

UNION PACIFIC RAILROAD COMPANY

24125 Aldine Westfield
Spring, TX 77379



January 19, 2009

Mr. G. Gore
General Chairman
Brotherhood of Locomotive Engineers & Trainmen
1448 MacArthur Ave.
Harvey, LA 70058

Dear Mr. Gore:

Enclosed please find fully executed copies of the San Antonio Intermodal Facility Agreement and the Letter of Understanding in connection with the agreed upon changes to the vacancy procedures at San Antonio.

Your assistance in reaching resolution to these matters is greatly appreciated.

As always, should you have any questions concerning this matter, please do not hesitate to give me a call.

Yours truly,

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

Encl.

BLE&T Southern Region

7781

JAN 22 2009

MEMORANDUM OF AGREEMENT

between

UNION PACIFIC RAILROAD COMPANY

and the

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

=====
**Service to/from San Antonio Intermodal Facility
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 the San Antonio Intermodal Facility:

I. OPERATIONS

- A.** Regular or extra employees working in through freight service on trains working to San Antonio from Taylor, Hearne, Houston, Bloomington, Corpus Christi, Kingsville and/or Smithville, or points between those locations and San Antonio, and are destined to the intermodal facility on the Del Rio or Laredo Subdivisions, including crews providing hours-of-service relief for such employees, may work through the San Antonio terminal and beyond the San Antonio switching limits on the Del Rio or Laredo Subdivisions to the intermodal facility.

NOTE: The switches leading to the intermodal facility are presently located at or near Milepost 223.09 on the Del Rio Subdivision and Milepost 270.68 on the Laredo Subdivision.

- B.** Regular or extra employees working in through freight service on trains from the intermodal facility on the Del Rio or Laredo Subdivisions (or between the facility and the San Antonio switching limit on the Del Rio or Laredo Subdivisions) and are destined to Taylor, Hearne, Houston, Bloomington, Corpus Christi, Kingsville and/or Smithville, or points between those locations and San Antonio, including crews providing

hours-of-service relief for such employees between the facility and San Antonio, may work through the San Antonio terminal and beyond the San Antonio switching limits toward 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 intermodal facility to work through the San Antonio terminal without changing crews in San Antonio.

NOTE 2: Nothing herein shall make it mandatory that crews identified in Article I of this Agreement work through freight trains to/from the intermodal facility.

NOTE 3: It is not the parties' intent in Sections A and B, above, to bar or otherwise restrict crews from handling other traffic (for example, but not limited to, holding on to cars) destined to other locations and/or using trackage identified therein as alternate routes.

C. 1. San Antonio will continue to be the off-duty location for employees working to the facility pursuant to this Agreement. Likewise, San Antonio will continue to be the on-duty location for employees working from (receiving their train at) the facility pursuant to this Agreement. Said employees will be transported to/from the 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 intermodal 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 limits on the Del Rio or Laredo Subdivisions and the intermodal facility.

NOTE: Nothing herein shall prohibit or restrict crews currently working over the Del Rio and/or Laredo Subdivisions (e.g. crews working between San Antonio-Del Rio, San Antonio-

Eagle Pass, San Antonio-Laredo) from performing work currently permitted under existing Agreement rules at the intermodal facility or between the intermodal facility and the San Antonio terminal.

4. Crews working to/from the intermodal facility, via the Laredo Subdivision, pursuant to this Agreement will not work beyond the south switch (located near MP 271.31) leading to the 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 work beyond the southern most switch leading to the facility for the purpose of backing onto the track leading into the facility. Likewise, it will not be considered a violation of this Agreement if a crew is required to back around the southernmost leg of the wye and southward on the Laredo Subdivision for a train to depart the facility.

5.
 - a. After their arrival at the Intermodal facility, crews working to the facility pursuant to this Agreement will not be required to work another train from the facility back to San Antonio.
 - b. A crew going on duty at San Antonio that is to subsequently work a train from the facility back through the San Antonio terminal pursuant to this Agreement will not be required to work a train out of San Antonio to the facility prior to working his/her train from the facility.
 - c. Paragraphs a and b of this Section 5 shall not bar or otherwise restrict crews working to/from the facility pursuant to this Agreement from working locomotive consists – “light power” – between the facility and San Antonio.
6. Crews identified in Article I of this Agreement who work on the Del Rio and/or Laredo Subdivisions to/from San Antonio to/from the intermodal facility may on occasion be required to set-out and/or pick-up cars at MacDona and/or from other trackage between San Antonio and Mileposts 225.42 (Del Rio Subdivision).
7. For a crew that work through San Antonio to the facility pursuant to this Agreement, San Antonio shall be considered as an intermediate point for said crew. Similarly, for a crew that works

through San Antonio from the 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 the intermodal facility and/or handle cars or trains to/from the intermodal 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, 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 working on through freight trains through San Antonio to/from the intermodal facility pursuant to Article I of this Agreement will be paid an additional eighteen miles at the applicable pro rata through freight rate when said employees receive or deliver their trains at the intermodal facility or anywhere between the facility and the San Antonio switching limits on the Del Rio or Laredo Subdivisions. 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 works on a train through the San Antonio switching limit. If the employee covered by this Agreement does not work on his or her train through San Antonio terminal -- e.g., is tied-up or relieved in San Antonio before passing the Del Rio or Laredo Subdivision switching limits -- he or she will be

paid only the trip rate or mileage of their assignment and will not be entitled to this additional 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 Del Rio or Laredo Subdivisions (for example, but not limited to, crews working San Antonio-Laredo, San Antonio-Del Rio, San Antonio-Eagle Pass, etc.).

NOTE 3: A crewmen who has operated his/her train through the San Antonio terminal to the intermodal facility pursuant to this Agreement and who is subsequently required to operate a locomotive consist – “light power” – from the intermodal facility back to San Antonio during the same tour of duty will be paid nine 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 the intermodal facility prior to operating his/her train from the facility through San Antonio pursuant to this Agreement and to his/her destination terminal during the same tour of duty will be paid nine 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, dated January 6, 1999, will not apply for employees working from the intermodal facility and through the San Antonio terminal pursuant to this Agreement.

B. The payments provided in Section A of this Article II 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 intermodal facility located on UP's Del Rio and Laredo Subdivisions west and south, respectively, 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 to the new intermodal facility 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.

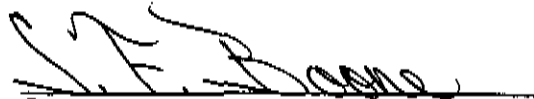
SIGNED THIS 9th DAY OF DECEMBER, 2008 IN SPRING, TEXAS

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

**FOR UNION PACIFIC RAILROAD
COMPANY:**




**G. Gore
General Chairperson**



**S. F. Boone
Director – Labor Relations
Arbitration & Negotiations**

AGREED:



**E. L. Pruitt
International Vice President**

SIDE LETTER NO. 1

Mr. G. Gore
General Chairman
Brotherhood of Locomotive Engineers & Trainmen
1448 Mac Arthur Ave.
Harvey, LA 70058

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 the new intermodal facility, San Antonio, TX), dated December 9, 2008.

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 1996 BLET National Agreement, dated February 19, 2008, will be automatically withdrawn. Should other or additional service be necessary, due notice shall be provided as required by controlling agreements.

It is understood the terms and conditions of this Side Letter No. 1 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 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 Chairperson, BLET

SIDE LETTER NO. 2

Mr. G. Gore
General Chairman
Brotherhood of Locomotive Engineers & Trainmen
1448 Mac Arthur Ave.
Harvey, LA 70058

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 the new intermodal facility, San Antonio, TX), dated December 9, 2008.

This Side Letter No. 2 will confirm the parties' understanding the payment provided in Article II of this Agreement will not serve as the basis for, create, or be considered as, a "material change" as this term is used in Article V, Part B, Section 8 of the 2003 BLET National Agreement for pool freight crews identified in Article I of this Agreement. Subject to the foregoing, this commitment is not intended to restrict UP's or BLET's right to progress material change notice(s) pursuant to Article V of the 2003 BLET National Agreement. Accordingly, if subsequent material changes occur that do not stem from the payment set forth in Article II of this Agreement, either party will still be free to exercise its right(s) as set forth in Article V, Part B, Section 8 of the 2003 BLET National Agreement.

It is understood the terms and conditions of this Side Letter No. 2 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 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 Chairperson, BLET

SIDE LETTER NO. 3

Mr. G. Gore
General Chairman
Brotherhood of Locomotive Engineers & Trainmen
1448 Mac Arthur Ave.
Harvey, LA 70058

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 the new intermodal facility, San Antonio, TX), dated December 9, 2008.

Your Organization expressed concern that since crews working in pool freight service between San Antonio-Del Rio, San Antonio-Eagle Pass and San Antonio-Laredo may work over any and all routes or combination of routes into/out of San Antonio, UP may require such crews to work their train through the new San Antonio intermodal facility and onto another subdivision (route) and that such crews would not be properly compensated for the additional mileage worked.

To address this concern, the parties agree that a crew working in pool freight service between San Antonio-Del Rio, San Antonio-Eagle Pass and San Antonio-Laredo that is required to work their train through the new San Antonio intermodal facility and onto another subdivision (route) will be paid an additional three (3) miles at the applicable pro rata through freight rate. This payment will be in addition to the applicable trip rate or mileage paid for their assignment and will be subject to future wage and/or cost of living adjustments. Additionally, this payment will not be used to extend the onset of overtime for employees covered by this Side Letter No. 3.

It is understood the terms and conditions of this Side Letter No. 3 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 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 Chairperson, BLET

Question and Answers San Antonio Intermodal Facility

- Q1. May pool freight crews identified in Article I of this Agreement who arrive San Antonio with cars destined for the intermodal facility be required to pick up additional cars within the San Antonio Terminal that are destined to the facility and move them to the facility?
- A1. Yes. San Antonio will be considered an intermediate point in this instance and may perform work as provided in accordance with applicable agreement rules.
- Q2. Article II (A), Note 4 provides that the 25-mile zone provisions will not apply for employees working from the intermodal facility and through the San Antonio terminal pursuant to this Agreement. What would be an example of when the 25-mile zone provisions would/would not be applicable under this Agreement?
- A2. **EXAMPLE 1:** A pool freight crew goes on duty at San Antonio and is destined to Smithville. He/she is instructed to go to the intermodal facility to get their train, work back through the San Antonio terminal and on to Smithville. How will the employee be compensated?

The employee will be paid the trip rate of his/her assignment (in this case the San Antonio – Smithville trip rate) plus an additional 18 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 2: A pool freight crew goes on duty at San Antonio and is destined to Smithville. He/she gets his/her train at MP 271.31 on the Laredo Subdivision (the involved train had originated at the intermodal facility) and works it back through San Antonio to Smithville. 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 18-mile payment provided in this Agreement.

EXAMPLE 3: A pool freight crew goes on duty at San Antonio, gets his/her train at MP 225 on the Del Rio Subdivision and works 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 18-mile payment in this Agreement.

EXAMPLE 4: The employee in Example 3 above, makes a pickup and/or set-out at the intermodal facility, how will the employee be compensated?

The employee under this scenario made an ordinary industry pick-up and/or setout at the intermodal facility as previously allowed by agreement provisions and is thus not entitled to additional compensation identified in Article II of this Agreement.

- Q3. A pool freight crew identified in Article I of this Agreement destined to the intermodal facility expires under the hours of service at milepost 222.75 on the Del Rio Subdivision. Are they entitled to the payment provided in Article II, A of this agreement?
- A3. Yes, because the crew worked through the San Antonio Terminal and beyond milepost 222.25 on the Del Rio Subdivision toward their destination.
- Q4. Will a pool freight crew identified in Article I of this Agreement who has worked a train into the intermodal facility be required to work a different train out of the facility back to San Antonio?
- A4. No.
- Q5. A pool freight crew identified in Article I of this Agreement goes on duty at San Antonio and is to subsequently work a train from the intermodal facility back through the San Antonio Terminal pursuant to this Agreement. Can the crew be required to work another train to the facility prior to operating a train from the facility to his/her final destination?
- A5. No.
- Q6. An inbound pool freight crew identified in Article I of this Agreement arrives San Antonio with no car(s) destined to the intermodal facility. Can they be required to work to the facility?
- A6. No.
- Q7. An inbound pool freight crew identified in Article I of this Agreement arrives San Antonio with no cars destined to the intermodal facility in their train. Can they be required to pick up cars in San Antonio and move them to the facility?

- A7. No.
- Q8. An inbound pool freight crew identified in Article I of this Agreement arrives San Antonio with 60 manifest cars and 10 intermodal cars in their train. Can they be required to set out the 60 manifest cars in San Antonio and deliver their 10 intermodal cars to the facility?
- A8. Yes.
- Q9. Will pool freight crews identified in Article I of this Agreement be required to perform switching within the San Antonio Terminal?
- A9. 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.
- Q10. How does Article II (A), Note 4 of this Agreement affect the application of the 25-mile zone limit(s) as provided in Article III, Section D of the San Antonio Merger Implementing Agreement?
- A10. The 25-mile zone limit(s) as provided in Article III, Section D of the San Antonio Merger Implementing Agreement will apply, except for those instances when crews are working to/from the intermodal facility pursuant to Article I of this Agreement. Specifically, a crew working on a train to/from the intermodal facility under the terms of this Agreement will not be entitled to receive the 25-mile zone payment as provided by Article III, Section D of the San Antonio Merger Implementing Agreement

UNION PACIFIC RAILROAD COMPANY



24125 Aldine Westfield
Spring, TX 77373

December 9, 2008

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Mr. G. Gore
General Chairman
Brotherhood of Locomotive Engineers
and Trainmen
1448 MacArthur Avenue
Harvey, LA 70058

Dear Mr. Gore:

This has reference to our discussions regarding engineer force levels and utilization in the San Antonio Hub and, specifically, certain issues regarding the filling of permanent vacancies and/or new engineer positions and more efficient methods for handling freight pool reductions. In concert therewith, the purpose of this letter is to confirm our understandings and agreement regarding certain of those items.

The parties have agreed to amend existing Agreement provisions governing the handling of bids made by engineers holding positions on freight pools and the process for accomplishing freight pool reductions. In this regard, the parties signatory hereto agree the following shall apply for engineers working in the San Antonio Hub:

1. An engineer assigned to or holding a position in a freight pool in the San Antonio Hub will not be permitted to bid or otherwise place himself or herself on a new or vacant (temporary or permanent) position within the same freight pool to which he or she is assigned. Any bid made, or exercise of seniority by, an engineer to a position or vacancy in the same freight pool in which he or she is assigned currently will be automatically considered invalid and accordingly rejected.
2. When a reduction is to be made in a freight pool, the first engineer to be reduced therefrom shall be the senior engineer holding a position within the pool in which the reduction is to be made who has a valid request or application to be removed from said freight pool on file with Crew Management Services (CMS). In the event there are no valid requests or applications on file by engineers desiring to be removed from the involved freight pool, the needed reduction(s) shall be accomplished by removing the junior engineer(s) from that freight pool. Nothing in this Item 2 will require UP to remove an engineer with a valid application or

request on file if a reduction in the freight pool to which such engineer is assigned is not warranted.

3. It is the parties' desire to afford available and qualified engineers in the San Antonio Hub the opportunity to work a temporary vacancy that has not been filled due to the protecting extra board being exhausted prior to filling that vacancy with a demoted engineer. Accordingly, appropriate UP (CMS) and BLET representatives will work together promptly to ensure applicable vacancy procedures are modified to reflect this intent as soon as practicable following execution of this Letter of Understanding. In this regard, it is the parties' intent the use of a demoted engineer would be the final vacancy step prior to applying other procedures ("manual" mode) for filling the vacancy.
4. Items 1, 2 and 3, above, are intended to apply only to engineer freight pools within the San Antonio Hub. Accordingly, the provisions thereof shall not be extended or applied to any other freight pool(s) outside the territory comprising the San Antonio Hub.
5. The modifications set forth herein shall be effective ^{FEBRUARY} ~~January~~ 1, 2009.

If the foregoing fully and accurately reflects our understandings regarding these matters, please so indicate by affixing your signature and the date in the space provided below.

Sincerely,



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

AGREED:



G. Gore
General Chairman, BLET

1-16-09
Date