

**MERGER IMPLEMENTING AGREEMENT
(Salina Hub)**

between the

**UNION PACIFIC/MISSOURI 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.

Subsequent to the filing of UP's application, but prior to the STB's decision, the Parties engaged in certain discussions which focused upon the Carrier's request that the Brotherhood of Locomotive Engineers support the merger of UP and SP. These discussions resulted in the exchange of certain commitments between the Parties which were outlined in letters dated March 8, 9 and 22, 1996. Copies of these letters are attached collectively as Attachment "A" to this Agreement.

In order to achieve the benefits of operational changes made possible by the transaction, to consolidate the seniority of all employees 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. Covered Territory.

As the result of merger and the abandonment of a portion of the Hoisington Subdivision, UP and MPUL operations between Hoisington and Horace, Council Grove and Hoisington, Salina to Sharon Springs, Salina to Hoisington, Salina to Kansas City and all stations, branch lines, industrial leads and main line between the points identified excluding the tracks from west of Topeka to Kansas City for non-through freight service, shall be consolidated into a unified operation. The parties recognize that some of the tracks that go into Kansas City are shared by other seniority districts and that tracks may continue to be shared without granting seniority rights in this Hub.

This agreement does not cover operations south out of Salina to Wichita, Marysville to Herington or the Topeka yard. However, the parties recognize that a later notice may amend this agreement to cover operations between and/or including these points.

II. 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, an adequate supply of forces shall be relocated from locations where assignments are abolished to locations where new assignments are established.

The following seniority consolidations will be made:

A. A new seniority district will be formed and a master Engineer Seniority Roster, UP/BLE Salina Hub Merged Roster #3, will be created for the employees from the UPED 10th/11th not relocated to Denver, UP 8th (up to eight engineers from Kansas City) and 9th District Rosters and the MPUL Hoisington and Council Grove Rosters assigned to the Salina Hub on April 15, 1997. The new roster will be created as follows:

1. Engineers placed on this roster will be dovetailed based upon the employee's current engineer's seniority date. If this process results in employees having identical seniority dates, seniority will be determined by the employee's current hire date with the Carrier.
2. All employees 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.
3. New employees hired and placed on the new roster on or after the effective date of this Agreement, will have no prior rights but will have roster seniority rights in accordance with the provisions set forth in this Agreement.

B. Engineers will be treated for vacation and payment of arbitraries as though all their service on their original railroad had been performed on the merged railroad. Engineers assigned to the Salina Hub seniority roster at implementation 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.

C. Engineers placed on the Salina Hub Merged Roster #3 shall relinquish all seniority outside the Hub upon implementation of this Agreement and all seniority inside the Hub held by employees outside the Hub shall be eliminated.

III. Operational Consolidations

A. Pools.

1. All Hoisington-Horace and Council Grove-Hoisington pools shall be phased out and combined into one or two single-headed pools operating Salina-Sharon Springs and Salina-Kansas City. Two Salina pools shall be maintained for at least six months and then may be combined upon ten (10) days written notice.
2. The double-headed pool, Salina-Kansas City, shall become a single-headed pool but shall be maintained as currently operated until sufficient manpower is available at Salina in accordance with Article V, IMPLEMENTATION, of this Agreement. The double-headed pool Salina-Oakley shall become a single-headed Salina-Sharon Springs pool, but shall be maintained as double-headed until sufficient manpower is available at Salina. Until it becomes single-headed, the Oakley engineers shall be paid a driving allowance of 31.5 cents per mile for driving Oakley to Sharon Springs (104 miles round trip) to their on duty point. Those who currently receive an Ellis to Oakley driving allowance will continue to receive this allowance for thirty (30) days. However, if engineers assigned to the pool live at Ellis, they can elect to drive to Salina instead of Sharon Springs and shall be entitled to a driving allowance for the round trip miles Ellis to Salina for a period of thirty (30) days.
3. The pools shall be slotted and Attachment "C" lists the slotting order for separate pools or one pool, if pools are combined.

B. Extra Boards.

1. Extra boards shall be maintained at Salina and at Oakley as long as traffic conditions warrant. The Oakley extra board shall be prior-righted and the Salina extra board shall be filled off the common roster.
2. The Salina extra board will not become a common roster extra board until an additional position is added after implementation. MPUL employees must hold the positions in the MPUL pools, extra boards or locals prior to moving to positions at Salina as set forth in Article V, IMPLEMENTATION.

C. Other Operations.

1. All pool, local, yard, work train and road switcher operations shall be combined into a unified operation. UPED 9th District engineers shall have prior rights to all non-pool freight regular assignments including assigned work trains at Salina.
2. MPUL employees shall have prior rights to their existing work on the Pueblo line as long as it is operated. They shall also have prior rights to the Salina

Hoisington local as long as it is operated. Vacancies on this assignment shall be covered from the Salina extra board after implementation.

3. Since Salina-Kansas City pool freight service will be home terminated at Salina, the Kansas City extra board crews will not be used as make up crews in this service. The Kansas City extra board shall continue to perform Hours of Service relief for eastbound Salina-Kansas City trains that lay down east of Junction City. This does not restrict other crews such as combination deadhead and service pool crews from performing this service.

IV. PROTECTION

A. Due to the parties voluntarily entering into this agreement, the Carrier agrees to provide New York Dock wage protection for the period of time specified under NYD Conditions to all engineers listed on the initial roster and working in train/engine service on the implementation date. The employees 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.

B. This protection is wage only and hours will not be taken into account.

C. Employees required to relocate under this agreement will be governed by the relocation provisions as stated in Article IV, PROTECTION, Section D, of the this agreement except as follows:

1. All Oakley engineers that relocate regardless of seniority will be considered as required to relocate as a result of the merger for a two year period from implementation. After that period they must show that it is merger related and then will not be eligible for in lieu of payments but only New York Dock provisions.

2. Up to eight (8) 8th District engineers will be treated as being required to relocate as a result of the merger if they transfer to Salina as a result of the merger.

3. Since all MPUL engineers will eventually have to relocate, they will be treated as required to relocate at any time they bid or are forced to a Salina position. Their two year window for in lieu of benefits shall begin when assigned at Salina.

4. All engineers who receive either an in lieu of or New York Dock relocation allowance must remain at the new location unless assignments are added back at the location they left, if inside the Hub. If assignments are again reduced at the old location they shall be cut off first before engineers who have not yet received a relocation benefit. Engineers may not place on positions based on their former seniority at locations outside the Hub.

D. 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 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.

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

E. There will be no pyramiding of benefits.

F. The Test Period Average for union officers will include lost earnings while conducting business with the Carrier.

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

V. IMPLEMENTATION

A. The Carrier shall give five (5) days written notice for implementation of this agreement. Employees whose assignments are changed shall be permitted to exercise their new seniority.

B. There shall be a phase in period as traffic moves off the Pueblo line and increases on the KP line. It is the intent of this agreement that MPUL employees shall continue to perform service on the Pueblo line so long as that traffic exists. As assignments are reduced the following shall govern:

1. Employees may make application to be the first reduced from a pool or extra board as they are reduced and assigned to Salina by application. If there are no applications then the pool and/or extra board shall be reduced in the usual manner.

2. Employees reduced shall be qualified on the new territory prior to being placed on either a pool turn or an extra board. Employees shall be qualified on runs to both Sharon Springs and Kansas City before being assigned.

C. Kansas City 8th District employees shall be entitled to 8 employees transferred to Salina, 6 pool freight positions and 2 based on common dates. The process shall be as follows:

1. Eight positions shall be advertised on implementation date for a period of five (5) days. They shall be available to the most senior bidders. Should less than 8 employees bid on the positions, then the no bid positions shall be filled by employees on the new roster and shall not be available to employees from the 8th District until the Kansas City Hub has an implementing agreement/award. After the agreement/award is final, but prior to implementation, the Carrier shall post a notice covering the positions not initially filled for a ten (10) day period. Kansas City 8th district engineers shall have until the end of the ten day period to make application for one of the vacancies and shall be required to relocate within thirty (30) days to Salina and assume their positions. They shall be placed on the Salina roster and be removed from the Kansas City roster.

2. After the initial bid process is complete the Carrier may continue to run the pool as double headed until sufficient employees are relocated to Salina to handle the pool as a single headed pool. The Carrier shall give five (5) days notice when the pool is single-headed.

D. The Carrier shall give fifteen (15) days notice when the Salina-Sharon Springs pool is single-headed. Oakley employees shall make application for these assignments and junior Oakley employees shall be forced if no applications received. The Carrier may continue to use Oakley as a crew change point during a transition period. The Carrier may relocate all Oakley engineers to Salina not needed to man the extra board at Oakley.

E. It is the Carrier's intent to relocate employees as soon as possible to Salina. The Carver recognizes that there will be a transition period and will assist in this process. However, employees should not expect to receive long or extended calls. The relocation benefits are intended for relocation and not for the purpose of requesting the allowance and then continue to live such a distance as to not be able to respond in the normal calling period.

F. After qualification has been completed and prior to the Carrier reducing any engineers that are listed on the initial merged roster, the Carrier will open up Reserve

Board slots on a seniority basis. Should sufficient engineers not make application to accommodate all surplus pre-merger engineers, and then junior engineers shall be forced to the Reserve Board or given the option of returning to train service. All assignments within the Hub must be filled prior to being permitted to place on a Reserve Board. Engineers on the merged roster on implementation day must displace any engineers in the Salina Hub added to the roster after implementation day before being permitted to place on a Reserve Board.

G. General Conditions - The terms and conditions of the pool operations set forth in this agreement shall be the same for all pool freight runs whether run as combined pools or separate pools. 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 below. For ready reference sections of existing rules are attached in Attachment "B".

1. **Agreement Coverage** - Upon implementation, Employees working in the Salina Hub shall be governed, in addition to the provisions of this Agreement, by the May 31, 1996 Local/National Agreement applicable to Union Pacific and previous National Agreement/Award/Implementing Document provisions still applicable, by the Agreement between the Union Pacific Railroad Company and the BLE Union Pacific Eastern District (selected by the Carrier), for all operations, both UPED and MPUL, and its current ID provisions shall apply to all the pool operations. 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.

2. **Hours of Service Relief** - At Sharon Springs, Hours of Service relief may be performed by pool freight engineers in the following manner:

a. If within the 25 mile zone, then that provision will apply.

b. If outside the 25 mile zone, then the first out pool crew that operates on the side the train has laid down shall be used and shall either tie-up for rest or be deadheaded home. If tied up for rest, the engineer will be first out after rest and not used again for Hours of Service relief on that trip.

c. The Oakley extra board may be used on either side of Sharon Springs for this service for trains that are headed toward Sharon Springs.

None of the above prevents the use of crews used in combination deadhead and service to handle such trains.

NOTE: The above are not listed in order of use but reflect the Carrier's alternatives for covering Hours of Service Relief.

3. **Twenty-Five Mile Zone** - At Sharon Springs, Salina, Hoisington and Horace 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 ($\frac{1}{2}$) 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 with overtime after eight (8) hours.

Example: A Salina-Kansas City crew receives their east bound train ten miles west of the Salina terminal but within the 25 mile terminal zone limits and runs to Kansas City. They shall be paid the actual miles established for the Salina-Kansas City run and an additional one-half basic day for handling the train from the point ten (10) miles west of the Saline terminal.

H. After implementation, the application process will be used to fill all vacancies in the Hub as follows:

1. Prior right vacancies must first be filled by an employee with prior rights to the vacancy who is on a reserve board prior to considering applications from employees who do not have prior rights to the assignment.
2. If no prior right applications are received then the junior prior right employee on the board described above will be forced to the assignment or permitted to exercise seniority to a position held by another prior right employee.
3. If there are no prior right employees on the board described above covering the vacant prior right assignment, then the most junior employee on the board described above will be recalled and will take the assignment or displace a junior employee. If there are no engineers on any reserve board, then the senior demoted engineer in the Salina Hub shall be recalled to the vacancy. When forcing or recalling, prior rights engineers shall be forced or recalled to prior right assignments prior to engineers who do not have prior rights.
4. 9th district engineers must protect non-through freight prior right assignments prior to holding common extra board positions. Oakley engineers must protect Oakley positions prior to holding common extra board positions.

I. This Agreement bridges the small Salina Hub between the larger Denver Hub and future Kansas City Hub. As a bridge hub, it has many unique issues that the parties have addressed in unique ways. As such, it is agreed that this Agreement is without prejudice or precedent and will not be cited by either party in future negotiations or arbitration.

VI. Familiarization

A. Employees will not be required to lose time or "ride the road" on their own time in order to qualify for the new operations. Employees 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 and Local Chairmen.

B. The Carrier intends to qualify all engineers on the runs to both Sharon Springs and Kansas City. This may result in larger than normal extra boards during this transition. Employees being qualified may be removed from the extra board and placed on a qualifying schedule and then placed either back to the extra board or to another assignment seniority permitting.

C. Engineers on familiarization trips from the Hoisington and Council Groves rosters may be placed on an expedited schedule with approximately 24 hours off at the home terminal between trips. If familiarized prior to relocation, they shall be paid a driving allowance for driving between the MPUL on duty points and Salina. The driving allowance shall be 31.5 cents per mile and 160 miles round trip. The driving allowance shall be in effect for thirty (30) consecutive days for each employee after being reduced from the working lists at MPUL points.

This agreement is entered into this _____ day of _____, 1997.

For the Organization:

For the Carrier:

General Chairman UPED

Asst. Vice-President
Employee Relations & Planning

General Chairman MPUL

General Director Labor Relations

Vice President BLE

Assistant Director Labor Relations

Attachment "A" Commitment Letters

UNION PACIFIC RAILROAD COMPANY

JJ Marchant
SR ASST VICE PRESIDENT
LABOR RELATIONS

1416 DODGE STREET
OMAHA NEBRASKA 68179

March 8, 1996

Mr. R. P. McLaughlin
President – Brotherhood
of Locomotive Engineers
Standard Building
1369 Ontario Street
Cleveland OH 44113

Dear Sir.

This refers to our discussions concerning the issues of New York Dock protection and the certification of adversely affected BLE employees.

As you know, Union Pacific, in its SP Merger Application, stipulated to the imposition of the New York Dock conditions. The Labor Impact Study which Union Pacific filed with the Merger Application reported that 251 engineers would transfer and that 772 engineer jobs would be abolished because of the of the Operating Plan.

Within the New York Dock conditions, Section 11 addresses disputes and controversies regarding the interpretation, application or enforcement of the New Dock conditions (except for Sections 4 and 12). Under Section 11, perhaps the two most serious areas for potential disputes involve whether an employee was adversely affected by a transaction and what will be such employee's protected rate of pay.

In an effort to eliminate as many of these disputes as possible, Union Pacific makes the following commitment regarding to issue of whether an employee was adversely affected by a transaction: Union Pacific will grant automatic certification as adversely affected by the merger to the 1023 engineers projected to be adversely affected in the Labor Impact Study and to all other engineers identified in any Merger Notice served after Board approval. Union Pacific will supply BLE with the names and TPA's of such employees as soon as possible upon implementation of approved merger. Union Pacific also commits that, in any Merger Notice served after Board approval, will only seek those charges in the collective bargaining agreements that are necessary to implement the approved transaction, meaning such changes that produce a public transportation benefit not based solely on savings achieved by agreement changes(s).

Union Pacific commits to the foregoing on the basis of BLE's agreement, after merger approval, to voluntarily reach agreement for implementation of the Operating Plan accompanying the Merger Application.

Even with these commitments, differences of opinion are bound to occur; in order to ensure that any such differences are dealt with promptly and fairly, Union Pacific makes this final commitment: If at any time the affected General Chairman or the assigned International Vice President of the BLE believes Union Pacific's application of the New York Dock conditions is inconsistent with our commitments, BLE and Union Pacific personnel will meet within five (5) days of notice from the General Chairman or the International Vice President to attempt to resolve the dispute. If the matter is not resolved, the parties will agree to expedited arbitration with a written agreement within ten (10) days after the initial meeting. The Agreement will contain, among other things, the full description for neutral selection, timing of hearing, and time for issuance of Award(s).

In view of Union Pacific's position regarding the issues of New York Dock protection and the certification of employees, I understand that the BLE will now support the UP/SP merger.

Sincerely,

/s/ John J. Marchant

UNION PACIFIC RAILROAD COMPANY

JJ MARCHANT
SR ASST VICE PRESIDENT
LABOR RELATIONS

1416 DODGE STREET
OMAHA NEBRASKA 68179

March 8, 1996

Mr. R. P. McLaughlin
President – Brotherhood
of Locomotive Engineers
Standard Building
1369 Ontario Street
Cleveland OH 44113

Dear Sir.

This refers to my letter of March 8, 1996, outlining our respective commitments relative to BLE's support of the UP/SP merger. At an informal meeting regarding this matter there were several other related issues discussed, and this letter confirms the substance of those discussions.

Union Pacific recognizes that implementing a merger of UP and SP will be a complex undertaking which will require planning and cooperation between the parties. Much of our discussions revolved around the process which would best facilitate the implementing agreement negotiation efforts. During our discussions, I agreed to meet with BLE in advance of the serving of New York Dock notices to try to come to consensus on various aspects of the implementing agreement process. Conceptually, it appears the parties are in agreement that our discussion of process should include the following topics:

A discussion of what will be contained in the notices, whether they will be all-inclusive as to territory or relate to individual regions/corridors, timing of service of notices, etc.

An effort to separate the focus of negotiations into logical regions/corridors and prioritize those negotiations so they match up in a meaningful way with implementing priorities, territorial boundaries of labor agreements, etc.

General understandings and/or guidelines regarding size of the respective negotiating teams, where and how often they will meet, administrative support, and other such ground rules for the actual conduct of negotiations.

We also discussed a concern expressed by several committees regarding the potential that Union Pacific might elect to lease the SPT, SSW, SPCSL and/or DRGW to

the UP or MP for certain financial reasons. It was the concern of BLE that such an arrangement might create an avenue by which Union Pacific could avoid New York Dock protective obligations on some of the leased entities.

Union Pacific has agreed to accept imposition of New York Dock protective conditions in this proceeding, and by definition that includes SPT, SSW, SPCSL and DRGW, as well as UP and MP. While we have no intention to consummate this merger through such a lease arrangement, Union Pacific commits to the application of New York Dock to such territories even if such a lease arrangement were to occur.

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.

I trust that the foregoing accurately reflects our discussions.

Sincerely,

/s/ John J. Marchant

UNION PACIFIC RAILROAD COMPANY

JJ MARCHANT
SR ASST VICE PRESIDENT
LABOR RELATIONS

1416 DODGE STREET
OMAHA NEBRASKA 68179

March 9, 1996

Mr. R. P. McLaughlin
President – Brotherhood
of Locomotive Engineers
Standard Building
1369 Ontario Street
Cleveland OH 44113

Dear Sir.

This refers to my March 8 letter and to our March 8 meeting in Las Vegas, both of which dealt with the issues of New York Dock protection and the certification of adversely affected BLE employees and our respective commitments relative to BLE's support of the UP/SP merger.

At the March 8 meeting, we reached an understanding that the certification provided for in the March 8 letter will begin at the time of implementation of the particular transaction in question. The following example illustrates this understanding:

The UP/SP merger is approved on August 1. The implementing agreement with the BLE is reached on October 1 and is implemented on December 1. Certification will begin on December 1.

I trust the foregoing accurately reflects our understanding.

Sincerely,

/s/ John J. Marchant

UNION PACIFIC RAILROAD COMPANY

JJ MARCHANT
SR ASST VICE PRESIDENT
LABOR RELATIONS

1416 DODGE STREET
OMAHA NEBRASKA 68179

March 22, 1996

R. P. McLaughlin
President, BLE
1370 Ontario Avenue
Cleveland, OH 44113-1702

Dear Sir.

This refers to my letter of March 9, 1996, dealing with when certification begins.

The example in my letter deals with a situation where a single transaction is implemented and indicates that certification begins on the date of implementation. You have asked me to clarify when certification begins in the event the SP Merger results in multiple New York Dock transactions.

In the event the SP Merger leads to multiple transactions with different implementation dates, certification will begin for two employees affected by a particular transaction on the date that transaction is implemented. In other words, multiple transactions with different implementation dates lead to different starting dates for certification.

 /s/ John J. Marchant
John J. Marchant

Attachment "B"

THE FOLLOWING IDENTIFIES TERMS AND CONDITIONS REFERRED TO IN ARTICLE IV (B) OF THE SALINA HUB MERGER AGREEMENT THAT WILL BE APPLICABLE TO THE POOL FREIGHT OPERATIONS IN THE HUB.

1. **Miles Paid** - Each pool shall be paid the established miles between the points of the run for all service and combination deadhead/service with a minimum of a basic day.
2. **Basic Day/Rate of Pay** - The provisions of the November 7, 1991, Implementing Agreement (BLE) and the May 31, 1996, National/Local Agreement (BLE) will apply.
3. **Transportation** - Transportation will be provided in accordance with Section (2) (c) of Article IX of the May 19, 1986, National Arbitration Award (BLE).
4. **Meal Allowances and Eating En Route** - Meal allowances and eating en route will be governed by Sections 2(d) and 2(e) of Article IX of the May 19, 1986, National Arbitration Award (BLE) as amended by the November 7, 1991, Implementing Agreement.
5. **Overtime** - Employees who have an engineer/train service seniority date prior to October 31, 1985, shall begin overtime at the expirations of eight (8) hours for those through freight runs that are two hundred miles or less and on runs in excess of two hundred miles overtime will begin when the time on duty exceeds the miles run divided by 25, or in any case, when on duty in excess of 10 hours. When overtime, initial terminal delay and final terminal delay accrue on the same trip, allowance will be the combined initial and final terminal delay time, or overtime, whichever is the greater. Employees hired after October 31, 1985, shall be paid overtime in accordance with the National Rules governing same and in the same manner previously paid on the UPED prior to the merger.
6. **Held Away from Home Time** - Engineers in pool freight service held at other than home terminal will be paid continuous time for all time so held after the expiration of sixteen hours from the time relieved from previous tour of duty, at the regular rate per hour paid them for the last service performed.
7. **Runarounds** - Engineers not called in their turn will be allowed one-half basic day and stand first out, if not called within eight hours, one basic day will be allowed and engineer will stand first out. Engineers are not run around when they take the train for which called; however, it will be permissible to run an engineer out on other than the train for which called, if practicable. Engineers cannot be runaround by engineers going to a different destination (far terminal).

Note: The provisions listed above are terms and conditions that currently apply to engineers in Interdivisional service on the UPED. They are listed hereto as information and are not meant to be all inclusive but to provide a ready reference for employees previously not familiar with them. The provisions will apply to pool freight service identified in the implementing agreement as the implementing agreement provides for the combining of pools and it is the intent of this agreement to standardize the rules so that employees are governed by the same terms and conditions whether operating in single pools or combined pools.

Attachment "C" Pool Allocation

West Salina-Sharon Springs (6/21)		East Salina-Kansas City (8/20)	
Pool Turn	District	Pool Turn	District
1	9th	1	8th
2	10th	2	8th
3	9th	3	8th
4	10th	4	9th
5	9th	5	8th
6	9th	6	9th
7-22	MPUL	7	8th
23-26	UPED	8	8th
27-end	Common Roster	9	9th
		10-25	MPUL
		26-29	UPED
		30-end	Common Roster

Combined Pools Sharon Springs-Salina-Kansas City
 Pool Turn District
 [TO BE FURNISHED BY THE ORGANIZATION]

Side Letter No. 1

Mr. M.A. Young
General Chairman BLE
1620 Central Avenue #201
Cheyenne, Wyoming 82001

Dear Sir:

This refers to the employment options available to the 10th/11th District engineers located at Oakley, Kansas as a result of the merger in the Denver Hub and Salina Hub. These options include 3 positions in the Denver Hub, any extra board positions at Oakley needed to protect local traffic and provide Hours of Service relief, with the remaining positions being relocated to Salina.

The three positions at Denver will be posted at the time the thirty (30) day notice for the implementation of the Denver Hub is issued. A notice similar to the attached will be posted at Oakley to advertise these positions. The notice will provide that engineers will have ten (10) days to submit applications for those positions and the senior applicants, if any, will be placed on the Denver Hub Roster with prior rights in Zone 1. If no Oakley engineers bid on these positions, they will be required to bid on any positions advertised at Oakley or relocate to Salina.

Yours truly,

W.S. Hinckley
General Director Labor Relations

AGREED:

BLE General Chairman

CC: Simmerman
Hahs
Penning

QUESTIONS & ANSWERS - BLE SALINA HUB

Article 1- SALINA HUB

Q1. Does the new seniority district change terminal limits at the mile posts indicated?

A1. No. It is the intent of this agreement to identify the new seniority territory and not to change the existing terminal limits except as specifically provided elsewhere in this agreement. Non pool freight service east of Junction City shall continue to be handled by Topeka employees.

Q2. The Topeka-Junction City local runs west out of Topeka. Is it in the Salina Hub?

A2. No, because the assignment goes on duty at Topeka it is not part of the Hub.

Article II - SENIORITY AND WORK CONSOLIDATION

Q3. If the trackage between Herington and Horace is reopened and UP engineers operate over that territory, do MPUL engineers have prior rights to that work?

A3. Yes.

Q4. What does it mean when it refers to protecting all prior right engineer vacancies within the Salina Hub?

A4. The granting of prior rights also creates the obligation to protect such assignments before filling the vacancy with employees without prior rights or with only common rights or before a prior right employee may place on a reserve board.

Q5. Will existing pool freight terms and conditions apply on all pool freight runs?

A5. No. The terms and conditions set forth in the controlling collective bargaining agreements and this document will govern.

Q6. What is the status of pre October 31, 1985 trainmen/firemen seniority?

A6. 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.

Q7. Will the Carrier continue to discuss ebb and flow issues after the merger?

A7. Yes, the Carrier recognizes the benefits of discussing this issue further.

Q8. When the agreement is implemented, which vacation agreement will apply?

A8. Vacation agreements used to schedule 1997 will be used for the remainder of 1997 thereafter the UPED agreement will govern.

Article III - OPERATIONS; Article V – IMPLEMENTATION

Q9. Why only a 5 day implementation notice?

A9. To insure employees' protection starts when train traffic shifts.

Q10. Will the pools be blue printed or run first in first out?

A10. The UPED agreement calls for a blue printing.

Q11. Will the Salina-Sharon Springs and Salina-Kansas City pool ratios be maintained?

A11. No. With the movement of the terminal to Salina and the creation of single headed pools, there will be no ratios.

Q12. Will constructive miles continue to be paid?

A12. Where established, constructive miles will be paid to eligible employees.

Q13. Because of the elimination of Oakley as a home terminal for pool service, what type of job assignment will the engineers who remain at Oakley/Sharon Springs protect?

A13. The Carrier anticipates that for those engineers allowed to remain in this area that based on manpower needs, the guaranteed extra board will protect extra locals, branch line work, short turnaround service, HOSA relief work and so forth. They will protect extra work between Ellis and Sharon Springs; however, regular assignments including work trains between Ellis and Sharon Springs will be filled from Salina.

Q14. The agreement provides that the Carrier has the right to perform work currently permitted by other agreements including using an engineer from a following train to work a preceding train. Does this alter the provision from the basic Eastern District agreement that provides for a penalty payment for trading trains while operating in interdivisional service?

A14. No, the provision and its application is not changed by this agreement.

Q15. If a crew in the 25 mile zone is delayed in bringing the train into the original terminal so that it does not have time to go on to the far terminal, what will happen to the crew?

A15. Except in cases of emergency, the crew will be deadheaded on to the far terminal.

Q16. Is it the intent of this agreement to use crews beyond the 25 mile zone?

A16. No.

Q17. Will the 25 mile zone provision apply at Sharon Springs if there is no provision for a 25 mile zone in the Denver Hub?

A17. No. Unless the parties reach agreement to include a 25 mile zone in the Denver Hub, the 25 mile zone will not apply at Sharon Springs.

Q18. Is the ½ basic day for operating in the 25 mile zone frozen and/or is it a duplicate payment/special allowance?

A18. No, it is subject to future wage adjustments and it is not duplicate pay/special allowance.

Q19. How is a crew paid if they operate in the 25 mile zone?

A19. If a pre-October 31, 1985 engineer is transported to its train 10 miles west of Sharon Springs and he takes the train to Salina and the time spent is one hour west of Sharon Springs and 10 hours 24 minutes between Sharon Springs and Salina with no initial or final delay earned, the employee shall be paid as follows:

A. One-half basic day for the service east of Sharon Springs because it is less than four hours spent in that service.

B. The road miles between Sharon Springs and Salina.

C. One hour overtime because the agreement provides for overtime after 9 hours 42 minutes on the road trip between Sharon Springs and Salina. (242 miles divided by 25 = 9'42")

Q20. Would a. post October 31, 1985 engineer be paid the same?

A20. No. The National Disputes Committee has determined that post October 31, 1985 engineers come under the overtime rules established under the National Agreements/Awards/Implementing Agreements that were effective after that date for both pre-existing runs and subsequently established runs. As such, the post October 31, 1985 engineer would not receive the one hour overtime in C above but receive the payments in A & B.

Q21. How will initial terminal delay be determined when operating in the Zone?

A21. Initial terminal delay for crews entitled to such payments will be governed by the applicable collective bargaining agreement and will not commence when the crew operates back through the on duty point. Operation back through the on duty point shall be considered as operating through an intermediate point.

Q22. Can you give an example of other destinations that would not cause a runaround?

A22. If one engineer is called to run from Salina to Sharon Springs and another is called to run from Salina to Kansas City and they are in the same pool, then they cannot run around each other when called to work even if they do not leave on the trains for which called.

Q23. When the UPED agreement becomes effective what happens to existing MPUL claims?

A23. The existing claims shall continue to be handled in accordance with the MPUL Agreements and the Railway Labor Act. No new claims shall be filed under that agreement once the time limit for filing claims has expired.

Q24. Is the identification of the UPED collective bargaining agreement in Article V, a result of collective bargaining or selection by the Carrier?

A24. Since UP purchased the SP system the Carrier selected the collective bargaining agreement to cover this Hub.

Q25. If no applications are received for a vacancy on a prior rights assignment, does the prior right engineer called to fill the vacancy have the right to displace a junior prior right engineer from another assignment?

A25. Yes. That engineer has the option of exercising his/her seniority to another position held by a junior prior right employee, within the time frame specified in the controlling collective bargaining agreement, or accepting the force to the vacancy.

Q26. Are these guaranteed extra boards?

A26. Yes. The pay provisions and guarantee offsets and reductions will be in accordance with the existing UPED guaranteed extra board agreement.

Q27. Are there any restrictions on routing of traffic or combining assignments on implementation day or thereafter?

A27. There are no restrictions on the routing of traffic in the Salina Hub once the agreement becomes effective upon implementation. There will be a single collective bargaining agreement and limitations that currently exist in that agreement will govern, e.g., radius provisions for road switchers, road/yard moves etc. However, none of these restrictions cover through freight routing. The combining of assignments is covered in this agreement.

Q28. On implementation will all engineers be contacted concerning job placement?

A28. No, the implementation process will be phased in and employees will remain on their assignments unless abolished or combined and then they may place on another assignment. The new seniority rosters will be available for use by employees who have a displacement.

Q29. Will the Carrier offer separation allowances?

A29. 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.

Q30. When will reserve boards be established and under what conditions will they be governed?

A30. After qualification has been completed in the Salina Hub and prior to reducing engineers from assignments who are on the initial merged roster. When reserve boards are established, they will be governed by the current agreement covering the UPED engineers at Salina.

Q32. What options will apply for the 10/11th district engineers?

A32. Three engineers will be offered the option to be assigned to the Denver Hub, those not going to the Denver Hub will be covered under this agreement.

ARTICLE IV - PROTECTION

Q33. Will any UPED 8th District employees receive NYD protection as a result of this agreement?

A33. Yes, but only those 8th District employees from Kansas City whose applications are accepted at the time of implementation for assignments at Salina except as provided in Q & A 60.

Q34. What is automatic certification?

A34. 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.

Q35. How will the test period average be determined?

A35. The parties have agreed to use the calendar year 1996 as the twelve month period. Normally, the twelve month period immediately prior to the implementation date is used, however, since severe flooding on the SP and UP beginning January 1, 1997, altered normal service through the central corridor, the parties agreed to use the 1996 calendar year.

Q36. How does the Carrier calculate test period earnings if, for example, an employee missed two (2) months compensated service in 1996?

A36. If an employee had no compensated service in the two (2) months, the Carrier will go back fourteen (14) months to November 1, 1995, to calculate the test period earnings based on twelve (12) months compensated service.

Q37. How will an employee be advised of their test period earnings?

A37. Test period averages will be furnished to each individual and the General Chairman.

Q38. How will union officers' test period average be calculated?

A38. In accordance with past practice pursuant to other merger transactions on the UP system.

Q39. How is length of service calculated?

A39. It is the length of continuous service an employee has in the service of the Carrier with a month of credit for each month of compensated service.

Q40. If an employee has three years of engineers service and three years of conductor service, how many years of protection will they have?

A40. Six.

Q41. How will the employees know which jobs are higher rated?

A41. The Carrier will periodically post job groupings identifying the highest to lowest paid jobs.

Q42. Will specific jobs be identified in each grouping?

A42. Pools, locals and extra boards may be identified separately but yard jobs and road switchers will not be.

Q43. What rights does an employee have if he/she is already covered under labor protection provisions resulting from another transaction?

A43. 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.

Q44. If an employee is displaced from his/her assignment and not immediately notified of the displacement, will their New York Dock protection be reduced?

A44. An employee's reduction from New York Dock protection would commence with notification or attempted notification by the Carrier and would continue until the employee placed themselves.

Q45. How will reductions from protection be calculated?

A45. In an effort to minimize uncertainty concerning the amount of reductions and simplify this process, the parties have agreed to handle reductions from New York Dock protection as follows:

1. Pool freight assignments – 1/15 of the monthly test period average will be reduced for each unpaid absence of up to 48 hours or part thereof. Absences beyond 48 hours will result in another 1/15 reduction for each additional 48 hour period or part thereof.

2. Five day assignments - 1/22 of the monthly test period average will be reduced for each unpaid absence of up to 24 hours or part thereof. Absences beyond 24 hours will result in another 1/22 reduction for each additional 24 hour period or part thereof.

3. Six-seven day assignments - The same process as above except 1/26 for a six day assignment and 1/30 for a seven day assignment.

4. Extra board assignments – 1/20 of the monthly test period average will be reduced for each unpaid absence of up to 24 hours or part thereof. Absences beyond 24 hours will result in another 1/20 reduction for each additional 24 hour period or part thereof.

NOTE: Engineers on extra boards that go to the foot of the extra boards after a layoff will be considered as having an additional 24 hours off for riding the board.

Q46. Why are there different dollar amounts for non-home owners and homeowners?

A46. 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 remaining \$20,000 is in lieu of loss on sale of home.

Q47. Why is there one price on loss of on sale of home?

A47. It is an in lieu of amount. Employees 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.

Q48. What is loss on sale of home for less than fair value?

A48. 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.

Q49. If the parties cannot agree on the loss of fair value what happens?

A49. 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.

Q50. What happens if an employee sells the home for \$20,000 to a family member?

A50. 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.

Q51. What is the most difficult part of New York Dock in the sale transaction?

A51. 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.

Q52. Who is required to relocate and is thus eligible for the allowance?

A52. An employee who can no longer hold a position at his/her location and must relocate to hold a position as a result of the merger. This excludes employees who are borrow outs or forced to a location and released. In addition, this agreement has provisions that treat certain employees as required to relocate.

Q53. Are there mileage components that govern the eligibility for an allowance?

A53. Yes, the employee must have a reporting point farther than his/her 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.

Q54. Can you give some examples?

A54. The following examples would be applicable.

Example 1: Employee A lives 25 miles south of Salina and works a position at Hoisington which is 50 miles away. As a result of the merger he/she is assigned to a position at Salina. Because his/her new reporting point is closer to the place of residence, no allowance is given.

Example 2: Employee B lives 20 miles south of Council Grove and works a position at Council Grove. As a result of the merger he/she goes on duty at Salina which is 60 miles away. The employee meets the requirement for an allowance and whether he/she is a home owner who sells their home or a non-homeowner determines the amount of the allowance.

Q55. The Agreement provides that certain employees will be "treated as" having to relocate as a result of the merger. Does that mean such employees do not have to meet the requirement of the mileage test in order to qualify for a relocation allowance?

A55. No the mileage requirements apply to all employees.

Q56. Must MPUL engineers and Oakley engineers be forced to an assignment to be eligible for relocation benefits?

A56. No, since they must relocate they can make application for other assignments.

Q57. Will engineers be allowed temporary lodging when relocating?

A57. Engineers entitled to a relocation allowance shall be given temporary lodging for thirty (30) consecutive days unless they claim the thirty (30) day driving allowance to Salina.

Q58. Is the Reserve Board treated as the highest rated position?

A58. No.

Q59. After all employees are qualified and all positions filled and there is a surplus in the Hub, how are Reserve Board positions allocated?

A59. [Organization to advise]

Q60. Will UPED Kansas City 8th District employees currently holding positions in the Kansas City-Salina pool be entitled to NYD protection if they do not bid on the positions being transferred to Salina under this implementing agreement?

A60. The employees in the Kansas City-Salina pool may elect to begin NYD protection upon implementation of the Salina Hub; however, they shall not be entitled to begin a new protection period after the merger agreement/award covering Kansas City is effective.

Q61. Will employees listed on the merged roster who are on the bump board, or not working on the implementation date due to a leave of absence or medical leave be eligible for NYD protection as specified in Article VI?

A61. Yes. When such employees return to active service they will be eligible for NYD protection.

UNION PACIFIC RAILROAD COMPANY

JJ MARCHANT
SR ASST VICE PRESIDENT
LABOR RELATIONS

1416 DODGE STREET
OMAHA NEBRASKA 68179

May 20, 1997

Mr. D.E. Penning
General Chairman BLE
12531 Missouri Bottom Road
Hazelwood MO 63042

Mr. M.A. Young
General Chairman BLE
1620 Central Ave #201
Cheyenne WY 82001

Dear Sirs:

As a result of merger negotiations of the Salina Hub, proposals have been sent to your offices for review and potential ratification by your membership. Concurrently the dynamics of business in the Central Corridor, BNSF start up of traffic rights and Salt Lake and Denver Hub merger implementation create the potential for train operations to have an impact on employees identified in the Salina Hub.

In order to avoid potential conflicts with regards to the various provisions of the Salina Hub proposal and to avoid lost work opportunities pending either ratification or arbitration it is proposed that the Salina proposal be used as an interim agreement effective June 1, 1997. The parties would agree:

1. The agreement would be used until either the proposal is passed or if not passed until an arbitration award covering this area becomes effective. If not passed then it would cause in its entirety upon implementation of the award.
2. Employees would not be permitted to relocate during the interim period but operations would be as follows:
 - a. Salina-Kansas City would stay a double headed pool with all new turns added at Salina using the proration of turns identified in the proposal.
 - b. Salina-Sharon Springs would stay a double headed pool with all new turns added at Salina using the proration of turns identified in the proposal with the Carrier paying a driving allowance to Sharon Springs unless the BLE advises that they want the driving allowance to Salina as a single headed pool.
 - c. MPUL employees shall receive the driving allowance for working at Salina and the driving allowance shall count against the 30 days provided in the agreement.

3. Employees would receive wage protection during the interim period and the time will not count against their New York Dock time.

4. The BLE shall advise the Carrier no later than June 23, 1997 if the proposal is ratified. Upon written notification the Carrier may then implement the proposal upon five days notice.

Should the above meet with your approval, please sign below.

Yours truly,

W.S. Hinckley

Agreed:

 /s/ Michael Young
General Chairman, BLE

May 30, 1997
Date

 /s/ Dennis E. Penning
General Chairman, BLE

May 30, 1997
Date

To: Jerry O. Everett, Karolyn A. Burchfield, Lynn A. Lambert, Frank A. Tamisiea, Thomas L. Dein, William B. Hutfles, Tony A. Zabawa, Susan L. Wimmer
cc: Brad King, Steve Barkley, Ron Quinley, William S. Hinckley
From: Catherine J. Andrews
Date: 06/27/97 04:35:22 PM
Subject: Salina Hub

Notice has been served on the BLE and the UTU to implement the Salina Hub agreements July 1, 1997. The Carrier and BLE agreed to the same familiarization arrangement/pay as the Denver Hub (one hour straight time if required to ride with an engineer on a familiarization trip -- not limited to a specific pool of "peer trainers"). If you have any Qs give me or Scott a call 271-5948/271-5201.

To: Thomas L. Dein, William B. Hutfles, Susan L. Wimmer
cc: Tony A. Zabawa, William S. Hinckley
From: Catherine J. Andrews
Date: 06/24/97 10:23:45 AM
Subject: Salina Hub

Assuming a July 1 implementation date, just a reminder that rosters and TPAs need to be ready for the Salina Hub as well as posting notices of the change of on/off duty points to Sharon Springs. Please advise if all systems are go - General Chairmen have been inquiring. Thank you.

Attention Priority: Normal

UNION PACIFIC RAILROAD COMPANY

W.S. HINCKLEY
GENERAL DIRECTOR
LABOR RELATIONS – OPERATING – SOUTH

1416 DODGE STREET
OMAHA NEBRASKA 68179
(402) 271-3689

May 30, 1997

Mr. D.E. Thompson
General Chairman BLE
414 Missouri Boulevard
Scott City, Missouri 63780

Dear Sir:

This refers to our discussions concerning engineers at Herington that operate in the pool between Herington and Kansas City and the board employees that support the pool. Due to developments that have taken place in this corridor we have agreed that the Carrier will provide interim wage protection to these employees for the period of time between June 1, 1997 and the date a merger agreement or award is effective for these employees.

This protection will have a TPA based on the calendar year 1996 for each employee. This protection is without prejudice to either party's position as to merger events in this area but is entered into to facilitate train movements and to provide income protection to employees. With the establishment of this protection no claims or grievances will be made concerning train movements off the Pueblo line to other lines.

Should this reflect the arrangements agreed to by telephone please sign below. To facilitate the identification of these engineers please provide a list so that I may forward to the protection bureau.

Yours truly,

/s/ W.S. Hinkley
W.S. Hinkley

Agreed:

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

Mr. Hinckley - the verbal agreement that was reached included interim wage protection for the SSW engineers at Jefferson City as per the letter from Mr. Loomis and the rights, if any, of the affected Herington engineers in the Salina Hub, as per agreement to be reached with the establishment of the Hub affecting Herington and as per the agreement establishing the Herington Hub. My signature reflects this additional note in addition to the conditions in the letter

UNION PACIFIC RAILROAD COMPANY

1416 DODGE STREET
OMAHA NEBRASKA 68179

June 1, 1997
Side Letter No. 7

Mr. M.A. Young
General Chairman BLE
1620 Central Avenue #201
Cheyenne, WY 82001

Dear Sir:

This refers to our discussion concerning the familiarization of engineers upon implementation of the merger agreement. Several Local Chairmen were interested in supplementing the training process by designating peer trainers pursuant to the system agreement providing for peer trainers.

However, due to the large number of engineers that will need to become qualified on the new seniority district, it would not be practical to select a pool of peer trainers to accomplish the task of familiarization. In addition, it was noted that peer trainers were use to familiarize engineers in the Omaha Metro Complex and found they were constantly being called for this service as soon as rested over an extended period of time. Therefore, due to the unique nature of the familiarization needs in the Hub we agreed that engineers will not be removed from their regular assignments to become peer trainers and that any engineer required to assist an engineer on a familiarization trip will be compensated on a trip by trip as follows:

Engineers who work their assignment (road or 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 time slip indicating he/she was required to train another engineer and shall include the name of the engineer taking the familiarization trip on the time slip. This understanding is without prejudice or precedence to either party. Please sign below and return one copy to this office.

Yours truly,

/s/ W.S. Hinkley
W.S. Hinkley
General Director Labor Relations

Agreed:

 /s/ Michael Young
General Chairman BLE

UNION PACIFIC RAILROAD COMPANY

W.S. HINCKLEY
GENERAL DIRECTOR
LABOR RELATIONS – OPERATING – SOUTH

1416 DODGE STREET
OMAHA NEBRASKA 68179
(402) 271-3689

June 18, 1997

Mr. D.E. Penning
General Chairman BLE
12531 Missouri Bottom Road
Hazelwood, MO 63042

Mr. M.A. Young
General Chairman BLE
1620 Central Ave #201
Cheyenne, WY 82001

Mr. D.M. Hahs
Vice President BLE
515 Northbelt East Suite 120
Houston, TX 77060

Mr. Dennis Simmerman
Director BLE
1370 Ontario Avenue
Cleveland, OH 44113-1702

Gentlemen:

This refers to the conference call held on June 17, 1997 with several BLE representatives to clarify issues relating to the Salina proposal. This letter is a follow up to that call and details the answers to the issues raised.

Item 1. If no Salina/Kansas City ID crews are available at the far terminal (Kansas City) when a west bound train is available how will the train be manned?

Answer: Non-ID service between Salina/Junction City and Kansas City/Junction City still exists. If there are no pool crews available in that service, then the extra board will be used to take the train to Junction City.

Item 2: Does a demoted 8th District Engineer have the right to bid on one of the 8th District's equity positions in the Salina Hub (pool and extra board)?

Answer: Yes, the assignments will be available to all 8th district engineers.

Item 3: What trainman date will an 8th District Engineer have once placed in the Salina Hub Engineer's roster?

Answer: Employees who become part of the Salina Hub will only have seniority in that Hub. The trainman's agreement provides for a new Zone 300 seniority district. Engineers who previously had Zone 100 trainman's seniority will be dovetailed with the MPUL trainman on the new roster. 8th District Engineers that did not have Zone 100 seniority will receive a new seniority date.

Item 4: Article II (A)(1) refers to the employees current hire date as a tie breaker when two employees have the same date as an engineer. Does this refer to hire date on the railroad or in an operating craft?

Answer: This refers to hire date in an operating craft.

Item 5: How will engineers be paid when working their own assignment with an engineer required to familiarize another employee in connection with the merger?

Answer: The same letter of understanding that was entered into for the Denver Hub will be used in the Salina Hub. A copy of that June 1, 1997 letter is attached.

Item 6: Since Kansas City has several destinations in the terminal can a standard mileage arrangement for Salina-Kansas City runs be established to eliminate future disputes and/or timekeeping problems?

Answer: The Carrier would be willing to explore this further, however since the same issue would apply to Marysville-Kansas City runs, this project will be given to the General Director Labor Relations for that area.

Item 7: How would the Carrier run Salina-Oakley business after implementation?

Answer: The Carrier could run it in pool service and deadhead the crews on to Sharon Springs, or they could put on a local(s). If bulletined at Salina then Salina crews would man this service, if bulletined at Oakley then Oakley crews would man this service. If an extra then the extra board would handle. If heavy traffic evolved between these two points a Salina-Oakley pool could be reestablished.

Item 8: If after relocating from Kansas City an 8th district engineer retires, who can fill the allocated 8th district turn in the Salina pool?

Answer: The two 8th district engineers that come over on their common date will have prior rights to that turn ahead of other employees. 8th district engineers who remain in Kansas City will not be eligible for that turn. After the two 8th district engineers are exhausted then other UPED engineers in the Hub and then MPUL engineers who have transferred.

Item 9: Some employees have already placed their homes on the market, what happens if they receive an offer prior to ratification?

Answer: If all other criteria are met, i.e. they owned the home prior to the approval of the merger (September 1996), they were required to relocate, etc., and the agreement is ratified then they will qualify for the moving benefits.

Item 10: With the expansion of the Kansas City terminal will there be a plan to familiarize engineers with the different locations and routes within the terminal, especially those who have never been there?

Answer: Labor Relations will review this issue with the operating department and prepare a letter for the General Chairmen covering this subject.

Item 11: Are there any other outstanding issues?

Answer: Yes, there are two of them. The first involves an average reserve board rate for MPUL engineers that would allow a bid right to the assignments without loss of protection. This will be reviewed after TPA's are established. The second involves a request for a two hour call. The Carrier will extend the calling time until after most employees are assigned at Salina and then will review the matter.

The above covers the issues raised. There were some other questions but it was the consensus that the agreement or Q&A's attached to the proposal already answered those and they agreed not be repeated here.

Yours truly,

/s/ W.S. Hinkley
W.S. Hinkley

cc: Lynn Lambert
Tom Dein
Cathy Andrews
Tony Zabawa
Bill Hutfles