

MEMORANDUM of AGREEMENT

between

UNION PACIFIC RAILROAD COMPANY
(Southern Region)

and

BROTHERHOOD OF LOCOMOTIVE ENGINEERS & TRAINMEN

and

UNITED TRANSPORTATION UNION

TRAIN & ENGINE SERVICE WORK STABILIZATION AGREEMENT
DALLAS-FORT WORTH/LONGVIEW HUBS

Union Pacific Railroad Company ("UP"), the Brotherhood of Locomotive Engineers and Trainmen ("BLET") and the United Transportation Union ("UTU") recognize that existing Agreement rules, including applicable National Agreement provisions governing the exercise of seniority and the movement by employees between engine service and train/yard service can create situations that require an unnecessary or inordinate number of employees to change jobs or work locations.

With the foregoing in mind, the parties signatory hereto seek to mitigate the impact on employees' jobs and/or work locations arising from the ebb and flow between engine service and train/yard service and to provide a more orderly flow between said services. Therefore, the parties agree the following terms and conditions shall apply:

I. SENIORITY

- A. The seniority of employees holding seniority in crafts represented by UTU and/or BLET is unaffected by the terms and conditions set forth herein.
- B. This Agreement does not, in and of itself, grant or extend any seniority rights or privileges at any location where an employee does not presently possess seniority in a craft pursuant to existing Agreement provisions. Similarly, this Agreement does not limit or extinguish any seniority rights or obligations, except for what may be specifically set forth in this Agreement, held by covered employees prior to the effective date of this Agreement.
- C. This Agreement is intended to provide a mechanism for the ebb and flow between train/yard service and engine service and to possibly increase the opportunities for an employee to remain at or near his or her home work location to the greatest extent possible. In concert therewith, the

parties recognize the foregoing intention is not achievable in all cases or respects and must stand consistent with existing collective bargaining agreement, including National Agreement, provisions.

- D. The use of the terms "seniority zone" or "zone" in conjunction with or reference to the responsibilities, obligations, rights or privileges of an engineer specifically refers to the seniority zones established in the controlling BLET or UTU UP/SP New York Dock Merger Implementing Agreement(s).

II. EBB AND FLOW TERRITORIES

- A. Ebb and flow territories ("EFT") will be established in the DFW/Longview Hubs.
- B. Each EFT will include all assignments that go on duty at that location for which the location serves as the source of supply and shall include all assignments and territories protected by any extra board(s) located/established within the confines of that EFT.
- C. EFT's will be established at or for the locations/territories specified below:

- 1. EFT Territory 1

Sweetwater, Big Spring, Odessa, Abilene

- 2. EFT Territory 2

Fort Worth, Dallas, Chico, Denton Denison, Ennis, Mesquite, Belmead, Hearne, Arlington

- 3. EFT Territory 3

Chickasha, Oklahoma City, Enid, El Reno

- 4. EFT Territory 4

Longview Hub Territory (includes Shreveport, Tyler, Texarkana and Alexandria)

NOTE: The EFTs described above are intended to be consistent with the seniority provisions of the DFW and Longview Hubs.

- D. The EFT's established pursuant to this Article II are to be used solely in conjunction with the application of this Agreement and shall not otherwise modify any other seniority district, seniority zone or other similar seniority arrangement(s).

III EFT DESIGNATIONS

A. ENGINEERS

1. All engineers, as well as those employees currently certified as engineers but reduced in service to a trainman/yardman, will have the opportunity to select an EFT for displacement and conditions as described in Article II of this Agreement. The EFT must be one of those identified in Section C of Article II and is also within the employee's engineer seniority district as listed in Section D of Article I. The election by the employee must be made by notifying Carrier's Crew Management System (CMS) Director within thirty (30) days after date of this Agreement.
2. All engineers, as well as those employees currently certified as engineers but reduced in service to a trainman/yardman, failing to elect an EFT under the time frame set forth in Section 1 above will be considered as electing the current EFT in which they are working.
3. Engineers who are on an authorized leave of absence or who are dismissed prior to the date of this agreement and later reinstated will have the right to select an EFT, upon their return to service, as set forth in this Section (1) and (2), above.
4. Engineers may subsequently change their designated EFT once each succeeding three (3) years by providing proof of actual relocation (i.e., bona fide sale/long-term lease and rental documents, etc.). Proof of sale must be in the form of sale documents, deeds, and filings of these documents with the appropriate agency. All requests for change of designated EFT must be submitted by written notice to Carrier's CMS Director and both BLET and UTU General Chairmen. Engineers who elect to change their designated EFT will have both their train and engine EFT changed simultaneously.

B. TRAINMAN

1. Trainmen within the DFW/Longview Hubs, will have the opportunity to select an EFT as described in Article II of this Agreement. The EFT must be one of those identified in Section C of Article II and is also within the employee's trainmen seniority district as listed in Section D of Article 1. The election must be made by notifying Carrier's Crew Management System (CMS) Director within thirty (30) days after date of this Agreement. A trainman's elected EFT for train service will be his/her designated EFT for engine service upon promotion.

2. (a) Trainmen who are in service prior to the date of this Agreement who fail to elect an EFT under the time frame set forth in this Article III, Section B, will be considered as electing the EFT in which they are currently working. A trainman's assigned EFT will be his/her designated EFT for engine service upon promotion.

(b) Employees hired on or after the date of this agreement will be assigned their EFT at the location where they are hired and employed. A trainman's assigned EFT will be his/her designated EFT for engine service upon promotion.
3. Trainmen who are on an authorized leave of absence or who are dismissed prior to the date of this agreement and later reinstated will have the right to select an EFT, upon their return to service, as set forth in this Section (1) and (2), above.
4. Trainmen may subsequently change their designated EFT once each succeeding three (3) years by providing proof of actual relocation (i.e., sale/long-term lease documents, etc.). Proof of sale must be in the form of sale documents, deeds, and filings of these documents with the appropriate agency. All requests for change of designated EFT must be submitted by written notice to Carrier's CMS Director and both BLET and UTU General Chairmen. Trainmen who elect to change their designated EFT will have both their train and engine EFT changed simultaneously.

C. EFT PROMOTION RIGHTS

1. When a notice advertising for volunteers/applications for engine service training is posted at a location **other than an employee's designated EFT**, the employee will not be required to bid on the advertised engineer service training position and his/her seniority rights as an engineer will be protected as long as he/she takes promotion at the first available opportunity at his/her designated EFT, seniority permitting.
2. Employees taking promotion at the designated EFT at the first available opportunity in accordance with this Section C will, once promoted, be properly placed in relative seniority standing as trainmen on the engineer's roster based on the date assigned to the class he/she would have otherwise been required to accept.
3. Employees who fail to take promotion at their designated EFT at the first available opportunity in accordance with this Section C, or who fail to meet the criteria for promotion (without prejudice to the parties' respective positions regarding the criteria) will not maintain their relative standing as trainmen on the engineer's roster and will assume the relative standing in the class he/she is the successful

bidder below the junior engineer in his/her home EFT, seniority permitting.

IV. FLOW FROM ENGINE SERVICE

A. Inside EFT

When it becomes necessary to reduce the number of engineers on the engineer's working list within the territory comprising an EFT, the junior engineer(s) shall be reduced. When an engineer working within his/her EFT can no longer hold an engineer's assignment therein, said engineer(s) shall be entitled to exercise one of the following options:

1. If there are no junior engineer's positions anywhere within the engineer's designated EFT, displace in accordance with applicable Agreement rules to a position in train/yard service within that EFT.
2. Displace a junior engineer outside of the engineer's designated EFT in accordance with applicable Agreement rules.
3. When an employee is unable to hold any position at their designated EFT, in either engine service or train/yard service, the employee must completely exhaust his/her engine service seniority in the DFW/Longview Hubs prior to placing into train/yard service at a different EFT.
4. If said engineer is unable to exercise options 1, 2 or 3 above, he/she shall be permitted to exercise his/her train/yard service seniority within the DFW/Longview Hubs in accordance with applicable UTU Agreement provisions.

B. Outside EFT

When it becomes necessary to reduce the number of engineers on the engineer's working list within the territory comprising an EFT, the junior engineer(s) shall be reduced. When an engineer working outside his/her EFT can no longer hold an engineer's assignment therein, said engineer(s) shall be entitled to exercise one of the following options:

1. When an engineer is no longer able to hold his/her position at the working location outside of his/her designated EFT in engine service, the employee must protect his/her engine service seniority at their designated EFT, seniority permitting.
2. If there are no junior engineer's positions anywhere within the engineer's designated EFT, displace to a train/yard service position at either the working location or their designated EFT.

3. When an engineer is unable to exercise options 1 and 2 above, he/she must completely exhaust his/her engine service seniority in the DFW/Longview Hubs prior to placing into train/yard service at a different EFT.
4. If said engineer is unable to exercise options 1, 2 or 3 above, he/she shall be permitted to exercise his/her train/yard service seniority within the DFW/Longview Hubs in accordance with applicable UTU Agreement provisions.

V. FLOW TO ENGINE SERVICE

When it becomes necessary to increase the number of engineers within an EFT, engineers will be added to the working list as follows:

1. The senior engineer with standing bid or demoted engineer at the EFT, whoever is senior.
2. If no bid from outside EFT and no demoted engineer at EFT, the senior demoted engineer at the next nearest EFT.

VI. ASSIGNMENTS / APPLICATIONS

Applications or bids from an employee will only be accepted for the craft in which the employee is working at the time the vacancy is to be filled.

VII. GENERAL AND SAVINGS CLAUSES

- A. The terms and conditions set forth herein create additional complexities associated with the administration of seniority rights and obligations for employees working on the territories covered by this Agreement. Therefore, the parties acknowledge there will be issues or scenarios not contemplated in the discussions associated with the development of this Agreement and thus commit to promptly and jointly address such issues or scenarios in a manner consistent the initial objectives of this Agreement. Moreover, and in view of the foregoing and the difficulties inherent with the simultaneous administration of this Agreement and existing seniority rules (both UTU and BLET), the parties agree to promptly and jointly address and/or correct any errors that may occur following implementation of this Agreement.
- B. In the event the provisions of this Agreement conflict with existing collective bargaining agreement provisions, the terms and conditions set forth herein shall prevail.
- C. It is understood and agreed this Agreement is limited to the Ebb and Flow Conditions established in the DFW/Longview Hub Agreements, 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.

- D. This Agreement shall become effective by UP's serving of a 10-day advanced written notice to the UTU and BLET General Chairmen. Under no circumstances will this Agreement become effective later than 60 calendar days following the date this Agreement is signed.


SIGNED THIS 1 TH DAY OF May, 2009 in SPRING, TEXAS

FOR THE BLET:

FOR UNION PACIFIC RAILROAD:




Gil Gole
General Chairman



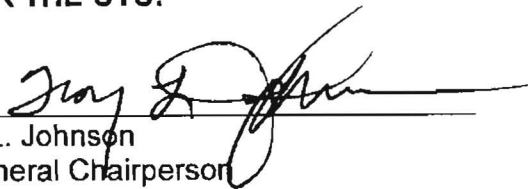
S. F. Boone
Director – Labor Relations

APPROVED:



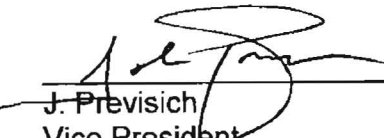
E. L. Pruitt
Vice President

FOR THE UTU:



T. L. Johnson
General Chairperson

APPROVED:



J. Previsich
Vice President

Side Letter No. 1

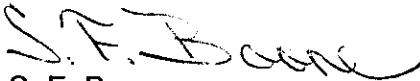
Gentlemen:

This refers to Article II D of the Dallas-Fort Worth/Longview Work Stabilization Agreement. There was some concern that this Section may create new seniority for trainmen in the DFW and Longview Hubs where such seniority is not currently permitted and the parties agreed to clarify this in a side letter.

It is the intent of this letter to clarify and recognize the continued separation of trainmen seniority in the DFW and Longview Hubs.

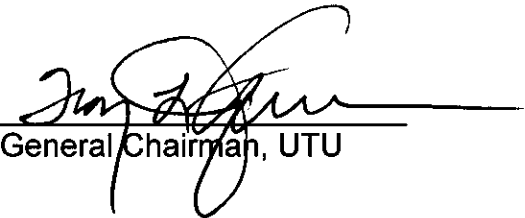
Article II D does not create or establish seniority for trainmen in the DFW or Longview Hubs where such rights do not currently exist. The DFW and Longview Hubs establishment of seniority district(s), seniority zone(s) or other similar seniority arrangements remain separate shall continue to be in accordance with the respective controlling Merger Implementing Agreements.

Yours truly,



S. F. Boone
Director-Labor Relations

Agreed:



General Chairman, UTU

Side Letter No. 2

Gentlemen:

This has reference to our discussions concerning the Dallas-Fort Worth/Longview Work Stabilization Agreement dated 05/01/2009.

During the negotiations, the Organization expressed a concern regarding the establishment of prior rights in accordance with the controlling Merger Implementing Agreements and specifically the possibility of those employees who hold prior rights to be forced where they do not hold prior rights.

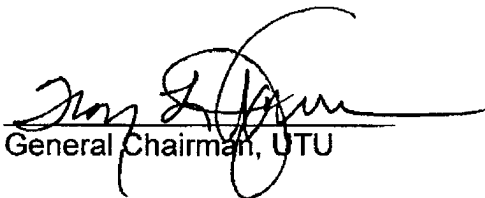
It is the intent of this letter to clarify that this Agreement does not modify, alter or change the prior rights privileges and obligations established pursuant to the Hub Merger Implementing Agreements and such rights will continue to be governed by the controlling Merger Implementing Agreements.

Yours truly,



S. F. Boone
Director-Labor Relations

Agreed:



General Chairman, UTU

**AGREED TO QUESTIONS AND ANSWERS
DFW – LONGVIEW WORK STABILIZATION AGREEMENT**

WORK STABILIZATION AGREEMENT DFW – LONGVIEW HUBS

ARTICLE III – EFT DESIGNATIONS

- Q1. Does this Agreement allow an employee to select an EFT in which they hold no seniority?
- A1. The provisions of Article III, Sections A (1) and B (1) provide an employee's EFT selection must be one of those identified in Section C of Article II and also within the employee's seniority district as listed in Article I, Section D.
- Q2. When this Agreement is signed, how will the thirty-day time period for electing an EFT be applied?
- A2. The employee must notify CMS within 30 days after this Agreement is signed to select an EFT.
- Q3. In regards to Question and Answer No. 2 above, what happens if an employee fails to elect an EFT within thirty days?
- A3. The employee will be considered as electing the EFT in which they are currently working.
- Q4. An employee is on an authorized leave or in dismissed status prior to the date of this Agreement. What process will be used to select an EFT upon his/her return to service?
- A4. Employees returning from authorized LOA or dismissed status subsequent to the date of this Agreement will elect an EFT at the time of the employee's return.
- Q5. An employee has not exercised the option to change their EFT designation since this Agreement was implemented five years ago. Can the employee change their EFT designation subject to the conditions in Article III, Sections A (4) and B (4)?
- A5. Under the terms of this agreement an employee may elect to change their EFT no more frequently than every three (3) years.
- Q6. A bulletin advertising engineer promotion is posted for EFT #2. The employee's designated EFT is #4 in Longview. Is the employee required to bid on the EFT#2 engineer promotion bulletin?
- A6. The provisions of Article III, Section C, 1, provides when a notice is posted for engine service training at a location other than an employee's designated EFT, the employee will not be required to bid on the advertised engineer service training position and his/her seniority rights as an engineer will be protected as long as he/she takes promotion at the first available opportunity at his/her designated EFT, seniority permitting.
- Q7. In regard to Question No. 6 above, is an employee restricted from bidding on the engine service promotion bulletin because it is outside their designated EFT?
- A7. The provisions of this Agreement do not restrict an employee from bidding on an engineer promotion bulletin outside their designated EFT.

**AGREED TO QUESTIONS AND ANSWERS
DFW – LONGVIEW WORK STABILIZATION AGREEMENT**

- Q8. An employee voluntarily elects to not bid on an engine service promotion bulletin at their designated EFT at the first available opportunity. What happens to their relative standing as a trainman on the engineer's roster?
- A8. The employee will not maintain their relative standing as a trainman on the engineer's roster and will assume the relative standing in the class they are the successful bidder below the junior engineer in their designated EFT, seniority permitting.
- Q9. Notice advertising for engine service promotion has never been offered at an employee's designated EFT. The employee subsequently relocates and changes their EFT designation. Is the employee's relative standing as a trainman on the engineer's roster protected at the new designated EFT?
- A9. The employee's relative standing as a trainman on the engineer's roster will be protected as long as they take promotion at the first availability opportunity at the designated EFT, seniority permitting.
- Q10. Notice advertising for engine service promotion is offered at an employee's designated EFT. The employee voluntarily elects to not bid on the advertised bulletin. The employee subsequently relocates and changes their EFT designation. Is the employee's relative standing as a trainman on the engineer's roster protected in this instance?
- A10. An employee who voluntarily fails to take promotion at the first designated EFT offering engine service promotion will not maintain their relative standing as a trainman on the engineer's roster and will assume the relative standing in the class in which they are the successful bidder below the junior engineer in the first designated EFT in which they voluntarily elected to not bid on an advertised bulletin, seniority permitting. It is not the intent of this Agreement to allow an employee to obtain a better standing on the engineer's roster than they would have otherwise been entitled to prior to any change in their designated EFT.

ARTICLE VI – ASSIGNMENTS / APPLICATIONS

- Q11. A demoted engineer is working as a trainman in EFT #2. Can the demoted engineer place a bid on an engineer vacancy in EFT #3?
- A11. Applications or bids from an employee will only be accepted for the craft in which an employee is working at the time the vacancy is to be filled.
- Q12. An employee cannot hold an assignment as an engineer and elects to reduce to train service at their designated home EFT in accordance with the provisions in Article IV, Section B (2). When can the employee return to engine service?
- A12. When it becomes necessary to increase the number of engineers within an EFT, the employee may return to engine service under the provisions of Article V.