

**AGREEMENT BETWEEN UNION PACIFIC RAILROAD (UP)
AND THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS (BLE)**

Whereas the BLE and various Carriers represented by the National Railway Labor Conference (NRLC) (including UP) have entered into a tentative agreement;

Whereas the aforementioned tentative agreement is presently subject to ratification by the BLE before it can become effective;

Whereas the BLE and UP have also reached certain other tentative agreements, listed below and attached hereto;

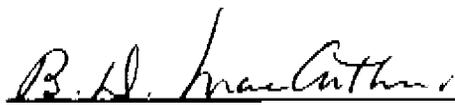
Whereas it is the intention of the parties that such other agreements, listed below and attached hereto, only become effective if and when the agreement between the BLE and those Carriers represented by the NRLC is ratified and becomes effective;

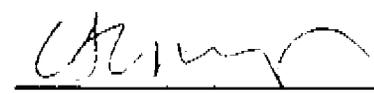
It is agreed:

1. The BLE and UP have reached tentative agreement on the following agreements, copies of which are attached hereto:
 - (a) System Agreement - Discipline Rule
 - (b) System Agreement - Claim Handling Process
 - (c) System Agreement - Instructor Engineers
 - (d) System Agreement - Peer Training
 - (e) System Agreement - Weight on Drivers
 - (f) System Agreement - Extra (Undisturbed) Rest
 - (g) System Agreement - Without Fireman Payment
 - (h) System Agreement - Compensation Delivery

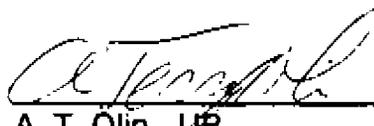
2. The above-listed agreements will become effective only if and when the agreement between the BLE and the various Carriers represented by the NRLC is ratified and becomes effective. In that event, the above listed agreements will become effective on the same date as the BLE/NRLC Agreement.

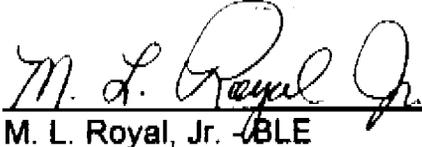
Signed this 21 day of March, 1996


B. D. MacArthur - BLE


L. A. Lambert - UP


D. E. Penning - BLE

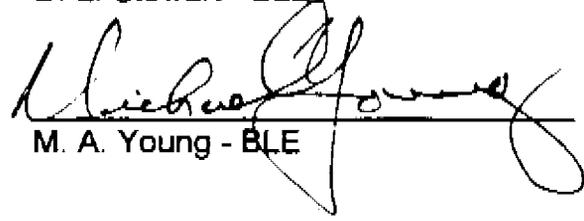

A. T. Olin - UP

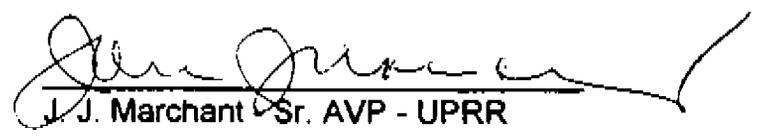

M. L. Royal, Jr. - BLE


J. M. Raaz - UP


D. L. Stewart - BLE

Approved:


M. A. Young - BLE


J. J. Marchant Sr. AVP - UPRR

Approved:


R. Dean - VP - BLE

SYSTEM AGREEMENT - DISCIPLINE RULE

1. All existing agreements pertaining to the handling of discipline are eliminated and replaced by this agreement.

GENERAL

2. Locomotive engineers will not be disciplined without first being given a fair and impartial investigation except as provided below. They may, however, be held out of service pending investigation, but it is not intended that an engineer be held out of service for minor offenses.

NOTICE

3. Within 10 days of the time the appropriate company officer knew or should have known of an alleged offense, the engineer will be given written notice of the specific charges against him or her. The notice will state the time and place of the investigation and will be furnished sufficiently in advance to allow the engineer the opportunity to arrange for representation by a BLE representative(s) (the BLE Local Chairman or other elected BLE Officers) and witnesses. The notice will propose discipline to be assessed if investigation is waived and designate a carrier officer who may be contacted for the purpose of arranging for an informal conference on the matter. A copy of the notice will be furnished to the BLE Local Chairman.

WAIVER

4. Prior to the investigation, the engineer (and the BLE representative if desired by the engineer) may contact the designated carrier officer and arrange for an informal conference to discuss the alleged offense and proposed discipline. Such informal conference may be either in person or by telephone.
 - (a) If such informal conference results in the proposed discipline being dropped, no further action will be taken.
 - (b) If such informal conference results in proposed discipline being accepted by the engineer and the investigation being waived, the engineer's record will be updated accordingly.

- (c) If such informal conference does not result in either (a) or (b) above or no informal conference takes place, the discipline imposed as a result of a hearing may not exceed that proposed in the notice of charges.

INVESTIGATION

5. Unless postponed for good cause, the investigation will be held no later than 10 days after the date of the notice.
6. When practicable, the investigation will be held at the engineer's home terminal. When that is not practicable, the investigation will be held at a location which will minimize the travel, inconvenience and loss of time for all employees involved. When an engineer is required to travel to an investigation at other than his or her home terminal, the engineer will be reimbursed for actual, reasonable and necessary expenses incurred.
7. Where request is made sufficiently in advance and it is practicable, the engineer and/or the BLE representative will be allowed to examine material or exhibits to be presented in evidence prior to the investigation. At the investigation, the engineer and/or the BLE representative will be afforded the opportunity to examine or cross examine all witnesses. Such examination will extend to all matters under investigation.
8. The investigation will be recorded and transcribed. Copies of transcript will be furnished to the engineer and the BLE Local Chairman no later than the date discipline is issued. If the accuracy of the transcript is questioned and the investigation was electronically recorded, the tapes shall be examined and, if necessary, the transcript will be corrected.

DECISION

9. A written decision will be issued no later than 10 days after completion of the hearing. The notice will be sent by US Mail to the last known address of the engineer and to the BLE Local Chairman.
10. If the Superintendent fails to issue a decision within such 10 day time limit or if the engineer is found not at fault, the engineer will be paid for any time lost and the engineer's record will be cleared of the discipline at issue.

APPEALS

11. If the engineer is not satisfied with the decision, the BLE General Chairman may appeal to the designated Labor Relations officer within 60 days from the date of the Superintendent's decision.
12. The Labor Relations officer will respond to the appeal within 60 days from the date of the BLE General Chairman's appeal. If the Labor Relations officer fails to respond within 60 days, the engineer will be paid for any time lost and the engineer's record will be cleared of the discipline at issue.
13. If the engineer is dissatisfied with the decision of Labor Relations, proceedings for final disposition of the case under the Railway Labor Act must be instituted by the engineer or his or her duly authorized representative within one year of the date of that decision or the case will be considered closed and the discipline will stand as issued, unless the time limit is extended by mutual agreement.

MISCELLANEOUS

14. If a dispute arises concerning the timeliness of a notice or decision, the postmark on the envelope containing such document shall be deemed to be the date of such notice or decision.
15. Engineers attending an investigation as witnesses at the direction of the carrier will be compensated for all time lost and, in addition, will be reimbursed for actual, reasonable and necessary expenses incurred. When no time is lost, witnesses will be paid for actual time attending the investigation with a minimum of two hours, to be paid at the rate of the last service performed.
16. The engineer being investigated or the BLE representative may request the Carrier to direct a witness to attend an investigation, provided sufficient advance notice is given as well as a description of the testimony the witness would be expected to provide. If the Carrier declines to call the witness and the witness attends at the request of the engineer or BLE and provides relevant testimony which would not otherwise have been in the record, the carrier will compensate the witness as if it had directed the witness to attend.
17. If, by operation of this agreement or as the result of an arbitration decision, the Carrier is required to pay an engineer who has been disciplined for "time lost", the amount due shall be based on the average daily earnings of the engineer for the 12 month period (beginning with the first full month) prior to removal from service. The sum of the claimant's earnings during such period shall be divided by 365 to arrive at the average daily earnings to be applied in determining the amount of lost wages, based on the number of days of discipline.

NOTE, Section 1: This agreement is not intended to modify or replace "By-Pass" or "Companion" Agreements.

This agreement is not intended to modify or replace Carrier policies pertaining to discipline; except that to the extent this agreement may conflict with a Carrier policy, this agreement shall govern.

NOTE, Section 17: The twelve (12) month period utilized in determining the employee's average daily earnings will not include any month(s) in which the employee experienced unusually low earnings due to circumstances beyond his/her control, such as personal injury, documented major illness, of the employee or a family member, etc. It is not the intent of this NOTE, however, to exclude those months in which the employee lays off on his/her own accord. It is intended the twelve (12) month period utilized will reflect the engineer's normal work habits and history.

Example: An engineer was dismissed in October for an alleged rules violation. Pursuant to an arbitration award, the engineer is reinstated and awarded time lost (back pay). Six months prior to his/her dismissal, said engineer was off-duty (medical leave) for two (2) months (March and April) due to a documented major illness, such as a heart attack.

Calculation of the employee's average daily earnings for the preceding twelve (12) months will commence with September and will incorporate the prior fourteen (14) months, including September (March and April are excluded due to the employee having no earnings in those months due to the medical condition).

SYSTEM AGREEMENT - CLAIM HANDLING PROCESS

In an effort to provide a method for a condensed and more expedited process of handling time claims, it is agreed that all time claims after ratification of this Agreement shall be handled as follows:

1. All time claims must be presented in writing by or on behalf of the employee involved, to the officer of the Company authorized to receive same, within sixty (60) days of the date of the occurrence on which the claim is based.
2. Should any time claim be disallowed, the Carrier, within sixty (60) days from the date same was filed, must notify the employee or his representative in writing of the reason(s) for such disallowance.
3. If a disallowed claim is to be appealed on behalf of the employee, such appeal must be in writing within sixty (60) days from receipt of the notice of disallowance.
4. Within sixty (60) days of the date of the appeal, the highest Labor Relations Officer authorized to handle such claim must notify the employee's representative in writing of his/her decision to reject this appeal.
5. Within one-hundred-eighty (180) days of the date of the rejection of the appeal, the B.L.E.'s highest designated officer to handle such claims must list this claim, in writing, for conference with Labor Relations.
6. Within sixty (60) days of the Time Claim Conference, Labor Relations must send a final rejection letter of such claim to the B.L.E.'s highest designated officer to handle such claim.
7. Within one-hundred-eighty (180) days of the date of the final rejection letter after Conference, the highest B.L.E. officer designated to handle such time claims must list the claim before a tribunal having jurisdiction pursuant to the law or agreement.
8. If either party fails to comply with a time limit contained in this agreement, the claim shall be allowed (if the carrier's failure) or withdrawn (if the organization's failure). Claims so disposed of shall not be considered as a precedent or a waiver of the contentions of either party as to other similar claims.
9. All rights of the Claimant involved in continuing alleged violations of the Agreement shall, under this rule, be fully protected by continuing to file a claim for each occurrence (or tour of duty).

10. This rule recognizes the right of the representatives of the Organization party hereto to file and prosecute claims for and on behalf of the employees they represent.

Note 1: It is understood the time limits set forth in this Rule may be extended by mutual agreement of the parties.

Note 2: The use of the term "in writing" in this Rule includes the use of electronic or computer-based delivery or transmission methods.

Note 3: The parties agree all claims submitted prior to the effective date of this Rule will continue to be handled in accordance with applicable rules or procedures previously in effect. All claims submitted on or after the effective date of this Rule will be handled in accordance with this Rule.

Q-1: What does the term "list the claim" in Section 7 mean?

A-1: In "list(ing) the claim", the Organization must either docket the claim to a Public Law Board in accordance with applicable National Mediation Board rules and procedures or file an ex parte notice of intent with the First Division, NRAB.

Q-2: Does this rule apply to claims under Labor Protective conditions?

A-2: Yes, unless the labor protective conditions provide for different time limits or procedures.

SYSTEM AGREEMENT - INSTRUCTOR ENGINEERS

The Carrier may utilize locomotive engineers to provide on-the-job training to student engineers. Such training will be delivered by locomotive engineers designated as "Instructor Engineers" during their working trips, subject to the following:

Instructor Selection/Retention

1. The Carrier will determine the number of Instructor Engineers needed in a particular territory.
2. The availability of that number of Instructor Engineer designations will be advertised.
3. The appropriate Carrier officer and the BLE Local Chairman will review the applications and select the successful applicants. In order to ensure that the most qualified applicants are selected, consideration should be given to the following factors:
 - Skill as a locomotive engineer.
 - Communication skills.
 - Safety/discipline record.
 - Experience as a locomotive engineer.
 - Seniority.

As the purpose is to select the most qualified applicants, the parties must display the utmost objectivity and fairness in making their selections.

In the unlikely event that the Carrier Officer and Local Chairman are unable to agree on selection, the selection will be made by the Carrier-officer.

4. The Carrier will develop and utilize a feedback mechanism which will allow student engineers to evaluate Instructor Engineers. The appropriate Carrier Officer and BLE Local Chairman will periodically review the evaluations for the purpose of identifying performance deficiencies.

5. Where appropriate, the Carrier officer should consult with the Instructor Engineer and the BLE Local Chairman in an attempt to correct any performance deficiencies prior to removal. The Carrier may remove a particular locomotive engineer from the list of designated Instructor Engineers.
6. Instructor Engineers may voluntarily relinquish their designation as such.

Training Conditions

1. Instructor Engineers will be responsible for the proper supervision of student engineers during their on-the-job training.
2. Instructor Engineers will permit student engineers to operate the locomotive and perform other functions of an engineer.
3. (a). The Instructor Engineer will not be held responsible for broken knuckles, damaged drawbars or rough handling or missed platforms when the locomotive is operated by the student engineer.

(b). Instructor Engineers will not be held responsible for rule violation(s) committed by the student engineer so long as the Instructor took every reasonable precaution to prevent the rule violation(s) and alleged negligence on the part of the Instructor Engineer neither caused nor directly contributed to the rule violation(s).
4. The Instructor Engineer will complete any required report regarding the performance of the student engineer.

Compensation

1. Instructor Engineers will receive one of the following allowances, in addition to all other earnings, for each tour of duty with a student engineer or with an engineer taking a recertification trip required by the FRA to maintain his or her locomotive engineer's license:

Yard Service: \$14.00

Road Service (including local and road switcher): \$28.00

Note: The foregoing allowances are "frozen" (i.e. not subject to future wage increases).

2. The presence of a student engineer will not affect the Instructor Engineer's rate of pay when operating without a fireman.

Special Qualifications

1. The Carrier may establish special qualifications for Instructor Engineers such as additional training courses designed to enhance their abilities as locomotive engineer and/or instructor.
2. Locomotive engineers will be given a reasonable time following selection as an Instructor Engineer to complete any such special qualifications.

Q-1: If the need arises for a student engineer or an engineer recertifying to ride and an instructor is not available may another engineer be used?

A-1: Yes.

Q-2: What will the non-instructor engineer be paid?

A-2: The same as an instructor engineer under the compensation provisions of this agreement.

INSTRUCTOR ENGINEERS

The parties recognize that it is the intent of this agreement to provide sufficient engineer instructors to meet the needs of the service. This benefits currently working engineers because it assists in providing additional manpower to meet the needs of new business and the normal attrition of current engineers. The interruption of training due to an insufficient number of trainer applicants or the voluntary relinquishment of trainer positions could adversely affect the training of student engineers and result in current engineers working additional assignments.

Therefore, if a sufficient number of applicants are not received in a given area or voluntary relinquishment of trainer assignments causes an insufficient number of trainers to meet the needs of the service, then the Carrier may revert to the former method of assigning students to engineers in that area and the pay provisions that existed previously shall also apply.

SYSTEM AGREEMENT - PEER TRAINING

The parties recognize that several factors including FRA licensing, new technology, rules exams, fuel conservation, etc., have created a need for more expanded training programs. Due to the ebb and flow of training opportunities and the benefits that arise from the use of peer training, the parties agree that the Carrier may supplement its training program with peer trainers as follows:

1. The Carrier may develop a pool of peer trainers in two classifications called (1) classroom peer trainers and (2) field peer trainers. An employee may be qualified as both a classroom and field peer trainer.
2. The Carrier may post notices for a seven (7) day period advertising a specific number of classroom and/or field peer trainer positions. It is anticipated that the positions will be established at major home terminals but the parties recognize that trainers may be sent to smaller terminals to assist in training. Trainers may also travel to other major home terminals to train new trainers. The positions will be for a one-year period and then rebulletined.

NOTE 1: Peer trainers who are working as such at the end of the one year period will finish their assignment but will not begin a new peer training assignment unless selected for a new one-year period.

NOTE 2: At terminals where more than one seniority district works, i.e. Salt Lake City, it is not necessary to have trainers from each seniority district. A trainer may train engineers from multiple seniority districts.

NOTE 3: Engineers holding seniority at a given location will be used as trainers unless business levels are such that it would create a shortage or continue a shortage of engineers at that location. In these instances, trainers from an area of surplus may be used. In Notes 2 and 3, field rides will only be given after a peer trainer is familiar with the territory.

3. (a) The Local Chairmen will collect the applications and review them with the designated Carrier Officer. If the list of applicants is equal to or greater than twice the number of positions posted, the two parties will then eliminate one name each on an alternating basis (Local Chairmen first) until the number remaining equal the number of trainer positions posted.

(b) If the number of applicants is less than twice the number, the Local Chairman and Carrier Officer may accept the list as is to make their selections or they may add to the list (Carrier Officer first) until twice the number of engineers are on the list. The parties will then finalize the list per (a) above.

(c) The engineers selected will be designated as Trainers subject to the terms and conditions of this agreement.

NOTE 1: The non-selection of an engineer as a trainer does not reflect on the ability of an engineer to handle a train but recognizes that trainer skills are different skills.

NOTE 2: Should the Local Chairmen not produce a list of applicants and/or proposed trainers, then the General Chairman will do so in a timely manner.

4. (a) Peer trainers may be used for any training needs for engineers or the public such as but not limited to:

- (1) Rules exams.
- (2) Check rides - pre-certification, familiarization and others.
- (3) Red Block.
- (4) Operation Life Saver.
- (5) New equipment - including distributive power.
- (6) Simulator.
- (7) Pilot service - terminal and road familiarization in connection with mergers, trackage rights, new ID runs, etc.

(b) Classroom peer trainers will be primarily used in classroom settings, including rules exams, Red Block, Operation Life Saver, etc.

(c) Field peer trainers will be primarily used in the field including check rides, hostler training, new equipment, simulators, pilot service, etc.

(d) Employees designated as both classroom and field peer trainers may be used in either capacity. The two classifications of trainers are meant as guidelines and it is recognized that work in each area will overlap and claims will not be filed because of any overlap.

5. The Carrier may require additional training for peer trainers designed to enhance their ability to perform peer training duties. When sent to another location for additional training or to train others, they will be reimbursed for actual travel expenses as arranged by the Carrier. Employees who receive permission to drive their own automobile will be reimbursed at the then current mileage rate. Employees must turn in expense account forms showing actual travel and meal expenses and receipts where required by Carrier policy.
6. When a training need arises, the Carrier will select a peer trainer(s) from the pool of trainers and assign the trainer(s) to the assignment. If the assignment is anticipated to be 30 days or less, the vacancy, caused by the trainer leaving their regular assignment, will be treated as a temporary vacancy under existing rules. If it is anticipated that the vacancy will be for 31 days or longer, then as a permanent vacancy under existing rules.
7. Peer trainers shall be paid as follows:
 - (a) Trainers who work in a classroom or simulator setting shall be paid \$230 per day.
 - (b) Trainers who work in the field (on moving locomotive units) will be paid the greater of \$230 per day or one hundred fifteen (115) percent of their prior years' earnings used to determine their 1/52 vacation pay. The percentage amount shall be divided by 365 and a daily rate shall be established.
 - (c) The rate (\$230 or 115%) shall be paid for each day the trainer is withheld from their regular assignment due to their training assignment. The payment, either the percentage amount or the minimum amount shall be for all services rendered and no other payment, overtime or arbitrary of any kind shall be paid.

Example 1: The trainer, working in pool freight service, is notified to teach rules exams the following week beginning on Monday. If his/her pool turn normally would arrive back in town no later than Saturday at 11:59 p.m., he/she will work the turn and begin training Monday through Friday and be paid five days at \$230 per day. If his/her pool turn leaves on Friday (the last day of training) and returns on Saturday, then he/she will receive another day's pay for Saturday. If the original pool turn does not leave until the Saturday before the training begins, the trainer will be paid two additional days at \$230 for the Saturday/Sunday missed days of the regular turn.

Example 2: The rate using the percentage factor is \$265 per day. A trainer is used to work with an engineer on distributed power between two terminals. The trainer is used on Monday to the far terminal and Tuesday back, the same days his regular assignment worked. The trainer is paid \$265 per day.

(d) Any engineer working as a trainer will be treated as occupying the "highest rated position available" for purposes of computing any applicable protection.

(e) It is understood that all time spent serving in any program addressed by this Agreement is considered the same as marked up and available for guarantee purposes. Such time will also be considered as compensated service for the purpose of calculating vacation qualification and vacation earnings.

SYSTEM AGREEMENT - WEIGHT ON DRIVERS

1. The minimum weight in through freight service will be 1,200,000 lbs. (representing three locomotive units). The actual weight of all locomotive units utilized will continue to be determined by the carrier and such weight will apply in instances where the total weight exceeds 1,200,000 lbs.

NOTE: Distributed Power Units (DPU) will be included in the calculation of total weight on drivers under this Agreement.

2. The minimum weight as set forth in Section 1 above applies only for locomotive engineers operating in through freight service.
3. Effective on the effective date of this agreement, the parties agree to establish an Average Weight-on-Driver Committee, to develop and implement a new system that will eliminate the necessity of determining actual unit weights to determine the proper rate of pay. The Committee will be guided by the following concept:

After a joint review involving timekeeping records, the parties will establish the average weight of locomotives utilized on the system in through freight service. Thereafter, in through freight service, this average weight will apply to each unit above three units in a locomotive consist.

SYSTEM AGREEMENT - EXTRA (UNDISTURBED) REST

1. Engineers may take extra (undisturbed) rest under the following circumstances:
 - (a) When an engineer's tour of duty (non-deadhead) has been for eight (8) or more hours; or
 - (b) When an engineer's tours of duty (including deadheads) in the previous five (5) consecutive calendar days have resulted in no rest (off-duty) period of twelve (12) or more continuous hours.

2. Engineers taking extra (undisturbed) rest pursuant to (a) and (b) above may do so under the following conditions:
 - (a) If on duty for more than eight (8) hours, but less than twelve (12) hours, an engineer may take eight (8) or ten (10) hours undisturbed rest.
 - (b) If on duty twelve (12) hours, an engineer may take ten (10) or twelve (12) hours undisturbed rest.
 - (c) If there was not a twelve (12) or more hour rest period in the previous five (5) consecutive calendar days, an engineer may take eight (8), ten (10) or twelve (12) hours undisturbed rest.
 - (d) An engineer taking extra (undisturbed) rest must so advise CMS at time of tie-up.
 - (e) Engineers may not take extra (undisturbed) rest on the day before or the day of a holiday recognized under applicable Agreement provisions.
 - (f) Engineers taking extra (undisturbed) rest shall not be contacted during such period.

3. Engineers will not be considered as unavailable for guarantee purposes for the first extra rest taken in each pay period. Engineers taking extra (undisturbed) rest will be considered unavailable for the second and successive extra (undisturbed) rest occurrences in each pay period if they would have been called had they not taken the extra (undisturbed) rest. In each such instance(s) the guarantee reduction for an extra board engineer will be one (1) guarantee day, and for a guaranteed pool engineer, one (1) round trip.

NOTE: The purpose of this Rule is to provide engineers with the opportunity to obtain, when needed, rest so as to ensure they can safely perform their duties. This rule is not intended to be a mechanism to allow engineers to only work certain shifts, avoid calls, or lay off. It is likewise not intended undisturbed rest be taken after every trip. The parties recognize the merit of this rule and will jointly work to eliminate any abuse of this rule.

Q-1. Will a regular assigned engineer on a yard relief assignment be allowed to take extra (undisturbed) rest when such extra rest would result in the engineer not working his/her next assignment?

A-1. No. It is not the intent of this rule to use extra (undisturbed) rest to avoid a regular assignment.

Q-2. May an engineer take extra (undisturbed) rest under 1(b) if his/her last trip in the five (5) day period was a deadhead?

A-2. Yes. The intent of the rule is to provide an opportunity for extra rest when both work and deadhead have resulted in no rest period(s) of twelve (12) or more hours in the previous five (5) calendar days.

Q-3. Is an engineer removed from the extra board or pool when he/she takes extra rest at the home terminal?

A-3. No. An engineer will hold his/her turn on the board or in the pool. If the pool engineer's turn goes out while the engineer is on extra rest they will wait for their turn to return to the home terminal. If extra board engineer will continue to move up the board and if not rested when first out will remain first out.

Q-4. What happens if an engineer takes undisturbed rest at the away-from-home terminal?

A-4. If the engineer is first-out and not rested for a call, the engineer will remain first-out until rested.

Q-5. Must the Carrier hold a train for an employee requesting extra rest?

A-5. No.

SYSTEM AGREEMENT - WITHOUT FIREMAN PAYMENT

Pay rules providing for additional pay when working without a fireman and that pay's relationship to working with a reduced train crew are amended as follows:

1. Union Pacific Eastern District and Western Region (South Central, Western Pacific, Idaho and Oregon) shall have the \$6.00 payment rolled into the basic rate.
2. Union Pacific Upper Lines, Chicago and Eastern Illinois and Southern Region shall have the \$4.00 payment increased to \$6.00 and rolled into the basic rate.
3. The respective six (6) cents and four (4) cents per over mile payment shall continue as previously handled.
4. The \$6.00 and \$4.00 payments and/or reduced crew equalization payments are eliminated.

NOTE 1: The Union Pacific - CNW area will have no adjustment made as the payments were previously rolled in.

NOTE 2: This does not affect the payment of \$15 and 15 cents per overmile or the payment of \$2.75 and 45 minutes.

SYSTEM AGREEMENT - COMPENSATION DELIVERY

1. On and after January 1, 1997, employees covered by this agreement will receive pay by one of the following means:
 - a. paycheck delivered by U.S. Mail; or,
 - b. pay transferred electronically to the employee's financial account (hereinafter "direct deposit").

Unless an employee requests direct deposit, the employee's paycheck will be delivered by U.S. Mail.

2. In recognition of the importance of this change to employees covered by this agreement, the parties agree to the following implementation procedure:
 - a. On or before September 1, 1996, all employees will be mailed an explanation of the new process for delivery of pay. The mailing will also contain an explanation of how to request the direct deposit option.
 - b. Every effort will be made to ensure that Carrier records reflect correct mailing addresses for employees.
 - c. Every effort will be made to quickly resolve any errors in delivery of pay, whether by U.S. Mail or direct deposit.

**Agreed to Questions and Answers
to
UP/BLE Local Agreements June 1, 1996**

I. Attachment (a) DISCIPLINE RULE

Q. Under Section 11., if the General Chairman does not appeal a case to Labor Relations within 60 days, has that case expired under the time limits?

A. Yes, unless the parties have agreed to an extension of the time limit.

Q. May either party request that a discipline case be discussed in conference between the General Chairman and the Labor Relations Officer?

A. Yes. If such a conference is requested, it will be held during the one-year period set forth in Section 13 of the Agreement but will not extend such one-year period.

II. Attachment (b) CLAIM HANDLING PROCESS

Q. Under Section 2., are local arrangements which provide for starting the time limits from the end of the half in which the claim is filed still in effect?

A. Yes, agreements in effect which designate when the 60 days begin are not changed by this section.

Q. Is it consistent with the provisions of Section 2 for Timekeeping to provide an employee with a written denial for a claim that was filed on his/her behalf (for example, by a Local Chairman)?

A. Yes, Section 2., provides the Carrier will notify in writing either "the employee or his representative" of the reason(s) for disallowance of the claim.

Q. Is the intent under Section 5., to conference claims within 180 days of the Carrier's rejection of appeal?

A. Yes, with the understanding that under Note 1: time limits may be extended by mutual agreement, with the commitment the parties will cooperate to comply with this provision and keep claims current but to do so in the most cost effective manner possible.

III. Attachment (c) INSTRUCTOR ENGINEERS

Q. Do previously existing agreements that provided for instructor engineer pay remain in effect?

A. No.

Q. Under Compensation Section 1., will instructor engineer allowances be used as an offset against extra board or pool freight guarantee payments?

A. Instructor engineer allowances will not be used as an offset against any extra board or pool freight guarantee payments.

IV. Attachment (d) PEER TRAINING

Q. Under Section 4., can a peer trainer be used to conduct or assist in conducting efficiency tests?

A. No.

Q. Will peer trainers be required to testify in disciplinary hearings regarding training given to a locomotive engineer who is charged with a rule violation?

A. If a peer trainer is present or directly involved in a situation resulting in a disciplinary hearing, the trainer may be required to testify, but will not be required to testify regarding training given to another engineer if not involved in or present when the alleged rule violation occurred.

Q. What process should be used when there is a need to reduce the number of full time peer trainers?

A. First, the group working as peer trainers should be canvassed for volunteers who wish to return to the ranks of locomotive engineer. If there are insufficient volunteers, further reduction should be made in reverse seniority order.

V. Attachment (f) EXTRA (UNDISTURBED) REST

Q. Under Section 2., must engineers meet the requirements of both 1(a) and 1(b) to be eligible to take extra rest?

A. No, engineers may request extra rest if they meet the requirements of either 1(a) or 1(b).

The above listed questions and answers are agreed to between the parties and immediately become effective.

Signed this 20th day of February, 1997

B. D. MacArthur
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L. A. Lambert
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