

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
SAN ANTONIO HUB

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 San Antonio Hub.
- 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

Del Rio, Eagle Pass

- 2. EFT Territory 2

San Antonio, Laredo, New Braunfels, Corpus Christi

- 3. EFT Territory 3

Smithville, Taylor, Hearne

NOTE: The EFTs described above are intended to be consistent with the seniority provisions of the San Antonio Hub.

- 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 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 San Antonio Hub, 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 San Antonio Hub 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 San Antonio Hub 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 San Antonio Hub 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 San Antonio Hub 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 San Antonio Hub Agreement, 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 _____ DAY OF _____, 2009 in SPRING, TEXAS

FOR THE BLET:

FOR UNION PACIFIC RAILROAD:

 Gil Gore
 General Chairman

 S. F. Boone
 Director – Labor Relations

APPROVED:

 A. T. Olin
 General Director – Labor Relations

 E. L. Pruitt
 Vice President

FOR THE UTU:

 T. L. Johnson
 General Chairperson

APPROVED:

 J. Previsich
 Vice President