

MEMORANDUM

of

AGREEMENT

between

UNION PACIFIC RAILROAD COMPANY

and the

**UNITED TRANSPORTATION UNION
(UP Western Lines)**

**PAYMENT OF OVERTIME – THROUGH FREIGHT SERVICE
(CONDUCTORS & BRAKEMEN)**

Union Pacific Railroad Company ("UP") and the United Transportation Union ("UTU") agree the following shall apply for trainmen (conductors and brakemen) working on through freight runs covered by the UP/UTU Western Lines Collective Bargaining Agreements:

I. PAYMENT OF OVERTIME

- A. 1. Article VI, Section D, Paragraph 1 of the "Merger Implementing Agreement Los Angeles Hub between Union Pacific Southern Pacific Transportation Company and United Transportation Union," effective January 16, 2000, is hereby amended to read as follows:

*"6. **Overtime** – Employees who have an engine/train service seniority date prior to October 31, 1985, shall begin overtime at the expiration of eight (8) hours for those through freight runs that are one hundred sixty miles or less and on runs in excess of one hundred sixty miles overtime will begin when the time on duty exceeds the miles run divided by twenty, or in any case, when on duty in excess of ten hours. When overtime, initial terminal delay and final terminal delay accrue on the same trip, allowance will be the combined initial and final terminal delay time or overtime, whichever is the greater. Employees hired after October 31, 1985 and prior to October 2, 2004, and working on through freight runs of a length that, pursuant to applicable National Agreement*

rules, overtime commences when the on-duty time is greater than 12 hours shall have their overtime commence when their on-duty time is in excess of 12 hours. Employees hired after October 1, 2004, shall be paid overtime in accordance with the National rules governing same and in the same manner previously paid on the Union Pacific prior to the merger."

2. Article VI, Section D, Paragraph 1 of the "Merger Implementing Agreement Southwest Territory (Arizona, El Paso and Dalhart Hubs) between the Union Pacific Southern Pacific Transportation Company and United Transportation Union," effective October 1, 1999, is hereby amended to read as follows:

*"6. **Overtime** – Employees who have an engine/train service seniority date prior to October 31, 1985, shall begin overtime at the expiration of eight (8) hours for those through freight runs that are one hundred sixty miles or less and on runs in excess of one hundred sixty miles overtime will begin when the time on duty exceeds the miles run divided by twenty, or in any case, when on duty in excess of ten hours. When overtime, initial terminal delay and final terminal delay accrue on the same trip, allowance will be the combined initial and final terminal delay time or overtime, whichever is the greater. Employees hired after October 31, 1985 and prior to October 2, 2004, and working on through freight runs of a length that, pursuant to applicable National Agreement rules, overtime commences when the on-duty time is greater than 12 hours shall have their overtime commence when their on-duty time is in excess of 12 hours. Employees hired after October 1, 2004, shall be paid overtime in accordance with the National rules governing same and in the same manner previously paid on the Union Pacific prior to the merger."*

3. Article VI, Section B, Paragraph 6 of the "Merger Implementing Agreement (Roseville Hub) between Union Pacific/Missouri Pacific Railroad Company Southern Pacific Transportation Company and United Transportation Union," effective February 16, 1999, is hereby amended to read as follows:

*"6. **Overtime** – Employees who have an engine/train service seniority date prior to October 31, 1985, shall begin overtime at the expiration of eight (8) hours for those through freight runs that are one hundred sixty miles or less and on runs in excess of one hundred sixty miles overtime will begin*

when the time on duty exceeds the miles run divided by twenty, or in any case, when on duty in excess of ten hours. When overtime, initial terminal delay and final terminal delay accrue on the same trip, allowance will be the combined initial and final terminal delay time or overtime, whichever is the greater. Employees hired after October 31, 1985 and prior to October 2, 2004, and working on through freight runs of a length that, pursuant to applicable National Agreement rules, overtime commences when the on-duty time is greater than 12 hours shall have their overtime commence when their on-duty time is in excess of 12 hours. Employees hired after October 1, 2004, shall be paid overtime in accordance with the National rules governing same and in the same manner previously paid on the Union Pacific prior to the merger."

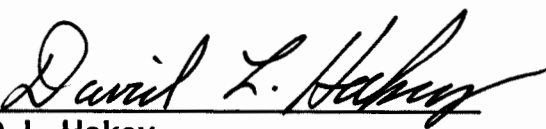
- B. Section A of this Article 1 shall become effective on the first day of the first payroll period following the date this Agreement is signed.

II. GENERAL AND SAVINGS CLAUSES


- A. The parties acknowledge the provisions of this Agreement have been made to address a specific and unique set of circumstances. Accordingly, it is agreed this provisions hereof are made without prejudice to either parties' positions and shall not constitute a precedent for addressing such or similar matters.
- B. This Agreement supersedes any portion of any Agreement with which it conflicts to the extent necessary to permit proper application of this Agreement.

SIGNED THIS 28TH DAY OF OCTOBER, 2004, IN CLEVELAND, OHIO

**FOR UNITED TRANSPORTATION
UNION:**

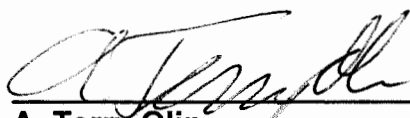


D. L. Hakey
Vice President

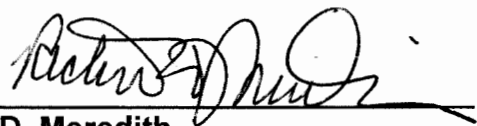


R. L. Marceau
Assistant President

**FOR UNION PACIFIC RAILROAD
COMPANY:**



A. Terry Olin
General Director – Labor Relations



R. D. Meredith
Asst. Vice President-Labor Relations

SIDE LETTER NO. 1

Mr. R. L. Marceau
Assistant President, UTU
14600 Detroit Avenue
Cleveland, OH 44107

Mr. D. L. Hakey
Vice President, UTU
14600 Detroit Avenue
Cleveland, OH 44107

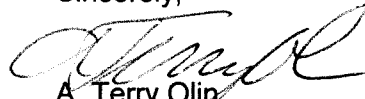
Gentlemen:

This has reference to our discussions in connection with the Memorandum of Agreement between Union Pacific Railroad Company and United Transportation Union, dated October 28, 2004. In connection therewith, this letter will confirm certain understandings reached by the parties:

1. The current arrangement for using "manager borrow-outs" will end no later than 11:59 p.m. on May 31, 2005.
2. The rights of train service employees to promotion to engineer ahead of managers and/or other persons will be protected pursuant to the provisions of UTU Agreements with Union Pacific Railroad Company.
3. The agreed upon overtime provisions contained in Article I of the above-referenced Memorandum of Agreement will apply to employees who have established a seniority date with the Union Pacific Railroad and/or to such individuals, who are actually participating in a training class for service in either ground or an engine service craft as of October 1, 2004.

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

Sincerely,

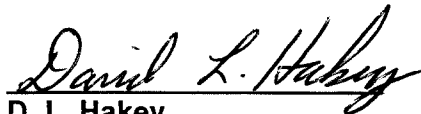


A. Terry Olin
General Director – Labor Relations



R. D. Meredith
Asst. Vice President–Labor Relations

AGREED:



D. L. Hakey
Vice President



R. L. Marceau
Assistant President