

MEMORANDUM OF AGREEMENT

Between

UNION PACIFIC RAILROAD COMPANY

And the

UNITED TRANSPORTATION UNION

**ESTABLISHMENT OF INTERDIVISIONAL SERVICE
BETWEEN DALLAS AND SWEETWATER, TEXAS
Carrier File 920.20-37**

On April 4, 2005, Union Pacific Railroad Company ("Carrier" or "UP") served notice of its intention to establish new Interdivisional Service between Dallas and Sweetwater, Texas, under the conditions set forth in Article IX of the October 31, 1985 UTU National Agreement, as amended.

The parties have, pursuant to the above-cited Article, agreed to the terms governing this Interdivisional Service. Specifically, **IT IS AGREED:**

I. Interdivisional Service

Section 1: Operations

- A.** Carrier may establish Interdivisional Service to operate between Dallas and Sweetwater, Texas.
- B.** Dallas, Texas will be the home terminal and Sweetwater, Texas the away-from-home terminal for employees working in this Interdivisional Service.
- C.** Route miles are as follows:

Between Dallas and Sweetwater - 245 miles
Between Sweetwater and Dallas - 245 miles
Between Dallas and Sweetwater via Mesquite - 250 miles
Between Sweetwater and Dallas via Mesquite - 250 miles

Note 1: Where multiple/separate routes exist between Dallas and Sweetwater, crews may operate over any and all routes or combination of routes as part of their assignment. If the additional miles operated over

multiple/separate routes exceed the miles specified in Article I, Section 1, Item C above, the actual miles operated will be paid.

- D. Nothing herein shall preclude the Carrier from utilizing pre-existing pools and protecting extra boards to handle traffic between Dallas and Fort Worth and between Fort Worth and Sweetwater.

Section 2: Meals En Route

Meals en route for employees working in this Interdivisional Service will be governed by Article IX, Section 2, Paragraph (e) of the October 31, 1985 UTU National Agreement.

Note: The meal en route provision set forth in this Section 2, as well as any other pay element(s) contained in Article V of the August 20, 2002 UTU National Agreement, will be included in any trip rate established for this run.

Section 3: Away-From-Home Terminal Meals

Away-from-home terminal meal allowances for employees working in this Interdivisional Service will be governed by Article IX, Section 2, Paragraph (d) of the October 31, 1985 UTU National Agreement.

Section 4: Transportation

The provisions of Article IX, Section 2, Paragraph (c) of the October 31, 1985 UTU National Agreement will apply for employees working in this Interdivisional Service.

Section 5: Suitable Lodging

The Carrier will, in accordance with applicable existing Agreement requirements, provide suitable lodging at the away-from-home terminal for employees working in this Interdivisional Service.

Section 6: Turnaround/Hours-of-Service Relief

- A. Except as otherwise specified herein, the protecting extra board at Dallas, if available, shall handle usual extra board work associated with this Interdivisional Service and hours of service relief for trains destined to Dallas that are east of Eastland, Texas prior to using pool crews on a turnaround basis.

- B. Except as otherwise specified herein, the protecting extra board at Sweetwater, if available, shall handle turnaround and hours of service relief for trains destined to Sweetwater that are west of Eastland, Texas prior to using pool crews on a turnaround basis.
- C. Extra crews used in this turnaround or hours of service relief shall be considered called in combination deadhead/service and shall be paid actual miles as such.
- D. Nothing herein shall prevent the use of other crews to perform work currently permitted by prevailing agreements, including, but not limited to yard crews performing hours-of-service relief within road/yard service zones, pool crews performing through freight combined service/deadheads between terminals, road switchers handling trains within their zones and/or using a trainman from a following train to work a preceding train.
- E. Nothing herein shall preclude the Carrier from utilizing pre-existing pools and protecting extra boards to handle traffic between Dallas and Fort Worth and between Fort Worth and Sweetwater.

Section 7: DFW Hub Provisions

Applicable provisions of Article III, Section B of the Dallas – Fort Worth Hub Implementing Agreement shall to apply to this Interdivisional Service.

Section 8: Implementation

The Carrier shall give the General Chairman fifteen (15) days written notice of its intent to implement this Agreement.

Section 9: Work Allocation

Pool assignments in this Interdivisional Service shall be allocated and assigned to employees of the DFW Hub as follows:

<u>Turn#</u>	<u>Hub Allocation</u>	<u>Turn#</u>	<u>Hub Allocation</u>
1	Zone 4	11	Zone 4
2	Zone 1	12	Zone 4
3	Zone 4	13	Zone 1
4	Zone 4	14	Zone 4
5	Zone 4	15	Zone 4
6	Zone 1	16	Zone 4
7	Zone 4	17	Zone 1
8	Zone 4	18	Zone 4
9	Zone 1	19	Zone 4

10 Zone 4 20 **Zone 1**

A separate Guaranteed Extra Board shall be established pursuant to controlling agreements at Dallas to protect vacancies in this Interdivisional Service and the work specified in Section 6 of this Agreement. Extra Board assignments at Dallas protecting this Interdivisional Service shall be allocated and assigned to employees of the DFW Hub as follows:

<u>Turn#</u>	<u>Hub Allocation</u>	<u>Turn#</u>	<u>Hub Allocation</u>
1	Zone 4	6	Zone 3
2	Zone 3	7	Zone 4
3	Zone 4	8	Zone 4
4	Zone 4	9	Zone 3
5	Zone 4	10	Zone 4

Section 10: Assignments

Employees who apply for, or make seniority moves to this Interdivisional Service shall be assigned in seniority order using respective DFW Hub prior right seniority date or consolidated seniority date, if the applicant does not have a prior right seniority date. Respective employees from the DFW Hub who apply for, or make seniority moves to this Interdivisional Service shall be assigned in seniority order among their peers according to the work allocation table set forth in Section 9 above. Assignments in this interdivisional service that go “no bid” shall be assigned consistent with the controlling agreement.

Section 11: Pool Regulation

- A. For the purpose of adjusting the Dallas – Sweetwater Interdivisional Service pool board and the Fort Worth – Sweetwater pool board, a weekly review will be made to determine the number of turns to be assigned consistent with terms and conditions set forth in this Section 11.
- B. The Dallas – Sweetwater Interdivisional Service pool board shall have the number of turns assigned thereto adjusted to average 19 to 23 starts/trips in a calendar month. The term starts/trips includes terminal to terminal working trips, terminal to terminal deadhead trips, combined deadhead and service or combined service and deadhead trips, turnaround trips, etc.
- C. The Fort Worth – Sweetwater pool board shall have the number of turns assigned thereto adjusted to average 20 to 24 starts/trips in a calendar month. The term starts/trips includes terminal to terminal working trips, terminal to terminal deadhead trips, combined

deadhead and service or combined service and deadhead trips, turnaround trips, etc

Note: It is understood and agreed this Section 11 and/or agreement does not establish any pool guarantees or assured earnings.

- D. Dallas – Sweetwater Interdivisional Service pool crews and Fort Worth – Sweetwater pool crews will have individual boards and operate independently of one another out of Sweetwater.

Note: It is understood this Section 11, D will not serve to restrict the Carrier from operating any of its trains in either pool(s).

Section 12: Employee Protection

Employees adversely affected as a direct result of the implementation of Interdivisional Service established pursuant to this agreement will be entitled to protective benefits set forth in Article IX, Section 7 of the October 31, 1985 UTU National Agreement.

II. Operation to and/or from the Dallas Intermodal Facility

Section 1: Operation

- A. Crews from this Interdivisional Service and/or existing pools working into or out of the Dallas Terminal may be required to extend their run at the end of their in-bound trip or at the beginning of their out-bound trip by operating through the southern switching limit on the Ennis Subdivision for the Dallas Terminal to/from the Dallas Intermodal Facility in the vicinity of Wilmer, Texas located near mile post 252.2 on the Ennis Subdivision. Movement of traffic to and from the Dallas Intermodal Facility under the terms of this Agreement is restricted to trains and/or equipment associated with and/or originating or terminating at this facility.
- B. Crews may be required to enter the Dallas Intermodal Facility by heading or backing their train into the facility at either end.
- C. Crews leaving their train at the Dallas Intermodal Facility will be transported to their tie up point and crews receiving their train at the Dallas Intermodal Facility will be transported to the facility.

Section 2: Compensation:

Pool crews operating to/from the Dallas Intermodal Facility pursuant to Section 1 above will be paid as follows:

- A. Inbound pool crews passing the Dallas Terminal Limits at milepost 257.1 on the Ennis Subdivision will yard their train at the Dallas Intermodal Facility and will receive ten (10) miles at the pro rata rate in addition to all other earnings for the trip. Final terminal delay shall commence upon the train's arrival at the Dallas Intermodal facility and cease commensurate with existing agreements. No additional miles will be paid for transportation between the Dallas Intermodal Facility and their tie up point.
- B. Outbound pool crews transported to the Dallas Intermodal Facility and who work back through the Dallas Terminal and on to destination will receive ten (10) miles at the pro rata rate in addition to all other earnings for the trip. Initial terminal delay shall commence seventy-five (75) minutes after the crew's arrival at the Dallas Intermodal Facility and cease commensurate with existing agreements. No additional miles will be paid for transportation between the on duty point and the Dallas Intermodal Facility.
- C. The ten (10) mile arbitrary specified in this Section 2 will be subject to all future COLA wage increases, will not be considered a duplicate time payment and will be paid to all qualifying crews in this service.
- D. The ten -(10) mile arbitrary in this Section 2 will not apply and will not be paid to pool crews operating between Dallas and Taylor/Hearne.

III. General

Section 1: Savings Clause

- A. In the event the provisions of this Agreement conflict with any other agreements, understandings or practices, the provisions set forth herein shall prevail and apply.
- B. The terms and conditions of this Agreement are intended to address and/or apply to this Interdivisional Service between Dallas and Sweetwater, Texas. Accordingly, except as specified herein, such terms and conditions shall not be applied, or interpreted to apply, to other locations, runs, etc.

- C. This agreement will not prejudice the position of either party, will not be referred to in connection with any other agreement (local or national) and is thus not to be viewed as guiding or setting a precedent in any other Interdivisional Service disputes.

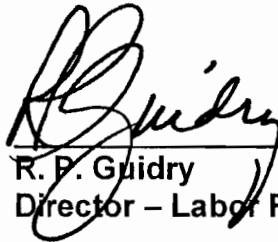
Signed this 26th day of August 2005 in Spring, Texas.

FOR THE UTU



T. L. Johnson
General Chairman, UTU

FOR THE UNION PACIFIC
RAILROAD:



R. P. Guidry
Director - Labor Relations

UNION PACIFIC RAILROAD COMPANY



August 26, 2005
Side Letter 1

Mr. T. L. Johnson
United Transportation Union
4411 Old Bullard Road, Suite 600
Tyler, Texas 75703

Dear Sir:

This refers to questions raised by the Organization during negotiations relating to Article I, Section 12 of the Dallas to Sweetwater Interdivisional Service Agreement.

Provisions contained in this Side Letter 1 are contingent upon a successful ratification and execution of this Interdivisional Agreement on or before August 29, 2005. Moreover, the Organization agrees to the waive notice requirements contained in Article I, Section 8 of this Agreement should its ratification process interfere with the implementation of this Interdivisional Service by August 29, 2005. The signing of this Interdivisional Agreement by all parties on or before August 26, 2005 is considered a successful execution thereof.

Consistent with the terms, conditions and timelines outlined above, the following Questions and Answers will be agreed to in connection with Article I, Section 12 of the Dallas – Sweetwater Interdivisional Service Agreement.

Q 1. Who would be required to relocate pursuant to Article I, Section 12?

A 1. An employee who can no longer hold a position at Fort Worth and must relocate to hold a position as a direct result of the implementation of this Interdivisional Service.

Q 2. Will the Carrier consider any "seniority moves" by senior trainmen voluntarily applying for this Interdivisional Service as being required to relocate?

A 2. Only to the extent specified in Q 3 and A 3 below.

Q 3. Will employees be offered an "in lieu of" relocation allowance?

- A 3. Up to five- (5) trainmen applying for and initially assigned to the Dallas – Sweetwater pool board and up to two (2) trainmen applying and initially assigned to the Dallas extra board protecting this Interdivisional Service who were working in Fort Worth, Texas prior to April 4, 2004 shall be considered eligible for the “in lieu of” relocation allowance specified herein. The parties understand and agree this exception will not be available after initial bids are closed and this Interdivisional Service is implemented.

Only as it relates to the seven trainmen specified above, should the employee’s new reporting point at Dallas, Texas be farther from his/her residence than the old reporting point at Fort Worth and in excess of thirty (30) miles from his/her place of residence, that employee may elect the following option in lieu of the relocation, transfer and moving benefits stipulated in Sections 10 and 11 of the Washington Job Protection Agreement and transfer allowances set forth in Article IX, Section 7 of the October 31, 1985 UTU National Agreement:

1. Homeowners and Non-homeowners/renters may elect to receive an "in lieu of" allowance in the amount of \$5,000.00. Applications/requests for the “in lieu of” allowance must be submitted on the prescribed form within 60 days from the date this Interdivisional Service is implemented.
2. If an employee elects the "in lieu of" allowances stipulated above, such election is in lieu of any and all relocation benefits to which the employee is entitled. No employee is entitled to more than one (1) moving allowance as a result of this transaction.

Note: 1. Employees accepting the "in lieu of" relocation benefits pursuant to this Side Letter 1 will be required to remain at the new home terminal (Dallas), seniority permitting, for a period of not less than one (1) year. The parties, may be mutual agreement, relieve an individual from the one (1) year commitment.

4. It is understood and agreed that the "in lieu of" allowances stipulated in this Side Letter 1 will not be included in any test period calculations, determinations and/or payments.

It is understood and agreed this Side Letter 1 is limited to Interdivisional Service established pursuant to this agreement, will not establish any precedent and will not be

referred to in connection with any other case, agreement (local and/or national), negotiation, arbitration, and/or dispute resolution.

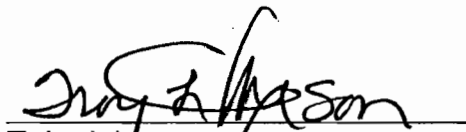
If you agree with the terms and conditions outlined above, please indicate by signing in the space provided.

Respectfully,



R. P. Guidry
Director – Labor Relations

Agreed:



T. L. Johnson
General Chairman - UTU

DALLAS – SWEETWATER INTERDIVISIONAL SERVICE
IN LIEU OF RELOCATION BENEFITS APPLICATION

Please accept this as my application for the “in lieu of” relocation allowance in the amount of \$5,000.00 as outlined in Side Letter 1 of the Dallas – Sweetwater Interdivisional Service Agreement dated August 26, 2005. In connection therewith, I hereby represent, understand and agree to the following:

1. This allowance is in lieu of any and all relocation benefits to which I am entitled in connection with the implementation of the Dallas - Sweetwater Interdivisional Service. Employees accepting this allowance will be required to remain at the new home terminal (Dallas), seniority permitting, for a period of not less than one (1) year.
2. To be considered eligible for the “in lieu of” relocation allowance specified herein, I must have been working in Fort Worth, Texas prior to April 4, 2004.
3. Only seven (7) trainmen from Fort Worth, Texas who apply and are initially assigned at Dallas will be eligible for this allowance. No employee is entitled to more than one (1) moving allowance as a result of this transaction.
4. Applications for this allowance will not be accepted after initial bids are closed and this Interdivisional Service is implemented.
5. My new reporting point at Dallas, Texas is farther from my residence than the old reporting point at Fort Worth and is in excess of thirty (30) miles from my place of residence.

I hereby certify with my signature that I am eligible for this allowance and all information on this form is accurate and correct. Attached are documents verifying job assignment prior to April 4, 2005 and the location of my primary residence relative to the old and new reporting points.

Name (Print) _____ Employee No. _____

Signature _____ Craft _____

Primary Residence Address _____

Assignment prior to April 4, 2005 _____

Date of application _____ Date assigned at Dallas _____

UNION PACIFIC RAILROAD COMPANY



August 26, 2005
Side Letter 2

Mr. T. L. Johnson
United Transportation Union
4411 Old Bullard Road, Suite 600
Tyler, Texas 75703

Dear Sir:

This refers to our negotiations relative to Article II, Section 2 of the Dallas to Sweetwater Interdivisional Service Agreement.

Provisions contained in this Side Letter 2 are contingent upon successful ratification and execution of this Interdivisional Agreement on or before August 29, 2005. Moreover, the Organization agrees to waive notice requirements contained in Article I, Section 8 of this Agreement should its ratification interfere with implementation of this Interdivisional Service by August 29, 2005. The signing of this Interdivisional Agreement by all parties on or before August 26, 2005 is considered a successful execution thereof.

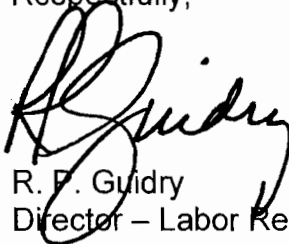
Consistent with terms, conditions and timelines outlined above, the following is agreed to in connection with and will be added to Article II, Section 2 of the Dallas – Sweetwater Interdivisional Service Agreement as Item E reading:

- E. The ten- (10) mile arbitrary specified in this Section 2 will not be included in calculating overtime thresholds on respective runs operating to/from the Dallas Intermodal Facility.

It is understood and agreed this Side Letter 2 is limited to Interdivisional Service established pursuant to this agreement, will not establish any precedent and will not be referred to in connection with any other case, agreement (local and/or national), negotiation, arbitration, and/or dispute resolution.

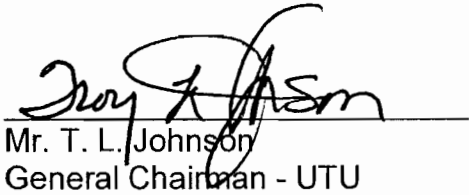
If you agree with the terms and conditions outlined above, please indicate by signing in the space provided.

Respectfully,



R. F. Guidry
Director – Labor Relations

Agreed:



Mr. T. L. Johnson
General Chairman - UTU

UNION PACIFIC RAILROAD COMPANY



August 26, 2005
Side Letter 3

Mr. T. L. Johnson
United Transportation Union
4411 Old Bullard Road, Suite 600
Tyler, Texas 75703

Dear Sir:

This refers to our negotiation of the Dallas to Sweetwater Interdivisional Service Agreement.

Provisions contained in this Side Letter 3 are contingent upon successful ratification and execution of this Interdivisional Agreement on or before August 29, 2005. Moreover, the Organization agrees to waive notice requirements contained in Article I, Section 8 of this Agreement should its ratification interfere with implementation of this Interdivisional Service by August 29, 2005. The signing of this Interdivisional Agreement by all parties on or before August 26, 2005 is considered a successful execution thereof.

Consistent with terms, conditions and timelines outlined above, the following Questions and Answers will be agreed to in connection with the Dallas – Sweetwater Interdivisional Service Agreement.

Q1. How are weekly regulations of the Dallas – Sweetwater and Fort Worth – Sweetwater pools to be accomplished?

A1. Adjustments will be made each Monday in the following manner. The total trips made in the last 7 days will be divided by 7 and multiplied by the number of days in the month and divided by the number of crews desired in the regulation.

Example for a desired regulation of 22 trips per month:

A total of 100 crews/trips were used in a 7 -day check from Sunday – Saturday.

100 Divided by 7 = 14.2857, Multiplied by 31 = 442.8571, Divided by 22 = 20.12

20 crews should be assigned to the pool.

Q2. May pool crews arriving Dallas with cars on their train for the Dallas Intermodal Terminal (DIT) facility at Wilmer, Texas be required to pick up additional cars at Dallas proper for DIT and move them to the DIT facility.

A2. Yes, Dallas will be considered an intermediate point in this instance subject to the conditions in the National Agreement.

Q3. A short pool crew working between Ft. Worth and Dallas delivers a train to the DIT and is transported back Fort Worth. The entire trip takes 11' 30" minutes. What compensation do they receive?

A3. Since the miles run do not exceed those encompassed in the basic day, this crew would be paid 8 hours straight time, 3 hours and 30 minutes overtime and 10 miles at the pro rata daily rate of the assignment as provided in Article II, Section 2, Paragraph A.

Q4. A short pool crew working between Ft. Worth and Dallas delivers a train to the DIT and thereafter also operates a train from the DIT back to Ft. Worth. They are on duty a total of 11 hours and 45 minutes. What compensation would they receive for operating trains into and out of the DIT facility?

A4. Since the miles run do not exceed those encompassed in the basic day, the crew would be paid 8 hours straight time, 3 hours and 45 minutes overtime and two 10 mile payments since they handled a separate train into and out of the DIT facility.

Q5. Would Questions and Answers 2, 3 and 4 apply to other short pools such as the Longview – Dallas pool?

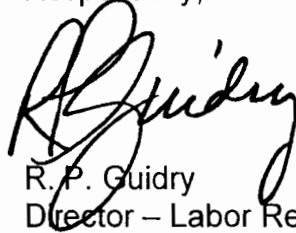
A5. Yes.

Q6. A short pool crew operating to Dallas does not have any cars or equipment on their train for the DIT facility. Can this short crew be required to shuttle cars to the DIT facility under the terms of this Agreement?

A6. No, pool crews with arriving Dallas with no cars or equipment for the DIT Facility will not be required to shuttle cars from Dallas to the DIT facility.


If you agree with the terms and conditions outlined above, please indicate by signing in the space provided.

Respectfully,



R. P. Guidry
Director – Labor Relations

Agreed:



Mr. T. L. Johnson
General Chairman - UTU

UNION PACIFIC RAILROAD COMPANY



August 26, 2005

Mr. T. L. Johnson
United Transportation Union
4411 Old Bullard Road, Suite 600
Tyler, Texas 75703

Dear Sir:

This refers to our negotiation of the Dallas to Sweetwater Interdivisional Service Agreement.

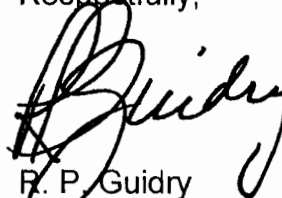
Provisions contained in this Side Letter 4 are contingent upon successful ratification and execution of this Interdivisional Agreement on or before August 29, 2005. Moreover, the Organization agrees to waive notice requirements contained in Article I, Section 8 of this Agreement should its ratification interfere with implementation of this Interdivisional Service by August 29, 2005. The signing of this Interdivisional Agreement by all parties on or before August 26, 2005 is considered a successful execution thereof.

Consistent with terms, conditions and timelines outlined above, the Carrier will withdraw its Enhanced Customer Service Notice dated May 31, 2005 upon implementation of this Interdivisional Service. Should other or additional service be necessary, due notice shall be provided as required by controlling agreements.

It is understood the terms of this Side Letter 4 will not prejudice the position of either party, will not be referred to in connection with any other case, agreement (local and/or national) and/or dispute resolution.

If you agree with the terms and conditions outlined above, please indicate by signing in the space provided.

Respectfully,



R. P. Guidry
Director – Labor Relations

Agreed:



Mr. T. L. Johnson
General Chairman - UTU