

UNION PACIFIC RAILROAD COMPANY

1416 Dodge Street  
Omaha, Nebraska 68179



July 9, 2003

L/R File:

Mr. H. J. Granier  
General Chairman BMW  
302 E Broadway Suite B  
Mayfield KY. 42066

Mr. B. R. Palmer  
General Chairman, BMW  
P O Box 2767  
Longview, TX. 75606-2767

Mr. L. D. Riley  
General Chairman, BMW  
3626 Hotze Rd.  
Salem, IL. 62881

Mr. R. D. Sanchez  
General Chairman, BMW  
350 N. Sam Houston PKWY. E. Ste. 202  
Houston, TX. 77060

Mr. S. L. Triebel  
General Chairman BMW  
Route 2 Box 250A  
Coffeyville Ks. 67337-8741

Gentlemen:

This is to confirm our various discussions concerning the Carrier's establishment of a database to determine qualifications for various types of equipment.

During our discussions, it was your position that employees who had established a seniority date as a machine operator was deemed qualified on all machines. They consequently had the right to exercise seniority onto any machine. The Carrier's position; that an employee would not be allowed to exercise seniority onto a machine unless qualifications had been established and entered into the database, would limit an employee's seniority rights under the agreement.


You were advised that it was the Carrier's position that the terms "qualified" and "seniority" were not synonymous and an employee had to be qualified before being assigned to a position. This was clearly borne out in Rule 20(b) of the agreement. You further were advised that in approximately 1988, a policy decision was made to allow employees to bid to positions and demonstrate qualifications but they had to be qualified before being permitted to displace onto a machine. This policy has been applied sporadically in the intervening period and does not change the language of the agreement.


Notwithstanding our respective positions on this matter, it was agreed that an employee's qualifications would be entered into the database. The employee may make application to be trained on equipment that he/she is not qualified upon. If the equipment comes up for bid before the employee has been trained, the employee has bid on the position, and is the senior bidder, he/she will be assigned to the position and will be given full co-operation and assistance in his/her efforts to qualify. It is understood that the request for training must be on record at least 60 days prior to the position coming up for bid. It further is understood that if an employee is not shown in the database as being qualified on a piece of equipment, the employee will not be permitted to displace onto that position.

This understanding is without prejudice to the respective positions of either party and will not be referred to in any other forum except as necessary to resolve issues arising out of this agreement.

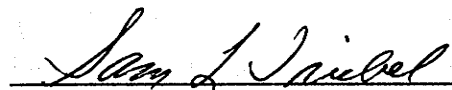
If the foregoing correctly sets forth our understanding, please sign in the spaces provided below.


FOR THE ORGANIZATION:

  
General Chairman, BMW

  
General Chairman, BMW

  
General Chairman, BMW

  
General Chairman, BMW

  
General Chairman, BMW

APPROVED:

  
Vice President, BMW

FOR THE CARRIER:

  
General Director Labor Relations