

MEMORANDUM OF AGREEMENT

Between

UNION PACIFIC RAILROAD COMPANY

And

**UNITED TRANSPORTATION UNION
(Union Pacific Western Lines)**

Representing Trainmen & Switchmen

Concerning

DISCIPLINE

ARTICLE I - APPLICABILITY

- A. Existing agreements addressing the handling of discipline (the discipline portion of Article 57 and 58 of the Trainmen's Agreement; Article 19 and 30 of the Switchmen's Agreement) are revised and replaced by this Agreement.
- B. This Agreement is not intended to 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: This agreement is not intended to modify or replace "By-Pass", "Prevention" or "CORE" Agreements where those agreements are in effect.

ARTICLE II - GENERAL

- A. Employees will not be disciplined without just and sufficient cause as determined by a fair and impartial investigation except as provided below. They may, however, be held out of service pending investigation. It is not intended that an employee be held out of service for minor offenses. An employee desiring representation shall be represented by a UTU Local Chairperson or his/her UTU designee.

ARTICLE III – NOTICE OF INVESTIGATION

- A. Within ten (10) days of the time an appropriate company officer knew or should have known of the alleged offense, the employee will be given written notice of the specific charge(s) against him or her. 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 or their UTU designee. The notice will include an attachment proposing 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 of record.

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. The "*Local Chairperson of record*" refers to the UTU Local Chairperson for the craft and/or territory in which the incident under investigation took place. The Carrier will make a good faith effort to send the notice to the appropriate UTU Local Chairperson, however, it is the charged employee's responsibility to read the notice, including "cc" and ensure the proper UTU Local Chairperson has been notified of the investigation.

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 be assessed 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 imposed as a result of a hearing may not exceed that proposed in the notice of charges.

ARTICLE V - INVESTIGATION

- A. Unless postponed for good cause, the investigation will be held no later than ten (10) days after the date of the notice. Except in extreme cases, investigations shall not be postponed beyond thirty (30) days from the date originally scheduled.

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.
- 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 charge letter.
- D. A conducting officer failing to appear at a scheduled hearing will result in the investigation being cancelled and the discipline charges dropped.
- 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(s) or the employee or their UTU representative(s) may request that the witnesses be sequestered.

- F. The investigation will be recorded and transcribed. If discipline results, copies of the transcript will be sent to the employee, the UTU Local Chairperson and the UTU General Chairperson, electronic if available, no later than the date discipline is issued. If the accuracy of the transcript is questioned, the media used for recording shall be examined 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 after completion of the hearing. The notice will be sent by 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 fails to issue a decision within such ten (10)-day time limit 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 the Superintendent or designee and the UTU Local Chairperson may meet to discuss the disciplinary

action taken towards employee(s) and to determine if a resolution can be reached locally.

- 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 postmarked 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. The General Chairperson's request for conference will not serve to suspend the time limits on such appeals as provided in Paragraph D below.
- D. If the employee is dissatisfied with the decision of Labor Relations, proceedings for final disposition of the case under the Railway Labor Act must be instituted by the employee or his or her duly authorized UTU representative within three hundred sixty-five (365) days of the date of the designated Labor Relations officer's written declination or the case will be considered closed and the discipline will stand as issued, unless the time limit is extended by mutual agreement.

ARTICLE VIII - MISCELLANEOUS

- A. If a dispute arises concerning the timeliness of any 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 and, in addition, will be reimbursed for actual, reasonable and necessary expenses incurred. When no time is lost, witnesses will be paid for actual time attending the investigation with a minimum of three hours, to be paid at the rate of the last service performed.

- C. The employee being investigated or the UTU 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; 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 reduced or no earnings in those months due to the medical condition).

ARTICLE IX – EFFECTIVE DATE

This agreement is effective November 16, 2006

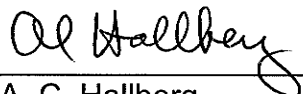
This agreement is signed at West Colton, California, this 25th day of October, 2006.

For: UNITED TRANSPORTATION UNION

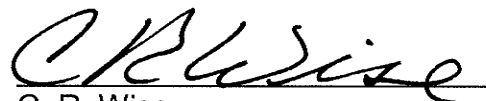
For: UNION PACIFIC RAILROAD



Kevin Klein
General Chairperson
United Transportation Union (SPWL)



A. C. Hallberg
Director Labor Relations
Western Region



C. R. Wise
Director Labor Relations
System Discipline

UNION PACIFIC RAILROAD COMPANY



Building America

August 28, 2006
(450.1.5)

UTU (UP Western Lines) Discipline Agreement
Side Letter # 1

MR J. KEVIN KLEIN
GENERAL CHAIRPERSON, UTU
501 MISSION STREET
SUITE A
SANTA CRUZ CA 95060-3666

Dear Mr. Klein:

For implementation purposes it is further understood that the date of a notice of investigation, either before or after the effective date of the November 16, 2006 discipline agreement, will determine whether the disciplinary matter, including the appeal process, is governed by the provisions of the 2006 Agreement or the existing rule.

Please signify your concurrence to the above where provided.

Yours truly,

A. C. Hallberg
Director Labor Relations

C. R. Wise
Director Labor Relations

I concur,
J. Kevin Klein
General Chairperson
United Transportation Union (UP Western Lines)

UNION PACIFIC RAILROAD COMPANY



Building America

August 28, 2006
(450.1.5)

UTU (UP Western Lines) Discipline Agreement
Side Letter #2

MR J. KEVIN KLEIN
GENERAL CHAIRPERSON, UTU
501 MISSION STREET
SUITE A
SANTA CRUZ CA 95060-3666

Dear Mr. Klein:

This letter concerns Article V(C) of the Discipline Agreement effective November 16, 2006. That provision reads as follows:

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 charge letter.

This will confirm our understanding with regard to application of Article V(C) that the rule 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 or union officer as soon as possible of his/her inability to attend an investigation.

Please signify your concurrence to the above where provided.

Yours truly,

A. C. Hallberg
Director Labor Relations

C. R. Wise
Director Labor Relations

I concur,
J. Kevin Klein
General Chairperson
United Transportation Union (UP Western Lines)



UNION PACIFIC RAILROAD COMPANY



Building America

August 28, 2006
(450.1.5)

UTU (UP Western Lines) Discipline Agreement
Side Letter #3

MR J. KEVIN KLEIN
GENERAL CHAIRPERSON, UTU
501 MISSION STREET
SUITE A
SANTA CRUZ CA 95060-3666

Dear Mr. Klein:

This letter concerns Article V(D) of the Discipline Agreement effective November 16, 2006. That provision reads as follows:

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

This will confirm our understanding that this provision is intended to deal with instances wherein a hearing officer failed to appear with no explanation. With this in mind, it is understood Article V(D) will not be unreasonably applied, *i.e.*, when a conducting officer is prevented from attending an investigation as a result of events over which he or she has no control. In which case a delay until another hearing officer can arrive to commence the hearing will not result in a violation of this rule.

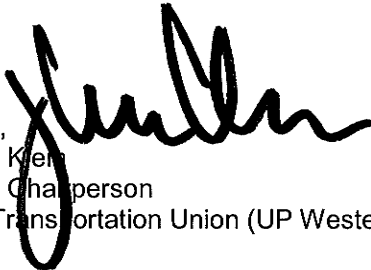
Please signify your concurrence to the above where provided.

Yours truly,

A. C. Hallberg
Director Labor Relations

C. R. Wise
Director Labor Relations

I concur,
J. Kevin Klein
General Chairperson
United Transportation Union (UP Western Lines)





Building America

August 28, 2006
(450.1.5)

UTU (UP Western Lines) Discipline Agreement
Side Letter #4

MR J. KEVIN KLEIN
GENERAL CHAIRPERSON, UTU
501 MISSION STREET
SUITE A
SANTA CRUZ CA 95060-3666

Dear Mr. Klein:

We have agreed that the Agreement will initially be implemented for a period of one year as a pilot project. During that year if any problems in the application of the Agreement arise the parties will immediately meet in a good faith effort to work through the issues.

In the event the one year pilot project phase of this implementation demonstrates that the Agreement, contrary to our mutual expectations is unworkable, then for a period of thirty (30) days either party will have the right to cancel the Agreement by serving a thirty (30) day written notice of cancellation upon the other. After the thirty (30) day cancellation window passes the Agreement will remain in effect unless changed in accordance with the procedures in the Railway Labor Act.

Please signify your concurrence to the above where provided.

Yours truly,

A. C. Hallberg
Director Labor Relations

C. R. Wise
Director Labor Relations

I concur,
J. Kevin Klein
General Chairperson
United Transportation Union (UP Western Lines)