

UNION PACIFIC RAILROAD COMPANY

1416 DODGE STREET
OMAHA, NEBRASKA 68179



February 29, 2000

VIA FAX AND U.S. MAIL

Mr. L.L. Overton
General Chairman UTU
400 Randal Way, Suite 102
Spring, TX 77388

Mr. W.R. Slone
General Chairman BLE
6207 Airport Freeway
Fort Worth, Texas 76134

RE: Implementation of Arbitrated Beaumont Interdivisional Service Agreements

Gentlemen:

This will serve as the Carrier's notice under Article II of the awards rendered by UTU Arbitration Board No. 570 and BLE Arbitration Board No. 573 (copies attached) to implement Beaumont interdivisional service pursuant to these arbitrated agreements on March 16, 2000.

The Carrier will post notices no later than March 1, 2000, abolishing the interim interdivisional pool and extra board positions and any remaining extra board positions at DeQuincy as well as post notices advertising the new Beaumont pool turns (east and west) along with all new Beaumont extra board positions. Employees must apply for these new positions through this bulletin process.

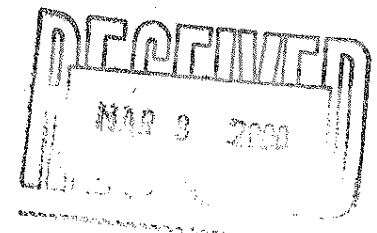
If you have any questions, please contact me at 281-350-7585.

Sincere regards,

A handwritten signature in cursive script that reads "Catherine Sosso".

Catherine Sosso
Director Labor Relations

cc: Willie Reynolds
Ray Perry
Scott Hinckley
Harry Straub
Dave Martinez
Tony Zabawa
Bob Mitchell
Marilyn Ahart



SPECIAL ARBITRATION BOARD

FILED
FEB 28 2000
Labor Relations

PARTIES TO DISPUTE:

Brotherhood of Locomotive Engineers
(UP Southern General Committee of Adjustment)
and
Union Pacific Railroad

STATEMENT OF CLAIM:

The Carrier's proposed Terms and Conditions to be applied to interdivisional train service from a new home terminal at Beaumont, Texas does not conform to the requirements of Section 2-Conditions of Article IX of the Arbitrated 1986 BLE National Agreement.

BACKGROUND

On August 17, 1998, the Carrier served notice, pursuant to Article IX of the BLE 1986 National Agreement, to establish interdivisional train operations from a new home terminal at Beaumont, Texas to various away-from-home terminals. On December 3, 1998, the parties agreed to an Interim Beaumont Interdivisional Operation, without prejudice to either parties' position.

Following further negotiations, the parties were unable to reach agreement. Accordingly, the dispute was arbitrated on January 18, 2000.

FINDINGS

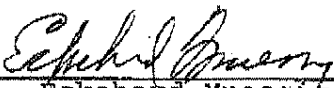
The General Chairman has provided a well-reasoned brief which he expanded upon at the arbitration hearing. The General Chairman recognizes that, pursuant to Article IX and a long-line of Arbitral Awards, the Carrier has the right to establish new interdivisional train service. However, he points out that Section 2-Conditions of Article IX requires that "reasonable and practical conditions shall govern the establishment" of train runs. Moreover, Section 2 provides

-2-

flexability in that it also states that the parties are "not limited" to the guidelines. In summary, he contends that the Carrier has not properly recognized and given weight to certain circumstances unique to the BLE. Accordingly, he argues that these elements, as explained in his brief and as argued at the arbitration hearing, should be incorporated in the final Award.

I have carefully reviewed the position of both parties in this matter. The same Article IX notice became the subject for arbitration between the Carrier and the United Transportation Union. On November 26, 1999, Arbitration Board No. 570 (Arbitrator John B. Criswell) issued its Award. I have no basis for not abiding my the substance of that Award. Accordingly, as is customary in these matters, there is attached to this Award an Agreement in the form of Terms and Conditions for final settlement of the dispute which is hereby imposed on the parties.

Dated this 25th day of February, 2000, at Arlington, VA.



Eckehard Muessig
Arbitrator

Terms and Conditions
between the
Union Pacific Railroad
and the
Brotherhood of Locomotive Engineers

Interdivisional Service - Beaumont

ARTICLE I

Section 1: Service

A. New Interdivisional Service shall be established from Beaumont, as the new home terminal, to the following points and paid the miles shown below with a minimum of a basic day when performing service or combination deadhead and service:

Home Terminal	Away from Home Terminal	Miles
Beaumont - E. Pool	LIVONIA	161 via Beaumont Subdivision 167 via Lafayette Subdivision
Beaumont - E. Pool	LAFAYETTE	129 via Lafayette Subdivision
Beaumont - E. Pool	ALEXANDRIA	148 via Beaumont Subdivision 153 via Lafayette Subdivision
Beaumont - W. Pool	HOUSTON	88 via Beaumont Subdivision to Settegast 85 via Beaumont Subdivision to Englewood 81 via Lafayette Subdivision to Settegast 82 via Lafayette Subdivision to Englewood
Beaumont - W. Pool	Hearne	195 miles via BN & SP to Hearne 213 miles via BN & Valley Jct. To Hearne

B. Crews may operate via any combination of UP and former SP trackage over the Lafayette or the Beaumont Subdivision between Beaumont and Livonia, Lafayette, Alexandria and Houston. Crews will be paid the miles run if routing is different than identified in Section A.

C. Beaumont pool turns established under this Agreement as well as the east long pool turn at Houston established under the Houston Hub Merger Agreement will operate on a

first in/first out basis at both the home and away-from-home terminals. As such, runarounds en route do not apply. The off duty time of a crew determines the first in conditions. If more than one (1) crew arrives at the same time, the order of first in will be based on the crew's order at time of call for original service.

Section 2: Rates of Pay

The provisions of the 1986 National Arbitration Award as amended by subsequent agreements shall apply.

Section 3: Overtime

Overtime will be calculated in accordance with the National Agreements.

Section 4: Call

All crews headquartered at Beaumont will receive a two (2) hour call for any service.

Section 5: Transportation

When a crew is required to deadhead or is required to take charge of a train or is relieved from duty at a point other than the on and off duty points identified in Section 1, the Carrier shall authorize and provide suitable transportation for the crew.

Section 6: Meal Allowance and Eating Enroute

In order to expedite the movement of interdivisional service, the Carrier shall determine the conditions under which such crews may stop to eat. When crews covered by this agreement are not permitted to stop and eat, such crews will be paid an allowance of \$1.50 for the trip in accordance with the provisions set forth in the 1986 National Arbitration Award.

Section 7: Suitable Lodging

Suitable lodging will be provided by the Carrier in accordance with existing Agreements.

Section 8: Seniority / Pools and Extra Boards.

A. Service from Beaumont to Livonia, Lafayette, Alexandria. A new east pool shall be established at Beaumont with multiple away-from-home terminals.

B. Service from Beaumont to Houston. A new west pool shall be established at Beaumont with Houston as the away-from-home terminal.

C. Service from Beaumont to Hearne/Valley Junction. This service will be protected by the new west pool.

D. Beaumont Extra Board. The existing engineer extra board at Beaumont shall protect vacancies in this new Interdivisional Pool Freight Service, other miscellaneous service the board currently protects, as well as all other service previously protected by the DeQuincy extra board. The Carrier will have the right to eliminate the DeQuincy extra board.

E. Force Assigning. All new positions not filled by employees voluntarily, will be filled by force assigning the junior engineer not working as such in the Houston Hub.

Section 9: Repositioning Crews at the Away-From-Home Terminals

A. The highway miles shown below will govern when crews are repositioned/ deadheaded between the following away-from-home terminals:

Alexandria – Lafayette	=	93 miles
Alexandria – Livonia	=	104 miles
Lafayette – Livonia	=	51 miles.

B. The repositioning conditions set forth in this Section are restricted to the terminals listed above.

C. Article I,B,3,a. of the Houston Hub Merger Agreement regarding repositioning crews from one away from home terminal to another will apply.

D. This is subject to the conditions contained in Side Letter No. 1 of the Houston Hub Agreement.

Section 10: Familiarization

To ensure proper familiarization and compliance with applicable FRA regulations, if any, employees new to the territory will be provided with a sufficient number of familiarization trips over territory where they are not currently qualified. Issues concerning individual qualification shall be handled with local operating officers. Employees will not be required to lose time or "ride the road" on their own time in order to qualify for these new operations. Pay will be made in the same manner as if the employee had performed service. If a dispute arises concerning this process, it will be addressed directly with the appropriate Labor Relations Officer and the General Chairman.

Section 11: Hours of Service Relief

A. The provisions for Hours of Service Relief and the utilization of crews as set forth in the Livonia Interdivisional Agreement and the Houston Hub Merger Agreement for both the Houston east long pool and the DeQuincy Operation (short pools) will continue to apply with the exception the Beaumont extra board will replace the DeQuincy extra board.

Section 12: Mileage Regulation

Pools established by this Agreement shall be regulated in accordance with existing Agreements and practices.

Section 13: Beaumont/Amelia

- A. Road crews at Beaumont may get or leave their trains at Amelia.
- B. When west pool crews get or leave trains at Amelia, it will not change the road miles established in Section 1 of this Agreement. When east pool crews get or leave trains at Amelia, the Beaumont/Amelia road miles will be added to the trip mileage. The miles shall be both over and back as if in combination service.
- C. This clause does not change the Beaumont Terminal limits.

Section 14: Held-Away-From-Home Terminal Payments

Crews covered by this Agreement will receive continuous held-away-from-home terminal payments for all time held at the far terminal after the expiration of sixteen hours.

Section 15: Work Train/Turnaround Service

All unassigned work train and/or turnaround service operating out of Beaumont will be protected by the Beaumont extra board.

ARTICLE II**Section 1: Interim Pool and Extra Board Positions**

- A. On the date of implementing this Agreement, the existing Beaumont Interim operation pool turns, the additional Interim operation extra board positions at Beaumont and any remaining extra board positions at DeQuincy will be abolished.
- B. No less than fifteen (15) days prior to the date of implementing this Agreement, the new Beaumont short pool turns (east and west) along with all new additional Beaumont extra

board positions will be advertised. Assignment of employees to the new positions will be made ten (10) days from the date of advertisement and employees so assigned will assume their new positions at 12:01 a.m. on the date of implementing the Agreement.

Note: It is understood on the time and date of implementing this Agreement, employees may already be on duty and/or at the away from home terminals. Those employees will assume their new positions upon final tie-up at the home terminal.

Section 2: With the advance advertisement of new positions, employees whose positions will be abolished under Section 1 above, will not be permitted to exercise their seniority over junior employees who are assigned to the new positions so advertised. Employees who desire the new positions must obtain such through the advertisement process set forth in Subsection 1 B above.

ARTICLE III

Section 1 - Subsequent to the implementation of this Agreement, employees who were occupying positions which were abolished as set forth in Article II, Section 1 of this Agreement and who as a result of this Agreement were required to change their place of residence from DeQuincy to Beaumont as defined in National Agreements and applicable Job Protection Agreements, will be provided Interdivisional Income and Homeowner/Moving Expense Protection pursuant to the relevant National Agreement provisions.

ARTICLE IV

Section 1 - This Agreement will become effective on the date Carrier advertises the new positions as set forth in Article II, Section 1 B of this Agreement.

Section 2 - This Agreement is in compliance with the provisions set forth in the National Agreements.

Section 3 - Where in conflict with any other agreements, understandings or practices, the provisions of this Agreement will apply.

Imposed this 25th day of February, 2000 in accordance with Article IX Arbitration in conjunction with the attached award.

ARBITRATION BOARD NO. 570

Between:

Union Pacific Railroad Company
and
United Transportation Union (GO577)

Issue:

What conditions shall apply to interdivisional train operations radiating from a new home terminal at Beaumont, Texas? The Specific runs from Beaumont involve the following points:

1. Beaumont/Livonia
2. Beaumont/Lafayette
3. Beaumont/Alexandria
4. Beaumont/Houston
5. Beaumont/Hearne

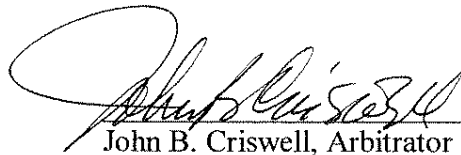
Opinion:

The parties, having failed to reach an agreement on the establishment of interdivisional pool freight service runs from the new home terminal of Beaumont, Texas, presented the question to this Arbitration Board established by the National Mediation Board.

There are extensive written presentations of record in this matter, outlining the history of the negotiations, an earlier agreement reached and turned down. Oral arguments were also heard.

The issues have been thoroughly reviewed, and, as is customary in these matters, there is attached an Agreement in the form of Terms and Conditions for final settlement of the issue and is hereby imposed.

Dated this 26th day of November, 1999, at Spring, TX.


John B. Criswell, Arbitrator

Terms and Conditions
between the
Union Pacific Railroad
and the
United Transportation Union

Interdivisional Service - Beaumont

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C. Beaumont pool turns established under this Agreement as well as the east long pool turn at Houston established under the Houston Hub Merger Agreement will operate on a

first in/first out basis at both the home and away-from-home terminals. As such, runarounds en route do not apply. The off duty time of a crew determines the first in conditions. If more than one (1) crew arrives at the same time, the order of first in will be based on the crew's order at time of call for original service.

Section 2: Rates of Pay

The provisions of the 1985 National Agreement as amended by subsequent agreements shall apply.

Section 3: Overtime

Overtime will be calculated in accordance with the National Agreements.

Section 4: Call

All crews headquartered at Beaumont will receive a two (2) hour call for any service.

Section 5: Transportation

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In order to expedite the movement of interdivisional service, the Carrier shall determine the conditions under which such crews may stop to eat. When crews covered by this agreement are not permitted to stop and eat, such crews will be paid an allowance of \$1.50 for the trip in accordance with the provisions set forth in the 1985 National Agreement.

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D. Beaumont Extra Board. The existing combination Conductor/Brakeman road extra board at Beaumont shall protect vacancies in this new Interdivisional Pool Freight Service, other miscellaneous service the board currently protects, as well as all other service previously protected by the DeQuincy extra board. The Carrier will have the right to eliminate the DeQuincy extra board.

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Alexandria – Lafayette	=	93 miles
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B. The repositioning conditions set forth in this Section are restricted to the terminals listed above.

C. Article IV.A and IV.A.2 of the Houston Hub Merger Agreement regarding repositioning crews from one away from home terminal to another will apply.

D. This is subject to the conditions contained in Side Letter No. 3 of the Houston Hub Agreement.

Section 10: Familiarization

To ensure proper familiarization and compliance with applicable FRA regulations, if any, employees new to the territory will be provided with a sufficient number of familiarization trips over territory where they are not currently qualified. Issues concerning individual qualification shall be handled with local operating officers. Employees will not be required to lose time or “ride the road” on their own time in order to qualify for these new operations. Pay will be made in the same manner as if the employee had performed service. If a dispute arises concerning this process, it will be addressed directly with the appropriate Labor Relations Officer and the General Chairman.

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ten (10) days from the date of advertisement and employees so assigned will assume their new positions at 12:01 a.m. on the date of implementing the Agreement.

Note: It is understood on the time and date of implementing this Agreement, employees may already be on duty and/or at the away from home terminals. Those employees will assume their new positions upon final tie-up at the home terminal.

Section 2:

With the advance advertisement of new positions, employees whose positions will be abolished under Section 1 above, will not be permitted to exercise their seniority over junior employees who are assigned to the new positions so advertised. Employees who desire the new positions must obtain such through the advertisement process set forth in Subsection 1 B above.

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Section 2 – This Agreement is in compliance with the provisions set forth in the National Agreements.

Section 3 – Where in conflict with any other agreements, understandings or practices, the provisions of this Agreement will apply.

Imposed this 26th day of Nov, 1999 in accordance with Article IX Arbitration in conjunction with the attached award.

Before The
SPECIAL ARBITRATION
BOARD

BROTHERHOOD OF LOCOMOTIVE ENGINEERS
(UP SOUTHERN GENERAL COMMITTEE OF ADJUSTMENT)

Vs.

UNION PACIFIC RAILROAD

Beaumont Interdivisional Service

ORGANIZATION'S SUBMISSION

ORGANIZATION'S POSITION:

On August 17, 1998 the Carrier served a notice to establish Interdivisional operations at Beaumont, Texas, pursuant to the provisions of Article IX of the Arbitrated 1986 National Agreement. On January 18, 2000 the parties met in Spring, Texas with you as Arbitrator for the purpose of arbitrating the dispute between the Brotherhood of Locomotive Engineers and the Union Pacific Railroad over the Carrier's desire to establish this Interdivisional service.

The Brotherhood of Locomotive Engineers, represented by this General Committee, has been cooperative with the Union Pacific Railroad from the outset, beginning with their Article IX notice. We agreed to an Interim Beaumont Interdivisional Operation on December 3, 1998, without prejudice to either party's position. We have continued to work together toward a mutually beneficial outcome despite the pressures and time constraints of the UP/SP Merger negotiations.

During this time period we have continued to negotiate with the Carrier to achieve a ratified agreement. The version of that agreement that we sent out for ratification is attached for your reference (Exhibit "A"). That agreement provided for protection of the Dequincy engineers required to either relocate or commute to Beaumont to work in the new Interdivisional service. We especially feel it is in the interest of the parties to impose that agreement as being the within the requirements of "Reasonable and practical conditions" governing Article IX, Section 2 – Conditions. Agreements.

Our one primary concern, and continued argument, has been for the retention of the Dequincy Extra Board. Dequincy, Louisiana has been a home terminal for generations of railroad workers. It has been the on/off duty point for operation of the short pool replaced by the Interim agreement mentioned above. The Extra Board at Dequincy has performed the Hours of Service relief specified in the Livonia Interdivisional Agreement as well as provided relief for engineers working in Orange and Beaumont, Texas, and Dequincy and Lake Charles, Louisiana. Article I, Section D of the November 26, 1999 arbitrated agreement between the Union Pacific Railroad and the United Transportation Union allows the Carrier "the right to eliminate the Dequincy extra Board". As we argued, the Brotherhood of Locomotive Engineers strongly wishes to retain the extra board at Dequincy for the purpose of protecting the vacancies at Orange, Texas and Lake Charles, Louisiana, performing Hours of Service relief in the Houston Hub Zone 2 area as needed, and as support for the Beaumont Extra Board should it become exhausted.

Additionally, we argued that any Dequincy engineers that are required to "get or Leave their trains at Amelia" would be allowed the round trip mileage from Beaumont to Amelia and return.

Also we argued that the engineers in this service should deserve the Interdivisional meal allowance presently allowed to the long pool engineers equal to the current away-from-home terminal meal compensation. That allowance is presently \$6.00.

Beaumont Interdivisional
Article IX Arbitration

In closing, let the Organization reiterate our earnest desire to retain job presence in the Dequincy, Louisiana home terminal. The history and needs of service in this region have substantiated the need for an on and off duty point in Dequincy for many years.

Respectfully Submitted by,

William R. Slone II
General Chairman
UP Southern GCA
Union Pacific Railroad
6207 Airport Freeway
Fort Worth, Texas 76117
(817) 222-2092