

**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 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. 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 (1/2) 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 terminated 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 terminated 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.I.) 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 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 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 ($\frac{1}{2}$) 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 terminated 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 terminated 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 prior rights seniority in the Kansas City Hub shall retain prior rights 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 canvassing, 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 canvassing, 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 terminated 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 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 it 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 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. 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 (1/2) 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 preexisting terminal limits on the UP Sedalia Subdivision (NIP 124.3 - NIP 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. Zone 4 - Seniority District

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 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. 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 (1/2) 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 to 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 is 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 #I 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 05211 I), CNW (Roster No. 0531 II), 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 terminated 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 terminated 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:

/s/ C.R. Rightnowar
D.E. Penning
General Chairman, BLE

/s/ Michael Young
M.A. Young
General Chairman, BLE

/s/ D.E. Thompson
D.E. Thompson
General Chairman, BLE

/s/ J.R. Koonce
J.R. Koonce
General Chairman, BLE

FOR THE CARRIERS:

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

/s/ P.M. Raaz
P.M. Raaz
Asst Vice President-Labor Relations
Union Pacific Railroad Co.

APPROVED:

/s/ J.L. McCoy
J.L. McCoy
Vice President, BLE

/s/ D.M. Hahs
D.M. Hahs
Vice President, BLE

July 2, 1998

Side Letter No. 1

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 grandfathered to those former SSW and 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,
/s/ M.A. Hartman
M.A. Hartman
General Director – Labor Relations

Side Letter No. 1 July 2, 1998
Page 2

MR. D. E. Penning
MR. D. E. Thompson
MR. J. R. Koonce
MR. M. A. Young

AGREED:

 /s/ C.R. Rightnowar
D.E. Penning
General Chairman, BLE

 /s/ D.E. Thompson
D.E. Thompson
General Chairman, BLE

 /s/ J.R. Koonce
J.R. Koonce
General Chairman, BLE

 /s/ Michael Young
M.A. Young
General Chairman, BLE

cc: D.M. Hahs
Vice President, BLE

J.L. McCoy
Vice President, BLE

July 2, 1998

Side Letter No. 2

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,
/s/ M.A. Hartman
M.A. Hartman
General Director – Labor Relations

Side Letter No. 2 July 2, 1998
Page 2

MR. D. E. Penning
MR. D. E. Thompson
MR. J. R. Koonce
MR. M. A. Young

AGREED:

 /s/ C.R. Rightnowar
D.E. Penning
General Chairman, BLE

 /s/ D.E. Thompson
D.E. Thompson
General Chairman, BLE

 /s/ J.R. Koonce
J.R. Koonce
General Chairman, BLE

 /s/ Michael Young
M.A. Young
General Chairman, BLE

cc: D.M. Hahs
Vice President, BLE

J.L. McCoy
Vice President, BLE

July 2, 1998

Side Letter No. 3

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 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,
/s/ M.A. Hartman
M.A. Hartman
General Director – Labor Relations

Side Letter No. 3 July 2, 1998
Page 2

MR. D. E. Penning
MR. D. E. Thompson
MR. J. R. Koonce
MR. M. A. Young

AGREED:

 /s/ C.R. Rightnowar
D.E. Penning
General Chairman, BLE

 /s/ D.E. Thompson
D.E. Thompson
General Chairman, BLE

 /s/ J.R. Koonce
J.R. Koonce
General Chairman, BLE

 /s/ Michael Young
M.A. Young
General Chairman, BLE

cc: D.M. Hahs
Vice President, BLE

J.L. McCoy
Vice President, BLE

July 2, 1998

Side Letter No. 4

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 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.

Side Letter No. 4 July 2, 1998
Page 2

MR. D. E. Penning
MR. D. E. Thompson
MR. J. R. Koonce
MR. M. A. Young

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,
/s/ M.A. Hartman
M.A. Hartman
General Director – Labor Relations

July 2, 1998

Side Letter No. 5

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 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,
/s/ M.A. Hartman
M.A. Hartman
General Director – Labor Relations

Side Letter No. 5 July 2, 1998
Page 2

MR. D. E. Penning
MR. D. E. Thompson
MR. J. R. Koonce
MR. M. A. Young

AGREED:

 /s/ C.R. Rightnowar
D.E. Penning
General Chairman, BLE

 /s/ D.E. Thompson
D.E. Thompson
General Chairman, BLE

 /s/ J.R. Koonce
J.R. Koonce
General Chairman, BLE

 /s/ Michael Young
M.A. Young
General Chairman, BLE

cc: D.M. Hahs
Vice President, BLE

J.L. McCoy
Vice President, BLE

July 2, 1998

Side Letter No. 6

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 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.

MR. D. E. Penning
MR. D. E. Thompson
MR. J. R. Koonce
MR. M. A. Young

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,
/s/ M.A. Hartman
M.A. Hartman
General Director – Labor Relations

AGREED: