

MEMORANDUM of AGREEMENT

between

UNION PACIFIC RAILROAD COMPANY

and the

UNITED TRANSPORTATION UNION

**ESTABLISHMENT OF INTERDIVISIONAL SERVICE
SWEETWATER, TEXAS – PECOS, TEXAS
EL PASO, TEXAS – PECOS, TEXAS**

In correspondence dated May 16, 2000, Union Pacific Railroad Company ("UP" or "Carrier") served notice, pursuant to Article IX "Interdivisional Service" of the October 31, 1985 UTU National Agreement, as amended, to establish interdivisional pool freight service with home terminals at El Paso and Sweetwater, Texas, and a common away-from-home terminal at Pecos, Texas.

Pursuant to, and in accordance with, Article IX of the October 31, 1985 UTU National Agreement, UP and the United Transportation Union ("UTU" or "Organization") have agreed to establish interdivisional pool freight service between Sweetwater and Pecos, Texas and between El Paso and Pecos, Texas, subject to the terms and conditions set forth in this Agreement.

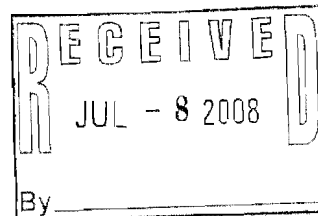
Accordingly, **IT IS AGREED:**

I. INTERDIVISIONAL SERVICE

A. Operations

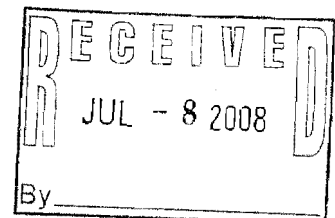
1. Carrier may establish interdivisional pool freight service between Sweetwater, Texas, and Pecos, Texas; and between El Paso, Texas, and Pecos/Alpine, Texas

NOTE: Pecos will replace Toyah for the interdivisional freight pool established pursuant to Article III of the Merger Implementing Agreement for the Southwest Territory, signed June 23, 1999 and implemented October 1, 1999.



2. El Paso will be the home terminal and Pecos/Alpine will be the away-from-home terminal for employees working in interdivisional service between El Paso and Pecos/Alpine. Crews will not be deadheaded between Pecos and Alpine for return trips.
3. Sweetwater will be the home terminal and Pecos will be the away-from-home terminal for employees working in interdivisional service between Sweetwater and Pecos.
4. Applicable trip rate payments between El Paso - Pecos/Alpine and Sweetwater - Pecos shall be allowed pursuant to the 2002 UTU National Agreement.
5.
 - a. The terminal limits for Pecos shall be located at Toyah Subdivision milepost 654.0 on the west and milepost 644.0 on the east.
 - b. The territory between the limits set forth in Paragraph a, above, shall be considered as common territory for employees holding seniority on the DFW Hub Merged Seniority Roster(s) or on the Southwest Territory El Paso Hub Zone 2 Seniority Roster(s) and who are working in the interdivisional service established pursuant to this Agreement. Accordingly, such employees may perform all work permitted under applicable National Agreement provisions in the Pecos terminal including, but not limited to, getting or leaving their train at any location within the limits specified in Paragraph a, above, without additional compensation.
6.
 - a. Except as specifically set forth herein, interdivisional service between Sweetwater and Pecos shall be governed by applicable terms and conditions contained in the Merger Implementing Agreement for the Dallas Ft. Worth Hub, dated June 23, 1999.
 - b. Except as specifically set forth herein, interdivisional service between El Paso and Pecos/Alpine shall be governed by applicable terms and conditions contained in the Merger Implementing Agreement for the Southwest Territory signed June 23, 1999.

B. Meal Allowances / Eating En Route



1. Meal allowances at the away-from-home terminal for employees working in interdivisional service established pursuant to this Agreement will be governed by Article IX, Section 2, Paragraph (d) of the October 31, 1985 UTU National Agreement.
2. Meals en route for employees working in interdivisional service established pursuant to this Agreement will be governed by Article IX, Section 2, Paragraph (e) of the October 31, 1985 UTU National Agreement until such time as trip rates are implemented pursuant to Article V of the August 20, 2002 UTU National Agreement.

C. Transportation

Transportation for employees working in interdivisional service established pursuant to this Agreement will be governed by Article IX, Section 2, Paragraph (c), including the attendant Note, of the October 31, 1985 UTU National Agreement.

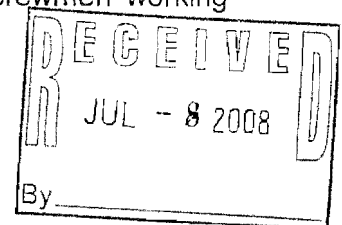
D. Suitable Lodging

Carrier will, in accordance with applicable existing Agreement requirements, provide suitable lodging at the away-from-home terminal for employees working in the service established pursuant to this Agreement.

E. Hours-of-Service Relief

1. The provisions of Article VI, Section B, Paragraphs 3, 4 and 5 of the Implementing Agreement for the Southwest Territory signed June 23, 1999, governing turnaround or hours-of-service relief shall apply to employees providing hours-of-service relief to crewmen working in interdivisional service between El Paso and Pecos/Alpine.
2. Employees assigned to the applicable protecting extra board at Sweetwater shall protect hours-of-service relief for crews destined to Sweetwater from Pecos. If no extra employees are available on the protecting extra board, a crew from the Sweetwater – Pecos pool may be used to provide hours-of-service relief for crews destined to Sweetwater.

NOTE: The provisions of Article V of the Merger Implementing Agreement for the Dallas Ft. Worth Hub, dated June 23, 1999, governing turnaround or hours-of-service relief shall apply to employees providing hours-of-service relief to crewmen working



in interdivisional service between Sweetwater and Pecos.

3. Regular or extra crews used to provide hours-of-service relief to crews working in interdivisional service established pursuant to this Agreement shall be considered as called in combination deadhead and service and shall be compensated accordingly.
4. Nothing in this Section E shall prevent or limit the use of other crews to perform work (including hours-of-service relief) currently permitted by existing agreements; including, but not limited to, yard crews performing hours-of-service relief within road/yard service zones, pool crews performing combined service/deadheads between terminals, road switchers (TSE's) handling trains within their zones and/or using a trainman from a following train to work a preceding train.

F. Controlling Agreements

The table below identifies the controlling collective bargaining agreement for the interdivisional runs established pursuant to this Agreement:

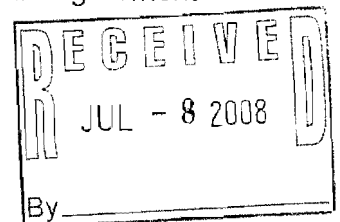
RUN	Controlling Collective Bargaining Agreement
El Paso, TX – Pecos, TX	SP Western Lines
Sweetwater, TX – Pecos, TX	T&P

G. 25-Mile Zones

The 25-mile distance threshold used for the "25-mile zones" provided in Article III, Section D, of the Merger Implementing Agreement for the Dallas Ft. Worth Hub, dated June 23, 1999, and/or in Article VI, Section B, Paragraph 2 of the Merger Implementing Agreement for the Southwest Territory, signed June 23, 1999, shall be measured from the limits, set forth in Section A, Paragraph 5.a of this Article I, for the Pecos Terminal.

F. Staging of Trains at Toyah

1. Employees working in interdivisional service between Sweetwater and Pecos may be required to operate through Pecos and stage their train in the siding at Toyah. When a Sweetwater crew is required to stage their train at Toyah, thirty-two (32) miles will be allowed in addition to the trip rate payment specified in Article I, Paragraph A, Item 4 of this Agreement as compensation therefor.



2. Crews who are required to stage a train at Toyah will be considered in combined service and deadhead from the home terminal until their return to Pecos from the staging point. The trip rate payments specified in Article I, Paragraph A, Item 4 of this Agreement will not be reduced when crews receive a train that has been staged at Toyah and will be considered in combined deadhead and service when so directed.

II. Protective Conditions

- A. Employees adversely affected as a result of implementation of this Agreement will be entitled to the protective benefits set forth in Article IX, Section 7 of the October 31, 1985 UTU National Agreement. Article IX, Section 7 reads as follows:

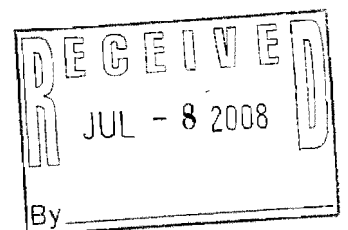
"The provisions of Article XIII of the January 27, 1972 Agreement shall apply to employees adversely affected by the application of this Article."

- B. A trainman adversely affected as a result of implementation of this Agreement who has New York Dock protective benefits due to implementation of the UP/SP New York Dock Merger Implementing Agreement for the Dallas Ft. Worth Hub or the El Paso Hub will have the option of continuing those protective benefits or electing the benefits of Article IX, Section 7 of the October 31, 1985 Agreement. There shall be no pyramiding of such, or any other, protective agreement or arrangement benefits.

III. Implementation

- A. Provisions of this Agreement will be effective on the date this Agreement is signed.
- B. Existing assignments to the El Paso – Pecos/Alpine and the Sweetwater – Pecos interdivisional freight service pools will not be affected by implementation of this Agreement. Assignments to said freight pools will not be re-bulletined in connection with the implementation of this Agreement.
- C. UTU Local Chairmen and Carrier representatives from CMS, Timekeeping and Labor Relations shall work together to ensure the provisions of this Agreement are fully and properly implemented.

IV. General




- A. The terms and conditions of this Agreement shall serve to satisfy in full the parties' obligation and requirements under Article IX of the October 31, 1985 UTU National Agreement, as amended, and Union Pacific's Notice dated May 16, 2000.
- B. The terms and conditions of this Agreement, general and specific, are intended to address and/or apply to circumstances unique to the requisite service between El Paso and Pecos/Alpine and between Sweetwater and Pecos. Accordingly, any such terms and/or conditions contained herein shall not be applied, or interpreted to apply, to other locations or runs, 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.


SIGNED THIS 5 TH DAY OF JUNE, 2008 IN SPRING, TEXAS

FOR THE UNITED TRANSPORTATION UNION:

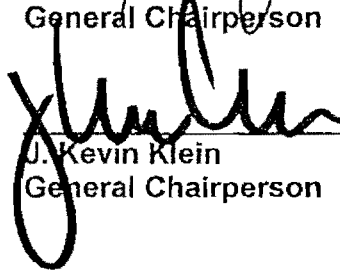
FOR THE UNION PACIFIC RAILROAD COMPANY:



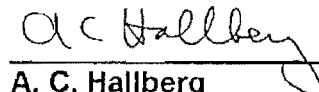
T. L. Johnson
General Chairperson



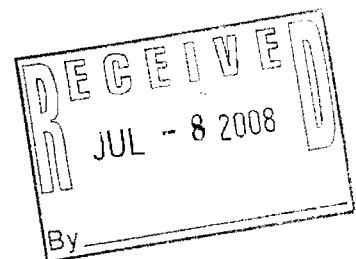
S. F. Boone
Director - Labor Relations



J. Kevin Klein
General Chairperson



A. C. Hallberg
Director - Labor Relations



Side Letter

Mr. T. L. Johnson
General Chairman, UTU
4411 Old Bullard Rd., Ste. 600
Tyler, TX 75703

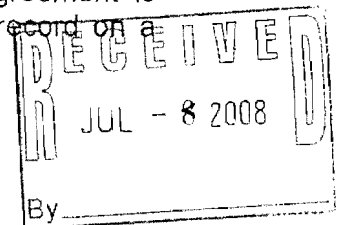
Mr. J. K. Klein
General Chairman, UTU
1860 El Camino Real, Ste. 201
Burlingame, CA 94010

Gentlemen:

This document refers to our recent discussions regarding our mutual desire to resolve the backlog of outstanding claims submitted on or before the date this Agreement is signed, in connection with the Interdivisional Service operations between El Paso and Pecos, Texas and between Sweetwater and Pecos, Texas.

The parties have agreed to resolve the following issues in conjunction with the agreement covering the establishment of interdivisional service between El Paso/Sweetwater and Pecos: outstanding time claims focusing on payment of additional miles to the Sweetwater to Pecos (RT50) crews who operate a train to/from Pecos siding and, future payments to Sweetwater to Pecos (RT50) crews who operate a train to/from Pecos siding. The parties accordingly agreed that the following terms will apply in full and final settlement of all such claims and matter.

- I. Except as set forth below, all time claims submitted in connection with or regarding operation of interdivisional service between El Paso and/or Sweetwater and Pecos, on or before the date this Agreement is signed, appealed by either an employee or UTU on behalf of a train service employee holding seniority on the DFW or El Paso Hub Seniority rosters will be settled as follows:
 - A. The Carrier will pay a one-time lump sum payment totaling \$50,000.00 in care of UTU General Chairman T. L. Johnson for distribution in full and final settlement of all time claims submitted by, or in behalf of, eligible trainmen holding seniority on the former TP and SPWL territories. Except for the Carrier oversight requirements contained in paragraph E (2) of this Section I, the UTU is responsible for allocation of the \$50,000.00.
 - B. To qualify for a lump sum payment, an employee must satisfy all the following conditions:
 - (1) The employee must be in active service as a train service employee as of the date this Agreement is signed and be named as a Claimant of record on a



time claim submitted or appealed by the UTU on or before the date this Agreement is signed.

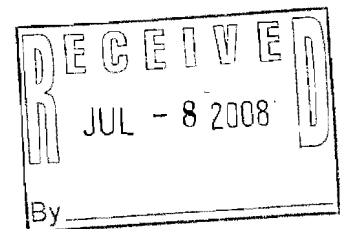
Note (1): An employee who is dismissed and later reinstated to service will not be considered as an eligible employee.

Note (2): An employee who is on a leave of absence due to having a working status of "Company Officer" will not be eligible for this lump sum payment.

- (2) The employee must have seniority as a train service employee on the DFW or El Paso Hub Conductor Seniority Rosters and be working as a train service employee as of the date this Agreement is signed.

Note: An employee who held a seniority date on the DFW Hub or El Paso Hub seniority rosters, who accepted a voluntary separation allowance from Union Pacific or who retired prior to this Agreement will not be considered as an eligible employee.

- C. Amounts paid pursuant to this settlement will be subject to all applicable federal, state, local and/or railroad retirement tax withholdings.
- D. Payments made pursuant to this Agreement will not be included in any existing or future labor protection test period(s) averages. Likewise, said payments will not be incorporated into the determination of any reserve board rates of pay, vacation compensation, guarantees (including extra board guarantees), back pay, if applicable, or other similar payments or protective benefits.
- E. The payments made pursuant to this Section 1 will not be used to offset or reduce guarantee or labor protection amounts, benefits due to eligible employees for the month in which the payment is made.



- (1) UTU will provide the Carrier a list of trainmen showing the name, Employee Identification Number and amount said employee is to be paid by no later than May 20, 2008.
- (2) Carrier will review the list of names provided by the UTU to ensure each trainmen listed thereon satisfies the eligibility requirements set forth in Paragraph B, above.
- (3) Carrier will make the appropriate payment to eligible trainmen, satisfying the eligibility criteria in a single lump sum payment within ninety (90) days of Carrier's receipt of the list set forth in Paragraph E (1), above.

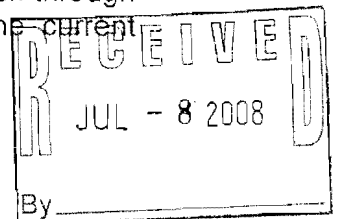
F. This Agreement is final and binding regarding all claims and disputes, as identified above, covered by this Agreement. All claims covered by this Agreement will be considered as settled and accordingly barred from further handling under the applicable and controlling UTU Agreements and/or the Railway Labor Act and Carrier shall not be required to respond to any such claim.

G. Eligible employees entitled to receive a lump sum payment pursuant to the terms of this Agreement who are eligible to receive, participate in, any other similar time claim settlement/resolution in connection with his/her service in another craft, will have such payment offset (reduced) by the amount he/she is paid in connection with this settlement. This offset arrangement will apply to any lump sum payment, regardless of its amount.

II. Effective the date of this Agreement, crews operating in the Sweetwater to Pecos pool (RT50) who are required to receive/leave a train at Pecos siding will be paid as follows:

A. Inbound pool crews passing the Pecos Terminal Limits at milepost 644.0 and yard their train at Pecos siding will receive six (6) miles at the current overmile rate in addition to all other earnings for the trip. No additional miles will be paid for transportation between Pecos siding and their tie up point.

B. Outbound pool crews transported to Pecos siding who work back through Pecos and on to destination will receive six (6) miles at the current



overmile rate in addition to all other earnings for the trip. No additional miles will be paid for transportation between the on duty point and Pecos siding.

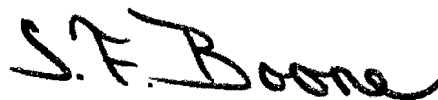
- C. The six (6) mile arbitrary specified in this Section II applies only to crews in the Sweetwater to Pecos (RT50) pool, will be subject to all future COLA wage increases and will not be considered a duplicate time payment.
 - D. All claims and disputes submitted after the date of this Agreement for additional miles when working to/from Pecos siding will be considered invalid and barred from further handling under the existing agreements and/or the Railway Labor Act and Carrier shall not be required to respond to any such claim(s).
- III. This settlement is made without prejudice to the position of either party regarding the subject matters pertained herein, will not be referred to in connection with any future claims, arbitration, negotiations or other similar proceedings and is not to be viewed as guiding or setting a precedent in any other Interdivisional Service disputes.

If the foregoing accurately and properly reflects our understanding, please so indicate by affixing your signatures on the space provided below and return to this office within ten (10) days.

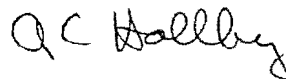
Sincerely,



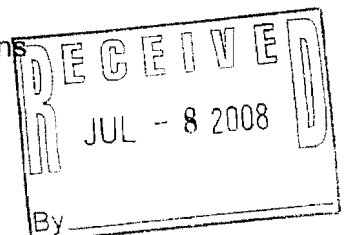
R. Orosco
Asst. Vice President – Labor
Relations



S. F. Boone
Director – Labor Relations



A. C. Hallberg
Director - Labor Relations



APPROVED:

Troy Johnson

T. L. Johnson – General Chairman, UTU

Date: 6-5-08

J. K. Klein

J. K. Klein – General Chairman, UTU

Date: 6-5-08

