

MEMORANDUM

of

AGREEMENT

between

UNION PACIFIC RAILROAD COMPANY

and the

UNITED TRANSPORTATION UNION

**AUXILIARY WORK & TRAINING STATUS AGREEMENT
(DALLAS-FORT WORTH HUB)**

1. **Purpose** - The parties want to provide additional work and/or training opportunities for surplus train/yard service employees in the Dallas-Fort Worth Hub. The Auxiliary Work and Training Status ("AWTS") established by this Agreement provides that alternative.

2. On the effective date of this Agreement, an AWTS Board will be established with a designated cap on the number of available AWTS positions. This cap shall be determined by UP and based on the number of surplus employees, operational needs, and other similar factors. The UTU will be afforded the opportunity to provide input regarding attrition, traffic and service needs, etc., in connection with the number of available AWTS positions.

Thereafter, and no more often than each 60 days, the Carrier may adjust the number of available AWTS positions. Before the number of available AWTS positions is reduced, the Carrier will advise the affected General Chairman in order that the parties may discuss the proposed reduction.

3. **Eligibility** - A train/yard service employee who is unable through the normal exercise of his or her seniority to hold a train/yard service position on his or her seniority district and will thus be furloughed will be eligible for AWTS.

4. Assignment

- a. CMS will notify an employee at the time of furlough of the AWTS option. An employee who does not accept AWTS within twenty-four (24) hours from the time it is offered will be automatically placed in furlough status.
- b. If the employee accepts AWTS, every effort will be made to work and train the employee at the extra board location nearest the employee's residence. If the AWTS employee is required to work or train at another location more than thirty miles (via the shortest route) from the employee's residence, he/she will be treated, for purposes of lodging, meals and, if applicable, use of his/her vehicle, as an extra employee working/training at that location. AWTS employees shall not be required to work and/or train outside of their respective Hub under the terms of this Agreement. It is understood, however, this Agreement will not preclude any employee from accepting temporary employment opportunities that may be offered elsewhere on the System.
- c. An employee accepting AWTS will not be subject to displacement by a senior employee, except as provided in Paragraph d(i), below.
- d. Once the maximum number of employees in AWTS has been reached, UP will not be obligated to place any additional employees in AWTS.
 - i. If the cap has been reached, and a senior train/yard service employee is unable to hold a position through the normal exercise of his or her seniority and will otherwise be furloughed, he/she may, assuming the employee voluntarily elects to be in AWTS, be placed in AWTS, and the junior employee in AWTS will be simultaneously removed.

5. Availability

- a. AWTS employees will be required to be available to start work eight (8) days per month which may also require them to work additional days in order to complete a tour of duty/return to his/her home terminal. AWTS employees will be considered extra employees for the purpose of qualifying for deadhead payments. CMS will advise AWTS employees of the monthly availability schedule prior to the first day of the month.
- b. If an employee in AWTS fails to be available for work or training on two (2) designated workdays within a rolling 120-day period, the employee shall be immediately removed from AWTS and he or she shall be placed in furlough status.

NOTE: The threshold established in this Paragraph b is applicable for all designated workdays while the employee is assigned in AWTS.

An employee absent more than two days account bereavement, illness, or other exceptional circumstance may request a review by the Local Chairman and CMS, after providing documentation for the absence. If not resolved, the General Chairman and the Director of Labor Relations will review the incident.

- c. An employee in AWTS will not be eligible to observe unused personal leave on any day scheduled to work or train. An employee in AWTS who possesses unused vacation benefits will be paid in lieu of for such unused vacation at the time the vacation is scheduled.

NOTE: An employee who desires to take their vacation as scheduled in lieu of being paid for such unused vacation, must make his or her request known to CMS in advance of being advised by CMS of his or her monthly availability schedule. If said employee fails to make such request in a timely manner, his or her vacation will be handled in accordance with this Section 5(c). Compensation paid for personal leave days observed on days other than scheduled work or training days will not be offset against the guarantee provided employees in AWTS. Likewise, vacation paid in lieu of being observed will also not be offset against the guarantee provided employees in AWTS. However, vacation observed as scheduled will be offset against any scheduled work or training days occurring during the vacation period.

- d. When an employee is removed from AWTS, he or she will be obligated to exercise his or her resultant displacement in accordance with applicable Agreement rules. Rules governing the recall of employees from furlough status are not applicable to employees recalled from AWTS.

6. Work and Training

- a. AWTS employees may be used on their designated workdays for any work or training assignments required of other train/yard service employees.

NOTE: The terms of this Agreement are not intended to restrict the type or amount of training an employee in AWTS might perform. Likewise, these terms shall not serve to restrict the type or amount of work or activities that an employee in AWTS may perform so long as said work falls within the customary duties performed by train/yard service employees.

- b. The obligation by an employee in AWTS to be available for work and/or training on a designated work day is not affected or altered by that employee accepting – i.e., volunteering for – additional, emergency or extra work on a non-designated work day. The performance of additional

work by this employee beyond that required of an employee in AWTS will not alter in any manner his obligations as an employee in AWTS or change his or her designated work days.

- i. The earnings made by an employee in AWTS on a non-designated work day will not, except in the situation set forth in Paragraph 6(b)ii, below, be used to offset his or her AWTS guarantee.
 - ii. The earnings made by an employee in AWTS on a non-designated work day will be used to offset his or her AWTS guarantee if that trip or tour of duty is a return trip from an away-from-home terminal to his or her home terminal and the preceding trip or tour of duty (that resulted in the employee being at the away-from-home terminal) commenced on a designated work day. The earnings made by an employee in AWTS on a designated work day will not be used to offset his or her AWTS guarantee if that trip or tour of duty is a return trip from an away-from-home terminal to his or her home terminal and the preceding trip or tour of duty that resulted in the employee being at the away-from-home commenced on a non-designated work day.
- c. Where multiple AWTS employees are scheduled on the same day, they will be called for work on a rotation basis. Employees in AWTS may be called out of rotation for training.

7. Vacancy Procedures

- a. Employees in AWTS may be used as a source of supply for filling vacancies, protecting emergencies, performing extra service, etc., when the extra board is exhausted.

NOTE: It is the parties' intent that employees in AWTS will be used immediately after the extra board to fill vacancies, protect emergencies, perform extra service, etc., if the protecting extra board is exhausted and before employees are used off other assignments/positions or who are entitled to receive overtime/penalty payment(s).

8. **Compensation:** AWTS employees will be guaranteed a minimum of eight days pay, at the applicable foreman basic daily rate, per month so long as the employee performs all work and training for which called or is available for service on his/her scheduled days. The AWTS guarantee payment will be included in the second half payroll.
9. **Health and Welfare:** Benefits will be provided in accordance with applicable agreements.

- 10. **Dispute Resolution:** The parties acknowledge this Agreement is a pioneer effort at addressing the issue of recent hire furlough. In order to enhance the opportunity for success of this effort, the parties believe a new approach to dispute resolution is in order. Therefore, before any time claim or grievance is initiated regarding the application of this Agreement, the General Chairman and appropriate Director of Labor Relations will promptly discuss the issue and attempt to resolve it in a manner reflecting the spirit of the Agreement.

- 11. **Cancellation:** The terms and conditions of this Agreement, general and specific, shall not be applied, or interpreted to apply, to other locations or territories, will not prejudice the position of either party and will not be referred to in connection with any other case, agreement (local or national) and/or dispute resolution. It is further understood and agreed either party may cancel this Agreement by serving a thirty-day written notice upon the other. During that thirty-day period, the parties will meet to attempt to resolve the issue(s) that led to the cancellation notice.

This Agreement will be effective January 16, 2009.


Signed this 14th day of January 2009, in Spring, Texas.

FOR THE UNITED TRANSPORTATION UNION:

FOR UNION PACIFIC RAILROAD COMPANY:



T. L. Johnson
General Chairperson



S. F. Boone
Director – Labor Relations



A. Terry Olin
General Director – Labor Relations

Side Letter No. 1

Mr. T. L. Johnson
General Chairman
United Transportation Union
44411 Old Bullard Rd., Ste. 600
Tyler, TX 75703

Dear Mr. Johnson:

This refers to our recent discussion regarding Auxiliary Work and Training Status ("AWTS") Agreement for trainmen/yardmen in the Dallas-Fort Worth Hub, dated January 14, 2009.

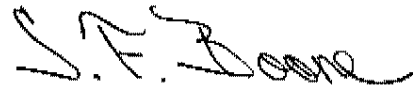
During our discussions, your organization raised an issue that UP could use the AWTS as a mechanism to reduce staffing levels on extra boards and/or to avoid its obligations to properly staff such boards to allow for reasonable and necessary layoffs. The parties discussed this matter at great length and recognized the inherent complexities associated with extra board staffing and manpower availability. Nonetheless, the parties did agree on certain precepts that will guide the administration of AWTS Agreement and extra board staffing:

1. UP and UTU agree it is not the intent of this Agreement to use AWTS in any manner to reduce the number of employees assigned to extra boards. In this regard, UP specifically acknowledges its obligation to maintain a sufficient number of employees on extra boards. Additionally, the parties acknowledge AWTS is not intended to function as an alternatively cheaper extra board, but rather as a mechanism to provide additional work opportunities and compensation to employees who would otherwise be furloughed. It is not envisioned the existence of AWTS will modify traditional methods used for sizing extra boards.
2. UP specifically pledges to not use this Agreement to increase the number of employees who would otherwise be in furlough status and/or to arbitrarily reduce extra board staffing levels as a result of the existence of AWTS.
3. If the existence of AWTS at a location gives rise to an extra board staffing issue, the parties pledge to promptly investigate the matter (including analyzing applicable data on extra board staffing, extra/emergency/work levels, manpower availability, etc.) and resolve the matter.

4. UP and UTU pledge to work together in good faith to timely address these issues and to resolve them in a manner consistent with the spirit and intent of this Agreement.
5. UP will clearly communicate your organization's concern in this regard, the intent of this Agreement and the commitments set forth in this Side Letter No. 1 to all involved CMS officials.

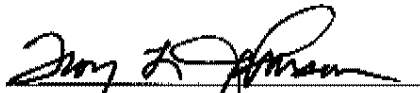
If the foregoing properly reflects our understandings, please so indicate by affixing your signature in the space provided below.

Yours truly,



S. F. Boone
Director - Labor Relations

AGREED:



T. L. Johnson
General Chairman, UTU

Side Letter No. 2

Mr. T. L. Johnson
General Chairman
United Transportation Union
44411 Old Bullard Rd., Ste. 600
Tyler, TX 75703

Dear Mr. Johnson:

This refers to our recent discussion regarding Auxiliary Work and Training Status ("AWTS") Agreement for trainmen/yardmen in the Dallas-Fort Worth Hub, dated January 14, 2009.

During our discussion, your Organization raised a concern in connection with the application of Section 3 (Eligibility) of the above-cited Agreement. Pursuant thereto, the parties have agreed to expand the eligibility for AWTS positions as set forth below:

1. A train/yard service employees whose seniority would otherwise allow him/her to hold a train/yard service position on his or her seniority district will be permitted to "volunteer" for Auxiliary Work and Training Status ("AWTS") positions.
2. UP and UTU representatives will work together to develop an efficient process for identifying such volunteers and assigning the proper employee(s) to the AWTS positions.
3. In view of the expanded eligibility for AWTS positions, an employee assigned thereon must remain on his/her position for a period of not less than ninety (90) days, unless his/her position is abolished thereto.
4. Employees assigned to AWTS positions in accordance with this Side Letter No. 2 will not be subject to displacement.
5. The understandings set forth in Items 1 through 4, above, may be cancelled by either party upon the serving of a ten-(10) day advanced written notice on the other party.
6. When an employee's AWTS position is abolished, he or she will be obligated to exercise his or her resultant displacement in accordance with applicable Agreement rules. Rules governing the recall of employees from

furlough status are not applicable in conjunction with removing employees from AWT5 positions.

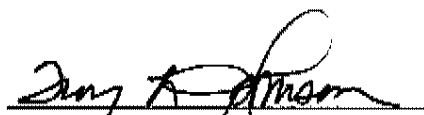
If the foregoing properly reflects our understandings, please so indicate by affixing your signature in the space provided below.

Yours truly,



S. F. Boone
Director - Labor Relations

AGREED:


T. L. Johnson
General Chairman, UTU