

MERGER IMPLEMENTING AGREEMENT
(Denver 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. Denver Hub

A new seniority district shall be created that encompasses the following area: UP milepost 429.7 at Sharon Springs, Kansas; UP milepost 511.0 at Cheyenne, Wyoming; DRGW milepost 451.7 at Grand Junction, Colorado and milepost 251.7 at Alamosa, Colorado; SSW milepost 545.4 at Dalhart, Texas and UP milepost 732.1 at Horace, Kansas and all stations, branch lines, industrial leads and main line between the points identified.

II. Seniority and Work Consolidation.

The following seniority consolidations will be made:

A. A new seniority district will be formed and a master Engineer Seniority Roster,

UP/BLE Denver Hub Merged Roster #2, will be created for the employees assigned to the Denver Hub on December 1, 1996. 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.

Prior Rights to Zones, Example (assumes only has 5 people on roster):

Name	Roster Ranking	Zone 1 (Denver Terminal, Denver-Axial/Bond/ to Sharon Springs /Cheyenne <i>excluding Sharon Springs & Cheyenne yard/local /road switchers</i> , Pueblo-Horace) [UPED,MPUL Pueblo roster, DRGW]	Zone 2 (Grand Junction / Denver/Bond/Montrose /Oliver/Minturn) [DRGW]	Zone 3 (Pueblo-Denver/S.Fork/Minturn/ to Dalhart, <i>excluding Dalhart</i>) [DRGW]
JONES, A.	#1	X		
SMITH, B.	#2	X		
ADAMS, C.	#3			X
BAILEY, D.	#4		X	
GREEN, E.	#5			X

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 December 1, 1996, will have no prior rights but will have roster seniority rights in accordance with the zone and extra board provisions set forth in this Agreement.

B. The new UP/BLE Denver Hub Merged Roster #2 seniority district will be divided into the following three (3) Zones:

1. Zone 1 will include Denver east to but not including Sharon Springs, Denver north to but not including Cheyenne, Denver west to and including Bond and Axial, Pueblo east to Horace, and all road and yard operations within the Denver Terminal including any road switchers at Colorado Springs.

2. Zone 2 will include Grand Junction to Denver (long pool only), Grand Junction to Montrose, Oliver, Minturn (not including Minturn helper service) and Bond.
3. Zone 3 will include Pueblo to Denver, South Fork, Minturn and to Dalhart not including Dalhart, but including Minturn helper service.
4. Road, road/yard or yard extra boards will not be part of any zone if they cover assignments in more than one zone. Extra boards that cover assignments in only one zone will be governed by zone rules and the current rules of the collective bargaining agreement for this Hub.

C. Engineers initially assigned to the new roster will be accorded prior rights to one of the three zones based on the following:

1. Zone 1 - Engineers assigned to rosters on the former Union Pacific Eastern District 10th, 11th and 14th Districts, MPUL Pueblo roster and DRGW employees working positions that operate within the points specified for this Zone on December 1, 1996.

Note: Only those engineers that relocate to Denver from Oakley (10th and 11th) will be included in the Denver Hub roster. Those that remain in Oakley or relocate to Salina will be placed or remain on the roster that will govern Salina after the merger.

2. Zone 2 - Engineers assigned to rosters on the former DRGW positions that operate within the points specified for this Zone on December 1, 1996.
3. Zone 3 - Engineers assigned to rosters on the former DRGW working positions that operate within the points specified for this Zone on December 1, 1996.
4. Any engineer working in one of the Zones on or before December 1, 1996, and reduced from the engineer's working list on the implementation date shall also be given a date on the roster and prior rights in the appropriate Zone. Engineers currently forced to positions within the Denver Hub or borrowed out to locations within the Denver Hub will be released when their services are no longer required and will not establish a permanent date on the merged roster.

Note 1: Working positions that operate within the points specified for a Zone is defined as holding an assignment (non-through freight, yard, extra board or through freight) with an on duty home terminal point within the territory of the new Zone as specified above.

Note 2: DRGW engineers with prior rights previous to this Agreement will retain those prior rights and will not establish new prior rights while using their system seniority at an outside location.

D. Engineers promoted and assigned to the merged roster after implementation shall be assigned to a zone, but without prior rights, based on the Carrier's determination of the

demands of service at that time in the Denver Hub. Student engineers in training on December 1, 1996, will be assigned a zone with prior rights in the zone covering the territory designated in the bulletin seeking application for engine service.

E. The purpose of creating zones is twofold: First it is to provide seniority in an area that an employee had some seniority prior to the merger, or contributed some work after the merger, unless that trackage is abandoned, and thus preference to some of their prior work over employees in other zones; Second to provide a defined area of trackage and train operations that an engineer can become familiar so as not to be daily covering a multitude of different sections of track. As such the following will govern:

1. Engineers will be allowed to make application for an assignment in a different zone as vacancies arise. If reduced from the working list in their zone, engineers may exercise their common seniority in the remaining two zones.
2. Engineers may not hold a reserve, supplemental or protection board outside their zone. The current collective bargaining agreement is amended to provide for a supplemental (reserve) board for each zone.

F. It is understood that certain runs home terminalled in the Denver Hub will have away from home terminals outside the Hub and that certain runs home terminalled outside the Hub will have away from home terminals inside the Hub. Examples are Denver to Cheyenne and Pueblo to Dalhart. It is not the intent of this agreement to create seniority rights that interfere with these operations or to create double headed pools. For example, Denver will continue to be the home terminal for Denver-Cheyenne runs and Cheyenne will not have equity in these runs. The Denver-Rawlins run currently has no employees assigned to it. If this operation is reestablished at a later date the current Denver-Rawlins pool agreement will continue to apply with Denver as the home terminal.

G. All engineer vacancies within the zones must be filled prior to any engineer being reduced from the working list or prior to engineers being permitted to exercise to any reserve, supplemental or protection boards. All non prior right engineers (those hired after December 1, 1996) must be displaced prior to any engineer holding a position on a reserve board or supplemental board.

H. All engine service seniority outside the Denver Hub will be held in abeyance during the interim period as set forth in Article VII. Engineers working outside the Denver Hub but currently holding seniority in the Denver Hub will not be able to exercise seniority into the Denver Hub during the interim period. After the interim period, seniority will be finalized with employees holding seniority in only one seniority district. After seniority is finalized within the Denver Hub, Engineers outside the Denver Hub who previously held seniority on territory within the Denver Hub prior to the implementation of this Agreement shall be given the opportunity to return to the Denver Hub on a voluntary basis prior to the Carrier posting a bulletin or advertisement for engine service positions within the Denver Hub. Engineers must have a standing application on file requesting

transfer back to the Hub at least thirty (30) days prior to the Carrier's need for additional engineers. They must relocate to the appropriate home terminal at his or her own expense. Engineers electing to return to the Denver Hub under this provision will be placed at the bottom of the roster without prior rights with a new seniority date and will relinquish all seniority outside the Denver Hub.

I. 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 Denver Hub seniority roster at the end of the interim period 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. The entry rate provisions shall be waived during the interim period. Those engineers leaving the Denver Hub shall be governed by the collective bargaining agreement where they relocate.

III. Terminal Consolidations

The following terminal consolidations will be implemented in accordance with the following provisions:

A. Denver Terminal

1. The existing switching limits at Denver will now include Denver Union Terminal north to and including M.P. 6.24 at Cheyenne and M.P. 6.43 on the Dent Branch, south to and including M.P. 5.5, east to and including M.P. 635.10, and west to and including M.P. 7.5. Yard crews currently perform service on the Boulder Branch and they may continue to do so after implementation of this agreement in accordance with existing agreements.

Note: The intent of this section is to combine the two Carrier's facilities into a common terminal and not to extend the switching limits beyond the current established points.

2. All UP and SP operations within the greater Denver area shall be consolidated into a unified terminal operation.

3. All road crews may receive/leave their trains at any location within the boundaries of the new Denver terminal and may perform work anywhere within those boundaries pursuant to the applicable collective bargaining agreements. The Carrier will designate the on/off duty points for road crews with the on/off duty points having appropriate facilities for inclement weather and other facilities as currently required in the collective bargaining agreement.

4. All rail lines, yards, and/or sidings within the new Denver terminal will be considered as common to all crews working in, into and out of Denver. All crews will be permitted to perform all permissible road/yard moves pursuant to the

applicable collective bargaining agreements. Interchange rules are not applicable for intra-carrier moves.

B. General Conditions for Terminal Operations

1. Initial delay and final delay will be governed by the controlling collective bargaining agreement, including the Duplicate Pay and Final Terminal Delay provisions of the 1986 and 1991 National Awards and implementing agreements.
2. Employees will be transported to / from their trains to / from their designated on / off duty point in accordance with Article VIII, Section 1 of the May 19, 1986 National Arbitration Award.
3. The current application of National Agreement provisions regarding road work and Hours of Service relief under the combined road / yard service zone, shall continue to apply. Yard crews at Denver, Grand Junction and Pueblo may perform such service in all directions out of the terminal.

Note: Items 1 through 3 are not intended to expand or restrict existing rules

IV. Pool Operations.

A. The following pool consolidations may be implemented to achieve efficient operations in the Denver Hub:

1. All Grand Junction-Denver/Bond and Grand Junction-Minturn pool operations shall be combined into one pool with Grand Junction as the home terminal. Denver shall have three separate pool operations during the interim period: Denver-Phippsburg/Bond, Denver-Cheyenne, and Denver-Sharon Springs. Upon finalization of seniority within the Hub, Denver may have one, two or three pools as the Carrier determines. Short pool operations when run shall be between Grand Junction-Bond and Denver-Bond.
2. All Pueblo-Denver and Pueblo-Dalhart pool operations shall be combined into one pool with Pueblo as the home terminal. The Pueblo-Alamosa local shall remain separate but Pueblo-Alamosa traffic may be combined with the Pueblo-Dalhart and Pueblo-Denver pool if future traffic increases result in pool operations. The Pueblo-Minturn pool shall remain separate until the number of pool turns drops below ten (10) due to the cessation of service on portions of that line, at that time, the Carrier may combine it with the remaining Pueblo pool. The Pueblo-Horace pool shall remain separate until terminated with the abandonment of portions of that line. The tri-weekly local provisions shall apply until abandonment of any portion of the line east of Pueblo where Pueblo crews now operate.

3. Pool, local, road switcher and yard operations not covered in the above originating at Grand Junction shall continue as traffic volumes warrant.
4. Helper service at Minturn shall remain separate until terminated with the cessation of service on portions of the line where the helpers operate.
5. Any pool freight, local, work train or road switcher service may be established to operate from any point to any other point within the new Seniority District with the on duty point within one of the zones.
6. The operations listed in A 1 – 4 above, may be implemented separately, in groups or collectively upon ten (10) days written notice from the Carrier to the General Chairman. Implementation notices covering item (5) above, shall be governed by applicable collective bargaining agreements.
7. Power plants between Denver and Pueblo may be serviced by either Pueblo-Denver pool or the Denver Extra board or a combination thereof. The Denver extra board shall be used first and if exhausted, the pool crew will be used and deadheaded home after completion of service.

B. The terms and conditions of the pool operations set forth in Section A 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. Twenty-Five mile Zone - At Grand Junction, Pueblo, Sharon Springs, Denver, Cheyenne and Dalhart, 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.

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

2. Turnaround Service/Hours of Service Relief - Except as provided in (1) above, turnaround service and Hours of Service Relief at both home and away from home terminals shall be handled by extra boards, if available, prior to using pool crews. Engineers used for this service may be used for multiple trips in one tour of duty in accordance with the designated collective bargaining agreement rules. Extra boards may perform this service in all directions out of their home terminal.

Note: Due to qualification issues at Minturn the pool crews will continue to perform Hours of Service relief at this location.

3. Nothing in this Section B (1) and (2) prevents the use of other engineers to perform work currently permitted by prevailing agreements, including, but not limited to yard crews performing hours of service relief within the road/yard zone, ID crews performing service and deadheads between terminals, road switchers handling trains within their zones and using an engineer from a following train to work a preceding train.

C. Agreement Coverage - Employees working in the Denver Hub shall be governed, in addition to the provisions of this Agreement, by the Agreement between the Union Pacific Railroad Company and the BLE Union Pacific Eastern District, including all addenda and side letter agreements pertaining to that agreement, the May 31, 1996 Local/National Agreement applicable to Union Pacific and previous National Agreement/Award/Implementing Document provisions still applicable. Except as specifically provided herein and in Attachment "B", the system and national collective bargaining agreements, awards and interpretations shall prevail. None of the provisions of these agreements are retroactive.

D. 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 protection, reserve or supplemental 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 one of the boards 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 one of the boards described above covering the vacant prior right assignment then the senior non prior right applicant will be assigned. If no applications are received then the most junior employee on any of the boards described above will be recalled and will take the assignment or displace a junior employee. If there are no engineers on any protection, reserve or supplemental boards, then the senior demoted engineer in the Denver 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.

V. Extra Boards

A. The following road / yard extra boards may be established to protect engineer assignments as follows:

1. Denver - One (1) extra board to protect the Denver-Cheyenne, Denver-Sharon Springs and Denver-Phippsburg and Denver-Bond pools, the Denver yard assignments and all road switchers, locals and work trains originating within these territories and extra service to any power plant and other extra board work.

2. Pueblo - One (1) extra board to protect the Pueblo-Denver, Pueblo- Alamosa, Pueblo-Minturn and Pueblo-Dalhart pool operations, Pueblo Yard assignments and all road switchers, locals and work trains and other extra board work originating within the these territories. The MPUL extra board shall remain separate during the interim period and shall be phased out with the Pueblo-Horace pool operations.

3. Grand Junction - One (1) extra board to protect Grand Junction-Denver, Grand Junction-Bond and Grand Junction-Minturn pool(s), Grand Junction yard, road switcher, local and work train assignments and other extra board work originating within these territories. Since the extra board at Grand Junction is at a point joining two hubs, it may protect work up to but not including Helper, Utah.

Note: At each of the above locations the Carrier may operate more than one extra board. When more than one extra board is operated the Carrier shall notify the General Chairman what area each extra board shall cover. When combining extra boards the Carrier shall give ten (10) days written notice.

B. The Carrier may establish extra boards at outside points to meet the needs of service pursuant to the designated collective bargaining agreement provisions. Extra boards at outside points such as Phippsburg may continue.

C. At any location where both UP and DRGW extra boards exist the Carrier may combine these boards into one board.

Vi. Protection

A. Due to the parties voluntarily entering into this agreement the Carrier agrees to provide New York Dock wage protection (automatic certification) to all engineers who are listed on the Denver Hub Merged Roster #2 and working an engineer assignment (including a protection board) during the interim period or relocated under this agreement to a point outside the Denver Hub. This protection will start with the effective (implementation) date of this agreement. 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. If the interim period is less than one year, when the interim period is terminated, employees certified as part of this agreement will have their protection period start over. If the interim period is in excess of one year the employee's final protection period will begin after one year.

C. Engineers required to relocate under this agreement will be governed by the relocation provisions of New York Dock. In lieu of New York Dock provisions, an 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.

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.

D. There will be no pyramiding of benefits.

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

F. The establishing of interim protection is without prejudice or precedent to either parties position and will not be cited by either party.

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

H. Employees, with New York Dock wage protection, who relocate either within or outside the Denver Hub under the provisions of this Agreement shall take their New York Dock wage protection with them. When relocating outside the Denver Hub the interim protection shall cease and the regular protection shall start upon reporting for the new assignment.

Vii. Interim Operations

This agreement is a final agreement covering the area described in Article I. It begins with an interim period of operation that covers the creation of protection boards. In addition to other provisions of this agreement, the interim period shall be governed by the following:

A. The interim period shall begin with the implementation of this agreement as outlined in Article VIII, IMPLEMENTATION.

B. As traffic routing changes and surplus employees are developed, the following process will govern for each zone:

1. First, force assigned employees shall be released.
2. Second, borrow-out employees shall be released.
3. Third, additional surplus will be added to the protection board.

C. Each Zone shall have one protection board and an employee must hold prior rights in that Zone to be eligible to hold the protection board.

D. If any Zone(s) have a surplus and other Zone(s) have borrow-outs, force assigned, or a shortage of employees, and no one on their protection board, the following shall govern:

1. The Carrier shall advise of the number of employees needed in the appropriate Zone which has the shortage.
2. The senior applicant from the other Zone(s) with a surplus shall be assigned to the vacancies.
3. If there are no applicants, the most junior employee on the protection board(s) in the other Zones shall be forced unless junior employees are working in their Zone and they elect to displace the junior employee who shall, in turn, be forced to fill the vacancy.

4. Where necessary, Employees forced from one Zone to another Zone during the interim period shall be governed by the relocation provisions of this agreement and shall have the election to change their prior rights designation to their new Zone. During the interim period employees shall not be forced from one zone to another more than once.

Note 1: After the two year period identified in Article VI(C)(4) is terminated, relocations during an employees protection period and, as a result of the merger, will be covered under New York Dock provisions only and not Article VI, Section C. Seniority moves between or within Zones will not be covered by this agreement or New York Dock.

5. Because the MPUL engineers at Pueblo are in Zone 1, their transfer provisions take precedence over those in this Section D.

E. The Carrier will identify other locations that either have a current shortage of engineers or will have a shortage due to projected traffic increases. Engineers, in the Salt Lake and Denver Hubs, shall in seniority order, be given the opportunity to make application for a permanent transfer to one of these locations. If there are borrow out engineers at the location, the employee may transfer immediately and displace the borrow out. If no borrow outs are at the location or the shortage does not yet exist, the transfer will be delayed until the employee is notified of the need. The Denver Hub shall have the first opportunity to go to Cheyenne working both directions and Rawlins, Wyoming, in accordance with the following: First, Union Pacific Eastern District Engineers forced to Denver shall be released to return to Cheyenne; Second, Union Pacific Eastern District Engineers working in Denver with seniority in Cheyenne may elect to relocate to Cheyenne to fill vacancies at that location; Third, DRGW and MPUL employees shall be allocated one pool position in each pool at Rawlins and Cheyenne above the base line number of pool turns, if applications are on file from these employees for these turns. If no applications are received, then those forced will not be entitled to the allocated pool slots. Additional DRGW and MPUL employees that go to Cheyenne and Rawlins shall place where their seniority permits. All DRGW and MPUL employees shall be placed at the bottom of the rosters at Cheyenne and Rawlins. The surplus DRGW / MPUL employees at Pueblo shall have the first opportunity to go to Dalhart

F. During the interim period, at locations outside the Hub where shortages exist and an insufficient number of applications are received for vacant positions, the junior engineer holding a surplus position in either Hub not having an application accepted to a shortage location shall be forced to the vacancy. If they are senior to other engineer's working in the Hub they may displace the junior working engineer at the location where they are surplus or the junior engineer working in the Hub, with the junior engineer being forced to the location. An engineer may not displace a junior engineer that has prior rights in a different zone and is working in their prior right zone.

G. Engineers on the protection board shall be paid the greater of their earnings or their protection. While on the protection board they shall be governed by basic New York

Dock protection reduction principles when laying off or absent for any reason.

H. The protection boards shall be located at Denver, Pueblo (two), Minturn, Phippsburg and Grand Junction and shall be used as follows:

1. The protection board shall be a supplemental board to be used when the extra board is exhausted. The first out engineer shall be rotated to the bottom of the protection board at noon each day.

2. Junior employees on the protection board may be temporarily added to the extra boards to permit the familiarization of employees over trackage they have not previously operated.

3. If engineers on a protection board are sent to another location to familiarize themselves on new territory prior to being actually assigned, the carrier shall provide lodging and \$25.00 per day for meals, as long as the employee is marked up

I. The interim period shall terminate upon sixty (60) days' written notice by the Carrier to the appropriate General Chairman.

Viii. Implementation

A. The Parties have entered into this agreement to implement the merger of the Union Pacific Railroad and Southern Pacific Railroad operations in the area covered by Notice 18W and any amended notices thereto.

In addition, the Parties understand that the overall operational implementation is being phased in to accommodate the cut over of computer operations, dispatching, track improvements and clerical support.

It is the Parties' intent to utilize the current work force in an efficient manner and not to require several relocations of an employee as areas of combined UP/SP operations are implemented. It is understood that some locations will have a surplus of employees while other locations will have a shortage due to such factors as track improvements that permit additional traffic volumes and cessation of business over other trackage. Therefore, it would be in the best interests of all concerned to delay final decisions on seniority placement and relocations where possible until the implementation of operations is closer to completion to enable employees to make a more informed choice of their options when faced with relocation.

B. The Carrier shall give thirty (30) days written notice for implementation of this agreement and the number of initial positions that will be changed in the Hub. Employees whose assignments are changed shall be permitted to exercise their new seniority. After the initial implementation the 10 day provisions of Article IV(A)(6) and

Article V(A) (note) shall govern.

C. Prior to movement to reserve boards or transfers outside the Hub, it will be necessary to fill all positions in the Denver Hub and then add all surplus positions in the Hub to the newly created protection boards.

Example: In Zone 1 all pool turns, locals, yard any other assignments and the extra boards at Denver must be filled prior to adding surplus engineers to a protection board. If all positions are filled and there are five engineers at Denver that do not have a spot and the other zones do not need them, then they may be placed on a protection board at Denver.

D. Due to the cessation of service over portions of the Hoisington Subdivision, MPUL engineers living and working in this area will be affected and shall be relocated to Denver, Cheyenne and Rawlins. Engineers in this area at the time of implementation shall be placed on the UP/BLE merged Roster #2 and given prior rights in Zone 1. As vacancies arise in Zone 1, the affected MPUL Pueblo roster engineers will be notified and required to relocate in accordance with the protection provisions specified in Section VI.

E. At the end of the interim period the protection board(s) will terminate. If there are engineers on the protection board(s) the Carrier will open reserve board positions in the Zone(s) for the number of surplus engineers with an engineer date on or before October 31, 1985. Engineers forced to the reserve board will be treated as holding the highest rated position in the Zone they could hold.

IX. 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. 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.

B. 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 appropriate Hub.

This agreement is entered into this 8th day of April, 1997.

For the Organization:

/s/ Michael Young
General Chairman UPED

/s/ Carl L. James
General Chairman DRGW

/s/ D. E. Penning
General Chairman MPUL

For the Carrier:

/s/ Unknown
Asst. Vice-President Employee
Relations & Planning

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

/s/ Catherine J. Andrews
Assistant Director Labor Relations

Approved:

/s/ D M. Hahs
Vice President BLE

/s/ Jim McCay
Vice President-BLE

Attachment "A"

UNION PACIFIC RAILROAD COMPANY

J. J. Marchant
Sr. Asst. Vice President
Labor Relations

1416 Dodge Street
Omaha, NE 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 implementation 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 York 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 the 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, it will only seek those changes in existing 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

J. J. Marchant
Sr. Asst. Vice President
Labor Relations

1416 Dodge Street
Omaha, NE 68179

March 8, 1996

Mr. R P. McLaughlin
President – Brotherhood
of Locomotive Engineers
Standard Building
1370 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 the operational 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

J. J. Marchant
Sr. Asst. Vice President
Labor Relations

1416 Dodge Street
Omaha, NE 68179

March 9, 1996

Mr. R P. McLaughlin
President – Brotherhood
of Locomotive Engineers
Standard Building
1370 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

J. J. Marchant
Sr. Asst. Vice President
Labor Relations

1416 Dodge Street
Omaha, NE 68179

March 22, 1996

R P. McLaughlin
President, BLE
1370 Ontario Street
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 those 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

Sincerely,

/s/ John J. Marchant

John J. Marchant

ATTACHMENT "B"

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

1. **Miles Paid** - Each pool shall be paid the actual 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 here 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" - DEFINITIONS

HUB: A geographical area that has a single collective bargaining agreement and is a single seniority district.

COMPLEX: A geographical area that includes more than one terminal and road territory in between the terminals.

TERMINAL: A geographical area that includes one or more yards, connecting tracks and industrial areas.

OPERATIONAL NECESSITY: A change in operations as a result of the merger that requires a change in a collective bargaining agreement.

UNIFIED OPERATION: Combining facilities, equipment, management and manpower to achieve the economies and efficiencies of service resulting from the merger.

February 1, 1997
Side Letter No. 1

Gentlemen:

This refers to the handling of health and welfare benefits for employees involved in the UP/SP merger.

In order to ensure appropriate health and welfare coverage for affected employees, it is agreed that employees transferring from one collective bargaining agreement to another (i.e., DRGW employees) may elect one of the following options which must be exercised within thirty (30) days from the notice of merger implementation:

(A) Elect to retain present coverage.

OR

(B) Elect to accept the health and welfare coverage applicable to the territory to which transferred.

An employee failing to make an election shall be considered as having retained option (A). A health and welfare benefits election form, attached as Exhibit "A", will be furnished to employees who transfer so they can make an election.

Yours truly,

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

AGREED:

/s/ Michael Young
General Chairman UPED

/s/ D. E. Penning
General Chairman MPUL

/s/ Carl L. James
General Chairman DRGW

HEALTH AND WELFARE BENEFITS ELECTION FORM

In order to insure appropriate health and welfare benefits are maintained for affected employees as a result of the UP/SP merger, one of the following options must be selected within (30) days from the date this form is received by employees who transfer from one collective bargaining agreement to another:

___ (A) Elect to maintain present coverage.

___ (B) Elect to accept the health and welfare coverage applicable to the territory to which transferred.

An employee failing to make an election within the above time frame shall be considered as having retained present coverage under Option (A).

Employee Name

Social Security Number

Craft

Location

MAIL TO:
Joe Cvetas
Union Pacific Railroad Company
1416 Dodge Street, Room 332
Omaha, Nebraska 68179

February 1, 1997
Side Letter No. 2

Gentlemen:

During our negotiations we discussed ARTICLE 6 - LIFE INSURANCE and ARTICLE 9 - DISABILITY INSURANCE of the September 1995 Agreement between Southern Pacific Lines and your Organization. It was your position that coverage provided by the former agreement should be preserved for the former Southern Pacific engineers covered by this Implementing Agreement under the New York Dock protective conditions unless extended by agreement.

This will confirm that Carrier agreed that the premium payments required by agreement would continue for those Southern Pacific engineers who are covered by this implementing agreement and who are presently covered under those plans. These benefits will be maintained for such employees for six years from the implementation date of this agreement.

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.

Yours truly,

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

AGREED:

/s/ Michael Young
General Chairman UPED

/s/ D. E. Penning
General Chairman MPUL

/s/ Carl L. James
General Chairman DRGW

February 1, 1997
Side Letter No. 3

Gentlemen:

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

This will reflect our understanding that those former Southern Pacific 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, through December 31, 1997. Thereafter, vacation benefits shall be as set forth in the controlling agreement on the merged territory.

Yours truly,

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

AGREED:

/s/ Michael Young
General Chairman UPED

/s/ D. E. Penning
General Chairman MPUL

/s/ Carl L. James
General Chairman DRGW

February 1, 1997
Side Letter No. 4

Gentlemen:

During the negotiations the BLE had many Local Chairmen or their representatives in attendance. They listened to the negotiations, readings of the different Sections of the agreement and listened to the debate and explanations given for them. The Carrier believes that as both Local Chairmen and as participants to the negotiations that they can play an important role in assisting other engineers in the decision making that will follow the merger implementation. As such the Carrier proposed that when the first surplus of employees was created that the BLE Local Chairman for each committee or his designate (in writing) shall be the first persons placed on the protection boards.

While on these boards they will be placed on a hold status and will be required to be available to answer employee questions, discuss merger integration issues with local officers and help coordinate with CMS issues relating to the transfer of employees from one zone to another or outside the Hub and the assignment of employees to positions. In addition they will be performing their normal and usual duties associated with the Union Office they hold. While on this hold status they will not be rotating on the board. If they are required to relocate as a result of the merger or just learn new trackage, time will be granted for the accomplishment of these events. When there is no longer a surplus in a zone or the interim period ends they will be released back to a position their seniority permits.

Yours truly,

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

AGREED:

 /s/ Michael Young
General Chairman UPED

 /s/ D. E. Penning
General Chairman MPUL

 /s/ Carl L. James
General Chairman DRGW

February 1, 1997
Side Letter No. 5

Gentlemen:

This refers to Article II (H) of the implementing agreement and the opportunity of Engineers, inside and outside the Hub whose seniority is being altered, to make a seniority selection as to working in the new Denver Hub seniority district or on their old seniority district. (UPED, MPUL, DRGW)

During negotiations questions were raised as to how the process would work and whether employees coming into the Denver Hub under these provisions would have prior rights and protection. The parties agreed that a side letter would be the appropriate place to further address these issues. The following procedures and principles will govern:

1. During the sixty day period, beginning with the date of the Carrier's 30 day notice to implement and ending 30 days from the implementation date, engineers that hold such seniority may make application for inside the Denver Hub or outside the Hub, with applications forwarded to their General Chairman and General Director Labor Relations.
2. No engineer will be allowed to leave their current location until a replacement is available. Those engineers from outside the Denver Hub currently forced to Denver, will be permitted to leave first, after that, seniority within the old roster shall govern.
3. Engineers, in the Denver Hub on December 1, 1996, and electing to relocate to outside the Hub under these provisions shall take their New York Dock wage protection with them. However, they shall not be entitled to any relocation allowances. They shall be treated as holding the highest rated position they could hold in the Denver Hub, both prior right and dovetail, if rated higher than the assignment they can hold outside the Hub. They take no prior rights with them and will use the seniority date at their new location they would have been entitled to use prior to the merger. Should they be unable to hold as an engineer they must exercise their trainman's seniority.
4. Engineers outside the Denver Hub who elect to relocate to the Denver Hub seniority district under these provisions, shall not be entitled to New York Dock wage protection or any relocation allowances. They shall have a seniority date in Denver that they would have had prior to the merger, on the new dovetailed roster but shall not be entitled to any prior rights.
5. At the end of the 60 day period, the Carrier shall notify the appropriate engineers of the acceptance of their applications and that when replacements

are available they shall be released to relocate. Since in many instances other employees will be relocating to fill these new vacancies, an employee who has their application accepted cannot pull their application and must relocate.

Should the above properly reflect the procedures agreed to during negotiations please sign below.

Yours truly,

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

AGREED:

 /s/ Michael Young
General Chairman UPED

 /s/ D. E. Penning
General Chairman MPUL

 /s/ Carl L. James
General Chairman DRGW

February 1, 1997
Side Letter No. 6

Gentlemen:

This refers to Article VII (E) of the Denver merger agreement where it refers to the establishing of a base line for identifying the turns to be held by the MPUL/DRGW employees.

The parties agreed that the following method will be used to identify the pool turns and the responsibilities that go with them:

1. The Organization will average the number of pool turns using the months of July through October, 1996 for the following pools; Rawlins-Green River, Cheyenne-Green River, Cheyenne-Rawlins and Cheyenne-North Platte. This average will establish the base line for identifying the MPUL/DRGW turns.
2. If the number of average turns is 50 in a pool then the 51st and 52nd turns will be the allocated turns in that pool. Each pool will have its own allocated turns.
3. After the implementation date of the agreement the Carrier will bulletin these turns to MPUL/DRGW engineers for a period of ten days. The successful bidders will be notified and expected to report to their new location within 30 days. If turns go no bid then the turns are no longer allocated and will be subject to bid in seniority order from that time forth. MPUL/DRGW engineers that are successful bidders will be placed at the bottom of the respective roster but shall have prior rights to these assignments, shall take their protection with them and be eligible for the relocation allowance.
4. If at the time the notice is given there are less than the base line number of turns then the Carrier may have the engineers spend time familiarizing themselves on the new territory under the protection board provisions or remain in the Denver Hub until notified that they must relocate.
5. If at the time the notice is given there are more than the base line number of turns, then the successful bidders will displace the junior engineers in the pools, take the allocated turns and the remaining engineers holding lower turns will slide down to accommodate the displacements.
6. If after placing on an allocated turn an engineer elects to use their seniority to voluntarily place to another assignment then the turn is no longer allocated. If their pool turns are cut in the regulation process then they remain allocated turns and must be reclaimed when turns are increased.

7. There are eight positions that will be allocated and are initially offered four to the MPUL and four to the DRGW. If however the DRGW engineers make five applications and the MPUL only make three applications then the fifth DRGW application will be accepted.

Yours truly,

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

AGREED:

 /s/ Michael Young
General Chairman UPED

 /s/ D. E. Penning
General Chairman MPUL

 /s/ Carl L. James
General Chairman DRGW

UNION PACIFIC RAILROAD COMPANY

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 used to familiarize engineers in the Omaha Metro Complex and found they were constantly being called for this service as soon as nested 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 timeslip indicating he/she was required to train another engineer and shall include the name of the engineer taking the familiarization trip on the timeslip. 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. Hinckley
W.S. Hinckley
General Director Labor Relations

AGREED:

 /s/ Michael Young
General Chairman UPED

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

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

Mr. C. L. James
General Chairman BLE
294 Sifford Court
Pueblo West, CO 81007

Mr. E. L. Pruitt
General Chairman BLE
38750 Paseo Padre Parkway # A-7
Fremont, CA 94536

Mr. D. L. Stewart
General Chairman BLE
44 North Main
Layton, UT 84041

W. J. L. McCoy
Vice-President BLE
5050 Poplar Ave Suite 501
Memphis, TN 38157

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

Mr. Harold Ross
General Counsel BLE
1370 Ontario Avenue
Cleveland, OH 44113-1702

Gentlemen:

This will confirm conversations with the General Chairmen that due to the decision this week by the STB to extend the stay issued affecting the Denver and Sate Lake Hub merger implementation, the implementation of the BLE merger agreements shall continue to be held in abeyance. The new target date for implementation is now July 1, 1997. The Carrier will continue to keep the Local Chairmen on the protection boards and provide interim protection for all engineers in these Hubs. In addition, the Carrier will continue to work with the BLE on relocation and training issues to the extent possible pending agreement implementation.

Again, thank you for your cooperation.

Yours truly,

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

QUESTIONS & ANSWERS - BLE DENVER HUB

Article I - DENVER 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.

Q2. Which Hub is Grand Junction in?

A2. For seniority purposes engineers are in the Denver Hub, however due to the unique nature of Grand Junction being a home terminal for one Hub and away from home for another Hub, the extra board may perform service on both sides of Grand Junction.

Article II - SENIORITY AND WORK CONSOLIDATION

Q3. What is the status of pre-existing prior rights at a location such as Pueblo?

A3. DRGW engineers working at Pueblo on their system seniority but with prior rights elsewhere will have to elect prior rights at their original location or at Pueblo. If they elect Pueblo they will be junior to current prior right employees at Pueblo.

Q4. If the trackage between Pueblo and Horace is reopened and UP engineers operate over that territory, do MPUL engineers have prior rights to that work?

A4. Yes.

Q5. Why do the zones appear to overlap?

A5. Zones indicate a given area depending on the on duty point of an assignment. For example, for long pool service, Grand Junction is the proper zone for Grand Junction - Denver service. For short pool service Grand Junction is the zone for going to Bond and Denver is the proper zone for going Denver - Bond.

Q6. In Article II(C)(4), what does the phrase "when their services are no longer required" mean?

A6. It is the parties intent to release forced and borrow out employees as soon as practical but without causing an added burden on those employees who remain in the Hub. When the change in operations result in surplus employees then the forced and borrow out employees services will no longer be required and they will be released on a one for one basis.

Q7. In Article II (G), what does it mean when it refers to protecting all engineer vacancies within a zone?

A7. If a vacancy exists in a zone, it must be filled by a prior rights employee prior to placing employees on reserve, protection or supplemental boards. If a non prior rights employee is working in a zone then a prior rights employee must displace that person prior to going to a reserve, protection or supplemental board. If a vacancy exists in one zone and an employee in another zone is on a reserve, protection or

supplemental board that person will be recalled prior to the Carrier promoting additional engineers.

Q8. Will existing pool freight terms and conditions apply on all pool freight runs?

A8. No. The terms and conditions set forth in the controlling collective bargaining agreements and this document will govern.

Q9. In Article II (H) will an employee be entitled to a relocation allowance if they voluntarily move either within the Hub or outside the Hub?

A9. If, for example, an engineer working at Cheyenne wants to be in the Denver Hub and displaces a junior employee as part of the final seniority placement the Cheyenne engineer would not be entitled to a relocation allowance because that would be a seniority move not required by the merger.

Q10. In Article II (H), if an employee who leaves the Hub places an application to return to the Hub, must they return when notified of the need for more employees in the Hub?

A10. No, when notified they may at that time pull their application and elect to stay at their new location. When their application is pulled, it may not be resubmitted.

Q11. If a Cheyenne based engineer exercises his/her seniority to Denver as part of the final seniority process, will they receive wage protection?

A11. No. Employees who are outside the Hub on December 1, 1996, and not on the merged roster, are not certified for wage protection. If they move into the Hub after implementation on a seniority move basis they do not become protected and if they remain at Cheyenne they do not become protected as the runs to Rawlins and Green River are not affected by this merger notice.

Q12. Will an employee gain or lose vacation benefits as a result of the merger?

A12. SP/DRGW engineers will retain the number of weeks vacation earned for 1997 that they would have earned under their previous vacation agreement. Beginning with the 1998 calendar year they will be treated as if they had always been a UP engineer and will earn identical vacation benefits as a UP engineer who had the same hire date and same work schedule.

Q13. When the agreement is implemented, which vacation agreement will apply?

A13. The vacation agreements used to schedule vacations for 1997 will be used for the remainder of 1997.

Q14. Will personal leave be applicable to DRGW engineers in 1997?

A14. When the agreement is implemented, personal leave will be prorated for the remainder of the year.

Q15. What is the status of pre October 31, 1985 trainmen / firemen seniority?

A15. 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.

Q16. What is the status of post October 31, 1985 trainmen / firemen seniority?

A16. A post October 31, 1985 engineer will exercise their seniority as a trainman / fireman in accordance with the applicable agreements should they not be able to hold as an engineer after the interim period.

Q17. Will the Carrier continue to discuss ebb and flow issues after the merger?

A17. Yes, the Carrier recognizes the benefits of discussing this issue further.

Article III - TERMINAL CONSOLIDATIONS

Q18. If a yard job goes on duty in the previous UP yard what are the switching limits for performing work in the road / yard zone west of Denver?

A18. DRGW M.P. 7.5 will be used for all yard crews on duty in Denver.

Article IV - POOL OPERATIONS

Q19. If the on duty point for the Denver-Cheyenne pool is moved from Denver Union Terminal to the DRGW Yard, will the mileage paid be increased?

A19. Yes. The mileage will be from the center of DRGW Yard to Cheyenne.

Q20. Will the pools be blue printed or run first in first out?

A20. At the start of the implementation period they will run as they currently do and the parties will review the issue after a period of time to give the parties a chance to see how the merger has affected the pools.

Q21. Will the Denver - Oakley and Salina - Oakley pool ratios be maintained?

A21. No. With the movement of the terminal to Sharon Springs and the creation of single headed pools, there will be no ratios.

Q22. 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?

A22. 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.

Q23. In Article IV(B), Section 3 provides that the Carrier has the right to perform work currently permitted by or 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?

A23. No, the provision and its application is not changed by this agreement.

Q24. 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?

A24. Except in cases of emergency, the crew will be deadheaded on to the far terminal.

Q25. Is it the intent of this agreement to use crews beyond the 25 mile zone?

A25. No.

Q26. In Article IV(B), is the ½ basic day for operating in the 25 mile zone frozen and/or is it a duplicate payment / special allowance?

A26. No, it is subject to future wage adjustments and it is not duplicate pay / special allowance.

Q27. How is a crew paid if they operate in the 25 mile zone?

A27. If a pre-October 31, 1985 engineer is transported to its train 10 miles east of Sharon Springs and he takes the train to Denver and the time spent is one hour east of Sharon Springs and 9 hours 24 minutes between Sharon Springs and Denver 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 Denver.

C. One hour overtime because the agreement provides for overtime after 8 hours 24 minutes on the road trip between Sharon Springs and Denver. (210 miles divided by 25 = 8'24")

Q28. Would a post October 31, 1985 engineer be paid the same?

A28. 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.

Q29. How will initial terminal delay be determined when operating in the Zone?

A29. 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.

Q30. Can you give an example of other destinations that would not cause a runaround as described in Attachment B(7)?

A30. If one engineer is called to run from Denver to Sharon Springs and another is called to run from Denver to Cheyenne 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.

Q31. When the UPED agreement becomes effective what happens to existing DRGW / MPUL claims?

A31. The existing claims shall continue to be handled in accordance with the DRGW / 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.

Q32. Is the identification of the UPED collective bargaining agreement in Article IV, Section C, a result of collective bargaining or selection by the Carrier?

A32. Since UP purchased the SP system the Carrier selected the collective bargaining agreement to cover this Hub.

Q33. In Article IV (D), 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?

A33. 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.

Q34. Will an employee in engineer training on or before November 30, 1996, holding prior rights be entitled to bump an engineer only having common rights holding an assignment in his/her prior rights territory?

A34. Yes.

Article V - EXTRA BOARDS

Q35. How many extra boards will be combined at implementation?

A35. It is unknown at this time. The Carrier will give written notice of any consolidations whether at implementation or thereafter.

Q36. Are these guaranteed extra boards?

A36. Yes. The pay provisions and guarantee offsets and reductions will be in accordance with the existing UPED guaranteed extra board agreement.

Article VI - PROTECTION

Q37. What is automatic certification?

A37. 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.

Q38. How will the test period average be determined?

A38. 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 sever 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.

Q39. How does the Carrier calculate test period earnings if, for example, an employee missed two (2) months compensated service in 1996?

A39. 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.

Q40. How will an employee be advised of their test period earnings?

A40. Test period averages will be furnished to each individual and the General Chairman.

Q41. How is length of service calculated?

A41. 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.

Q42. If an employee has three years of engineers service and three years of conductor service, how many years of protection will they have?

A42. Six

Q43. How will the employees know which jobs are higher rated?

A43. The Carrier will periodically post job groupings identifying the highest to lowest paid jobs.

Q44. Will specific jobs be identified in each grouping?

A44. Pools, locals and extra boards may be identified separately but yard jobs and road switchers will not be.

Q45. What will determine if an engineer is considered a "dismissed" employee under this agreement?

A45. If an employee cannot hold any engineer position other than a protection board at their current location.

Q46. What triggers the seven day period in which the "dismissed" engineer must elect the separation allowance?

A46. The first day that an employee is placed on a protection board and cannot hold another position.

Q47. What rights does an employee have if he/she is already covered under labor protection provisions resulting from another transaction?

A47. 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.

Q48. If an employee is displaced from his/her assignment and not immediately notified of the displacement, will their New York Dock protection be reduced?

A48. 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.

Q49. Will an employee have their protection reduced while on a protection board?

A49. Yes, but only for layoffs or other absences. They will be considered as holding the highest rated position when on the board.

Q50. If an employee who has wage protection leaves the Hub or later returns to the Hub, how are they treated for protection purposes?

A50. They will be treated as holding the highest rated job they could hold in their previous seniority district if higher than the one in their new seniority district.

Q51. How will reductions from protection be calculated?

A51. 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.

Q52. Can you give an example of how the interim protection and regular protection will operate?

A52. The following examples cover employees with less than six years of service and more than six years of service:

Example 1: Employee A has eight years of service when the agreement is implemented on April 1, 1997. The interim period runs until January 1, 1998. The employee will receive interim protection until January 1, 1998, and on that date will receive six years New York Dock protection.

Example 2: Employee B has three years of service under the same facts as example 1. Employee B will have interim protection until January 1, 1998, and will then have three years nine months New York Dock protection.

Example 3: Employee A has eight years of service when the agreement is implemented on April 1, 1997. The Interim period runs until June 1, 1998. The employee will receive interim protection until April 1, 1998, and will begin regular protection on April 1, 1998, for six years.

Example 4: Employee B has three years of service under the same facts as Example 3. Employee B will have interim protection until April 1, 1998, and will begin four years New York Dock protection on that date.

Example 5: Employee C has seven years of service when the agreement is implemented on April 1, 1997. Employee C elects to move to a vacancy outside the Denver Hub on November 1, 1998, and reports on that date. Employee C will be on interim protection until November 1, 1997 and will then start six years regular protection.

Q53. Why are there different dollar amounts for non-home owners and homeowners?

A53. New York Dock has two provisions covering relocating. One is Article 1 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.

Q54. Why is there one price on loss of sale of home?

A54. 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.

Q55. What is loss on sale of home for less than fair value?

A55. 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.

Q56. If the parties cannot agree on the loss of fair value what happens?

A56. 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.

Q57. What happens if an employee sells the home for \$20,000 to a family member?

A57. 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.

Q58. What is the most difficult part of New York Dock in the sale transaction?

A58. 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.

Q59. Who is required to relocate and is thus eligible for the allowance?

A59. 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 out or forced to a location and released.

Q60. Are there mileage components that govern the eligibility for an allowance?

A60. 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.

Q61. Can you give some examples?

A61. The following examples would be applicable.

Example 1: Employee A lives 80 miles north of Denver and works a yard assignment at Denver. As a result of the merger he/she is assigned to a road switcher with an on duty point 20 miles north of Denver. Because his new reporting point is closer to his place of residence no relocation allowance is given.

Example 2: Employee B lives 35 miles north of Denver and goes on duty at the UP yard office in Denver. As a result of the merger he/she goes on duty at the DRGW yard office which is four miles away. No allowance is given.

Example 3: Employee C lives in Pueblo and is unable to hold an assignment at that location and is placed in Zone 1, where a shortage exists, and placed on an assignment at Denver. 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.

Example 4: Employee D lives in Denver and can hold an assignment in Denver but elects to place on a Road Switcher 45 miles north of Denver. Because the employee can hold in Denver, no allowance is given.

Q62. Must MPUL engineers and Minturn engineers be forced to an assignment to be eligible for relocation benefits?

A62. No, since they must relocate they make application for other assignments.

Q63. Are there any seniority moves that are eligible for an allowance?

A63. Yes, seniority moves between zones or outside the Hub, to Cheyenne, Rawlins, Dalhart, etc. during the interim period that permit another employee who would have been forced to remain at the same location will be eligible for an allowance. The move may not trigger other relocation allowances.

Q64. Will engineers be allowed temporary lodging when relocating?

A64. Engineers entitled to a relocation allowance shall be given temporary lodging for thirty (30) consecutive days.

Article VII - INTERIM OPERATIONS

Q65. Are there any restrictions on routing of traffic or combining assignments during the interim period or thereafter?

A65. There are no restrictions on the routing of traffic in the Denver Hub once the 30 day notice of implementation has lapsed and the interim period has begun. 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.

Q66. Since the protection boards will also operate as supplemental extra boards, does the Carrier intend to run extra boards short-handed?

A66. No.

Q67. Will Local Chairmen be subject to call on the protection board when it is used as a supplemental board?

A67. No. The Local Chairmen will be performing other duties in accordance with this Agreement.

Article VIII – IMPLEMENTATION

Q68. On implementation will all engineers be contacted concerning job placement?

A68. 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 or on the protection board depending on surplus, see Article VIII(B). The new seniority rosters will be available for use by employees who have a displacement.

Q69. How will the new extra boards be created?

A69. When the Carrier gives notice that the current extra boards are being abolished and new ones created in accordance with the merger agreement, the Carrier will advise the number of assignments for each extra board and the effective date for the new extra board. The employees will have at least ten days to make application to the new extra board and the dovetail roster will be used for assignment to the Board. It is anticipated that the extra boards will have additional engineers added at first to help with the familiarization process.

Q70. Will the Carrier transfer all surplus employees out of the Hub?

A70. No. The Carrier will retain some surplus to meet anticipated attrition and growth, however, the number will be determined by the Carrier.

Q71. Will the Carrier offer separation allowances?

A71. The Carrier will review its manpower needs at each location and may offer separation allowances if the carrier determines that they will assist in the merger implementations. Article 1 Section 7 of New York Dock permits an employee that is "dismissed" as defined by New York Dock to request a separation allowance within seven days of his/her being placed in dismissed status in lieu of all other benefits.

Q72. When will reserve boards be established and under what conditions will they be governed?

A72. When the interim period is over and the protection boards are canceled the parties will be governed by Article VIII(E). When reserve boards are established, they will be governed by the current supplemental board agreement covering the UPED engineers at Denver.

Q73. When will the engineers on the 5th / 14th district roster make their one-time election for permanent roster selection?

A73. At the beginning of the interim period these engineers will make their election but will not be released to relocate until replacements are available.

Q74. What protection / relocation benefits will 5th / 14th district engineers be provided when they make the election?

A74. Since this is a voluntary seniority move no additional benefits are provided. Engineers in the Denver Hub who are certified will be able to take their wage protection with them; however, those outside the Hub who come into the Hub will not gain wage protection. None of the engineers will be entitled to relocation expenses as a result of a voluntary move at this time.

Q75. Will the same provisions apply for the 10th / 11th district engineers?

A75. No, since some of those engineers are currently operating in a doubleheaded pool those engineers will be afforded the opportunity to relocate to Zone 1 for the single headed pool operation. Those not involved in the Denver pool operation will be governed under the implementation agreement covering the Salina to Sharon Springs pool freight run.

UNION PACIFIC RAILROAD COMPANY

February 20, 1997

Via Fax 719-547-2513

Mr. Carl James
General Chairman BLE
294 Sifford Court
Pueblo West, CO 81007

Dear Sir:

This refers to our discussions concerning election of protection benefits for employees covered by the trackage rights agreement pertaining to Finance Docket 32719 between Pueblo and Dalhart which provides for the protective conditions found in Norfolk and Western Ry, Co. - BN as modified in Mendicino Coast Ry: Inc. Question and Answer 47 of the UP/SP merger implementing agreement for the Denver Hub addresses this issue and reads as follows:

- "Q47 What rights does an employee have if he/she is already covered under labor protection provisions resulting from another transaction?
A47. 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."

Therefore, engineers already eligible for up to six years of protection under the above-referenced trackage rights agreement will be sent an election form giving them the option of continuing their current trackage rights protection or selecting New York Dock protection under the terms of the UP/SP merger implementing agreement. If an engineer chooses to remain under his/her current trackage rights protection until its expiration, and has time remaining under their merger-related New York Dock protective period, their test period average will be recalculated for the remaining eligibility period for New York Dock.

Yours truly,

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

UNION PACIFIC RAILROAD COMPANY

February 20, 1997

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

Dear Sir:

This refers to our discussions regarding the application of the twenty-five mile zone found under Section IV, B(1) of the Denver Hub Agreement. Employees holding seniority at points outside the consolidated Denver Hub seniority district are not subject to the terms and conditions of the Denver Hub Implementing Agreement. Therefore, the following questions and answers are intended to clarify the application of the twenty-five mile zone to employees working at locations on the perimeter of the Denver Hub:

Q. Are engineers assigned at outside points such as Green River and Cheyenne 4th and 5th district engineers home terminated at Cheyenne subject to the twenty five mile zone under Section IV, B(1)?

A. No. Only crews holding seniority within the Denver Hub; are subject to the twenty five mile zone.

Q. Are engineers holding seniority outside the Denver Hub who are assigned to outlying points such as Cheyenne and Green River eligible for New York Dock protection?

A. If an engineer holding seniority outside the Denver Hub can prove he/she is adversely affected by the merger implementation in the Denver Hub, he/she is eligible for New York Dock protection.

Yours truly,

/s/ W. S. Hinckley

W.S. Hinckley
General Director Labor Relations

cc: Dennis Simmerman
Harold Ross

UNION PACIFIC RAILROAD COMPANY

May 1, 1997

Mr. D. L. Stewart
General Chairman BLE
44 North Main
Layton, UT 84041

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

Gentlemen:

Several times during negotiations and in town hall meetings the issue of pool regulation after merger implementation was raised. At one town hall meeting there was an effort by a few engineers to convince the negotiators that pool regulation should be reduced to keep more engineers in the pool and "just draw a lot of protection".

Each time this was raised the Carrier advised in strong terms that the certification of engineers for protection was based on pools being regulated at the same level as prior to implementation. Your concern was that we should continue to allow Local Chairmen to regulate the pools "in the same manner as previously." Unfortunately, some talk of new adjustments in the pool regulations has raised its head on the property. These few employees do not realize the wide ranging impact of an attempt to alter current pool regulation, such as, triggering disputes over protection pay and giving the Carrier cause to reevaluate certification in future negotiations.

In an effort to put this issue to rest prior to implementation, I believe we should enter into this letter of understanding. If you agree our understanding is to continue the pre-merger status quo on pool regulation upon merger implementation, please sign below and return one original to this office. I have addressed the letter as a joint letter so you would both be aware of the situation, however, each copy will have only one signature block which will cover your respective Hub.

Yours truly,

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

AGREED:

/s/ Michael Young
BLE General Chairman