

**AGREED UPON INTERPRETATION OF
ARTICLE VII OF THE UTU NATIONAL AGREEMENT
DATED AUGUST 20, 2002**

between

UNION PACIFIC RAILROAD COMPANY

and the

UNITED TRANSPORTATION UNION

AUTOMATIC MARK-UP INTERPRETATION

On July 24, 2004, Union Pacific Railroad Company ("UP") served notice pursuant to Article VII of the 2002 UTU National Agreement on the United Transportation Union ("UTU") advising of its intent to negotiate an agreement providing, *"...for the automatic mark up of employees for service after the expiration of any period of authorized or approved time off..."*

Pursuant thereto, the parties have negotiated an agreement governing the manner, considering existing scientific data regarding rest and fatigue abatement, in which trainmen/switchmen/firemen/hostlers will be automatically marked up for service upon expiration of their authorized or approved absence. Accordingly, **IT IS AGREED:**

- I. Trainmen/switchmen/firemen/hostlers will be automatically marked up for service upon expiration of any period of time off (absence) authorized or approved by UP on account of personal illness, Family and Medical Leave Act, personal leave days, vacations, or any other time off.

- II. ~~Trainmen/switchmen/firemen/hostlers marked up for service pursuant to this Agreement will be governed by the following:~~
 - A. Trainmen/switchmen/firemen/hostlers, except those assigned in pool (unassigned) freight service or to a road extra board, including a combination extra board, will be automatically marked up upon expiration of the authorized or approved duration of their absences.

NOTE 1: ~~For purposes of applying this Agreement, an absence shall not be authorized or approved for a duration of less than twenty-four hours. This shall not preclude, however, an employee from marking up (returning to service) before expiration of the authorized or approved absence, subject to applicable Agreement rules providing for a minimum layoff period, if any.~~

NOTE 2: The provisions of this Agreement are not intended to modify existing rules, if any, governing calling periods.

EXAMPLE: Employee A requests and is approved or authorized to lay off for 24-hours commencing at 2:00 p.m. on Wednesday. UP will advise Employee A that he/she will be automatically marked up at 2:00 p.m. on Thursday. Accordingly, Employee A is marked up at 2:00 p.m. on Thursday and will be available for an assignment that starts at or subsequent to 3:30 p.m. (assuming Employee A is to be given a 90-minute call).

- B.** If additional time off is required (extension), the trainman/switchman/fireman/hostler must contact the appropriate UP representative (Crew Management Services ("CMS") or its designated representative(s)) prior to expiration of his/her current authorized or approved absence to request the extension.
- C.** Trainmen/firemen assigned in pool (unassigned) freight service or to a road extra board, including a combination extra board, whose authorized or approved absences are less than 72 hours will be automatically marked up upon expiration of the authorized or approved duration of their absences.
- D.** Trainmen/firemen assigned in pool (unassigned) freight service or to a road extra board, including a combination extra board, whose authorized or approved absences are 72 hours or greater and expire between 8:00 a.m. and 10:30 p.m. will be automatically marked up upon expiration of their authorized or approved absences.
- E.**
 - 1.** Trainmen/firemen assigned in pool (unassigned) freight service or to a road extra board, including a combination extra board, whose authorized absences are 72 hours or greater and expire between 10:31 p.m. and 7:59 a.m. will be automatically marked up upon expiration of their authorized or approved absences but will not be called for assignments that start prior to 8:00 a.m. Trainmen/firemen covered by this Section E will be available for service for assignments starting subsequent to 7:59 a.m. -- i.e.; marked-up trainmen/firemen can be called prior to 8:00 a.m. for an assignment that starts subsequent to 7:59 a.m.
 - 2.** The freight pool turn or extra board position occupied by a trainman/fireman covered by Section E, Paragraph 1 above, will continue to rotate within the pool or extra board during the period he/she is unavailable for service pursuant to this Section E, Paragraph 1 (his/her mark up between 10:31 p.m. and 7:59 a.m.) except that if his/her pool turn or extra board position reaches the first-out position before he or she is available for service the trainman/fireman's pool

turn or extra board position will be held in the first-out position until he/she is available for service or call.

Question: Do the provisions of this Agreement modify existing collective bargaining agreement rules governing the placement of an employee's turn or of an extra employee that is marked up pursuant to this Agreement?

Answer: No, except as expressly provided in Section E, Paragraph 2.

- F. 1. a. The time between when a trainman/fireman marks up for service and the time when said trainman/fireman is available for service pursuant to Section E, above, will not be considered as "unavailable" or "absence time" for purposes of determining applicable guarantee benefits or labor protection payments due said trainman/fireman, if any, and will not be used to offset applicable guarantee or labor protection payments.
- b. In determining the number of layoff occurrences a trainman/switchman/fireman/hostler makes during a payroll period, a continuous period of unavailability for call shall count as only one occurrence regardless of the number of timely requests (requests made before expiration of the previously authorized or approved time off) that are made by the trainman/switchman/fireman/hostler for extension of the time off.

EXAMPLE 1: A trainman/switchman/fireman/hostler is authorized or approved to be off for 48 hours off "personal" (status code: LP). Forty-seven hours later, the employee requests a 24-hour extension, which is approved. Since this continuous absence is an extension, this constitutes one occurrence and 72 hours of unavailability.

EXAMPLE 2: A trainman/switchman/fireman/hostler is authorized or approved to be off for 72 hours off "personal" (status code: LP). 75 hours later the trainman/switchman/fireman/hostler requests and is granted another 24 hours "personal" (status code: LP). Since this request was not made prior to expiration of the previously authorized or approved time

off, this constitutes two occurrences and 96 hours of unavailability.

NOTE: Except as specifically provided herein, nothing in this Agreement shall modify existing rules or practices regarding the handling of offsets to guarantee or labor protection.

III. A. The purpose of this Agreement is to implement the provisions of the UTU National Agreement providing for automatic mark up. Nothing in this Agreement changes the method an employee must use to receive authorized or approval to be absent.

1. This Agreement is not intended to supercede existing legal or contractual obligations for employees being granted time off.
2. Existing Agreement provisions requiring sufficient employees to provide reasonable layoff provisions remain in full force and effect and are unaffected by this Agreement.

QUESTION: Are there circumstances or situations in which an employee may be automatically laid off or unavailable for service without first making an appropriate and proper request to be off (unavailable)?

ANSWER: No, except that the parties recognize there are situations in which an employee through no fault of his or her own or due to an emergency situation, may legitimately not be able to make an immediate and proper request to be off. (See also Side Letter No. 2.)

QUESTION: Is UP obligated to automatically approve an employee's request to lay off?

ANSWER: No; however approvals, including decisions on the duration of an absence, will be determined by the nature of the employee's request, the employee's specific needs, UP's service obligations/needs and applicable legal or Agreement requirements.

B. When UP designates representatives other than CMS to determine whether requests for time off are approved or authorized, such designee must be identified and readily available, with telephone numbers of the designee(s) provided to the employee so the designee(s) can be contacted to make such determinations. In the event a designee is not available and does not respond to the employee's request within 30 minutes, the employee's request for time off will be handled by CMS, consistent with the needs of UP's service and applicable legal or Agreement requirements.

- IV. In the event the provisions of this Implementing Agreement conflict with the provisions of existing collective bargaining agreement rules, provisions and/or practices, the terms and conditions of this Agreement will govern.
- V. The use of the terms "employee", "trainman/switchman/fireman/hostler", "trainmen/switchmen/firemen/hostlers", "trainmen/fireman", or "trainmen/firemen" individually and/or collectively refer, as appropriate, to all classes and crafts of employees in which UTU is the legally designated representative on UP. The use of any of the terms identified herein specifically includes any employee who is undergoing (receiving) training or is a designated trainee, including but not limited to, brakeman-in-training, conductor (or foreman)-in-training and firemen-in-training. Accordingly, the provisions of this Agreement shall apply to all employees working in crafts represented by UTU.
- VI. A. Except as specifically provided in Section C of this Article VI, the rest period at the home and away-from-home terminals for employees assigned to, or working in, pool (unassigned) freight service or to road or combination extra boards shall be governed by the following:
1. An employee completing his or her tour of duty (tied-up) at his or her home terminal will be provided a ten-hour undisturbed rest period. Said employee will not be called or permitted to work or deadhead out of the home terminal until expiration of the ten-hour undisturbed rest period.
 2. An employee completing his or her tour of duty (tied-up) at his or her away-from-home terminal will be provided a ten-hour undisturbed rest period. Said employee will not be called or permitted to work or deadhead out of the away-from-home terminal until expiration of the ten-hour undisturbed rest period.
- NOTE:** UP may contact an employee during the ten-hour rest period to advise of the abolishment or annulment of his or her assignment, displacement from a job (bumped), assignment to a new position/job, an emergency or other notice or contact required by existing Agreement rules.
3. This Agreement shall not preclude UP from giving an employee a "four-hour release" (also known or referred to as an "interim release," a "four-hour or more release," or "aggregating service") in accordance with existing legal and collective bargaining agreement requirements, if any.
 4. The rest period provided pursuant to this Article VI, Section A shall commence coincident with the employee's completion of his or her tour of duty and shall run concurrent with the rest period provided pursuant to the Hours-of-Service Act.

- B. Existing Agreement rules, or those portions thereof, that provide employees with an opportunity or election to take a rest period at the home terminal or away-from-home terminal that is less than that provided in Section A of this Article VI shall be inapplicable and of no future force or effect.

NOTE: The parties specifically intend that only the portion(s) of existing rest rules that allow employees to take a rest period at the home terminal or away-from-home terminal for a period greater than that afforded by this Agreement -- i.e., 10 undisturbed hours -- are to remain in effect following implementation of this Agreement.

EXAMPLE: An existing rule gives employees assigned to a freight pool an option to take a rest period at the home terminal of 8 undisturbed hours, 10 hours (no undisturbed rest), 10 undisturbed hours, 12 hours (no undisturbed rest) or 12 undisturbed hours. If the call time at the location is 2 hours (or less), the "8 undisturbed hours" and "10 hours (no undisturbed rest)" options of this rule would not be available to an employee covered by this Article I because the options would give the employee a rest period less than that what they would receive from this Agreement -- i.e., 10 undisturbed hours rest.

QUESTION: Are there any situations or circumstances in which an employee covered by this Article VI can or will receive less than ten undisturbed hours rest at his or her home or away-from-home terminals?

ANSWER: Unless the employee is aggregating his or her service (e.g., given a "four-hour release," a "four-hour or more release" or an "interim release") or the option set forth in Section C of this Article VI, below, has been exercised, no employee covered by this Article VI will be given a rest period at the home or away-from-home terminals of less than ten undisturbed hours.

- C. The away-from-home terminal rest period specified in Article VI, Section A, Paragraph 2, above, may, at UTU's option, be reduced for a specific freight pool, and all runs protected by said pool, from ten undisturbed hours to eight undisturbed hours, subject to the conditions set forth below:

1. The away-from-home terminal rest period shall be the same for all employees working on any run(s) protected by the involved freight pool -- i.e., ten undisturbed hours or, if the option set forth in this Article VI, Section C is exercised, eight undisturbed hours.

2. Except for the change in the duration of the undisturbed rest period at the away-from-home terminal, all other provisions of this Agreement are unaffected by UTU's exercise of this option.
- D. The exercise of the option set forth in Section C of this Article VI shall be governed by the following:
1. This option may be exercised no sooner than sixty days following the effective date of this Agreement.
 2. The exercise of this option or an agreement to return the away-from-home terminal rest period to ten undisturbed hours may be made only once in a twelve-month period.
 3. The General Chairperson must advise UP in writing of its desire to exercise this option. Said notice must identify the involved freight pool(s) and propose a suggested effective date for the involved change(s). UP and UTU will agree on the effective date for the change(s), which will not be more than thirty days from the date of UTU's notice. The UTU Local Chairperson(s) shall be responsible for advising affected employees of the change in the away-from-home terminal rest period.

QUESTION: Will the additional rest time provided pursuant to this Article VI be used as an offset against an employee's labor protection or guarantee benefits, if any?

ANSWER: No. This answer does not, however, impact or alter existing procedures for handling of offsets to guarantee or labor protection benefits stemming from an employee's election to invoke the provisions of a local extra rest rule.

QUESTION: Will an exercise of the option to change the away-from-home terminal rest time from eight undisturbed hours back to ten undisturbed hours in accordance with Section C of this Article VI and the resultant increase in rest time at the away-from-home terminal be used as an offset against an employee's labor protection or guarantee benefits?

ANSWER: No. This answer does not, however, impact or alter existing procedures for handling of offsets to guarantee or labor protection benefits stemming from an employee's election to invoke the provisions of a local extra rest rule.

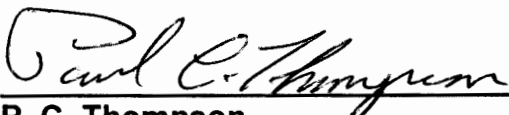
VII. The parties are fully cognizant of their respective rights and obligations with regard to Union Officers' (other than full-time) need to be off to conduct union business. This implementation of Article VII of the UTU National Agreement dated August 20, 2002 is not intended to alter these rights and obligations. It is, however, understood that Union Officers (other than full time) are expected to provide information to CMS, or its designated representative, as to the anticipated duration of such absences and to contact CMS to advise if they are going to need to extend such absences. This Article VI contemplates a reasonable application of the intent of this interpretation by both parties.

VIII. UP shall give not less than a ten-day advanced written notice to the appropriate General Chairperson(s) advising of its intent to implement this Agreement.

SIGNED THIS 7 TH DAY OF March, 2005, IN OMAHA, NEBRASKA

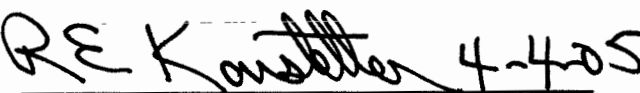
FOR THE UNITED TRANSPORTATION UNION:

This "Agreed Upon Interpretation of Article VII of the 2002 UTU National Agreement dated August 20, 2002" is a proper and consistent interpretation of the terms set forth in said Article VII.


P. C. Thompson
International President


D. L. Hazlett
General Chairperson


M. J. Reedy
General Chairperson


R. E. Karstetter
General Chairperson

FOR UNION PACIFIC RAILROAD COMPANY:

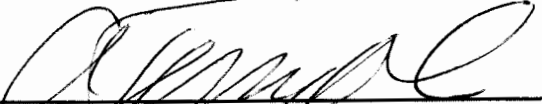

S. F. Boone
Director - Labor Relations


T. M. Stone
Director - Labor Relations


R. D. Rock
Director - Labor Relations


R. P. Guidry
Director - Labor Relations


A. C. Hallberg
Director - Labor Relations

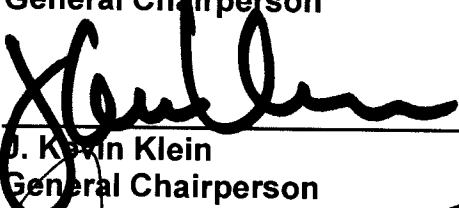

A. Terry Olin
General Director - Labor Relations



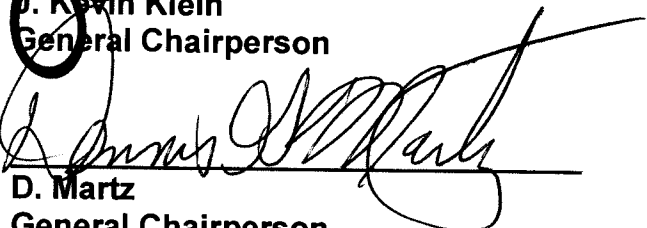
L. R. Bumpurs
General Chairperson



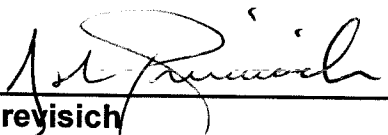
T. L. Johnson
General Chairperson



J. Kevin Klein
General Chairperson

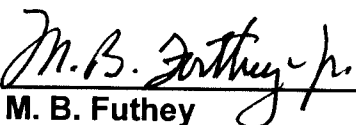


D. Martz
General Chairperson




J. Previsich
General Chairperson

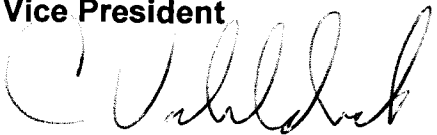
APPROVED:



M. B. Futhey
Vice President



A. Martin, III
Vice President



C. Vahldick
Vice President

SIDE LETTER NO. 1

Mr. L. R. Bumpurs
General Chairperson
United Transportation Union
400 Randal Way, Suite #102
Spring, TX 77388

Mr. D. L. Hazlett
General Chairperson
United Transportation Union
5990 SW 28th Street, Suite F
Topeka, KS 66614-4181

Mr. T. L. Johnson
General Chairperson
United Transportation Union
4411 Old Bullard Road, Suite #600
Tyler, TX 75703

Mr. J. Kevin Klein
General Chairperson
United Transportation Union
501 Mission Street, Suite A
Santa Cruz, CA 95060

Mr. R. E. Karstetter
General Chairperson
United Transportation Union
4702 West Commercial Drive, Suite A
North Little Rock, AR 72116

Mr. D. Martz
General Chairman
United Transportation Union
13384 E. 10500 N. Road
Grant Park, IL 60940

Mr. M. J. Reedy
General Chairperson
United Transportation Union
307 West Layton Avenue
Milwaukee, WI 53207-5927

Mr. John Previsich
General Chairperson
United Transportation Union
7960B Soquel Drive, #381
Aptos, CA 95003

Gentlemen:

This has reference to our discussions in connection with the "Agreed Upon Interpretation of Article VII of the UTU National Agreement dated August 20, 2002 between Union Pacific Railroad Company and the United Transportation Union," dated March 7, 2005.

During the parties' negotiations, UTU voiced a concern that following execution of the Implementing Agreement referenced above, UP might adopt a position that this Implementing Agreement was sufficient to address fatigue abatement issues. This letter will confirm UP's commitment to work with UTU to explore in good faith feasible, effective, and scientifically validated approaches for reducing fatigue at locations or in operations where legitimate evaluations and data suggest UP's UTU-represented employees are not obtaining sufficient or proper rest opportunities.

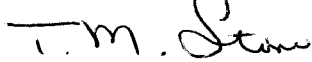
If the foregoing accurately reflects our understandings regarding this matter, please so indicate by affixing your signature in the space provided below.



R. D. Rock
Director - Labor Relations



S. F. Boone
Director - Labor Relations



T. M. Stone
Director - Labor Relations

Sincerely,



R. P. Guidry
Director - Labor Relations



A. C. Hallberg
Director - Labor Relations



A. Terry Olin
Director - Labor Relations

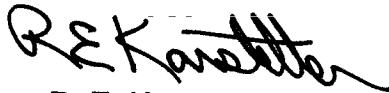
AGREED:



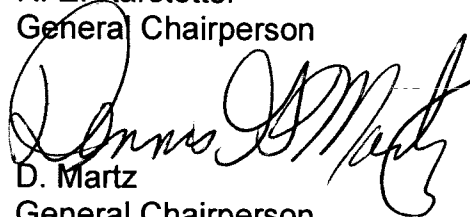
D. L. Hazlett
General Chairperson



M. J. Reedy
General Chairperson



R. E. Karstetter
General Chairperson



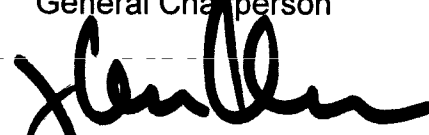
D. Martz
General Chairperson



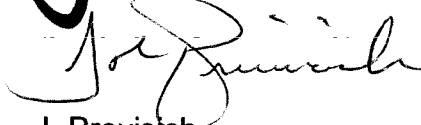
L. R. Bumpurs
General Chairperson



T. L. Johnson
General Chairperson



J. Kevin Klein
General Chairperson



J. Previsich
General Chairperson

SIDE LETTER NO. 2

Mr. L. R. Bumpurs
General Chairperson
United Transportation Union
400 Randal Way, Suite #102
Spring, TX 77388

Mr. T. L. Johnson
General Chairperson
United Transportation Union
4411 Old Bullard Road, Suite #600
Tyler, TX 75703

Mr. R. E. Karstetter
General Chairperson
United Transportation Union
4702 West Commercial Drive, Suite A
North Little Rock, AR 72116

Mr. M. J. Reedy
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307 West Layton Avenue
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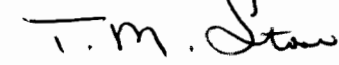
During the parties' discussions UTU voiced concerns that employees laying off could end up in a disciplinary proceedings should the employee fail to be available as prescribed or agreed, through no fault of their own. UTU further explained that consideration must be given to employees that are extremely ill or hospitalized unexpectedly. The same consideration should be extended to employees whose immediate family members become extremely ill or hospitalized unexpectedly.


This letter will confirm the parties commitment to work together to avoid disciplinary proceedings or abuse of these considerations for employees in the above described dilemmas, provided the involved employees provide valid documentation for themselves or their family member(s) regarding the incident(s) or matter(s).

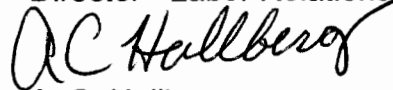
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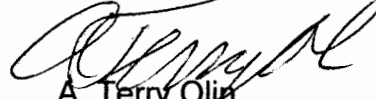

R. D. Rock
Director - Labor Relations


S. F. Boone
Director - Labor Relations

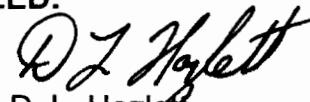

T. M. Stone
Director - Labor Relations

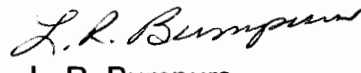
Sincerely,

R. P. Guidry
Director - Labor Relations


A. C. Hallberg
Director - Labor Relations

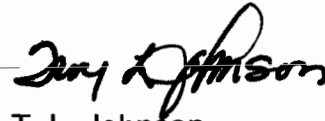

A. Terry Olin
Director - Labor Relations

AGREED:

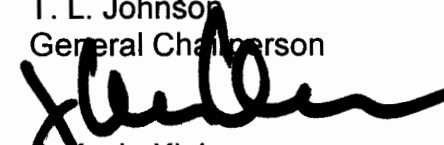

D. L. Hazlett
General Chairperson


L. R. Bumpurs
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