

MERGER IMPLEMENTING AGREEMENT
(Expanded Salina Hub)

between the

Southern Pacific Transportation Company

and the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

PREAMBLE

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

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

On June 4, 1998, the Carriers served notice of their intent to merge and consolidate operations generally in the following territories:

Union Pacific: Salina to Kansas City (not including Kansas City and Topeka)
Salina to Sharon Springs
Wichita to Salina via Lost Springs/Herington
Salina to Sid (End-of-Track)
Wichita to El Dorado
Wichita to Winfield/Arkansas City
Whitewater to McPherson
Herington to Hope (End-of-Track)

Southern Pacific: Pratt to Kansas City via Herington (not including Pratt, Topeka (SSW), or Kansas City)

Pursuant to Section 4 of the New York Dock protective conditions, in order to achieve the benefits of operational changes made possible by the transaction and to

modify collective bargaining agreements to the extent necessary to obtain those benefits

IT IS AGREED:

ARTICLE I - WORK AND ROAD POOL CONSOLIDATIONS

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

A. Zone 1 - Seniority District

1. Territory Covered:

Salina to Sharon Springs

Salina to Kansas City (not including Topeka or Kansas City)

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

2. The existing territories covered by the UP-BLE Salina Hub Agreement dated June 27, 1997 shall encompass Zone 1 of the expanded Salina Hub Agreement and no modifications will be made to such territories unless specifically referenced herein.

3. The terms of the UP-BLE Salina Hub Agreement of June 27, 1997 shall remain in full force and effect under this Agreement, as pertains to Zone 1, unless otherwise modified herein.

4. The terminal limits of Sharon Springs and Salina are as follows:

Sharon Springs: M.P. 432.0 – West

M.P. 426.0 – East

UP terminal limits at Sharon Springs are established by this Implementing Agreement.

Salina: M.P. 187.26 – West

M.P. 184.26 – East

5. Engineers of the Denver Hub were granted rights in the Agreement for that hub to receive their through freight trains up to twenty-five (25) miles on the far side of Sharon Springs and run back through Sharon Springs to their destination without claim or complaint from any other engineer.

6. Engineers protecting through freight service in the pools described above shall be provided lodging at the away-from-home terminals pursuant to existing agreements and the Carrier shall provide transportation to engineers between the on/off duty location and the designated lodging facility. All road engineers may leave or receive their trains at any location within the terminal and may perform work within the terminal pursuant to the designated collective bargaining agreement provisions. The Carrier will designate the on/off duty points for all engineers, with these on/off duty points having appropriate facilities as currently required in the collective bargaining agreement.

B. Zone 2 - Seniority District

1. Territory Covered:

Wichita to Salina via Lost Springs/Herington
Wichita to El Dorado
Wichita to Winfield/Arkansas City
Whitewater to McPherson
Herington to Hope (End-of-Track)
Pratt to Kansas City via Herington (not including Pratt, Topeka or Kansas City)

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

2. The existing former SSW Herington to Kansas City pool operation will be preserved under this Agreement with Herington as the home terminal. Kansas City will serve as the away-from-home terminal. Engineers operating between Herington and Kansas City may utilize any combination of UP or SSW trackage between such points. This pool shall be slotted, and Attachment "B" lists the slotting order for the pool. Former SSW engineers shall have prior rights to said pool turns. The Carrier and the Organization shall mutually agree on the number of turns subject to this arrangement. If turns in excess of that number are established or any of such turns be unfilled by a prior rights engineer, they shall be filled from the zone roster, and thereafter from the common roster.

a. In the event Carrier elects not to use a pool engineer on a straightaway move, Hours of Service relief of trains operating Herington to Kansas City which have reached Topeka or beyond (beyond S.J. Jct.) shall be protected by the Kansas City Hub Zone 2 Extra Board. If none rested or available, such relief shall then be provided by a rested away-from-home terminal engineer at Kansas City and such engineer will thereafter either

be deadheaded home or placed first out for service or deadhead on his rest.

b. In the event Carrier elects not to use a pool engineer on a straightaway move, Hours of Service relief of trains operating Kansas City to Herington shall be protected by the extra board at Herington if the train has reached Topeka or beyond. If it has not reached Topeka, a rested away-from-home terminal engineer at Kansas City will be used on a straightaway move. If none rested or available, the extra board at Herington may be used beyond Topeka.

3. The existing former SSW Pratt to Herington pool operation will be preserved under this Agreement, except the home terminal will be changed to Herington. Pratt will serve as the away-from-home terminal. Sufficient number of engineers will be relocated to Herington to effect this change. This pool shall be slotted, and Attachment "B" lists the slotting order for the pool. Former SSW engineers shall have prior rights to said pool turns. The Carrier and Organization shall mutually agree on the number of turns subject to this arrangement. If turns in excess of that number are established or any of such turns be unfilled by a prior rights engineer they shall be filled from the zone roster, and thereafter from the common roster.

a. In the event Carrier elects not to use a pool engineer on a straightaway move, Hours of Service relief of trains operating Herington to Pratt shall be protected by the extra board at Pratt if the train has reached Inman or beyond; if exhausted, a rested away-from-home terminal engineer at Pratt may be used, and such engineer will thereafter be either deadheaded home or placed first out for service or deadhead on their rest. If the train has not reached Inman or beyond, a home terminal pool engineer at Herington will be used.

b. In the event Carrier elects not to use a pool engineer on a straightaway move, Hours of Service relief of trains operating Pratt to Herington shall be protected by the extra board at Herington if the train has reached Inman or beyond. If it has not reached Inman, a rested away-from-home terminal engineer at Pratt will be used on a straightaway move. If none rested or available, the extra board at Herington may be used beyond Inman.

NOTE: Under Items 2 and 3 above, the establishment of Herington as a terminal for the corridor between Kansas City and Pratt does not constitute any restriction on operations through Herington by trains originating at Salina or Wichita.

4. The previously existing Agreement dated June 22, 1992 governing through freight service between Salina and Wichita shall become null and void upon implementation of this Agreement. A new pool operation between Wichita and Salina will be established under this Agreement, and Wichita shall serve as the

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

a. In the event Carrier elects not to use a pool engineer on a straightaway move, Hours of Service relief of trains operating Wichita to Salina shall be protected by the extra board at Salina if the train has reached Lost Springs or beyond. If none rested or available, a rested away-from-home pool engineer may be used and such engineer will thereafter be deadheaded home or placed first out for service or deadhead on their rest. If the train has not reached Lost Springs, a home terminal pool engineer at Wichita will be used.

b. In the event Carrier elects not to use a pool engineer on a straightaway move, Hours of Service relief of trains operating Salina to Wichita shall be protected by the extra board at Wichita if the train has reached Lost Springs or beyond. If the train has not reached Lost Springs, a rested away-from-home terminal engineer at Salina will be used. If none rested or available, the extra board at Wichita may be used beyond Lost Springs.

c. Trains which have expired under the Hours of Service at a location within 25 miles of Herington in either direction toward Wichita or Salina may be relieved and operated into Herington for later re-crewing by the extra board at Herington.

5. Local, work, wreck, and other extra or unassigned service may operate between Wichita and Salina with a home terminal of either Wichita or Salina.

6. The Carrier may, at its option, establish service between Wichita and Hutchinson via Herington, without crew change. Wichita will serve as the home terminal. Hutchinson will serve as the away-from-home terminal. This service will be protected by the extra board at Wichita unless traffic levels justify establishment of pool operations.

7. At Herington, Pratt, Winfield and Wichita pool engineers may receive their train up to twenty-five (25) miles on the far side of the terminal and run back through Herington, Pratt, Winfield and Wichita to their destination without claim or complaint from any other engineer. When so used, the engineer shall be paid an additional one-half (1/2) day at the basic pro rata through freight rate for this run in addition to the district miles of the run. If the time spent beyond the terminal under this provision is greater than four (4) hours, then he shall be paid on a minute basis at the basic pro rata through freight rate.

8. The terminal limits of Herington, Pratt, Winfield and Wichita are as follows:

Herington:	M.P. 459.2	UP Hoisington Subdivision
	M.P. 180.0	UP Herington Branch
	M.P. 169.2	SSW Topeka Subdivision
	M.P. 173.12	SSW Herington Subdivision

UP terminal limits at Herington are established by this Implementing Agreement.

Pratt:	M.P. 292.33	East
	M.P. 300.16	West

Winfield:	M.P. 248.7	East
	M.P. 250.8	West

Wichita:	M.P. 236.0	Herington
	M.P. 476.0	Wichita Branch
	M.P. 254.0	OKT Subdivision

9. Engineers of the Kansas City Hub were granted rights in the Agreement for that Hub to receive their through freight train up to twenty-five (25) miles on the far side of Winfield and Wichita and run back through Winfield and Wichita without claim or complaint from any other engineer.

10. Engineers of an adjacent hub may have certain rights to be defined, if any, in the Merger Implementing Agreements for these hubs to receive their through freight trains up to twenty-five (25) miles on the far side of the terminal and run back through Wichita or Pratt to their destination without claim or complaint from any other engineer.

11. Engineers protecting through freight service in the pools described above shall be provided lodging at the away-from-home terminal pursuant to existing agreements and the Carrier shall provide the transportation to engineers between the on/off duty location and the designated lodging facility. All road engineers may leave or receive their trains at any location within the terminal and may perform work within the terminal pursuant to the designated collective bargaining agreement provisions. The Carrier will designate the on/off duty points for all engineers, with these on/off duty points having appropriate facilities as currently required in the collective bargaining agreement.

C. Herington Terminal

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

terminal pursuant to the applicable collective bargaining agreement, including national agreements. The Carrier will designate the on/off duty points for all yard crews, with these on/off duty points having appropriate facilities as currently required in the collective bargaining agreement. Interchange rules are not applicable for intra-carrier moves within the terminal.

2. All UP and SSW rail lines, yards and/or sidings within the Herington Terminal will be considered as common to all engineers working in, into and out of Herington. The establishment of prior rights zones is not intended to restrict operations which traverse territory in both zones. All road switchers, yard and local assignments will be protected by engineers from the seniority district where such assignments are home terminalled.

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

E. When local, work, wreck, Hours of Service relief or other road runs are called or assigned which operate exclusively within the territorial limits of one (1) of the zones established in this Agreement, such service shall be protected by engineers in such zone. If such run or assignment extends across territory encompassing both zones contemplated by this Agreement, the home terminal shall govern as indicated above.

ARTICLE II - SENIORITY CONSOLIDATIONS

A. To achieve the work efficiencies and allocation of forces that are necessary to make the Salina Hub operate efficiently as a unified system, a new seniority district will be formed and a master Engineer Seniority Roster - UP/BLE Salina Merged Roster #1 will be created for engineers holding seniority in the territory comprehended by this Agreement on the effective date thereof. Prior rights Zone 1 is already intact and will remain unchanged by this Agreement. A new prior rights Zone 2 will be created under this Agreement. Such two prior rights zone rosters shall constitute the new UP/BLE Salina Merged Roster #1.

B. Prior rights seniority rosters will be formed covering Zone 2 as outlined above. Placement on this roster and awarding of prior rights to such zone shall be based on the following:

1. Zone 2 - This roster will consist of former UP engineers with rights on MPUL Wichita (Roster No. 058111) and former SSW engineers with rights on SSW Pratt (Roster No. 304101) and SSW Herington (Roster No. 303101).

C. Entitlement to assignment on the prior rights zone roster described above shall be by canvass of the employees from the above affected former rosters contributing equity to such zone.

D. Engineers on the above-described prior rights Zone 2 roster and the existing Zone 1 roster shall be dovetailed with zone prior rights into one (1) common seniority roster.

E. All zone and common seniority shall be based upon each employee's date of promotion as a locomotive engineer (except those who have transferred into the territory covered by the hub and thereby established a new date). If this process results in engineers having identical common seniority dates, seniority will be determined by the age of the employees with the older employee placed first. If there are more than two (2) employees with the same seniority date, and the ranking of the pre-merged rosters would make it impossible for age to be a determining factor, a random process, jointly agreed upon by the Director of Labor Relations and the appropriate General Chairman (men), will be utilized to affect a resolution. It is understood this process for ranking employees with identical dates may not result in any employee running around another employee on his former roster.

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

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

H. With the creation of the new seniority described herein, all previous seniority outside the Salina Hub held by engineers inside the new hub shall be eliminated and all seniority inside the new hub held by engineers outside the hub shall be eliminated. All pre-existing prior rights, top and bottom, or any other such seniority arrangements in existence, if any, are of no further force or effect and the provisions of this Agreement shall prevail in lieu thereof. Upon completion of consolidation of the rosters and implementation of this hub, it is understood that no engineer may be forced to any territory or assignment outside the Salina Hub.

I. The total number of engineers on the Zone 2 prior rights roster will be mutually agreed upon by the parties, and then merged with the existing Zone 1 prior rights roster to form the master UP/BLE Salina Merged Roster.

ARTICLE III - EXTRA BOARDS

A. The following extra boards shall be established to protect vacancies and other extra board work into or out of the Salina Hub or in the vicinity thereof. It is understood whether or not such boards are guaranteed boards is determined by the designated

collective bargaining agreement. Further, nothing in this Agreement may be construed to require the continued maintenance of an extra board when there is insufficient work to justify its existence.

1. Wichita - One (1) Extra Board (combination road/yard) to protect all service at or in the vicinity of Wichita. This board will also protect the service between Wichita and Hutchinson via Herington.

2. Hutchinson - One (1) Extra Board (combination road/yard) to protect all extra service at or in the vicinity of Hutchinson.

3. Herington - One (1) Extra Board (combination road/yard) to protect all extra service at or in the vicinity of Herington including Hours of Service relief in any direction, subject to the specific provisions in Article I. This board will supplement the extra board at Hutchinson and, if none in existence, will protect Hutchinson extra service.

4. Salina - One (1) Extra Board (combination road/yard) to protect all extra service at or in the vicinity of Salina, including Hours of Service relief in all directions, subject to the specific provisions in Article I.

5. Oakley - One (1) Extra Board (combination road/yard) to protect all extra service at or in the vicinity of Oakley, including Sharon Springs. This board will also protect freight vacancies working Sharon Springs to Denver and Sharon Springs to Salina. (See Side Letter No. 17)

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

ARTICLE IV - APPLICABLE AGREEMENT

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

B. The terms and conditions of the pool operations set forth in this Agreement shall be the same for all pool freight runs whether run as combined pools or separate pools. The terms and conditions are those of the designated collective bargaining agreement except as modified by subsequent national agreements, awards and implementing

documents and those contained in this implementing agreement. For ready reference, sections of existing rules are attached in Attachment "D".

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

D. A two hour (2') call time for engineers will apply in the entire territory comprehending the Salina Hub.

E. Engineers under this Hub Agreement operating into Kansas City will be paid actual miles to the various yards within the Kansas City Terminal to which they operate their road trains. Any previously recognized arrival/departure point at Kansas City (e.g., M.P. 5.18 for former UP Eastern District engineers) shall have no further force and effect, and the literal industry application of the national agreement rules shall apply throughout the Hub.

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

G. Actual miles will be paid for runs in the new Salina Hub. Examples are illustrated in Attachment "E".

ARTICLE V - FAMILIARIZATION

A. Engineers involved in the consolidation of the Salina Hub covered by this Agreement whose assignments require performance of duties on a new geographic territory not familiar to them will be given full cooperation, assistance and guidance in order that their familiarization shall be accomplished as quickly as possible. Engineers will not be required to lose time or ride the road on their own time in order to qualify for these new operations.

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

C. It is understood that familiarization required to implement the merger consolidation herein will be accomplished by calling a qualified engineer (or Manager of Operating

Practices) to work with an engineer called for service on a geographical territory not familiar to him.

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

ARTICLE VI - IMPLEMENTATION

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

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

2. Ten (10) days after posting of the information described in B.1. above, the appropriate Labor Relations Personnel, CMS Personnel, General Chairmen and Local Chairmen will convene a workshop to implement assembly of the merged seniority rosters. At this workshop, the representatives of the Organization will construct consolidated seniority rosters as set forth in Article II of this Implementing Agreement.

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

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

D. Once rosters have been posted, those positions which have been created or consolidated will be bulletined for a period of seven (7) calendar days. Engineers may bid on these bulletined assignments in accordance with applicable agreement rules. However, no later than ten (10) days after closing of the bulletins, assignments will be made.

E. 1. After all assignments are made, engineers assigned to positions which require them to relocate will be given the opportunity to relocate within the next thirty (30) day period. During this period, the affected engineers may be allowed to continue to occupy their existing positions. If required to assume duties at the new location

immediately upon implementation date and prior to having received their thirty (30) days to relocate, such engineers will be paid normal and necessary expenses at the new location until relocated. Payment of expenses will not exceed thirty (30) calendar days.

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

ARTICLE VII - PROTECTIVE BENEFITS AND OBLIGATIONS

A. All engineers who are listed on the prior rights Salina Hub Zone 2 prior rights roster shall be considered adversely affected by this transaction and consolidation and will be subject to the New York Dock protective conditions which were imposed by the STB. It is understood there shall not be any duplication or compounding of benefits under this Agreement and/or any other agreement or protective arrangement.

1. Carrier will calculate and furnish TPA's for such engineers to the Organization as soon as possible after implementation of the terms of this Agreement. The time frame used for calculating the TPA's in accordance with New York Dock will be the calendar year 1997.

2. In consideration of blanket certification of all engineers covered by this Agreement for wage protection, the provisions of New York Dock protective conditions relating to "average monthly time paid for" are waived under this Implementing Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VIII - SAVINGS CLAUSES

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

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

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

ARTICLE IX - HEALTH AND WELFARE

Engineers of the former UP who are working under the collective bargaining agreement designated in Article IV.A. of this Implementing Agreement belong to the Union Pacific Hospital Association. Former SSW engineers are presently covered under United

Health Care (former Travelers GA-23000) benefits. Said former SSW engineers will have ninety (90) days from date of implementation to make an election as to keeping their old Health and Welfare coverage or coming under the health and welfare coverage provided by the designated CBA. Any engineer who fails to exercise said option shall be considered as having elected to retain existing coverage. Engineers hired after the date of implementation will be covered under the plan provided for in the surviving CBA. Copy of the form to be used to exercise the option described above is attached as Attachment "F" to this Agreement.

ARTICLE X - EFFECTIVE DATE

This Agreement implements the merger of the Union Pacific and SSW railroad operations in the area covered by Notice dated June 4, 1998.

Signed at Omaha, Nebraska, this 16th day of July, 1998.

FOR THE BROTHERHOOD
LOCOMOTIVE ENGINEERS:

D. E. Penning
General Chairman, BLE

M. A. Young
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

APPROVED:

J. L. McCoy
Vice President, BLE

D. M. Hahs
Vice President, BLE

FOR THE CARRIERS:

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

J. M. Raaz
Asst. Vice President-Labor Relations
Union Pacific Railroad Co.

July 16, 1998

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

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

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

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

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

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

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

Yours truly,

M. A. Hartman
General Director - Labor Relations

July 16, 1998
Side Letter 1
Page 2

Mr. D. E. Penning
Mr. D. E. Thompson
Mr. M. A. Young

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 16, 1998

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

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

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

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

This will reflect our understanding that those former SSW engineers who are covered by this Implementing Agreement and who are presently covered by the above agreement provision shall be entitled to obtain the benefits of said ARTICLE 7 and ARTICLE 17 for the calendar year 1999 if said vacation is already earned under existing SSW agreements at the time of implementation of this Agreement. Thereafter, vacation benefits shall be as set forth in the controlling agreement on the merged territory.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

July 16, 1998
Side Letter 2
Page 2

Mr. D. E. Penning
Mr. D. E. Thompson
Mr. M. A. Young

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 16, 1998

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

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

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

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

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

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

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

July 16, 1998
Side Letter 3
Page 2

Mr. D. E. Penning
Mr. D. E. Thompson
Mr. M. A. Young

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 16, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
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1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

This has reference to the Merger Implementing Agreement for the Salina Hub entered into this date.

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

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

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

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

Respectfully,

M. A. Hartman
General Director-Labor Relations

July 16, 1998

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

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

This refers to the Merger Implementing Agreement for the Salina Hub entered into this date.

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

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

Yours truly,

M.A. Hartman
General Director – Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 16, 1998

MR D E PENNING
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CHEYENNE, WY 82001

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

Gentlemen:

This refers to the Merger Implementing Agreement for the Salina Hub entered into this date.

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

I. Engineers who participate in the roster formulation process for the Salina Hub who presently hold engine service seniority outside the Salina Hub will be handled as follows:

a. All engine service seniority outside the Salina Hub will be held in abeyance and may not be utilized for any purposes except as outlined below:

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

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

2. An engineer utilizing this provision to select a different hub will forfeit all seniority in the Salina Hub.

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

July 16, 1998
Side Letter No. 6
Page 2

Mr. D. E. Penning
Mr. D. E. Thompson
M. A. Young

III. When all of the hubs involving engineers with former SSW system seniority have been completed, the Organization may serve notice upon Carrier to meet and negotiate the details surrounding a one-time "Sadie Hawkins Day" for such engineers to make one final, irrevocable move to a hub, which will be without relocation cost to the Carrier. The parties will resolve at this meeting the matters of shortages and/or surpluses in the various hubs, as well as method of seniority integration into the hub to which moving.

It is understood this Agreement is made without prejudice to the position of any party, does not constitute a precedent, and may not be cited or referred to by any party in any other negotiations or proceedings.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 16, 1998

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

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GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

This refers to the Merger Implementing Agreement for the Salina Hub.

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

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

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

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

July 16, 1998

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

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

This has reference to the Merger Implementing Agreement for the Salina Hub entered into this date, and specifically Article VII.A.1. thereof.

During our discussions regarding the time frame for calculating TPA's, the representatives of the former SSW expressed the view that since all of the engineers represented by them had already received TPA's in connection with "interim protection" related to TCS cutovers, they would prefer to simply adopt those existing TPA's for purposes of application of protection under this Merger Implementing Agreement. Carrier is agreeable to this handling.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 16, 1998

MR D E PENNING
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1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

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

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

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 16, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
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1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

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

In our discussions regarding Article IV, this will confirm Carrier's commitment to provide copies of the designated collective bargaining agreement referenced therein to all former SSW and UP (former MP Upper Lines) engineers comprehended by this Implementing Agreement at the earliest possible date, but no later than by date of implementation of this Agreement.

Yours truly,

M. A. Hartman
General Director-Labor Relations

July 16, 1998

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

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1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

This refers to the Merger Implementing Agreement for the Salina Hub entered into this date.

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

1. Upon actual implementation of the Merger Implementing Agreement the engineer meets the requisite test of having been "required to relocate",
2. The sale of the residence occurred at the same location where claimant was working immediately prior to implementation, and
3. The sale of the residence occurred after the date of this Agreement.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

July 16, 1998
Side Letter 11
Page 2

Mr. D. E. Penning
Mr. D. E. Thompson
Mr. M. A. Young

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 16, 1998

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

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

This has reference to the Merger Implementing Agreement for the Salina Hub entered into this date.

During our negotiations the Organization requested a commitment from the Carrier that no engineer currently in the hub would be forced out of the hub. Carrier advised that it could not commit to this since engineers could potentially come into the hub when rosters are formulated, thereby inflating the number of engineers in the hub and creating a surplus. Therefore, in the alternative it was agreed that the total number of engineers in the Salina Hub upon finalization of rosters would be no less than the number in the hub on the date of this Implementing Agreement. In the event that number is exceeded because of engineers coming into the hub from other locations in line with their system seniority, the excess may be reduced by the Carrier by forcing junior surplus engineers out of the hub. In the application of this Side Letter, it is understood that engineers coming into the hub from other locations do so as a seniority move and such moves do not trigger relocation benefits. If such moves result in Carrier reducing surplus junior engineers out of the hub, such forced engineers would be eligible for relocation benefits.

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

Yours truly,

M. A. Hartman
General Director - Labor Relations

July 16, 1998
Side Letter 12
Page 2

Mr. D. E. Penning
Mr. D. E. Thompson
Mr. M. A. Young

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 16, 1998

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

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

This refers to the Merger Implementing Agreement for the Salina Hub entered into this date.

During our negotiations we discussed engineers holding seniority in the hub who were on leave of absence for medical, union officer, carrier officer, and other such reasons. We agreed these engineers would be treated as if they were working in the craft for the purposes of roster slotting on the dovetailed roster and for prior rights purposes. As such they will be included on the new rosters with the same status they currently hold. Should they return to service as an engineer, they will be covered under the hub agreement in accordance with their seniority.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 16, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
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HAZELWOOD, MO 63042

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GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

This refers to the Merger Implementing Agreement for the Salina Hub entered into this date.

During our discussions regarding Article V - Familiarization, we reviewed some of the problems experienced in implementing other hubs. A process which was adopted in the Denver and Salt Lake City Hub was introduced and the parties agreed to apply it to the Salina Hub. Specifically, it was agreed that during implementation of the hub engineers will not be removed from their regular assignments to become peer trainers, and any engineer required to assist an engineer on a familiarization trip will be compensated on a trip by trip basis as follows:

"Engineers who work their assignment (road and yard service) accompanied by an engineer taking a familiarization trip in connection with the merger shall be paid one (1) hour at the straight time rate of pay in addition to all other earnings for each tour of duty. This payment shall not be used to offset any extra board or pool freight guarantee payments. "

Engineers will be required to submit a time slip indicating he/she was required to train another engineer and shall include the name of the engineer taking the familiarization trip on the time slip.

It was understood the terms of this understanding shall be applicable for only the first 180 days following date of merger implementation; thereafter, existing agreement provisions will apply. This understanding is without prejudice or precedent to either party.

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

July 16, 1998
Side Letter 14
Page 2

Mr. D. E. Penning
Mr. D. E. Thompson
Mr. M. A. Young

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 16, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
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GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

This refers to the Merger Implementing Agreement for the Salina Hub entered into this date.

Prior to implementation of this Agreement, the Carrier and Organization will schedule and convene a meeting in Wichita, Kansas to develop equity data for roster formulation and slotting of freight pools associated with the Salina Hub. The results of this meeting will be appended to this Agreement prior to it being disseminated for a ratification vote.

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

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

July 16, 1998
Side Letter 15
Page 2

Mr. D. E. Penning
Mr. D. E. Thompson
Mr. M. A. Young

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 16, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
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CHEYENNE, WY 82001

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

Gentlemen:

This refers to the Merger Implementing Agreement for the Salina Hub entered into this date.

Because SSW system seniority extends through the Kansas City, Salina and Dalhart Hubs, the Carrier agreed to make certain commitments regarding operations in the Salina and Dalhart Hubs in order that Pratt engineers may make a more informed decision regarding roster slotting for the Kansas City and Salina Hubs. Specifically, Carrier committed as follows:

1. To the extent possible, existing manpower at Herington will be used to staff the Herington-Pratt pool operations. If Pratt engineers are needed to fulfill the need at Herington, the minimum necessary will be relocated to Herington, and those volunteering to relocate will be paid relocation under Article VIII.B. of this Agreement. If insufficient engineers volunteer, some engineers may be forced to Herington in reverse seniority. Under these circumstances, Article VIII.B. benefits would still apply. The parties shall meet and reach agreement on the number and method of force assignments to Herington.
2. Pratt engineers will relinquish rights to Herington-Pratt pool service in order to maximize the number of engineers who can remain at Pratt. After implementation of the Salina Hub Agreement, Pratt engineers shall protect only freight service between Pratt and Dalhart.
3. The Dalhart Hub negotiations will be bound by the following general commitments:
 - a. Dalhart engineers will relinquish pool freight runs to Pratt. In other words, the double-headed pool between Dalhart and Pratt will be eliminated, and pool freight service between Pratt and Dalhart will be a single-headed pool with Pratt as home terminal.

July 16, 1998
Side Letter No. 16
Page 2

b. The Carrier and Organization will agree upon an attrition arrangement whereby the home terminal of Pratt attrites to Dalhart. The terms of that arrangement is left to the negotiations for that hub, but Carrier commits to the basic premise.

It is understood the above provisions are without prejudice to Carrier's position and may not be cited by either party in any other proceeding. These provisions are adopted for the express purpose of dislocating the least number of engineers presently residing at Pratt and, as such, the Organization will cooperate in the Dalhart Hub negotiations in achieving the most operational efficiencies possible within the framework of these commitments by the Carrier.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 16, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
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GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

This refers to the Merger Implementing Agreement for the Salina Hub entered into this date.

In discussing the issue of whether Oakley or Sharon Springs should be the location of the extra board, the following was agreed to:

1. Oakley will continue to be the location for the extra board.
2. The Oakley Extra Board may perform HOS relief as far as Hugo to the west and Ellis to the east.
3. Local or road switcher assignments shall be headquartered at Oakley if operationally possible, and so long as customer demands do not require otherwise.
4. In consideration of the above, there shall be no prohibition against advertising/operating local assignments which are bulletined to work in both directions out of Oakley; in the alternative, the parties may agree to establish road switcher assignment(s) at Oakley with limits of Sharon Springs and Ellis.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

July 16, 1998
Side Letter 17
Page 2

Mr. D. E. Penning
Mr. D. E. Thompson
Mr. M. A. Young

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 16, 1998

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

Gentlemen:

This refers to the Merger Implementing Agreement for the Salina Hub entered into this date, and particularly Article II.F.

As discussed, there are currently a group of engineers in training for Dalhart/Pratt. Under the SSW Agreement and seniority provisions, some of these trainees bid the training vacancies from Herington with the hope they could hold seniority in the Salina Hub after implementation of the merger. It was agreed that these trainees would stand to be canvassed for establishment of seniority in the Salina Hub if the roster sizing numbers are such that there are roster slots for them. If not, there is no requirement that they be added to the Salina Hub roster.

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 16, 1998

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

MR M A YOUNG
GENERAL CHAIRMAN BLE
1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

This refers to the Merger Implementing Agreement for the Salina Hub entered into this date.

The original Salina Hub Agreement entered into on June 27, 1997 referenced the territory from Marysville to Herington via Topeka as falling under the Salina Hub. During our discussions we reviewed this territory and the potential of pool operations being established between these points with home terminal of Herington. As a result of these discussions, the parties agreed that if such pool operations should be instituted at some future date after implementation, the parties would meet in advance of such institution of service to discuss and clarify certain issues relative to such service. The issues for discussion include, but are not limited to, the following:

1. Evaluation/calculating equities between Zone 2 of the Salina Hub and Zone 2 of the Kansas City Hub.
2. Establishing the terms and conditions of the runs under the CBA designated in the Salina Hub.
3. Re-calculation of the New York Dock protective period under this Hub Agreement for those engineers who would be affected by the institution of such pool service.
4. Implementation procedures for institution of such pool service.
5. Familiarization.
6. This Side Letter does not preclude the parties from discussing other operations in this corridor should service requirements change.

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Mr. D. E. Penning
Mr. D. E. Thompson
Mr. M. A. Young

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

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE

July 16, 1998

MR D E PENNING
GENERAL CHAIRMAN BLE
12531 MISSOURI BOTTOM RD
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1620 CENTRAL AVE RM 203
CHEYENNE, WY 82001

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

Gentlemen:

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

During our negotiations we discussed the issue of engineers who may be force assigned out of their prior rights zone to another terminal in the other prior rights seniority zone. This concern was particularly pointed as pertained to engineers who only recently were relocated to Salina.

Carrier expressed its position this situation was unlikely to occur, but in the interests of resolving the issue amicably would agree to the following:

1. An engineer who is unable to hold any assignment in his prior rights zone and is force assigned to an assignment in the other prior rights zone would be entitled to utilize carrier-provided lodging at the terminal to which force assigned. If the assignment to which force assigned is a pool assignment (e.g., a Salina engineer is forced to a pool turn operating between Herington used Kansas City), the engineer would be entitled to utilize Carrier-provided lodging at both ends of the pool (unless, of course, the engineer maintained his residence at a location closer to Herington than Salina, such as at Council Grove.)
2. This arrangement applies only to those engineers holding prior rights zone seniority in the Salina Hub on date of implementation of this Agreement. Engineers establishing seniority in the hub on and after implementation date would have only common hub seniority.

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

July 16, 1998
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Page 2

Mr. D. E. Penning
Mr. D. E. Thompson
Mr. M. A. Young

Yours truly,

M. A. Hartman
General Director-Labor Relations

AGREED:

D. E. Penning
General Chairman, BLE

D. E. Thompson
General Chairman, BLE

M. A. Young
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE