

MEMORANDUM OF AGREEMENT
BETWEEN
UNION PACIFIC RAILROAD COMPANY
(FORMER TEXAS PACIFIC)
AND
UNITED TRANSPORTATION UNION

ARTICLE I – APPLICABILITY

- A. All existing agreements pertaining to the handling of discipline are eliminated and replaced by this Agreement.
- B. This Agreement will not 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: It is understood this agreement will not eliminate, modify or replace “By-Pass” or “Companion” Agreements.

ARTICLE II – GENERAL

Employees will not be disciplined without just and sufficient cause as determined by a fair and impartial investigation. They may, however, be held out of service pending investigation, but it is not intended that an employee be held out of service for minor offenses.

NOTE: The term “employee” or “employees” used herein will include all classes and crafts of employees in which the United Transportation Union (UTU) is the legally designated representative on the Union Pacific Railroad Company.

ARTICLE III – NOTICE OF INVESTIGATION

- A. Within ten (10) days following the time a company officer authorized to order investigations knew or should have known of the alleged offense, the employee will be given written notice of the specific charges against him or her. In addition, the notice will state the date, time and place of the

investigation, employees charged, witnesses expected to be called and will be furnished sufficiently in advance to allow the employee the opportunity to arrange for witnesses and representation, if desired, by the UTU local chairperson(s) or their designee. 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 UTU local chairperson.

NOTE: The term "the UTU local chairperson's designee" as used throughout this agreement refers to and shall be interpreted to mean a person who holds seniority on the Union Pacific Railroad and who is elected to a position with the UTU or is a member of that organization.

ARTICLE IV – INFORMAL CONFERENCES

- A. The employee (and the UTU local chairperson or the UTU local chairperson's designee, if desired by the employee), may contact the designated carrier officer prior to the investigation 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.
- (1) If such informal conference results in the charges being dismissed, no further action will be taken.
 - (2) If such informal conference results in proposed discipline being accepted by the employee and the investigation being waived, the employee's record will be updated accordingly. It is understood an employee may not waive an investigation where permanent dismissal would result unless the UTU local chairperson has been consulted. In that case, confirmation that the UTU local chairperson has been consulted will be required as part of the waiver document.
 - (3) If such informal conference does not result in either (1) or (2) above, the discipline that is to be imposed as a result of a hearing may not exceed that proposed in the notice of investigation.

ARTICLE V – INVESTIGATION

- A. Unless postponed for good cause, the investigation will be held no later than ten (10) days following the date of the notice.

NOTE: In the application of this Section A it is understood that the parties will exercise reasonable judgement in the postponement of investigations.

- B. When practicable, the investigation will be held at the employee's home terminal. When that is not practicable, the investigation will be held at a location that will minimize the travel, inconvenience and loss of time for all employees involved. When an employee is required to travel to an investigation at other than his or her home terminal, the employee will be reimbursed for actual, reasonable and necessary expenses incurred unless the distance to the site of the investigation is equal to or less than the distance to the employee's home terminal.
- C. An employee failing to appear at a hearing, after having been properly notified in writing, and who makes no effort to secure a postponement, will be considered as accepting the discipline proposed in the notice of investigation.

NOTE: It is understood this Section C will not be unreasonably applied, i.e., when employees are prevented from attending investigations as a result of events over which they have no control. However, it is expected in all cases an employee will advise his manager and union representative as soon as possible of his/her inability to attend the investigation; including documented reasons therefor.

- D. A conducting officer failing to appear at a scheduled hearing will result in the investigation being cancelled and the discipline charges dropped.

NOTE: This Section D is intended to deal with instances wherein a hearing officer failed to appear with no explanation. When a conducting officer is prevented from attending an investigation as a result of events over which he or she has no control, delay incurred until another hearing officer can arrive to commence the hearing will not result in a violation of this rule.

- E. When request is made sufficiently in advance, the employee and/or the UTU local chairperson or the UTU local chairperson's designee will be allowed to examine material or exhibits to be presented in evidence prior to the investigation. At the investigation, the employee and/or the UTU local chairperson or the UTU local chairperson's designee will be afforded the opportunity to examine or cross-examine all witnesses. Such examination will extend only to matters under investigation. At the investigation the hearing officer or the employee or their representative(s) may request that the witnesses be sequestered.

- F. The investigation will be recorded and transcribed. If discipline results, copies of transcript will be sent to the employee, the UTU local chairperson and the UTU General Chairperson, no later than the date discipline is issued. If the accuracy of the transcript is questioned, both parties shall examine the media used and if necessary, the transcript will be corrected.
 - (1) The use of the term "media recognizes the future possibilities of improved electronic methods of recording and transcription.

ARTICLE VI - DECISION

- A. A written decision will be issued no later than ten (10) days following the completion of the hearing. The notice will be sent by US Mail (i.e. certified mail, or similar third-party method providing receipt of delivery) to the last known address of the employee, the UTU local chairperson and the UTU general chairperson.

NOTE: This does not preclude on-property delivery of the decision by a Carrier representative. Such delivery shall be evidenced by a receipt signed and dated by the employee.

- B. If the Superintendent or his designee fails to issue a decision within such ten (10)-day time limits or if the employee is found not at fault, the employee will be paid for any actual time lost and the employee's record will be cleared of the discipline at issue.

ARTICLE VII - APPEALS

- A. Within sixty (60) days of the date of the Superintendent's decision, the UTU General Chairperson may appeal the decision in writing to the designated Labor Relations officer. The date of Superintendent's decision will be the postmark date of the Superintendent's letter or the dated receipt of the on-property delivery of the Superintendent's decision to the employee. Failing to appeal the Superintendent's decision in accordance with this provision, the appeal will be barred.

NOTE: During the sixty (60) day time frame provided in this Section A it is contemplated that the Superintendent and the UTU Local Chairperson or their designee(s) may meet to discuss the disciplinary action taken towards employee(s) and to determine if a resolution can be reached locally. The resolution may involve but is not limited to further training, education or other remedial action.

- B. Should the UTU General Chairperson file an appeal, the designated Labor Relations officer will respond to the appeal within sixty (60) days from the date of the appeal. If the Labor Relations officer fails to respond within sixty (60) days, the employee will be paid for any time lost and the employee's record will be cleared of the discipline at issue.
- C. Should the UTU General Chairperson wish to conference any appeals declined by the designated Labor Relations officer, the UTU General Chairperson must request a conference listing those claims to be discussed within sixty (60) days of the designated Labor Relations officer's declination. The General Chairperson's request for a conference will not serve to suspend the time limits on such appeals as provided in Paragraph D below, and it will not be necessary for the parties to exchange any additional correspondence on appeals that remain declined at conference.
- D. If the employee or his/her duly authorized representative is dissatisfied with the decision of Labor Relations, proceedings for final disposition of the case under the Railway Labor Act must be listed by the employee or his or her duly authorized representative within three hundred and sixty-five (365) days 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.

NOTE: The term "listed" is intended to mean either party must either docket the claim to a Public Law Board/Special Board of Adjustment in accordance with applicable National Mediation Board rules and procedures or file an ex parte notice of intent with the National Railroad Adjustment Board, First Division

ARTICLE VIII - MISCELLANEOUS

- A. If a dispute arises concerning the timeliness of a notice or decision, the postmark on the envelope containing such document or the dated receipt of the on-property delivery of the Superintendent's decision to the employee shall be deemed to be the date of such notice or decision.

NOTE: It is understood electronic means of communication may become the preferred method of notices and/or decisions, in which case a verifiable electronic date stamp will be used.

- B. Employees attending an investigation as witnesses at the direction of the Carrier will be compensated for all time lost. When no time is lost, witnesses

will be paid for actual time attending the investigation with a minimum of two (2) hours, to be paid at the rate of the last service performed.

- C. The employee being investigated or the 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 employee or representative 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.
- D. If, by operation of this agreement or as the result of an arbitration decision, the Carrier is required to pay an employee who has been disciplined for "time lost", the amount due shall be based on the average daily earnings of the employee for the twelve (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. The Carrier's current practice of adjusting pay for time lost by general wage increases (GWI), cost-of-living-adjustments (COLA) and/or entry-rate progression occurring during the time out of service is recognized and will continue under this Agreement.

NOTE: 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, to exclude those months in which the employee lays off on his/her own accord, however it is intended the twelve (12)-month period utilized will reflect the employee's normal work habits and history.

Example: An employee was dismissed in October for an alleged rules violation. Pursuant to an arbitration award, the employee is reinstated and awarded time lost (back pay). Six (6) months prior to his/her dismissal, said employee 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

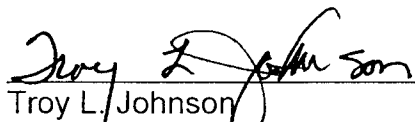
due to the employee having no earnings in those months due to the medical condition).

ARTICLE IX – EFFECTIVE DATE


This agreement, signed this 11th day of OCTOBER, 2007, shall become effective 10/1/07.
11-1-07 PER LETTER.

For: **UNITED TRANSPORTATION UNION**


For: **UNION PACIFIC RAILROAD**



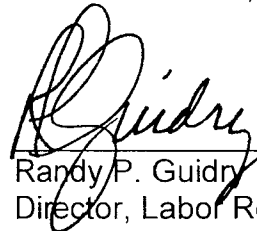
Troy L. Johnson
General Chairman - UTU



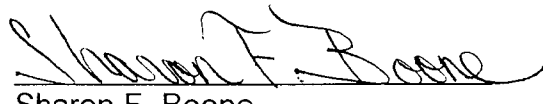
Richard Gregory
General Director, Labor Relations



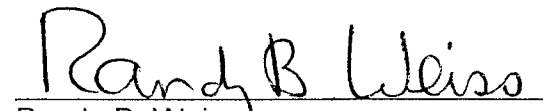
M. B. Futhey, Jr.
Vice President - UTU



Randy P. Guidry
Director, Labor Relations



Sharon F. Boone
Director, Labor Relations



Randy B. Weiss
Assistant Director, Labor Relations

united transportation union

VICE CHAIRMEN

R. W. BALLARD
R. D. PACKARD
D. J. RAMPY
L. S. RICHARDS
C. WALLACE



ASSOCIATE CHAIRMEN

C.L. CRAWFORD

SECRETARY

W. T. SMITH

General Committee of Adjustment – C-T-Y-E
UNION PACIFIC RAILROAD (T&P)

Troy L. Johnson, General Chairman

4411 Old Bullard Road, Suite 600 • Tyler, TX 75703

Telephone 903/561-1016, 903/561-1218 • Fax 903/561-1443 • E-mail tjutu27@hotmail.com

October 1, 2007

Mr. R. B. Weiss, ADLR
Union Pacific Railroad Company
1400 Douglas Street STOP 0710
Omaha, NE 68179-0710

Dear Sir:

This will confirm our agreement to change the implementation date for the Discipline Handling Agreement from October 1 to November 1, 2007.

Yours truly,

A handwritten signature in black ink that reads "Troy L. Johnson".

Troy L. Johnson
General Chairman

TLJ/je

AGREED AND APPROVED:

A handwritten signature in black ink that reads "Randy P. Guidry".

Randy P. Guidry, DLR

A handwritten signature in black ink that reads "Randy B. Weiss".

Randy B. Weiss, ADLR

DISCIPLINE

1. The "UTU local chairperson's designee as used throughout the agreement refers to a person who holds seniority on the UP Railroad and who is elected to a position with the UTU or is a member of the Organization.
2. The discipline imposed as a result of the hearing may not exceed that proposed in the notice of investigation.
3. An employee who fails to appear at a hearing after proper notification in writing, and who makes no effort to secure a postponement, will be considered as accepting the discipline proposed in the notice of investigation.
4. A conducting officer failing to appear at a scheduled hearing will result in the investigation being cancelled and the discipline charges dropped.
5. When request is made sufficiently in advance, the employee and/or the UTU local chairperson or designee may examine material or exhibits to be presented in evidence prior to the investigation.
6. Superintendent's decisions will no longer be appealed to the Superintendent; appeals will be made directly to Labor Relations by the General Chairman's office.