terminal, however, the aggregate cars do not need to go all the way to the home terminal. For example, If in the first tour of duty they took a train to Dallas, on the second tour they could take an aggregate train to Ft. Worth and then deadhead on to Chico.

b. They can deliver aggregate trains to any regular pool service point, i.e., Ft. Worth, and pick up aggregate trains from any of these points. For example, a Chico crew can take an aggregate train to Miller yard and a Dallas crew will take it to Hearne. Upon return of the empties to Miller a Chico crew could pick it up there and handle back to Chico or the quarry or a Dallas crew could take it to Ft. Worth. If there is a rested available Chico crew at Miller they would be used first back to Chico.

c. An engineer in this pool can take aggregate trains to points up to and including Terrell, Texas.

d. Engineers assigned to this(these) pool(s) are not restricted in the number of times they may operate/work into or out of Chico or any other location. Engineers assigned to this(these) pool(s) may handle/operate more than one aggregate train during a tour of duty in accordance with the provisions of 5(a) above.

NOTE 1: Nothing in 5 above precludes using crews in turnaround service in one tour of duty or of being deadheaded home after one tour of duty.

NOTE 2: The pool in **5** is an aggregate pool and it is not intended that they be used in non aggregate service. Aggregates are the various rock type products loaded in the area North of Ft. Worth. It is immaterial as to the size of the aggregates.

6. Operations with a home terminal at Denison shall operate as follows:

   a. Denison - McAlester shall operate as one pool.

B. The terms and conditions of the pool operations set forth in Article **III A. 1-6** above shall be the same for all pool freight runs whether run as combined pools or separate pools except as set forth in 11 and 12 below. The terms and conditions are those of the designated collective bargaining agreement as modified by subsequent national agreements, awards and implementing documents and those set forth in this Agreement.

1. The parties shall prepare a mileage chart which shall be used for service between the points therein.

2. The overtime rule in the September 19, 1997 letter shall apply to all engineers in engine service prior to implementation and shall not terminate on December 31, 1999. Overtime will be paid in accordance with Article IV of the 1991 BLE National Agreement for all other engineers.

3. Transportation will be provided in accordance with Section **2,c** of Article IX of the May 19, 1986 BLE National Agreement.

4. Meal allowances and eating en route will be governed by Section 2(d) and Section 2(e) of Article IX of the May 19, 1986 BLE National Agreement, as amended by the 1991 BLE National Agreement.

5. Crews may use and/or operate over any route or combination of UP and former SP trackage between their initial and final terminal.

6. There are no train length limitations and no work event restrictions other than those contained in the National Agreements, Awards and implementation Documents.

7. Pool engineers shall receive continuous held-away-from-home terminal pay (HAHT) for all time so held at the far terminal after the expiration of sixteen (16) hours. All other provisions in the selected CBA pertaining to HAHT pay remain unchanged.

8. Overmiles shall be paid at the same rate paid for overmiles in ID runs.

9. Since most of the pools in this Hub are changed as to miles, routing or number of destinations, the parties will meet to develop a new regulation factor that takes into account the differing lengths of the pools. Until the new regulating factor is agreed to the regulating factor shall be between 4160 and 4940 miles per month.

10. Engineers called to a destination and depart the terminal for that destination shall be paid to that destination and movement to another destination shall only be in accordance with the repositioning provisions in C below.

Example 1: A crew is called to go from Ft. Worth to Smithville via Taylor and expires on the hours of service at Taylor. CMS cannot change the call to Taylor and avoid payment to Smithville.

Example 2: if an employee is called to take a train to Taylor and while in the terminal is changed out to a deadhead to Smithville then Smithville is the destination for the purposes of this Section.

11. Pools with multiple away from home terminals shall be operated on a first in first out basis at the home terminal. Each away from home terminal shall have its own calling board. At the AFHT engineers, subject to rest, shall be repositioned in the order called at the home terminal with respect to other engineers from the same home terminals at that AFHT.

12. The same conditions shall apply to the aggregate pool in **A, 5** except all miles worked in excess of the miles encompassed in the basic day shall be paid at the road switcher rate and overtime will be paid based on miles run; however in any case no later than 12 hours and for time in excess of 12 hours until reaching their off duty point.(Payment provisions paid formerly on this assignment are no longer applicable).

EXAMPLE: If the road switcher rate is $147/day then the first 100 miles is paid $147 and overmiles shall be paid $1.47 per mile.

C. 1. If directional running is implemented between Ft. Worth and Wichita using the BNSF trackage rights, the employee (Chickasha and Ft. Worth) will be transported to the away from home lodging or home terminal, at the completion of the service trip. Engineers being

transported in this manner will be paid the greater of highway mileage or time consumed on a minute basis at the basic pro rata through freight rate. The parties will drive the highway miles and add a letter to this agreement identifying the actual miles.

EXAMPLE: A Chickasha crew runs North to Wichita and is transported to Winfield (AFHT). After rest they run to Purcell and are transported to Chickasha (Home Terminal).

2. Engineers running between Taylor/Hearne/Smithville on the return trip are not being repositioned but are moving in straight away or combined service.

EXAMPLE: A crew at the AFHT of Smithville is called to deadhead to Taylor to pick up a train to Ft. Worth. This is not repositioning but straightaway service.

D. At all home and away from home terminals, both inside and outside the DFW Hub, pool crews may receive their train up to twenty-five (25) miles on the far side of the terminal and run on through to the scheduled (destination) terminal. Crews shall be paid an additional one-half (½) basic day for this service in addition to the miles run between the two terminals. If the time spent in this zone is greater than four (4) hours, then they shall be paid on a minute basis. This payment shall be at the pro rata through freight rate.

Example: A Sweetwater - Toyah crew receives their westbound train fifteen (15) miles east of Sweetwater and runs to Toyah. They shall be paid the actual miles established for the Sweetwater - Toyah run and an additional one-half basic day for handling the train from the point fifteen (15) miles east of Sweetwater back through that terminal.

E. Except as provided in **(D)** above, turnaround hours-of-service relief at both home and away from home terminals shall be handled by extra boards, if available, prior to using pool crews in turn around service. Engineers used for this service may be used for multiple trips/dog catches in one tour of duty. Extra boards may handle this service in all directions out of a terminal.

NOTE 1: Nothing in this **Article III (D) and (E)** prevents the use of other crews to perform work currently permitted by prevailing agreements, including, but not limited to yard crews performing hours-of-service relief within road/ yard zone(s), pool crews performing through freight combined service/ deadheads between terminals, road switchers handling trains within their

zones and using an engineer from a following train to work a preceding train.

F. Any local, work train, or road switcher service may be established pursuant to the controlling collective bargaining agreement to operate from any point inside the Hub to any other point within or outside the new seniority district with the on duty point being within the DFW Hub except as provided in **Article 1, C.**

G. New pool operations not covered in this implementing Agreement between Hubs or one Hub and a non-merged area or within a Hub will be handled per Article IX of the 1986 National Implementation Award.

H. A terminal runaround occurs when engineers from the same pool, going to the same destination, depart the same yard or location in other than the order called and both crews have their power attached to their train. "Depart" means that a train has started moving on the track it was made up in. A terminal runaround does not occur between a working engineer and an engineer deadheading.

Example 1: Two engineers are called on duty in the Ft. Worth - Hearne/Taylor/Smithville pool. The first out engineer receives his train at Centennial Yard and the second engineer receives his train at Ney Yard. Both trains are destined to Hearne. There cannot be a terminal runaround because the engineers did not depart from the same yard.

Example 2: Two engineers are called on duty in the Ft. Worth - Hearne/Taylor/Smithville pool. The first out engineer is on a train destined for Hearne. The second engineer is on a train destined for Smithville. Both are departing Ney Yard. There cannot be a terminal runaround because the engineers are not going to the same destination.

Example 3: Two engineers are called on duty in the Ft. Worth - Hearne/Taylor/Smithville pool and both trains are in the same yard and going to Hearne. If both trains have their outbound power attached, a terminal runaround can occur.

Example 4: Same set of facts as Example 3; however, one crew is required to go to the mechanical facilities to obtain all or a part of their power consist. If the second crew departs the yard prior to the first crew returning to their train and putting their power on it, no runaround has occurred.

Example 5: Two engineers are called from the same extra board and the first one is called to work a train running from Ft. Worth to Hearne and the other is called to work a train running from Ft. Worth to Smithville. No runaround can occur even if they depart from the same yard.

I. Engineers with displacement rights exercising in pool freight service shall place into the pool at the home terminal in the position occupied by the junior engineer at which time the junior pool freight engineer will be removed. If such junior pool freight engineer is on-duty, or at the away-from-home terminal; the senior engineer shall be placed last out and such junior engineer will be removed from the pool following his/her subsequent tie-up at the home terminal. Any unassigned pool position shall be considered the junior position to be displaced. The Organization may cancel this rule at the end of the six year New York Dock period upon giving the General Director Labor Relations a 30 day written notice. Upon cancellation the CBA rule in affect on the day prior to implementation of this agreement shall be reinstated.

J. The different pools identified in this agreement may be established individually or in groups. If not established at time of implementation they shall be established upon ten days written notice to the General Chairman. Existing pools will remain in place until replaced by new pools.

IV. TERMINAL AND OTHER CONSOLIDATIONS

A. 1. At all joint terminal locations, all UP and SP operations shall be consolidated into unified terminal operations. Yard crews will not be restricted where they can operate in a terminal.

2. Upon merger implementation, all other UP and SP facilities, stations, terminals, equipment and track shall be combined into a unified operation.

B. A consolidated Ft. Worth Terminal will be created to include the entire area within the following limits:

SUBDIVISION / LINE		MILEPOST
Ft. Worth		243.2
Baird		252.00
Dallas Dallas via Sylvania		243.00(EFT.Worth) 628.0
Choctaw		747.0

OKT		608.9
Midlothian		48.3
Everman Branch		253.40(end of track)

C. A consolidated Dallas Terminal will be created to include the entire area within the following limits:

SUBDIVISION / LINE		MILEPOST
Ennis		257.1
Dallas East		203.0
Dallas West		220.0
DFW via Mockingbird		625.0
Elam Branch		313.93(end of track)

D. The terminal limits of Hearne/Valley Jct. shall be as follows:

SUBDIVISION / LINE		MILEPOST
Austin		102.0
Ft. Worth		103.5
Ennis		125.0
Hearne		87.0
Flatonia		8.0
Navasota.		95.0
Bryan		115.0

E. The provisions of Sections **A, B, C** and **D** of this Article IV will not, except as set forth therein, be used to enlarge or contract the current limits except to the extent necessary to combine into a unified operation.

F. The terminal (Station) limits for other areas shall be:

1. Sweetwater shall be 444.33 (East) and 449.80 (West).

2. Chickasha shall be 434.0 (North) and 438.0 (South) and 2.0 towards Lawton.

3. Toyah shall be 664.83 (East) and 667.33 (West).

4. Taylor shall be 918.9 (North), 919.92 (South), 141.26 (East) and 146.35 (West).

5. McAlester shall be 560.2 (North) and 575.0 (South).

6. Denison shall be 656.0 (North) and 666.0 (South).

7. Waco/Bellmead shall be 166.2 North and 161.1 South and 853.0 towards Taylor

G. Road crews may receive/leave their trains at any location within the consolidated terminals and may perform work within the terminals pursuant to the controlling collective bargaining agreement, including National Agreement provisions.

H. Carrier will designate the on/off duty points for all road and yard crews. Such on/off duty points will have appropriate facilities as currently required by the controlling collective bargaining agreement and/or by governmental statute or regulation.

I. The 25 mile provisions at Hearne will not be measured from the mileposts in D, above but shall be measured from the old mileposts. In an effort to clearly define these limits for road crews and Carrier Officers the Article III, D, 25 mile limits are as follows:

SUBDIVISION / LINE		25 MILE LIMIT
Austin		118.6
Ft. Worth		125.9
Ennis		145.7
Hearne		64.6
Flatonia		25.0
Navasota		75.9
Bryan		95.7

V. EXTRA BOARDS

A. Combination road/yard extra boards may be established at the following locations with the following areas of coverage:

1. Ft Worth North - to cover the pools to McAlester, Chickasha, Childress and Purcell; turnaround hours of service relief for trains heading to Ft. Worth from those points; Wichita Falls work; non pool assignments that operate on those lines with home terminals between Ft. Worth and Hicks and Pilot Point and other usual extra board work in these areas.

2. Ft. Worth South - to cover the pools to Smithville, Taylor, and Hearne; turnaround hours of service relief for trains heading to Ft. Worth from these points; non pool assignments that operate on those lines with home terminals between Ft. Worth and Hillsboro and other usual extra board work in these areas.

3. Ft. Worth East/West - to cover the pool to Sweetwater; turnaround hours of service relief for trains heading to Ft. Worth from Sweetwater and Longview (when trains have at least reached Mesquite); non pool assignments that operate on those lines with home terminals between Ft. Worth and Eastland and Arlington (not including), turnaround service to Dallas/Mesquite, Ft. Worth yard assignments, and other usual extra board work in these areas.

4. Dallas - to cover the pool to Taylor, Hearne and Tyler; service to Ft. Worth; turnaround hours of service relief for trains heading to Dallas from those points and from Longview (when trains have at least reached Terrell); non pool assignments that operate on those lines with home terminals at and south of Dallas including Waxahachie, and Ennis, Gude, West of Dallas to Arlington, Dallas yard assignments and other usual extra board work in these areas.

5. Chico - to cover the Chico aggregate pool and hours of service relief for trains heading to Chico and non pool assignments that go on duty between Duncan and Hicks, and other usual extra board work in these areas.

6. Hearne - to cover all assignments that go on duty in the Hearne/Valley Jct. terminal, hours of service relief for trains heading to this terminal from all directions up to Taylor, Waco, Gude, Marquez, Navasota and Giddings and other usual extra board work between Marjorie, Marlin, Gude, Marquez, Giddings and Navasota.

7. **Sweetwater** - to cover the pool to Toyah; turnaround hours of service relief for trains heading to Sweetwater from either direction; non pool assignments that operate on those lines with home terminals between Eastland and Dome and other usual extra board work in these areas.

8. **Chickasha** - to cover the pool to Wichita/Winfield; turnaround hours of service relief for trains heading to Chickasha from either direction; the regional pool; non pool assignments that operate on those lines with home terminals between Duncan and Wichita (not including) including the branch line to Lawton and the Oklahoma City Subdivision and other usual extra board work in these areas.

9. **Bellmead** - to cover all non pool assignments that have home terminals between Taylor (not including) and Hillsboro and Marlin, hours of service relief for pool freight headed for Taylor between Waco and Taylor and other usual extra board work in these areas.

10. **Big Spring** - to cover all non pool operations with a home terminal between Dome and Toyah and other usual extra board work in these areas. In addition, if pool freight heading east does not reach Big Spring due to Hours of Service then this extra board may be used to take the train to Sweetwater and be returned to Big Spring.

11. **Arlington** - to cover all non pool operations with a home terminal in the Arlington area including former Great Southwest assignments.

12. **Denison** - to cover the pool to McAlester and turnaround hours of service relief for trains heading to Denison from either direction and all non pool operations that have a home terminal between Pilot Point and McAlester, hours of service relief for trains heading to McAlester that have at least reached Denison and other usual extra board work in these areas.

B. When the extra boards in **A**, above are established, the operation and administration of such extra board(s) will be governed by applicable provisions of the extra board provisions of the controlling CBA. The Carrier will designate the on and off duty point for the extra boards. If a Ft. Worth or Dallas extra board engineer is called and his/her assignment location in the Ft. Worth or Dallas terminals is at another location than the regular reporting point the employee may elect to drive direct to the other reporting point. Engineers who do so will be allowed an one hour driving allowance in lieu of reporting to the regular reporting point and being transported to the assignment location to start work and being returned to the reporting point after assignment.

EXAMPLE 1: The Dallas/Mesquite yard extra board has a reporting point at Miller yard. An extra board engineer is called for a 7AM assignment at Mesquite. The employee elects to report direct to Mesquite at 7AM in lieu of reporting to Miller at 7AM. The engineer shall be paid one hour in addition to other earnings for the tour of duty.

EXAMPLE 2: The Ft. Worth yard extra board has a reporting point at the East end of Centennial yard. An extra engineer is called for an assignment that goes on duty at the West end of Centennial yard. The engineer should report to the regular on duty point as the assignment is located in the same yard as the reporting point and no additional payment is available.

C. Carrier will give a ten (10) -day advanced written notice(s) of its intent to establish extra board(s) in **A, 1 -12** above or to consolidate pre-existing extra boards into those in **A, 1-12** above. Existing extra boards not covered by a notice shall continue to operate until a notice is served abolishing or combining them. Beginning with implementation day these existing extra boards shall be governed by the provisions of the selected CBA.

D. Turnaround hours of service relief shall be protected first from the extra boards and straight away service shall be protected first from the pools.

E. When the above extra boards are exhausted then the current vacancy procedures shall be used to fill vacancies.

VI. AGREEMENT COVERAGE

A. Initial delay and final delay will be governed by the controlling collective bargaining agreement, including the Duplicate Pay and Final Terminal Delay provisions of the 1986 and 1991 National Arbitration Award and Implementing Agreements.

B. Engineers will be transported to/from their trains to/from their designated on/off duty point in accordance with Article VIII, Section 1 of the May 1986 National Arbitration Award. Suitable transportation includes Carrier owned or provided passenger carrying motor vehicles or taxi, but excludes other forms of public transportation.

C. The current application of National Agreement provisions regarding road work and Hours of Service relief under the combined road/yard service Zone, shall continue to apply. Yard crews at any location within the Hub may perform such service in all directions out of their terminal.

D. Entry rate provisions established prior to the implementation date of this agreement shall be waived for current engineers and those hired/promoted subsequent to the implementation date.

E. If an assignment goes no bid and there are demoted engineers, the senior demoted engineer working within 50 miles of the assignment shall be recalled to engine service and placed on the vacant assignment. If no such engineers then the senior demoted engineer working in the source of supply and finally the senior demoted engineer on the seniority roster shall be recalled.

F. The Carrier has selected the October 1, 1977 (reprinted October 1, 1991) UPRR/BLE Agreement as the collective bargaining agreement for this Hub. Engineers working in the DFW Hub shall be governed, in addition to the provisions of this Agreement, including all addenda and side letter agreements pertaining to that agreement, previous National Agreement/ Award/Implementing Document provisions still applicable and this merger agreement. Except as specifically provided herein, the system and national collective bargaining agreements, awards and interpretations shall prevail. None of the provisions of these agreements are retroactive.

G. The Carrier will provide copies of the designated collective bargaining agreement (local, system and national) to those engineers who do not have a copy at the earliest possible date, but no later than by date of implementation of this Agreement.

H. Engineers, both pool and extra board, when called in turnaround hours of service relief shall be considered called as in combination deadhead/service and shall be paid as such.

VII. PROTECTION

A. Due to the parties voluntarily entering into this agreement the Carrier agrees to provide New York Dock wage protection (automatic certification) to all engineers who are listed on the DFW Hub Merged Rosters on implementation day and working in engine service. This protection will start with the effective (implementation) date of this agreement and any interim protection shall end. The engineers must comply with the requirements associated with New York Dock conditions or their protection will be reduced for such items as layoffs, bidding/displacing to lower paying assignments when they could hold higher paying assignments, etc. Protection offsets due

to unavailability will be governed by New York Dock provisions. This does not include those engineers working in the Longview Hub who are placed on the DFW roster as they have already started their NYD protection period.

B. This protection is wage only and hours will not be taken into account.

C. Engineers required to relocate under this agreement will be governed by the relocation provisions of New York Dock. In lieu of New York Dock provisions, an engineer required to relocate may elect one of the following options:

1. Non-homeowners may elect to receive an "in lieu of" allowance in the amount of $10,000 upon providing proof of actual relocation.

2. Homeowners may elect to receive an "in lieu of" allowance in the amount of $20,000 upon providing proof of actual relocation.

3. Homeowners in Item 2 above, who provide proof of a bona fide sale of their home at fair value at the location from which relocated, shall be eligible to receive an additional allowance of $10,000.

   (a) This option shall expire five (5) years from date of application for the allowance under Item 2 above.

   (b) Proof of sale must be in the form of sale documents, deeds, and filings of these documents with the appropriate agency.

4. With the exception of Item 3 above, no claim for an "in lieu of" relocation allowance will be accepted after three (3) years from date of implementation of this agreement.

5. Engineers receiving an "in lieu of" relocation allowance pursuant to this implementing agreement will be required to remain at the new location, seniority permitting, for a period of two (2) years. If an engineer is no longer able to hold at this location later during the two year period and relocates to a position more than thirty miles from this location then they will not be required to move back if able to later hold at that location.

6. Under no circumstances shall an engineer be permitted to receive more than one (1) "in lieu of" relocation allowance under this implementing agreement. An engineer who received an "in lieu of" relocation allowance under the Longview Hub agreement shall not be eligible for one under this agreement.

7. Required to relocate shall include engineers who are the senior bidder for an assignment and they reside (within 30 miles) at a location where the work was moved from and they are bidding on the assignments where work is moved to.

EXAMPLE: When pools are rearranged and positions are relocated from Big Spring to Sweetwater and Ft. Worth, senior bidders from Big Spring will be treated as "required" to relocate when bidding on these assignments. Likewise if a Ft. Worth engineer bids on a Sweetwater assignment they are not "required to relocate because no work was transferred from Ft. Worth to that location.

D. There will be no pyramiding of benefits.

E. Engineers who do not have an interim protection shall select either the calendar year 1995 or 1996 to have their TPA calculated. Local Chairmen will provide the protection bureau a list of the names and SSN's and the year that the engineer selects to have his/her TPA developed. If an engineer is currently covered by an interim protection TPA due to the merger then the engineer may elect to retain that TPA or select the period January 1, 1995 through December 31, 1995. Engineers who were employed after the year 1995 shall use the twelve month period prior to implementation. When TPA's are mailed to the engineers the engineer must respond within thirty days from the date of the letter or they will be given the higher TPA. The TPA for union officers will be based on the two engineers above and two engineers below the officer with regular work records in the same class of service on the pre-merger roster or their regular TPA, whichever is larger.

F. When an extra engineer takes a paid personal leave day and is marked up at the end of the 24 hour period, the personal leave day will be calculated for protection purposes as a single day even though the time off may span parts of two separate calendar days. This is without prejudice or precedent to other Hubs with different offset provisions.

G. National Termination of Seniority provisions shall not be applicable to engineers hired prior to the effective date of this agreement.

VIII. FAMILIARIZATION

A. Engineers involved in the consolidation of the DFW Hub covered by this Agreement whose assignments require performance of duties on a new geographic territory not familiar to them will be given full cooperation, assistance and guidance in order that their familiarization shall be accomplished as quickly as possible. Engineers will not be required to lose

time or ride the road on their own time in order to qualify for these new operations.

B. Engineers will be provided with a sufficient number of familiarization trips in order to become familiar with the new territory. Issues concerning individual qualifications shall be handled with local operating officers. The parties recognize that different terrain and train tonnage impact the number of trips necessary and the operating officer assigned to the merger will work with the local Managers of Operating Practices in implementing this section. Familiarization issues not settled at the local level shall be referred to the Director Labor Relations and the General Chairman for review.

C. Engineers hired subsequent to the effective date of this document will be qualified in accordance with current Federal Railroad Administration certification regulations and paid in accordance with the local agreements that will cover the Hub.

D. Upon implementation but prior to pools being combined, such as Ft. Worth to Taylor/Hearne, the Carrier may call the first out SP and first out UP engineer to go together, over the entire run, for familiarization purposes in addition to using other methods such as a peer training pool, the engineers extra board and certified Carrier Officers. In addition the provisions of Side Letter No. 4 of this Hub shall be applicable and a copy is attached hereto.

E. During implementation of the Hub when possible, engineers will not be removed from their regular assignments to become peer trainers and any engineer who work their assignment (road and yard service) accompanied by an engineer taking a familiarization trip in connection with the merger shall be paid one (1) hour at the straight time rate of pay in addition to all other earnings for each tour of duty. This payment shall not be used to offset any extra board or pool freight guarantee payments. Engineers will be required to submit a timeslip indicating he/she was required to train another engineer and shall include the name of the engineer taking the familiarization trip on the timeslip.

IX. IMPLEMENTATION

A. The Carrier shall give 30 days written notice for implementation of this agreement and the number of initial positions that will be changed in the Hub. Engineers whose assignments are changed shall be permitted to exercise their new seniority. After the initial implementation the 10 day provisions of the various Articles shall govern.

B. This agreement does not require the rebulletining of all assignments due to it's implementation. When pools and/or extra boards are combined they shall be rebullitened prior to that time. After implementation all displacements

shall be made under the selected CBA. It is not the intent of these provisions to have engineers not bid but wait until implementation day and then displace. Engineers must place on assignment and local chairmen and CMS will call those engineers that do not place and have them make a selection/displacement prior to implementation day so that all engineers have an assignment on that day.

C. When assignments are relocated and engineers are required to relocate, CMS and the Local Chairmen will work together to assist in this transition process.

X. HEALTH AND WELFARE

A. Engineers currently are under either the National Plan or the Union Pacific Engineers Hospital Association. Engineers coming under a new CBA will have ninety (90) days to make an election as to keeping their old Health and Welfare coverage or coming under the Health and Welfare coverage of their new CBA. Engineers who do not make an election will have been deemed to elect to retain their current coverage. Engineers hired after the date of implementation will be covered under the plan provided for in the surviving CBA.

B. If an engineer is covered under a group life and/or disability insurance policy provided for in his/her collective bargaining agreement and that collective bargaining agreement is not the surviving collective bargaining agreement, the Carrier shall continue the premium payments required at the time of implementation of this agreement for those engineers presently covered under those provisions for a period of six years, beginning January 1, 1998.

This Dallas Ft. Worth Hub Merger Agreement is entered into this 29th day of April, 1999.

For the Organization:

W. R. Slone
General Chairman BLE UP

R. A. Poe
General Chairman BLE SPEL

D. E. Thompson
General Chairman BLE SSW

D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

For the Carrier:

W. S. Hinckley
General Director Labor Relations

H.E. Handley
Assistant Vice President Southern Region

Z

ARBITRATION BOARD NO. 580
ESTABLISHED UNDER THE PROVISIONS OF
ARTICLE IX OF ARBITRATION AWARD 458
EFFECTIVE MAY 16, 1986

Union Pacific Railroad	)	
	)	**PARTIES TO DISPUTE**
Brotherhood of Locomotive Engineers	)	

BACKGROUND

On January 23, 2002, the Carrier served an interdivisional/intradivisional service notice on the Organization in accordance with Article IX of the May 19, 1986 BLE National Agreement as revised. The notice proposed establishment of three (3) new freight pools, all of which had Dolores/ICTF (International Container Transfer Facility) in the Los Angeles Basin as their home terminal.

Item #1 in the proposal contemplated creation of an "intradivisional" turnaround freight pool to handle traffic in the terminal area defined by the Ports of Los Angeles and Long Beach on the south and City of Industry on the east with the home terminal at Dolores/ICTF located between those limits.

Item #2 in the proposal contemplated creation of a new freight pool operating between Dolores/ICTF and Yermo, California, with Dolores/ICTF as home terminal.

Item #3 in the proposal contemplated creation of a new freight pool operating between Dolores/ICTF and Yuma, Arizona, with Dolores/ICTF as home terminal.

At this time traffic originating at the Ports of Los Angeles and Long Beach (usually about three trains per day) and traffic originating at Dolores/ICTF (usually about six trains per day) is handled by crews from Los Angeles or West Colton to either Los Angeles (LATC) or to West Colton. The trains are then handled from those points by through freight crews to Yermo, California or Yuma, Arizona. Movement of traffic between the Ports and Dolores/ICTF has historically been a slow and time-consuming process. Train tracks in the area were intermixed with streets and there were literally hundreds of street crossings. Trains would be lucky to make 10 miles an hour in working their way through this territory. It was not unusual for trains to take three hours to traverse this territory.

Creation of this new service headquartered at Dolores/ICTF was made possible by a municipal project in which 20 miles of track was relocated into a subsurface trench with no road crossings. This eliminated in excess of 200 road crossings between the Ports and Dolores/ICTF. Trains are now able to make this run at a steady 45 miles per hour. This improvement in running time makes possible single crew operations from the Ports and/or DoloresllCTF to Yuma, Arizona and Yermo, California. It is this interdivisional service that is created by items no. 2 and 3 in the interdivisional/intradivisional service notice.

The parties met on several dates, exchanged proposals, negotiated changes and clarified understandings relating to functioning of the new interdivisional/intradivisional service operation.

The negotiations reached a successful conclusion on all three proposed operations and a basic agreement was initialed. The parties intended to add final clarifying Side Letters and/or notes before finalizing the deal. Pursuant to the bylaws of the Brotherhood of Locomotive Engineers, the General Chairman submitted the basic agreement to each of the involved local committees for a ratification vote. The Agreement failed ratification. Accordingly, the parties jointly requested the appointment of this Arbitration Board in accordance with Section 4 of Article IX, and the parties now come before this Board seeking closure of this matter.

FINDINGS

The Organization, which filed a voluminous submission, argues that the Agreement failed ratification because the employees wanted three items. These items are:

1. Away from home terminal hours of service relief performed by the pool that needed relief. In other words, long pool patch the long pool and the short pool patch the short pool. No co-mingling of away from home terminal crews for hours of service relief.

2. Three (3) hour call to report to duty.

3. Basin trip rates on the proposed service to Yermo, CA.

In Item number 1 the Organization wants each pool to do its own dog catching for crews that die under the Hours of Service Law. The Agreement proposed in Section 9d) that the West Colton Yuma Pool perform all Hours of Service Relief at Yuma if the Yuma Extra Board is exhausted. The Organization argues that the Engineers in the West Colton Yuma Pool will be stuck at Yuma.

The Carrier counters the argument by stating the crews established by the Agreement are in a longer run service and will be hauling the "hottest" commodities. Also, the Collective Bargaining Agreement limits the crews at Yuma to one short trip per time at Yuma.

The provision agreed to by the parties is not unreasonable, ergo it will not be changed.

The Organization argued vigorously because of the traffic around Los Angeles that engineers should be given a three hour call for work. The Carrier argues it cannot anticipate the readiness of a train by more than two hours, and that nobody presently has a three hour call in the Los Angeles area.

The Protective Conditions for Interdivisional Service provide for moving assistance if an employee is required to move because of the implementation of this service. A two hour call should be sufficient.

Finally, the Organization requests that assignments working on the West Colton to Yermo service be covered under the "Basin Trip Rates" established in a July 1, 1991 Agreement with the then Southern Pacific.

This Board lacks any authority to change rates of pay.

AWARD

After listening to the vigorous arguments of the Organization on all issues as well as Carrier's strong resistance to change the tentative agreement, this Board believes the tentative agreement adequately handles all issues. Accordingly, this Board adopts the parties tentative agreement, including the rates and such provisions as were effectively agreed upon by the parties which are included in the Attachment A to this Award. The Attachment will serve as the Implementing Agreement for the Carrier's proposed Interdivisional Service.

Robert B. Richter
Chairman

Bill Hannah
Employee Member

Al Hallberg
Carrier Member

Dated May 27, 2003

ATTACHMENT A

ARBITRATION AGREEMENT

between the

UNION PACIFIC RAILROAD COMPANY

and its engineers in the Los Angeles HUB represented by

BROTHERHOOD OF LOCOMOTIVE ENGINEERS (UP Western Lines)

ALAMEDA CORRIDOR INTERDIVISIONAL SERVICE

Pursuant to the Company's notice dated January 23, 2002, served under the provisions of Article IX of the May 1986 BLE National Agreement, as amended, three new freight pools will be created subject to the following conditions:

IT IS AGREED

Except as specifically provided herein the provisions of the Union Pacific Western Lines Collective Bargaining Agreement, as modified, including the Los Angeles Hub Implementing Agreement shall prevail.

Section 1: Terminals

All Engineers assigned to and filling vacancies, in this service will report at Dolores/ICTF. (The on/off duty point has not yet been constructed and the precise location remains to be determined.)

Section 2: New Pool Freight Operations at Dolores/ICTF operating to Yermo and Yuma

a) Dolores/ICTF shall be home terminal for a freight pool with Yermo as the away-from-home-terminal.

b) Dolores/ICTF shall be home terminal for a freight pool with Yuma as the away-from-home-terminal.

c) Engineers in these pools may be used on any of the routes in the Basin and can receive or leave their trains anywhere on their respective assignments (including on Dock locations).

Section 3: Multiple Trip Turnaround Pool Freight Service

a) Unassigned turnaround pool freight service will be established to operate between ICTF/Dolores and Spadra and Walnut, via any route and return. Crews in this service can get or leave their trains anywhere in the territory covered by this pool.

b) This also includes the territory south of ICTF/Dolores. These moves shall be made only in connection with their own trains for traffic to and from dockside, and to handle trains as necessary within the territory covered by this pool. It is recognized that the dock may be expanded and such expansions shall automatically be included as part of this agreement.

c) Engineers shall not be required to depart the terminal limits on a subsequent trip after ten (10) hours on duty. Specifically no engineer can go east of C.P. Alameda after 10 hours on duty in the Alameda Corridor. Engineers will be under pay until returned to their on duty points. This Section 3(c) also applies to the engineers in the Colton Pool working at Dolores.

d) This service will NOT operate beyond the following points:

   1) Walnut - MP 506.8

   2) Spadra -MP 27.8

3) LATC - MP 482.9 (Including Taylor Yard, and including movements on the Alhambra Subdivision.)

e) Engineers operating in this service may be required to pick up or set out en route, but will not perform industrial switching.

Note: This is subject to the "Road/Yard" provisions of applicable National Agreements.

f) All engineers in violation of item 3(e) above will be compensated a basic day at Engineer Road Switcher rate of pay, in addition to and without deduction, from their earnings for this trip.

g) All engineers in violation of item 3(d) above who are required to go beyond the limits of this assignment, or who exceed the 10 hour provision in Section 3(c), will be compensated a payment of a new day at the rate identified in Section 4, below, in addition to and without deduction from their earnings for their trip. Engineers who properly stood for this service will be compensated in accordance with Section 1 (e) of Article 12.

Section 4: Rates of Pay.

a) All Pool engineers in this Section 3 Turnaround Pool service (excluding Yuma/Yermo) shall be paid in accordance with Sections 1, 2, 5, and 6 of the flat rate road switcher agreement effective September 16, 1996. (Currently identified in Los Angeles Hub Agreement VI Agreement Coverage B 2.d.)

b) Made up assignments and/or extra assignments called to operate within the scope of this agreement will qualify for the trip rate created by this agreement.

Section 5: Transportation

Engineers who are required to report for duty or are relieved from duty at a point other than the on duty and off duty points fixed for the service established hereunder, the Carrier shall authorize and provide suitable transportation for the crew.

Note: Suitable transportation includes Carrier owned or proved passenger carrying motor vehicles or taxi, but excludes other forms of public transportation.

All Engineers destined to Yuma covered by this agreement who are relieved en route will be deadheaded to the far terminal, except in cases of emergency, but will be allowed full mileage/earnings of assignment in either case. This language does not prohibit the Carrier from staging trains, (in the same direction).

Section 6: Separation of Service

The assignments established pursuant to this agreement are not intended to supplant or be supplanted by road switcher or local freight assignments.

Section 7: Rest

a) In lieu of any other agreement provisions governing rest, engineers assigned to West Colton Yuma Pool will be permitted to mark eight (8), ten (10), or (12) hours of undisturbed rest at the away from home terminal.

b) West Colton/Yuma Pool engineers deadheading back from Yuma, either separate and apart, or after completing service, will be allowed to mark eight (8), ten (10), twelve (12), or eighteen (18) hours UNDISTURBED rest at the home terminal, without any offset of New York Dock Protection. Engineers who mark additional rest will not have their protection offset if they are

available for and accept the next call tendered following expiration of the undisturbed rest.

Note: This paragraph is based on and is subject to the May 23, 1998 agreement titled "Action Plan for West Colton".

Section 8: Call

a) Engineers assigned to or filling vacancies in this service shall be called two (2) hours prior to the on-duty time and will be placed to their respective board at ICTF/Dolores in the order of their tie-up time at the location where they reported for duty.

b) Engineers called for a separate and apart deadhead will not be required to work back, until getting required rest, when reaching the far terminal, if there are other engineers rested and available.

Note: This paragraph (b) applies to the Dolores/ICTF/Yuma and the Dolores/ICTF/Yermo pools only.

Section 9: Away from home terminals

a) Engineers arriving at the away from home terminal shall be placed on the bottom of the pool list at tie-up time.

b) Engineers shall be allowed to voluntarily "blueprint" at their home terminals.

c) Yuma shall operate as two away from home terminal pools (long and short) and crews shall be called on a first in/first out basis. Dolores/ICTF and LA engineers will be in the "long" pool. West Colton engineers will be in the "short" pool.

d) The West Colton Yuma Pool (the short pool) will perform all hours of service relief not covered by the Yuma Extra List, (Side Letter #2, dated November

6, 1998, paragraph 2, of the Los Angeles Hub Implementing Agreement). This language creates a calling order for said service.

e) It is not the intent of this Section to circumvent the provisions of Section 3(b) of Article 6 of the current agreement covering engineers.

f) The Carrier shall work with the Local Chairmen to insure that the train identifiers are properly coded at the away from home terminals.

Note: This paragraph (f) does not limit the right of the Company to operate any train in any pool.

Section 10: Lodging

All engineers will be paid in lieu lodging if so requested.

Note: This applies in the Dolores/ICTF/Yuma-Yermo Pools only.

Section 11: Familiarization.

a) Engineers covered by this Agreement whose assignments require performance of duties of a new geographic territory not familiar to them will be given familiarization opportunities as quickly *as* possible. Engineers will not be required to lose time or ride the road on their own time in order to qualify for these new operations.

b) Engineers will be provided with a sufficient number of familiarization trips in order to become familiar with the new territory. Issues concerning individual qualification shall be handled with local operating officers. The parties recognize that different terrain and train tonnage impact the number of trips necessary and an operating officer will be assigned to this new operation that will work with the local managers of Operating practices in implementing this Section. If disputes occur under this Agreement they may be addressed

directly with the appropriate Director of Labor Relations and the General Chairman for expeditious resolution.

c) It is understood that familiarization required pursuant to this agreement will be accomplished by calling a qualified engineer, peer engineer, (or qualified Manager of Operating Practices) to work with an engineer called for service on a geographical territory not familiar to the engineer.

d) Engineers who work their assignment accompanied by an engineer taking a familiarization trip shall be paid one (1) hour at the pro rata rate, in addition to all other earnings for each tour of duty. This payment shall not be used to offset any extra board payments. The provisions of 3 (a) and (b) Training Conditions of the System Instructor Engineer Agreement shall apply to the regular engineer when the engineer taking the familiarization trip operates the locomotive.

e) Locomotive Engineers will not be required to make the decision on whether or not an engineer being familiarized is sufficiently familiarized for the territory.

Section 12: Protection

a) The provisions of Section 7 of Article IX of the May 19, 1986 Agreement shall apply to employees adversely affected by the application of this Agreement for wage protection and relocation benefits.

b) Employees with New York Dock merger salary protection will be permitted to retain that protection while at the same time opting for relocation benefits pursuant to Section 7 of Article IX of the May 19, 1986 National Agreement.

c) Section 3 of New York Dock permits engineers to elect which labor protection they wish to be protected under. By agreement between the parties, engineers may elect the protection governing this agreement and then switch to the number of years remaining under New York Dock or remain under New York Dock and switch to the remainder of the protection that this

agreement provides. Pursuant to New York Dock and Washington Job protection provisions an engineer may not receive duplicate benefits or count protection payments under another protection provision toward their test period average.

Section 13: Temporary Lodging

If, as a consequence of this transaction an employee is unable to hold a position at the original location, and is required to relocate to follow the work to Dolores, temporary lodging at the Company lodging facility in Long Beach will be provided for a period of up to ninety (90) calendar days. This benefit is intended to apply only to those employees who actually relocate.

Section 14: Savings Clause

The parties recognize that this Agreement was reached pursuant to Article IX of Arbitration Award 458, effective May 16, 1986, and agree that all agreements, side letter agreements, moratoriums, and understandings of the December 1, 1997, Southern Pacific Western Lines Modification Agreement, will remain in full force and effect subject to their terms unless specifically changed and/or modified by this Agreement and shall be subject to change pursuant to the Railway Labor Act, as amended.

Section 15: Effective Date

The Carrier will give the General Chairman fifteen (15) days' written notice of its intent to implement this agreement.

AA

MEMORANDUM OF AGREEMENT

between the

UNION PACIFIC RAILROAD COMPANY

and the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

TURNAROUND POOL FREIGHT OPERATIONS
PORTLAND – KALAMA - PORTLAND

On October 25, 2002, Carrier served notice of its intent to establish new turnaround pool freight operations Portland – Kalama – Portland. On November 6, 2002, the parties met to discuss the proposed new service. In an effort to implement/establish this pool in accordance with Articles II (G) and III (F) of the Portland Hub Zone 1 Merger Implementing Agreement, the following is hereby adopted without prejudice to either parties' position:

IT IS AGREED:

1. Pool Operations.
   New turnaround pool freight service may be established with the on/off duty point of Portland, Oregon. This operation will be to Kalama, Washington with crews tying up back at Portland, Oregon.

2. Terms and Conditions.
   The provisions of the Zone 1 Merger Implementing Agreement will apply.

3. Transportation.
   When a crew is required to be relieved from duty at other than the on/off duty point identified in Item 1 above, the Carrier shall authorize and provide suitable transportation. Any necessary deadheading will be in combined service.

4. Familiarizarion
   To ensure proper familiarization and compliance, employees will be provided with a sufficient number of familiarization trips over the territory where they are not currently qualified. Issues concerning individual qualification shall be handled with local operating officers. Employees will not be required to lose time to "ride the road" on their own time in order to qualify for this new operation. If a dispute arises concerning this process,

it will be addressed directly with the appropriate Labor Relations Officer and the General Chairman.

5. Implementation.
This Agreement will become effective on November 14, 2002, as no crews are to be relocated from existing home terminals nor any designated home terminals to be subject to any run through operations. Pool positions will be bulletined in accordance with Schedule Rule 85.

6. This Agreement is made without to prejudice to either parties' position.

7. Carrier's notice dated October 25, 2002 is hereby withdrawn without prejudice to the either parties' position.

8. Where in conflict with any other agreements, understandings or practices, the provisions of this agreement will apply.

Signed this 14th day of November, 2002.

FOR THE
BROTHERHOOD OF LOCOMOTIVE ENGINEERS:

T. J. Donnigan
General Chairman, BLE

FOR THE
UNION PACIFIC RAILROAD COMPANY:

S. F. Boone
Director of Labor Relations

BB

UNION PACIFIC RAILROAD COMPANY

1416 Dodge Street
Omaha, Nebraska 68179

May 16, 2000
920.20-32
920.40-25

Mr. S. B. Rudel
General Chairman UTU
137 Sycamore School Road Suite 101
Fort Worth, TX 76134

Mr. E. L. Pruitt
General Chairman BLE
2414 Edison Hwy
Bakersfield, CA 93307

Mr. W. R. Slone
General Chairman BLE
6207 Airport Freeway
Fort Worth, TX 76117-5321

Mr. K. Klein
General Chairperson UTU
1860 El Camino Real, suite 201
Burlingame, CA 94010

Mr. J. Previsich
General Chairperson UTU
1860 El Camino Real, suite 201
Burlingame, CA 94010

Gentlemen:

Pursuant to Article IX "Interdivisional Service" of the October 31, 1985 UTU National Agreement (as amended) and the May 19, 1986 BLE Arbitration Award (as amended), this notice is served to establish interdivisional pool freight service with home terminals of El Paso and Sweetwater, Texas and a common away from home terminal of Pecos, Texas. A proposed Memorandum of Agreement on this new Service is attached for your benefit.

As provided in Section 3 of the above Article, Carrier suggests the parties meet in El Paso with the UTU meeting scheduled for June 21st and the BLE meeting for June 22nd.

Yours truly,

W. S. Hinckley

W. E. Loomis

MEMORANDUM OF AGREEMENT

between the

UNION PACIFIC RAILROAD

and the

UNITED TRANSPORTATION UNION

INTERDIVISIONAL OPERATIONS
Sweetwater to Pecos

IT IS AGREED:

On May 12, 2000, the Company served notice of its intention to establish new interdivisional operations between Sweetwater and Pecos, Texas, under the provisions of Article IX of the October 31, 1985 UTU National Agreement.

The parties signatory hereto pursuant to the above cited Article, have reached the following interdivisional conditions:

CONDITIONS

Article I – Interdivisional Service

Section 1 – Home Terminal

(a) Sweetwater, Texas, shall be the home terminal for employees working in the interdivisional service and Pecos, Texas, shall be the away from home terminal.

Section 2 – Terminal Limits

(a) The Pecos terminal limits shall be MP 644 on the East and MP 654 on the West.

Section 3 – Miles Run/Operation

(a) The miles of the run shall be 199.

Section 4 – Conditions of Service

(a) Except for the miles of the assignment the provisions of the DFW Hub agreement covering the former Sweetwater to Toyah pool run shall apply to this service.

Article II – Implementation

Section 1.

(a) The Carrier shall give the General Chairman fifteen (15) days written notice of its desire to implement the Agreement. Assignments in this pool will not be rebulletined and employees in the Sweetwater to Toyah pool will be placed in this pool.

Article III – Protection Conditions

Section 1.

(a) All conductors or brakeman adversely affected by this Agreement will be entitled to the protective benefits of Article IX, Section 7 of the October 31, 1985 Agreement which reads as follows:

"The provisions of Article XIII of the January 27, 1972 Agreement shall apply to employees adversely affected by the application of this Article."

(1) Any trainman who has NYD protective benefits due to the implementation of the DFW Hub Agreement will have the option of continuing those protective benefits or electing the benefits of Article IX, Section 7 of the October 31, 1985 Agreement.

Article IV – Effective Date – General

Section 1.

Where in conflict with any other agreements, understandings or practices, the provisions of this Agreement will apply.

Signed this ____ day of _____, 2000.

FOR THE UNITED TRANSPORTATION UNION:

FOR THE UNION PACIFIC RAILROAD COMPANY:

S. B. Rudel
General Chairman UTU

W. S. Hinckley
General Director Labor Relations

MEMORANDUM OF AGREEMENT

between the

UNION PACIFIC RAILROAD

and the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

INTERDIVISIONAL OPERATIONS
El Paso to Pecos

IT IS AGREED:

On May 12, 2000, the Company served notice of its intention to establish new interdivisional operations between El Paso and Pecos, Texas, under the provisions of Article IX of the May 19, 1986 BLE Arbitration Award as amended.

The parties signatory hereto pursuant to the above cited Article, have reached the following interdivisional conditions:

CONDITIONS

Article I – Interdivisional Service

Section 1 – Home Terminal

(a) El Paso, Texas, shall be the home terminal for employees working in the interdivisional service and Pecos, Texas, shall be the away from home terminal.

Section 2 – Terminal Limits

(a) The Pecos terminal limits shall be MP 644 on the East and MP 654 on the West.

Section 3 – Miles Run/Operation

(a) The miles of the run shall be 211.

Section 4 – Conditions of Service

(a) Except for the miles of the assignment the provisions of the DFW Hub agreement covering the former El Paso to Toyah pool run shall apply to this service.

Article II – Implementation

Section 1.

(a) The Carrier shall give the General Chairman fifteen (15) days written notice of its desire to implement the Agreement. Assignments in this pool will not be rebulletined and employees in the El Paso to Toyah pool will be placed in this pool.

Article III – Protection Conditions

Section 1.

(a) All engineers adversely affected by this Agreement will be entitled to the protective benefits of Article IX, Section 7 of the May 19, 1986 Award.

(1) Any engineer who has NYD protective benefits due to the implementation of the Southwest Hub Agreement will have the option of continuing those protective benefits or electing the benefits of Article IX, Section 7 of the May 19, 1986 Award.

Article IV – Effective Date – General

Section 1.

Where in conflict with any other agreements, understandings or practices, the provisions of this Agreement will apply.

Signed this ____ day of _____, 2000.

FOR THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS:	**FOR THE UNION PACIFIC RAILROAD COMPANY:**
_____	_____
E. L. Pruitt General Chairman BLE	W. E. Loomis General Director Labor Relations

MEMORANDUM OF AGREEMENT

between the

UNION PACIFIC RAILROAD

and the

UNITED TRANSPORTATION UNION

INTERDIVISIONAL OPERATIONS
El Paso to Pecos

IT IS AGREED:

On May 12, 2000, the Company served notice of its intention to establish new interdivisional operations between El Paso and Pecos, Texas, under the provisions of Article IX of the October 31, 1985 UTU National Agreement.

The parties signatory hereto pursuant to the above cited Article, have reached the following interdivisional conditions:

CONDITIONS

Article I – Interdivisional Service

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(a) El Paso, Texas, shall be the home terminal for employees working in the interdivisional service and Pecos, Texas, shall be the away from home terminal.

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Section 3 – Miles Run/Operation

(a) The miles of the run shall be 211.

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(a) Except for the miles of the assignment the provisions of the Southwest Hub agreement covering the former El Paso to Toyah pool run shall apply to this service.

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Section 1.

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> *"The provisions of Article XIII of the January 27, 1972 Agreement shall apply to employees adversely affected by the application of this Article."*

(1) Any trainman who has NYD protective benefits due to the implementation of the Southwest Hub Agreement will have the option of continuing those protective benefits or electing the benefits of Article IX, Section 7 of the October 31, 1985 Agreement.

Article IV – Effective Date – General

Section 1.

Where in conflict with any other agreements, understandings or practices, the provisions of this Agreement will apply.

Signed this ____ day of _____, 2000.

FOR THE UNITED TRANSPORTATION UNION:

FOR THE UNION PACIFIC RAILROAD COMPANY:

K. Klein
General Chairperson UTU

W. E. Loomis
General Director Labor Relations

J. Previsich
General Chairperson UTU

UNION PACIFIC RAILROAD COMPANY

1416 Dodge Street
Omaha, Nebraska 68179

October 30, 2002

File No. 920.20.32
920.40-25

Mr. M. B. Futhey, Jr.
Vice President, UTU
7610 Stout Road
Germantown, TN 38138

Dear Sir:

This refers to your letter dated October 8, 2002, to Mr. A. T. Olin received October 14, 2002, concerning the Pecos Interdivisional Service Notices served on Messrs. Klein and Rudel. Mr. Olin has directed me to reply on his behalf.

Prior to addressing the five- (5) assertions contained in your October 8, 2002 correspondence, a historical background should be discussed leading up to the Carrier's May 16, 2000 Article IX Notice.

On November 30, 1995, Union Pacific Corporation filed application with the Surface Transportation Board (STB) to merge the rail carriers controlled by Union Pacific Corporation (Union Pacific Railroad Company and Missouri Pacific Railroad Company) with the rail carriers controlled by the Southern Pacific Rail Corporation (Southern Pacific Transportation Company - Eastern and Western Lines, St. Louis Southwestern Railway Company, SPCSL Corporation, and Denver and Rio Grande Western Railroad company).

On August 12, 1996, the U.S. Department of Transportation, Surface Transportation Board (STB) issued its written decision in Finance Docket (FD) No. 32760 granting approval of the November 30, 1995 merger application. With its approval, the STB imposed the employee protective conditions contained in New York Dock (NYD).

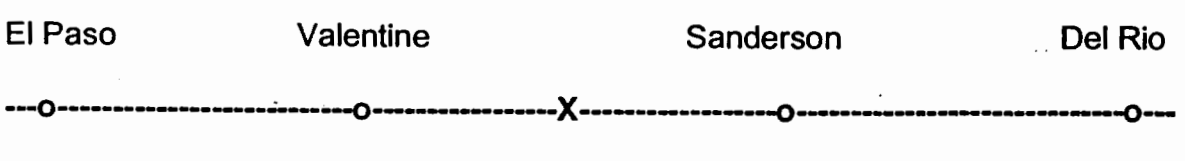
The Board also noted this is the first major merger since the passage of the Staggers Rail Act of 1980 that has received widespread union support. The UTU pledged its support of the UP/SP merger publicly through the statements made by Mr. Clint Miller, General Counsel to the UTU, before the STB. Mr. Miller's endorsement of the merger on behalf of the UTU was based on two chief components: 1) the UTU's concern about the continued viability of SP without this merger in view of the poor financial condition of the SP as well as threat posed by the BNSF competitive environment, and 2) the commitment letters exchanged between the UP and UTU. Prior to the STB's decision concerning the

October 31, 1985 UTU National Agreement and applicable Hub Agreements clearly stipulate the terms and conditions of new pool operations.

The Organization's position is not only inconsistent with the general precepts of Article IX but also inconsistent with any practical intent or application, on property agreements and associated Arbitration Board precedents.

Article IX of the October 31, 1985 UTU National Agreement does not restrict or prohibit the Carrier's designation or establishment of terminals. In stipulating any ID run, the Carrier designates the home and away-from-home terminals. The only contractual prerequisite for establishing an interdivisional run is that *"reasonable and practical conditions shall govern the establishment of the runs described."* To date, the Organization has not taken issue with either the reasonableness or practicality of this run.

Moreover, the Organization's assertions fail to recognize its responsibility in assuring a *"practical"* application of Article IX. Rhetorically, how could the parties ever establish runs that are *"adequate for efficient operations"* where three (3) short crew districts are converted to two (2) interdivisional runs. Ironically, Alpine, Texas was a product of an Article IX Interdivisional Notice. The historical terminals on this territory were as follows:



Alpine, like Pecos was not a freight terminal prior to the implementation of this Interdivisional Service. It is currently the away-from-home terminal for Del Rio and El Paso crews.

More recently, Arbitration Board 570 established Beaumont, Texas as a newly created terminal with pools operating to multiple away-from-home terminals.

Clearly, the Carrier may and has implemented interdivisional service that delivers or receives trains to "non-designated" terminals as a result of an Article IX Interdivisional Notice.

2. The Carrier does not have the right to institute the 25-mile hours of service relief zones as outlined in the respective Merger Hub Agreements.

Each respective Hub Agreement currently provides for the payment of an additional one-half (1/2) basic day when road crews at their home and away-from-home terminals receive trains on the far side of and up to twenty- (25) miles beyond terminal limits. There is simply nothing to "institute," as these provisions already exist.

Notwithstanding, Carrier submits that the Organization is arguing against it own self interest. While some flexibility is lost if the "25-mile rule" does not survive Arbitration, the Carrier may, in any event, have road crews perform any yard service where yard crews are not employed.

The Organizations assertions during negotiations relative to the Carrier's ability to establish a ten- (10) mile terminal at Pecos, i.e. your switching limits argument versus Carrier's terminal limits argument, makes case for a road crew's ability to retrieve trains tied up under the Hours of Service Law.

The following is a recap of agreement provisions supportive of these assertions:

JUNE 25, 1964 UTU NATIONAL AGREEMENT
ARTICLE V - COMBINATION ROAD-YARD:

... 3. Road crews may perform any yard service at yards where yard crews are not employed.

OCTOBER 31, 1985 UTU NATIONAL AGREEMENT
ARTICLE VIII - ROAD YARD AND INCIDENTAL WORK

Section 1 - Road Crews

Road crews may perform the following work in connection with their own trains without additional compensation:

(d) Perform switching within switching limits **at times no yard crew is on duty**. ...

Section 2 - Yard Crews

Yard crews may perform the following work outside of switching limits without additional compensation except as provided below:

terminal limits that are consistent with a practical and efficient operation. It is axiomatic that all prerogatives inherent in management, except to the extent circumscribed by law or contract, remain vested in the carrier. The mere assertion that the Carrier does not have authority under the agreements does not impair the Carrier's right to establish its operation in the interest of economy and efficiency. Numerous awards have historically upheld this general concept.

PUBLIC LAW BOARD 843, AWARD 15, DENIED

"... All inherent rights of management not contracted away still remain with it. Carrier is free to exercise managerial prerogatives unless limited by law or by agreement. We cannot, by interpretation, add a prohibition against management prerogatives which do not appear in the agreement."

THIRD DIVISION, AWARD 13048, DENIED

"... "at this late stage in the development of railroad "case law" there should be no question that carrier is free to determine the way in which the work and operations are to be performed and conducted in the interest of economy and efficiency except insofar as that freedom may be limited by law or agreements with the representatives of its employees."

Terminal limits that provide access to the siding at Pecos for meeting or passing trains is reasonable, practicable and efficient. This fact has yet to be disputed by the Organization. Complaints regarding Carrier's proposed terminal limits are a red herring given your payment demand for constructive miles beyond the center of yard to the far end of the terminal whether or not crews operate to that point. In addition to violating Article IX, Section 2(b) of the October 31, 1985 National Agreement, this payment demand duplicates mileage payments to both Sweetwater and El Paso crews. Arbitration Board No. 507 has denied identical payment demands by the Organization finding as follows:

"... The Carrier points out that the actual mileage measured from the center of the Houston Yard to the center of the Shreveport Yard is 235 miles. The Carrier contends that the Organization's proposal violates Article IX, Section 2(b) of the October 31, 1985 National Agreement providing pay only for all miles actually run in excess of the miles encompassed in the basic day. ...

...The addition of ten additional constructive miles at the very least increases the cost of the ID service which is inconsistent with Article IX of the October 31, 1985 National Agreement. ..."

The question at issue is whether or not the inclusion of Pecos Siding within the limits of Pecos Terminal serves a reasonable, practical and efficient

purpose. The Carrier has validated the operational necessity for the proposed limits from day one and identified other locations having similar limits. The Organization, while never disputing this validation, only demands compensation in the form of constructive miles that were not contemplated by Article IX.

As previously discussed, any attempt by the Organization to superimpose rules governing switching limits, into this debate will serve to support the Carrier's contractual assertions outlined above. Again, yard crews have never been assigned at Pecos, Texas and therefore switching limits were never established. Your contending a notice should be served to extend switching limits that have never existed lacks contractual logic. Should the Organization somehow prevail in the switching limits vs. terminal limit argument, efficiencies described in utilizing Pecos Siding would likewise support a ten -(10) mile *"switching limit"*. Moreover, the use road crews to perform ***any yard service*** at Pecos, Texas (which includes the retrieval of Hour of Service/disabled trains without additional compensation) will surely be an unintended, but legitimate consequence of the Organization's inconsistent positions.

As to your comments regarding the "facilities" at Pecos, you are reminded the on/off duty point for these crews is the hotel itself and which comports with all agreement requirements. Crews are transported to/from the hotel and wait briefly for their train. General Chairman Rudel, Southern Region Vice President Barkley and Fort Worth Superintendent Bearden discussed issues surrounding crews access to water and weather refuge on September 4, 2002 and are being handled locally.

Lastly, Carrier disagrees with your conclusion the "25-mile zone" is subject to a New York Dock Arbitration proceeding. The integration of forces and agreement process has already been satisfied. The respective Hub Agreements are now a part of each general committee's working schedule. Therefore, Carrier sees two separate forums as being procedurally improper. All issues may be properly addressed in an Article IX setting.

Please advise convenient dates to discuss the selection of a Chairman and Neutral member for the Article IX Board of Arbitration.

Respectfully,

R. P. Guidry

. cc Meredith, Olin, Hallberg, Weed
Barkley, Verhaal
Klein, Rudel