

January 17, 1997

Side Letter No. 1

Mr. M. L. Royal, Jr.
General Chairman BLE
413 West Texas
Sherman, TX 75092-3755

Mr. R. A. Poe
General Chairman BLE
515 Northbelt East Suite 120
Houston, TX 77060

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

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, specifically to Article I.A.4.a and I.B.3.a regarding repositioning engineers from one away from home terminal to another. Such handling will be subject to the following conditions:

- (a) Engineers may be deadheaded prior to tie-up after the initial trip.

Example: An engineer runs from Avondale to Lafayette. He can be deadheaded from Lafayette to Livonia for tie-up at Livonia from his original trip from Avondale.
- (b) Engineers may also be deadheaded after tie up and rest after the initial trip.

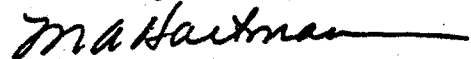
Example: An engineer runs from Avondale to Lafayette and ties up. After rest he can be deadheaded from Lafayette to Livonia for a trip from Livonia to Avondale.

 - 1. This handling can only occur when there are no rested engineers at Livonia to protect the service from Livonia to Avondale, i.e., it is not permissible to deadhead an engineer to a different away from home terminal for additional rest, but only for a return trip to the home terminal.
- (c) Engineers will not be deadheaded by train between one away from home terminal to another away from home terminal. Other forms of transportation will be used.
- (d) Engineers hired prior to implementation of the Agreement will be paid highway miles for the deadhead portion of the trip and engineers hired subsequent to the implementation will be paid actual time for the deadhead portion of the trip.

- (e) Once deadheaded between two away from home terminals an engineer will not be deadheaded back except in an emergency situation such as a flood or major derailment.
- (f) It is not the intent of this Agreement provision to "double deadhead" engineers. If double deadheaded then the engineer will be paid district miles for the second deadhead. A "double deadhead" in this instance is when an engineer is deadheaded from one away from home terminal to the other away from home terminal and then deadheaded back to the home terminal.
- (g) Engineers arriving at the away from home terminal by train and instructed to deadhead to another away from home terminal will remain on terminal time (if applicable) until they are in the vehicle to transport them to the other away from home terminal.

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,

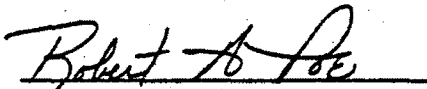


M. A. Hartman
General Director - Labor Relations

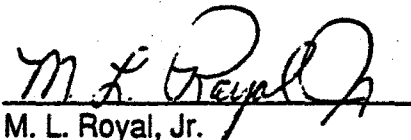
AGREED:



D. E. Penning
General Chairman, BLE



R. A. Poe
General Chairman, BLE



M. L. Royal, Jr.
General Chairman, BLE

cc: D. M. Hahs
Vice President BLE

J. L. McCoy
Vice President BLE