

MEMORANDUM

of

AGREEMENT

between

UNION PACIFIC RAILROAD COMPANY

and the

UNITED TRANSPORTATION UNION

**AUXILIARY WORK & TRAINING STATUS AGREEMENT
(LONGVIEW, DALLAS-FORT WORTH & SAN ANTONIO HUBS)**

Union Pacific Railroad Company ("UP") and the United Transportation Union ("UTU") agree the following shall apply in connection with the parties' efforts to provide additional work and/or training opportunities for surplus train/yard service employees:

1. Purpose

The parties desire to create a temporary alternative to furlough status for surplus train/yard service employees. The Auxiliary Work and Training Status ("AWTS") established by this Agreement provides that alternative.

2. Eligibility

a. 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.

NOTE: The AWTS option will only be available in the event a train/yard service employee is to be furloughed.

3. Assignment

a. CMS will notify an employee at the time of furlough of the AWTS option.

- b.** AWTS is optional for eligible employees. The employee will, however, be afforded only one opportunity to accept AWTS. If he or she does not accept AWTS at time it is offered, the employee will be placed in furlough status.

NOTE: It is the parties' intent an eligible employee will be offered the opportunity for AWTS at the time of his/her furlough. An employee will not be offered the opportunity subsequent to his or her being placed in furlough status. Likewise, an employee who initially rejects AWTS will not later be eligible for or entitled to AWTS. An eligible employee's initial decision to decline AWTS will be binding and cannot at a later date be changed.

- c.** If the employee accepts AWTS, he or she will be afforded work and/or training opportunities in accordance with the terms and conditions set forth in this Agreement.
- d.** An employee accepting AWTS will not be subject to displacement by a senior employee, except as provided in Paragraph e.ii., below.
- e.** There shall be a maximum (cap) on the number of employees placed in AWTS on each Hub. This maximum shall be determined by UP and based on the number of surplus employees, operational needs, and other similar factors applicable to a given Hub. The cap for each Hub may be modified at UP's discretion when changing operational needs, manpower levels, etc. warrant modification of the number.
 - i.** Once the maximum number of employees in AWTS for a particular Hub has been reached, UP will not be obligated to place any additional employees in AWTS.
 - ii.** If the maximum or cap has been reached, and a senior train/yard service employee is unable to hold a position in the Hub through the normal exercise of his or her seniority and will otherwise be furloughed, he or 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.

4. Availability

- a.** AWTS employees will be required to be available to start work eight 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. A deadhead trip(s) will not count toward the eight workdays per month unless the deadhead and service are combined. AWTS employees will be considered an extra employee 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 designated work days, regardless of the reason(s), 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 work days while the employee is assigned in AWTS. This threshold is not intended to be a monthly threshold. Consequently, if the employee is unavailable for work or training on two or more designated work days, he or she shall thereafter be ineligible for AWTS.

- c.** An employee in AWTS will not be eligible to take unused personal leave days while in AWTS. An employee in AWTS who possesses unused vacation benefits will be paid in lieu for such unused vacation at the time the vacation is scheduled.
- 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 in conjunction with recalling an employee from AWTS.

5. Work and Training

- a.** AWTS employees may be used on their designated work days 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. In this regard, it is specifically understood activities falling within the purview of "Other Company

Service” including, but not limited to, Operation Lifesaver, training other employees, safety activities, etc. are included within the range of duties an employee in AWTS may perform.

- b. Every effort will be made to work and train the employee in AWTS at the extra board location nearest the employee’s residence. If the employee is required to work or train at another location more than thirty miles (via the shortest route) from the employee’s residence or on-duty location, he or she will be treated, for purposes of lodging, meals and, if applicable, use of his or her vehicle, as an extra employee working/training at the location.
- c. Employees in AWTS will not be required to work and/or train outside of their seniority district (where applicable, Hub).

NOTE: Nothing herein will serve to preclude any employee from accepting temporary employment opportunities that may be offered elsewhere on the UP system.

- d. 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 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 commenced on a designated work day.

6. Vacancy Procedure

- a. Employees in AWTS will 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 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 used off other assignments/positions or entitled to receive overtime/penalty payment(s).

- b. It is not the intent of this Agreement to use AWTS as a means of reducing the number of employees assigned to extra boards.

NOTE 1: UP specifically acknowledges its obligation to maintain a sufficient number of trainmen/yardmen on extra boards. Additionally, UTU and UP 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 existing methods used for sizing extra boards. Moreover, the parties acknowledge it is not the purpose of this Agreement to increase the number of employees who would otherwise be in furlough status and/or to reduce extra board staffing levels as a result of the existence of AWTS.

NOTE 2: If the existence of AWTS at a location gives rise to an issue regarding the staffing of an extra board, the parties pledge to timely and in good faith investigate the matter(s) (including analyzing applicable data regarding extra board staffing, extra/emergency work levels, manpower availability, etc.) and endeavor in good faith to resolve the matter.

7. Order of Call

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.

8. Compensation

Employees in AWTS 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 or her

scheduled days. An employee who is unavailable or does not answer call on an assigned work day will forfeit his or her guarantee. The AWTS guarantee payment will be included in the second half payroll.

9. Health and Welfare

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 this 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).

12. Implementation

This Agreement will be effective _____, 2009.

Signed this ___th day of _____, 2008, in Omaha, Nebraska

**FOR THE UNITED TRANSPORTATION
UNION:**

**FOR UNION PACIFIC RAILROAD
COMPANY:**

T. L. Johnson

S. F. Boone

General Chairperson

Director – Labor Relations

A. Terry Olin
General Director – Labor Relations