

MEMORANDUM OF AGREEMENT

between

UNION PACIFIC RAILROAD COMPANY

and the

**BROTHERHOOD OF LOCOMOTIVE ENGINEERS AND TRAINMEN
(San Antonio Hub)**

**Service to/from Toyota Motor Company
San Antonio, Texas**

Union Pacific Railroad Company ("UP") and the Brotherhood of Locomotive Engineers and Trainmen ("BLET") agree the following shall apply concerning UP's operations and service to/from Toyota's San Antonio facility:

I. OPERATIONS

- A. Regular or extra employees working in through freight service on trains operating to San Antonio from Del Rio, Eagle Pass, Taylor, Hearne, Houston, Bloomington, Laredo and/or Smithville, or points between those locations and San Antonio, and are destined to Toyota's manufacturing facility on the Corpus Christi Subdivision, including crews providing hours-of-service relief for such employees, may operate through the San Antonio terminal and beyond the San Antonio switching limit on the Corpus Christi Subdivision to Toyota's facility.

NOTE: The switch leading to Toyota's facility is presently located at or near Milepost 12 on the Corpus Christi Subdivision.

- B. Regular or extra employees working in through freight service on trains from Toyota's facility on the Corpus Christi Subdivision (or between Toyota's facility and the San Antonio switching limit on the Corpus Christi Subdivision) and are destined to Del Rio, Eagle Pass, Taylor, Hearne, Houston, Bloomington, Laredo and/or Smithville, or points between those locations and San Antonio, including crews providing hours-of-service relief for such employees between the Toyota facility and San Antonio.

BLE&T Southern Region
5658
DEC 02 2006

may operate through the San Antonio terminal and beyond the San Antonio switching limits towards their destination(s).

NOTE 1: It is the parties' intent in Sections A and B, above, to permit engineers working in through freight service on trains received at or to be delivered to the Toyota facility to operate through the San Antonio terminal without changing crews in San Antonio.

NOTE 2: Nothing herein shall require UP to operate through freight trains to/from the Toyota facility to run through the San Antonio terminal.

C. 1. San Antonio will continue to be the off-duty location for employees working to Toyota's facility pursuant to this Agreement. Likewise, San Antonio will continue to be the on-duty location for employees working from (receiving their train at) Toyota's facility pursuant to this Agreement. Said employees will be transported to/from the Toyota facility to/from their on/off-duty point in San Antonio.

2. No additional miles will be paid for employees being transported between their on/off-duty point in San Antonio and the Toyota facility.

NOTE: The understanding set forth in this Section C, Paragraph 2 is made without prejudice to the parties' respective positions regarding payment to crews being transported to/from their on/off duty point and will not be cited by either party.

3. Employees covered by this Agreement will not be used to perform local, switching or work train service between the San Antonio switching limit on the Corpus Christi Subdivision and the Toyota facility.

NOTE: Nothing herein shall prohibit or restrict crews currently operating over the Corpus Christi Subdivision (e.g. crews working between San Antonio and Corpus Christi/Kingsville) from performing work currently permitted under existing Agreement rules at the Toyota facility or between the Toyota facility and the San Antonio terminal.

4. Crews operating to/from the Toyota facility pursuant to this Agreement will not operate beyond the switches (located near MP

12) leading to the Toyota facility, except as what may be necessary to provide adequate head/tail room.

NOTE: It will not be considered a violation of this Agreement if a crew is required to operate beyond the eastern most switch leading to the Toyota facility for the purpose of backing onto the track leading into the Toyota facility. Likewise, it will not be considered a violation of this Agreement if a crew is required to back around the easternmost leg of the wye and eastward on the Corpus Christi Subdivision for a train to depart the Toyota facility.

5. Except for those circumstances when it may be necessary for UP crews to move BNSF cars/traffic within Toyota's facility out of the way or into the clear in order to permit UP crews operating to/from the Toyota facility pursuant to this Agreement to complete their work or finish their move, said crews will not handle BNSF cars/traffic.
6.
 - a. After their arrival at the Toyota facility, crews operating to the Toyota facility pursuant to this Agreement will not be required to operate another train from the Toyota facility back to San Antonio.
 - b. A crew going on duty at San Antonio who is to subsequently operate a train from the Toyota facility back through the San Antonio terminal pursuant to this Agreement will not be required to operate a train out of San Antonio to the Toyota facility prior to operating his/her train from the Toyota facility.
 - c. Paragraphs a and b of this Section 6 shall not bar or otherwise restrict crews operating to/from the Toyota facility pursuant to this Agreement from operating locomotive consists – "light power" – between the Toyota facility and San Antonio.
7. For a crew that operates through San Antonio to the Toyota facility pursuant to this Agreement, San Antonio shall be considered as an intermediate point for said crew. Similarly, for a crew that operates through San Antonio from the Toyota facility pursuant to this Agreement, San Antonio shall be considered as an intermediate point for that crew.

- D. 1. Nothing herein shall serve to restrict UP's right(s) under applicable Agreement rules to use other crews to serve Toyota's facility and/or handle cars or trains to/from Toyota's facility, as may be dictated by service or operational needs.
- 2. Nothing herein shall restrict, subject to applicable agreement rules, including National Agreement, provisions, UP's right to require crews covered by this understanding to perform work, including setting out or picking up cars or locomotives, in San Antonio.
- E. The provisions of this Article I shall not affect the location of the "25-mile zone" limit(s) provided in Article III, Section D of the Merger Implementing Agreement (San Antonio Hub) between the Union Pacific Railroad Company/Southern Pacific Transportation Company and the Brotherhood of Locomotive Engineers and Trainmen, dated January 6, 1999.
- F. Except as specifically set forth herein, applicable Collective Bargaining Agreement rules and associated interpretations and applications pertaining to operations in and around San Antonio are unaffected by this Agreement.

II. COMPENSATION

- A. Employees operating through freight trains through San Antonio to/from Toyota's facility pursuant to Article I of this Agreement will be paid an additional sixteen miles at the applicable pro rata through freight rate when said employees receive or deliver their trains at the Toyota facility or anywhere between Toyota's facility and the San Antonio switching limit on the Corpus Christi Subdivision. This payment will be in addition to the trip rate or mileage paid for their assignment and will be subject to future general wage and/or cost of living adjustments.

NOTE 1: The payment provided in this Section A will be made only when an employee operates a train through the San Antonio switching limit. If the employee covered by this Agreement does not operate his or her train through San Antonio terminal – e.g., is tied-up or relieved in San Antonio before passing the Corpus Christi Subdivision switching limit – he or she will be paid only the trip rate or mileage of their assignment and will not be entitled to this payment.

NOTE 2: The payment provided in Section A, above, will not be paid to employees working on assignments that

regularly work, or are bulletined to work, on/over the Corpus Christi Subdivision.

NOTE 3: A crewmen who has operated his/her train through the San Antonio terminal to the Toyota facility pursuant to this Agreement and who is subsequently required to operate a locomotive consist – "light power" – from the Toyota facility back to San Antonio during the same tour of duty will be paid eight miles at the applicable pro rata through freight rate in addition to his/her earnings for the tour of duty and the payment provided in this Section A. Likewise, a crewmen who is required to operate a locomotive consist – "light power" – from his/her on-duty point in San Antonio to Toyota's facility prior to operating his/her train from the Toyota facility through San Antonio pursuant to this Agreement and to his/her destination terminal during the same tour of duty will be paid eight miles at the applicable pro rata through freight rate in addition to his/her earnings for the tour of duty and the payment provided in this Section A.

NOTE 4: The provisions of Article III, Section D of the Merger Implementing Agreement (San Antonio Hub) between the Union Pacific Railroad Company/Southern Pacific Transportation Company and the Brotherhood of Locomotive Engineers and Trainmen, dated January 6, 1999, will not apply for employees operating from the Toyota facility and through the San Antonio terminal pursuant to this Agreement.

B. The payment provided in Section A of this Article III will not be used to extend the onset of overtime for employees working on through freight runs covered by Article I of this Memorandum of Agreement.

III. GENERAL AND SAVINGS CLAUSES

A. The terms and conditions set forth herein are applicable only to employees working in through freight service to/from the Toyota manufacturing facility located on UP's Corpus Christi Subdivision south of San Antonio and accordingly will not be extended or applied to any other freight pool or operation covered by the controlling UP/BLET Collective Bargaining Agreement.

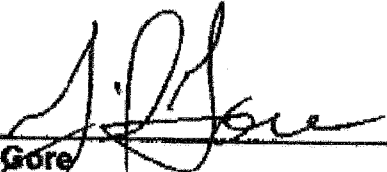
B. The provisions of this Agreement are made to address a specific and unique situation and to help enhance service for Toyota Motor Company

at San Antonio, Texas. Accordingly, the terms and conditions set forth herein are made without prejudice to either party's position(s) and, except for that necessary for administration of this Agreement, will not be cited in any forum.

- C. In the event the provisions set forth herein conflict with existing Agreement rules, the provisions set forth herein shall prevail.


SIGNED THIS 12TH DAY OF OCTOBER, 2006 IN SPRING, TEXAS

**FOR THE BROTHERHOOD OF
LOCOMOTIVE ENGINEERS & TRAINMEN:**



G. Gore
General Chairman

**FOR UNION PACIFIC RAILROAD
COMPANY:**




S. F. Boone
Director - Labor Relations
Arbitration & Negotiations

AGREED:



E. L. Pruitt
International Vice President



R. Orosco
Asst. Vice President-Labor Relations
Arbitration & Negotiations

SIDE LETTER NO. 1

Mr. G. Gore
General Chairman
Brotherhood of Locomotive Engineers and Trainmen
4411 Old Bullard Road, Suite #600
Tyler, TX 75703

Dear Mr. Gore:

This has reference to the Memorandum of Agreement between Union Pacific Railroad Company and the Brotherhood of Locomotive Engineers and Trainmen (San Antonio Hub) (Service to/from Toyota Motor Company, San Antonio, TX), dated October 12, 2006.

This Side Letter No.1 will confirm the parties' understanding that coincident with the parties' signing of the Memorandum of Agreement referenced in the paragraph above, UP's notice, served pursuant to Article IX (Enhanced Customer Service) of the 1998 BLET National Agreement, dated May 1, 2006, will be automatically withdrawn.


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

Yours truly,



S. F. Boone
Director - Labor Relations
Arbitration & Negotiations

AGREED:



G. Gore
General Chairman, BLET

SIDE LETTER NO. 2

Mr. G. Gore
General Chairman, BLET
4411 Old Bullard Road, Suite #800
Tyler, TX 75703

Dear Mr. Gore:

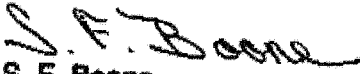
This has reference to the Memorandum of Agreement between Union Pacific Railroad Company and the Brotherhood of Locomotive Engineers and Trainmen (San Antonio Hub) (Service to/from Toyota Motor Company, San Antonio, TX), dated October 12, 2006.

During our discussions, your organization raised a number of other issues. In connection with those discussions, the following shall summarize our commitments regarding those matters:

1. UP and BLET agree to meet expeditiously and explore possible modifications to the process for regulating freight pools. In connection therewith, the parties likewise agree to explore the viability of using "starts" in lieu of "mileage" as the basis for regulating freight pools.
2. UP and BLET also agree to meet and explore opportunities for abating fatigue risk for engineers. This endeavor will include investigation of options for providing engineers rest opportunities that are more predictable and rules or practices that might contribute to fatigue.
3. The provisions of the Memorandum of Agreement are intended to specifically address Toyota's service needs at San Antonio and to enhance UP's ability to attract and retain Toyota's business. With the foregoing in mind, the parties commit to address promptly issues or problems that may arise concerning the application of this Memorandum of Agreement.

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

Yours truly,


S. F. Boone
Director - Labor Relations
Arbitration & Negotiations

AGREED:


G. Gore

General Chairman, BLET

SIDE LETTER NO. 3

Mr. G. Gore
General Chairman
Brotherhood of Locomotive Engineers and Trainmen
4411 Old Bullard Road, Suite #600
Tyler, TX 75703

Dear Mr. Gore:

This has reference to the Memorandum of Agreement between Union Pacific Railroad Company and the Brotherhood of Locomotive Engineers and Trainmen (San Antonio Hub) (Service to/from Toyota Motor Company, San Antonio, TX), dated October 12, 2006.

Pursuant to our discussions in connection with the above-referenced Memorandum of Agreement, this letter will serve to confirm the parties agreement to eliminate the current "trip rate overtime offset" for the through freight runs referenced in Section 1(A) of this Agreement. The referenced "trip rate overtime offset" is the amount of time used to set back the overtime eligibility threshold due to the inclusion of terminal delay time in the trip rate. The elimination of this offset will be effective on the first day of the first pay period following implementation of the above-referenced Memorandum of Agreement and commencement of UP's service to the Toyota facility.

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

Yours truly,



S. F. Boone
Director - Labor Relations
Arbitration & Negotiations

AGREED



G. Gore

General Chairman, BLET

Question and Answers Toyota Facility San Antonio

Q1. May Union Pacific crews identified in Article I of this Agreement handle BNSF cars / traffic while working within the Toyota facility?

A1. Yes, but only when necessary to move BNSF cars / traffic out of the way or in the clear to permit crews operating to / from the Toyota facility pursuant to this Agreement to complete their work.

Q2. May pool freight crews identified in Article I in this Agreement who arrive San Antonio with cars destined for the Toyota facility be required to pick up additional cars within the San Antonio Terminal that are destined to Toyota and move them to the Toyota facility?

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

Q3. Pool freight crews identified in Article I of this Agreement are called to go to the Toyota facility to get their train pursuant to this Agreement. The crew is delayed in returning to San Antonio. A managerial decision is made to relieve them at San Antonio. How will they be handled under this agreement?

A3. Crew will handled in accordance with existing agreement provisions.

Q4. Article II (A), Note 4 provides that the 25-mile zone provisions will not apply for employees operating from the Toyota facility and through the San Antonio terminal pursuant to this Agreement. Can you provide examples of when the 25-mile zone provisions would/would not be applicable under this Agreement?

A4. **EXAMPLE 1:** A pool freight crew goes on duty at Del Rio and is destined to San Antonio. He/she is instructed to operate his/her train to the Toyota facility. The employee expires under the Hours of Service at milepost 8 on the Corpus Christi Subdivision. How will the employee be compensated?

The employee will be paid the trip rate of his/her assignment (in this case, the San Antonio – Del Rio trip rate) plus an additional 16 miles pursuant to Article II, Section A of this Agreement because he/she was destined to the Toyota facility. The employee would not be entitled to the 25-mile zone payment.

EXAMPLE 2: A pool freight crew goes on duty at San Antonio and is destined to Del Rio. He/she is instructed to go to the Toyota facility, operate back through the San Antonio terminal and on to Del Rio. How will the employee be compensated?

The employee will be paid the trip rate of his/her assignment (in this case the San Antonio – Del Rio trip rate) plus an additional 16 miles pursuant to Article II, Section A of this Agreement and any overtime, if applicable. He/she will not be entitled to the 25-mile zone payment.

EXAMPLE 3: A pool freight crew goes on duty at San Antonio and is destined to Laredo. He/she gets his/her train at MP 8 (the involved train had originated at the Toyota plant) and operates it back through San Antonio to Laredo. How will the employee be compensated?

The employee will be paid the 25-mile zone payment pursuant to Article III, Section D of the San Antonio Hub Agreement. He/she will not be entitled to the 16-mile payment provided in this Agreement.

EXAMPLE 4: A pool freight crew goes on duty at San Antonio, gets his/her train at MP 13 and operates it back through the San Antonio terminal towards their destination terminal. How will the employee be compensated?

The employee will be paid the 25-mile zone payment pursuant to Article III, Section D of the San Antonio Hub Agreement. The employee will not be entitled to the 16-mile payment in this Agreement.

EXAMPLE 5: The employee in Example 4 above, makes a pickup and/or set-out at the Toyota facility, how will the employee be compensated?

The employee under this scenario made an ordinary industry pick-up and/or setout at the Toyota facility as previously allowed by agreement provisions and is thus not entitled to additional compensation for this work pursuant to this Agreement. The employee will be paid the 25-mile zone payment pursuant to Article III, Section D of the San Antonio Hub Agreement. The employee will not be entitled to the 16-mile payment in this Agreement.

- Q5. A pool freight crew identified in Article I of this Agreement destined to Toyota expires under the hours of service at mile post 10 on the Corpus Christi Subdivision. Are they entitled to the payment provided in Article II, A of this agreement?
- A5. Yes, because the crew operated through the San Antonio Terminal and beyond mile post 4.8 on the Corpus Christi Subdivision toward their destination.
- Q6. Will a pool freight crew identified in Article I of this Agreement who has operated a train into the Toyota facility be required to operate a different train out of the Toyota facility back to San Antonio?

- A6. No. Upon arrival at the Toyota facility, the crew will not be required to operate another train from the Toyota facility back to San Antonio.
- Q7. Will a pool freight crew identified in Article I of this Agreement who goes on duty at San Antonio and is to subsequently operate a train from the Toyota facility back through the San Antonio Terminal pursuant to this Agreement be required to operate another train out of San Antonio back to the Toyota facility prior to operating his/her train from the Toyota facility?
- A7. No.
- Q8. A pool freight crew identified in Article I of this Agreement arrives San Antonio with no Toyota cars in their train. Can they be required to pick up Toyota cars in San Antonio and move them to the Toyota facility?
- A8. No, crews identified in Article I of this Agreement arriving San Antonio with no cars or equipment on their train for Toyota will not be required to shuttle cars from San Antonio to Toyota.
- Q9. A pool freight crew identified in Article I of this Agreement arrives San Antonio with 60 manifest cars and 10 Toyota cars in their train. Can they be required to set out the 60 manifest cars in San Antonio and deliver their 10 Toyota cars to the facility?
- A9. Yes, since the crew had Toyota cars in their train upon arriving San Antonio, which is an intermediate point, they are permitted to deliver their Toyota cars to the facility subject to the conditions of the National Agreement.
- Q10. Will pool freight crews identified in Article I of this Agreement be required to perform switching within the San Antonio Terminal?
- A10. Pool freight crews identified in Article I of this Agreement can perform any work road crews may perform subject to the conditions of the National Agreements.
- Q11. A San Antonio – Corpus Christi pool crew is called at San Antonio and required to make a set out at the Toyota facility enroute to Corpus Christi. Are they entitled to any additional compensation pursuant to Article II of this Agreement?
- A11. No. The payment provided in Article II of this Agreement will not be paid to employees working on assignments that regularly work, or are bulletined to work, on/over the Corpus Christi Subdivision.