

MEMORANDUM OF AGREEMENT
between the
UNION PACIFIC RAILROAD COMPANY
and the
UNITED TRANSPORTATION UNION
For The Former C&NW Lines Territory

**Interdivisional Service between the Twin Cities/Valley Park,
Minnesota; Mason City, Iowa Falls, Boone, Des Moines, and
Sioux City, Iowa; and St. James, Worthington, Minnesota.**

On February 2, 2005, Union Pacific Railroad Company ("Carrier" or "UP") served notice, pursuant to Article IX of the October 31, 1985 National Agreement, on the United Transportation Union ("Organization" or "UTU") of its intent to establish new interdivisional service between the Twin Cities/Valley Park, Minnesota; to Mason City, Iowa Falls, Boone, Des Moines, and Sioux City, Iowa; and St. James, Worthington, Minnesota. In connection therewith, such service is to be governed and operated in accordance with the provisions of Article IX, of the October 31, 1985 National Agreement, as amended. The parties signatory hereto have agreed, pursuant to the above-cited Article, to the terms and conditions governing this new interdivisional service which will be combined with existing service on the respective seniority districts.

Accordingly, IT IS AGREED:

ARTICLE I - INTERDIVISIONAL SERVICE - OPERATIONS

Section 1: Operations-Twin Cities/Valley Park, Minnesota - Home Terminal - Single Pool

A. UP may establish unassigned interdivisional pool freight service between the Twin Cities/Valley Park and Mason City, Iowa Falls, Boone, Sioux City, and Des Moines, Iowa; and St. James, Worthington, Minnesota. The home terminal will be the Twin Cities or Valley Park Minnesota, and the away-from-home terminals will be Mason City, Iowa Falls, Boone,

Des Moines, and Sioux City Iowa; and St. James, and Worthington, Minnesota. A trainmen in this service may be called to operate to any of the away-from-home terminals, over any route (see attachment no. 5).

B. Crews assigned to this Interdivisional service may be called to operate from one away-from-home terminal to any other away-from-home terminal, provided the crew is tied up at their home terminal (Twin Cities/Valley Park) at the conclusion of their tour of duty. Trainmen may operate over any route between the Twin Cities /Valley Park, Sioux City, Boone, and Des Moines, and points in between, including the Fairmont Subdivision (see attachment no. 5). In the event crews need to be re-positioned to another location, crews will be paid continuous time or miles (whichever is greater) to their tie-up point, until trip rates (flip rate) are established by the parties.

Example no. 1: A trainmen operates from Valley Park to Sioux City tying up at Sioux City. After securing his/her rest the trainmen is called to operate from Sioux City to Mason City. After arriving Mason City the trainmen will be deadheaded to Valley Park.

Example no. 2: Trainmen operates from South St. Paul to Des Moines, via Albert Lea. After securing his/her rest the trainmen is called to operate from Des Moines to Mankato, via Butterfield over the Fairmont Subdivision. Upon arriving at Mankato, the crew will be deadheaded back to South St. Paul.

Example no. 3: Trainmen is called to operate from Valley Park to Worthington, tied up at St. James. After securing his/her rest the trainmen is called on duty at St. James to operate a train from various industries on the Worthington Subdivision

and Fairmont Subdivision into Mason City. Upon arriving Mason City, the crew will be deadheaded back to Valley Park (point of going on duty).

Example No. 4: Trainmen is called to operate from the Twin Cities to Mason City. The crew needs to be repositioned to St. James and is deadheaded from Mason City to St. James, with the applicable payment/flip rate.

Example No. 5: Trainmen is called to operate from Valley Park to Mason City, via Albert Lea. After securing his/her rest in Mason City the trainmen is called to return to Valley Park via Butterfield.

C. Trainmen working in this interdivisional service will be paid the actual miles (miles worked/deadhead) to the destination in which they are called. Time permitting, crews may operate past the terminal for which they were called and will be paid for the miles to the next terminal.

Example: Crew is called to operate from the Twin Cities to Iowa Falls. Time permitting the crew could be operated to Des Moines, and will be paid for the miles between the Twin Cities and Des Moines.

A sample list of mileage's between the home terminal and away-from-home terminal has been attached as Attachment no. 4.

D. The single unassigned freight pool protecting this service will be sequenced to the home terminal and away-from-home terminal board(s) based on their tie-up time. Trainmen tied up at the away-from-home terminal(s) will be sequenced to and called from a board that is independent of the home terminal and any other away-from-home terminal board(s).

E. Vacancies in this pool will be filled by the trainmen's extra board, and if the extra board is depleted, the trainmen next out in the pool will be utilized to fill the vacancies.

F. Trainmen will go on and off duty in the Twin Cities or Valley Park (home terminal), and Mason City, Iowa Falls, Boone, Des Moines, St. James, Worthington, and Sioux City, as the away-from-home terminals. Said on/off-duty point facilities shall comply with existing Agreement rules pertaining to requirements for such facilities, except that lockers will not be provided at the away-from-home terminal(s), when hotel rooms are provided.

G. Trainmen with the home terminal of the Twin Cities that are called to fill a vacancy at Valley Park will continue to be handled and compensated in the manner they were prior to this agreement, except that trainmen may be required to report to Valley Park, driving their personal vehicle.

Trainmen home terminated in the Twin Cities that are called to report at Valley Park, and required to drive their personal vehicle, will be allowed the payment of thirty-one (31) miles at the applicable IRS mileage rate.

Twin Cities trainmen will be placed on duty at their home terminal forty (40) minutes prior to the reporting time at Valley Park, will report to Valley Park at the designated reporting time, and their daily compensation of time or miles will be calculated from their home terminal.

Upon returning to Valley Park, a trainman will have the mileage of his/her return trip calculated to the Twin Cities (home terminal); trainmen will be placed off duty at the Twin Cities forty (40) minutes after the completion of duties at Valley Park.

The parties recognize that this agreement does not supercede the provisions of the National Agreement, as it pertains to trip rates, and that the implementation of trip rates may amend all or part of the payment process provided within this paragraph G.

(This agreement is not intended to place any restrictions on the hours of service laws that is not included in the FRA regulations. This paragraph G is intended to provide the method of calculating the compensation and reimbursement of vehicle expenses for reporting to Valley Park, when home terminalled in the Twin Cities.)

Note 1: It was further agreed that trainmen assigned at the Twin Cities would not be provided a locker at Valley Park, when a single pool is operated.

Note 2: When two pools are operated under Section 2 of this agreement, trainmen assigned to the former CMO pool will have a locker at Valley Park, and the CGW trainmen will have a locker in the Twin Cities.

Note 3: Des Moines, Boone, St. James and Mason City will continue to be the home terminal for their respective pools and extra boards.

H. Crews in this service may leave or receive their train at any location. Crews may handle trains to and from any industry, performing all work necessary to yard their trains or prepare their trains for departure from the industries.

I. Nothing herein shall preclude the Carrier from utilizing other crews to handle traffic between the Twin Cities and Sioux City; the Twin Cities and Des Moines or Boone; or between Mason City and Butterfield, pursuant to this Agreement, and other controlling Agreements.

Section 2: Implementation – Operations-Twin Cities and Valley Park, Minnesota - Home Terminals – Two Pool Operations

The parties have agreed to initially implement the ID service set forth in Section 1, above, by retaining the two existing pools (CMO & CGW).

Note: Any reference to CMO or CGW in this Section 2 is strictly for identification of the geographical areas that are currently associated with those former Railroads.

Accordingly, paragraph D of Section 1, above, which permits a single pool to be established, will be amended by this Section 2, to the extent that two pools will be utilized in the initial implementation of this ID service. All other provisions contained in Section 1 (paragraphs A-I) will apply in this Section 2, except for the call procedures contained in paragraph E. The call procedures for multiple pools under this Section 2 have been set forth in paragraph (F) below.

The parties agree that the initial implementation with two pools will be under the following conditions:

A) The Carrier shall have the right to establish a single pool operation for the Twin Cities/Valley Park ID service (merging the CMO and CGW pools), when the Carrier determines qualifications of the crews is not an issue.

B) Pool #1: Twin Cities crews currently identified as the CMO pool will report for duty at Valley Park, and Valley Park will be designated as their home terminal. The Carrier currently has a trainmen's extra board at Valley Park, and this extra board may be used to fill pool vacancies at Valley Park, in addition to vacancies currently being filled. If a separate extra board is not retained at Valley Park, the Twin Cities extra board will be utilized to fill vacancies.

Valley Park crews may be required to fill vacancies in the Twin Cities under the call procedures set forth in paragraph (F), below.

C) Pool #2: Twin Cities trainmen currently identified as the CGW pool will continue to have the home terminal at the Twin Cities, with the supporting extra board. Twin Cities trainmen may be required to fill vacancies at Valley Park if called under the provisions of item (F) below.

D) Both pools (CMO & CGW) may operate in any direction, over any route, on the tracks between the Twin Cities, Valley Park and Mason City; Twin Cities, Valley Park and Butterfield; as well as between Mason City and Butterfield over the Fairmont subdivision, as well as operate through their home terminal, without penalty.

E) Trains initiated in the Twin Cities or Valley Park area that are to be operated beyond Butterfield or Mason City will have primary pools for these extended runs. CMO pools will be primarily utilized to operate trains beyond Butterfield, toward and to Sioux City. CGW pools will be the primary pool utilized to operate trains beyond Mason City toward and to Des Moines or Boone. Either pool may be operated beyond Mason City or Butterfield, if qualified or provided a pilot.

F) If a primary pool and the extra board is exhausted, the other pool and its' extra board (if a second extra board is in place) may be utilized to fill a vacancy. Call procedures for pool vacancies will be: 1) the primary pool, 2) the primary extra board, 3) rested trainmen in the primary pool, 4) trainmen from the secondary extra board (if established), 5) trainmen from the secondary pool.

G) The provisions contained in Section 1 (G), concerning trainmen home terminalled in the Twin Cities filling vacancies at Valley Park will apply to this Section 2, for two pool operations. In addition, trainmen home terminalled at Valley Park under this Section 2 that are called to fill a vacancy in the Twin Cities will be handled in a similar manner.

Trainmen with the home terminal of Valley Park that are called to fill a vacancy in the Twin Cities may be required to drive their personal vehicle to the Twin Cities. Valley Park trainmen will be placed on duty at their home terminal forty (40) minutes prior to the reporting time in the Twin Cities, will report to the Twin Cities at the designated reporting time, and their daily compensation of time or miles will be calculated from their home terminal of Valley Park.

Upon returning to the Twin Cities, a trainman will have the mileage of his/her return trip calculated to Valley Park (home terminal); trainmen will be placed off duty at Valley Park forty (40) minutes after the completion of duties in the Twin Cities.

The parties recognize that this agreement does not supercede the provisions of the National Agreement, as it pertains to trip rates, and that the implementation of trip rates may amend all or part of the payment process provided within this paragraph G.

(This agreement is not intended to place any restrictions on the hours of service laws that is not included in the FRA regulations. This paragraph G is intended to provide the method of calculating the compensation for employees reporting to another location, other than their home terminal, as set forth above.)

H) This Section 2 has set forth the conditions in which the parties have agreed to implement this new ID service, utilizing two pools. The parties have agreed that the Carrier may operate with a single pool, as set forth in Section 1, above, and the Carrier will provide the General Chairman with a ten day advance written notice of its intent to adopt a single pool operation. The parties have further agreed that the Carrier will have the right to operate with a single pool or two pools in the Twin Cities/Valley Park to meet the needs of the service. In the event the Carrier elects to move

from a single pool operation to a two pool operation (or vice versa), a ten day written notice will be furnished to the General Chairman.

Article I, Section 1 of this Agreement outlines the manner in which a single pool will be operated, and Article I, Section 2 contains the manner in which two pools will be operated. Section 1 contains many paragraphs that apply equally to single and two pool operations. Whether operating in single or two pool operations, Sections 3-13 of Article I, Articles II and III, as well as all applicable side letters of this ID Agreement will remain in full effect.

Section 3: Deadheads

Crews may be deadheaded in either direction to meet the needs of the service. All deadheading will be in combined service, unless notified otherwise.

Section 4: Meals En Route

Meals en route for trainmen working in this service will be governed by Article IX, Section 2, Paragraph (e) of the October 31, 1985 National Agreement.

Section 5: Away-From-Home Terminal Meals

Away-from-home terminal meal allowances for trainmen working in this service will be governed by Article IX, Section 2, Paragraph (d) of the October 31, 1985 National Agreement, as amended.

Section 6: Transportation

The provisions of Article IX, Section 2, Paragraph (c) of the October 31, 1985 National Agreement shall apply for trainmen working in this service.

Section 7: Suitable Lodging

The Carrier will provide, in accordance with applicable existing Agreement requirements, suitable lodging at the away-from-home terminal for trainmen working in this service.

Section 8: Rates of Pay

The basic day, rates of pay and other operating conditions for employees engaged in interdivisional service will be governed by the applicable Local and National Agreements.

Section 9: Hours-of-Service

A. Crews operating under this agreement that fail to reach their destination, due to the hours-of-service, may be relieved by the first out pool or extra crew at either of the home or away from home terminals, or other crews set forth in paragraph E, below.

B. Home terminal crews will be utilized in hours of service relief before an away-from-home terminal crew, when available.

C. If the first out away-from-home terminal crew is utilized, the Carrier will either work or deadhead the away-from-home terminal crew to their home terminal after their handling of the train(s).

D. Crews used in turnaround and/or hours-of-service relief shall be considered called in combination deadhead/service and shall be paid in accordance with Article VI of the October 31, 2003 agreement for the turnaround and/or hours-of -service trip.

E. Nothing herein shall prevent the use of other crews to perform work currently permitted by prevailing agreements, including, but not limited to yard crews performing hours-of-service relief within road/yard service zones, pool crews performing through freight combined service/deadheads between

terminals, and road switchers handling trains within their zones.

Section 10: Familiarization/Qualification

To ensure proper qualification/familiarization and compliance with applicable Federal Railroad Administration regulations, if any, employees new to the interdivisional service established by this Agreement will be provided with a sufficient number of familiarization trips over the territory which they are not currently qualified. Issues concerning individual qualifications shall be handled with local operating officers and local chairman. Employees will not be required to lose time or "ride the road" on their own time in order to qualify for these new operations. Pay will be made in the same manner as if the employee operated the assignment. If a dispute arises concerning this process, it will be addressed directly with the Director of Labor Relations and General Chairman.

Section 11 – Crew Equalization

A. During our negotiations, we discussed various alternatives for mileage equalization, that would minimize or even eliminate the need for Mid-West employees to be temporarily assigned in the Twin Cities/Valley Park, in order to obtain equalization of miles.

B. Des Moines, Boone, Mason City - It is agreed that the Carrier will equalize the miles run by Central 5 employees on the Mid-West seniority district, by allowing Mid-West trainmen home terminated in Des Moines, Boone and/or Mason City to operate over the Central 5 seniority district, without the necessity of being temporarily assigned in the Twin Cities/Valley Park. The goal of this arrangement would be for the Des Moines, Boone and/or Mason City trainmen to operate over the Central 5 seniority district, north of Mason City toward and to the Twin Cities; and/or north of

Butterfield toward and to the Twin Cities, while working out of their home terminals.

The parties have agreed, that the Carrier may bulletin a Twin Cities/Valley Park position(s) to the trainmen in the Mid-West seniority district with home terminal(s) of Mason City, Des Moines and/or Boone. Trainmen assigned to these separate board(s) could be utilized in ID service over the Central 5, as well as to other Mid-West points encompassed in exhibit 5. Trainmen assigned to the Twin Cities/Valley Park pool(s) with the home terminal of Mason City, Des Moines and/or Boone will be called from a board that is separate and apart from other Central 5 trainmen, at both the home and away-from-home terminals.

Note: A Twin Cities/Valley Park pool assignment bulletined with the home terminal of Mason City, Boone and Des Moines will not be utilized in the calculation of mileage equalization, unless the assignment is occupied by a Midwest District trainman without prior rights C-5 seniority.

It was further agreed that additional away-from-home terminals would have to be established to accommodate the operation of Mid-West crews north of Mason City and Butterfield. Accordingly, when (if) the equalization is implemented in the manner set forth above, the following away-from-home terminals will be established for these Mid-West crews (Albert Lea, Twin Cities/Valley Park, St. James and Mankato).

Note: If a single pool is operated under Section I of this agreement, the designated home terminal for the crews would be the away-from-home terminal for the crew identified in this Section 11.

C. St. James - In order to equalize work opportunities for the crews in St. James, the parties have agreed to allow St. James crews the right to operate into the Twin Cities/Valley Park. Any and all existing seniority rights held by the St. James crews at the time of this agreement will remain unchanged, and in addition, crews may operate to and from any point in-

between St. James and the Twin Cities. St. James crews operating into the Twin Cities/Valley Park will not be tied up in the Twin Cities/Valley Park, except in cases of unsafe weather conditions. Crews arriving the Twin Cities/Valley Park may operate a train back toward St. James, or will be deadheaded back to St. James in combined service.

St. James crews may operate through St. James on north and southbound trains, without penalty. St. James crews will be compensated for actual miles operated, until trip rates are implemented. Crews assigned to this service may be called to operate from one away-from-home terminal to any other away-from-home terminal, (including the Twin Cities/Valley Park) provided the crew is tied up at St. James (home terminal) at the conclusion of the second tour of duty/deadhead.

The Fairmont/Worthington ID agreement is amended to include trains operating through St. James that are destined, originated or interchanged at Mankato. Mankato will not be an away-from-home terminal for crews in this service.

D. General - Mid-west crews described in paragraphs B above, operating north of Butterfield and Mason City in this ID service, as well as St. James crews operating north of St. James, C above, will be governed by all Articles and provisions of this ID agreement. In addition, Mid-west crews operating into Mason City from Des Moines and Boone will be governed by Section 12 and 13 of Article I.

The unassigned freight pool(s) identified in this Section 11 B, protecting this service will be sequenced to the away-from-home terminal board(s) based on their tie-up time. Trainmen tied up at the away-from-home terminal(s) will be sequenced to and called from a board that is independent of the home terminal and any other away-from-home terminal board(s).

E. Standard Equalization - CMS will maintain necessary and accurate records so that the equalization can be properly and accurately determined for this ID service. The records, upon request, will be furnished to the respective Local Chairmen having jurisdiction. The Local Chairmen will meet every six (6) months after implementation and shall review in good faith and mutual cooperation the equalization factors to determine any adjustments. If the Local Chairmen find it necessary to request a change to equalize the mileage, such request shall be signed jointly by the Local Chairmen having jurisdiction, with copies to the General Chairman. The General Chairman will notify the Director of Labor Relations and the Director of CMS, in writing, of any changes in the equalization adjustments that are necessary. If equalization is necessary, position(s) on the freight pool of the seniority district that owes the mileage will be bulletined. If there are no applications for the position(s) at the expiration of the bulletin, trainmen will not be force assigned to the position(s) and the equalization will be considered satisfied for that period.

Any dispute(s) over equalization between the Local Chairmen will be resolved by the General Chairman's Office. Any dispute(s) over equalization between the Carrier and the Organization will be referred to the Labor Relations Department and General Chairman for resolution.

Section 12 - Held away-from-home terminal :

A. Employees in this interdivisional pool freight service held at other than their home terminal will be paid continuous time for all time held after the expiration of sixteen (16) hours from the time released from duty, until time on duty.

B. The term "time on duty" cited above shall be the time the employee goes on duty.

C. Trainmen tied up at the away-from-home terminal(s) will be sequenced to and called from a board

that is independent of the home terminal and other away-from-home terminal board(s).

D. The undisturbed rest for pools afforded the benefits of this Section 12 will be eight (8) hours UDR at the away-from-home terminals.

Section 13 - Overtime after 12 hours:

Overtime for this interdivisional service shall be computed in accordance with the applicable Agreements, or after the expiration of twelve (12) hours on duty, whichever occurs first.

ARTICLE II. PROTECTIVE CONDITIONS

Employees adversely affected as a direct or indirect result of implementation of this Agreement will be entitled to the protective benefits set forth in Article IX, Section 7 of the October 31, 1985 National Agreement.

A. Automatic Certification:

The following protection benefits are being afforded as a result of the Organization's request for automatic certification for trainmen assigned in pool service, as well as trainmen previously certified under the Fairmont ID Agreement. In order to settle all the outstanding issues surrounding this ID Agreement, the Carrier has agreed to provide trainmen the protection benefits set forth below. Protection is being afforded without prejudice to the Carrier's position and is not to be referred to in future negotiations.

The parties have identified two groups of trainmen that will be afforded protection upon implementation of this agreement, as set forth below:

1) **Twin Cities, Des Moines and Boone Pools:**

Pool trainmen that were assigned in the Twin Cities on the RT50, RT53 and RT55 boards on February 2, 2006, have been identified and are listed on attachment no. 6.

Pool trainmen that were assigned in Des Moines and Boone on the RT 36 and RT 35 boards on February 2, 2006, have also been identified and are listed on attachment 7.

Trainmen listed on attachments 6 and 7 will be treated as having been adversely affected with the implementation of the Twin Cities ID Agreement and will be automatically afforded the wage protection and the conditions contained in Article IX, Section 7 of the 1985 National Agreement.

In exchange for the automatic certification at these three locations, the protection payments to the trainmen on attachment 6 and 7 will be calculated and paid on a quarterly basis. Protection payments will be made every quarter of the calendar year, on the second half pay period of the month following the close of the quarter. (Payments will be made on the second half of April, July, October and January)

Example 1: A trainman has a \$5,000 a month TPA, which equates to \$15,000 for the first quarter. In January he/she earns \$4,500, February \$5,500, and March \$4,500. Total earnings (pursuant to Article IX, Section 7, of the 1985 National Agreement) for the quarter is \$14,500, and assuming there are no financial offsets, the trainman would be provided the protection payment of \$500 ($\$15,000 - \$14,500 = \500) in the second half of April.

Example 2: The ID agreement is implemented on May 15, 2006, and a trainman has a \$5,000 month TPA, which equates to \$7,500 for the second quarter of 2006. The trainman earns \$2,800 in the last half of May and \$4,500 in June, total earnings for the quarter \$7,300. Assuming there are no financial offsets, the trainman would be provided

a protection payment of \$200 (\$7,500 – \$7,300 = \$200) in the second half of July 2006.

Other than the method of calculating and paying the protection, all other conditions of the 1985 National Agreement and the WJPA will remain in effect, which includes, but is not limited to the employees obligation to occupy the highest rated position, as well as financial offsets if the employee fails to remain available for service, etc.

The method of calculating and paying protection is limited to the terms and conditions of this agreement and does not constitute precedent in any other agreement.

2) St. James and Mason City

The trainmen identified on attachment no. 8 of this agreement were certified under the provisions of the Fairmont/Worthington ID Agreement dated June 28, 2004. These trainmen will have their certification and protection period restarted with the implementation of this ID Agreement, utilizing the TPA that was established under the Fairmont/Worthington ID Agreement, adjusted to reflect wage and cost of living adjustments. Trainmen listed on attachment no. 8 will continue to have their calculations and payments handled on a monthly basis.

3) Trainmen certified under the provisions of paragraph 1 above will have their TPA's calculated from earnings for the period of February 1, 2005, through January 31, 2006. Any trainman listed on attachments no. 6 and 7 that were not employed during the period of February 1, 2005, through January 31, 2006, will have their TPA's calculated from the twelve months preceding May 1, 2006.

B. Relocation Allowance

Subsequent to the implementation of this Agreement, any trainman required to change their point of employment as a result of the implementation of this Agreement, (their new reporting point is a minimum of thirty (30) miles from their old reporting point) shall be entitled to the relocation benefits contained in Sections 10 and 11 of the Washington Job Protection Agreement, as amended by Article IX, Section 7 of the 1985 National Agreement.

ARTICLE III. General

Section 1 – Notice

The Carrier shall give the General Chairman five (5) days written notice of its intent to implement the provisions of this Agreement.

Section 2 – Cooperation

The UTU General Chairman, the Local Chairmen and the UP representatives from CMS, Timekeeping, Operating Department, Harriman Dispatch Center and Labor Relations shall work together to ensure the provisions of this Agreement are fully and properly implemented and that establishment of this new service shall be accomplished in an orderly and efficient manner.

Section 3: Savings Clauses

A. This agreement does not prejudice the position of either party and will not be referred to in connection with any other case, agreement (local or national) and/or dispute resolution.

B. In the event the provisions of this Agreement conflict with any other agreements, understandings or practices, the provisions set forth herein shall prevail and apply. Agreements, understandings or practices not modified or in conflict with the provisions of this Agreement remain in full force and effect.

C. The terms and conditions of this Agreement are intended to address and/or apply to the interdivisional service between the Twin Cities/Valley Park, Mason City, Iowa Falls, Boone, Sioux City and Des Moines, Iowa; and St. James, Worthington, Minnesota. Accordingly, such terms and conditions shall not be applied, or interpreted or extended to apply, to other locations, runs, etc.

D. Except as specifically set forth otherwise in this Agreement, existing Agreement rules, provisions and practices shall continue to apply.

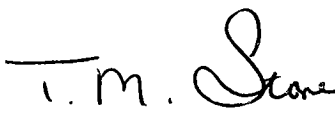
E. This Agreement does not in any manner amend or alter the Carrier's right to implement ID service between the OMC and Worthington, as contained in Article I, paragraph D of the 1996 Merger Implementing Agreement (Mikrut Award). If such notice is served by the Carrier, this agreement will govern operations of CNW crews operating north of Worthington.

SIGNED THIS 10th DAY OF August, 2006, in Milwaukee, Wisconsin.

FOR THE UNITED
TRANSPORTATION UNION:


M. Reedy
General Chairman

FOR THE UNION
PACIFIC RAILROAD:


T.M. Stone
Director-Labor Relations

Side Letter #1

August 10, 2006

Mr. M. Reedy
General Chairman – UTU

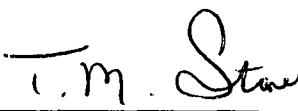
This will confirm our understanding concerning the Carrier's right to establish regular assigned through freight road crews, bulletined to go on duty at Valley Park.

If the Carrier elects to bulletin regular assigned through freight positions to go on duty at Valley Park, Minnesota, the assignments will be governed by the terms and conditions of the August 10, 2006 ID agreement, in addition to the following:

- 1) Regular assigned trainmen will be governed by the terms and conditions of Rule 86 of the CNW Collective Bargaining Agreement, except notice for setback to be provided three hours prior to the scheduled reporting time.
- 2) Regular assigned crews will be placed in pool service at the away-from-home terminal, returning to the board on their tie-up time, and may be called to handle any train.

If this accurately reflects our understanding, please indicate your concurrence by signing in the space provided below.


M. Reedy



T. M. Stone

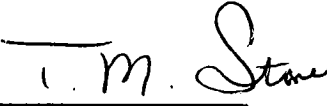
August 10, 2006

Mr. M. Reedy
General Chairman – UTU

Dear Sir;

This will confirm our understanding that the ID Agreement dated July 27, 2004, which established ID service between Mason City, Sioux City and St. James will remain in effect and will operate in concert with the Twin Cities ID Agreement. St. James and Mason City crews will continue to operate under the July 27, 2004 Fairmont/Worthington ID Agreement, as well as any part of the Twin Cities ID Agreement that effects those locations and crews. It is further understood that the Twin Cities ID agreement does permit other crews to operate over the territory encompassed by the July 27, 2004 Agreement (Fairmont and Worthington Subdivisions), as well as handle trains to and from industries within this area.

If this accurately reflects our understanding, please sign in the space provided below.



T. M. Stone


M. Reedy

August 10, 2006

Mr. M. Reedy
General Chairman - UTU

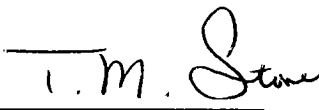
Dear Sir;

This will confirm our understanding that when two pools are operated out of the Twin Cities/Valley Park, under the provisions of Section 2 of this ID Agreement, the two basic CBA's in effect prior to the signing of this ID agreement will continue to govern within the respective territories. The CMO Collective Bargaining Agreement will be utilized on the former CMO property, and the CGW Collective Bargaining Agreement will be utilized on the territory identified as the former CGW.

It is not the intent of the parties to restrict operations when a crew operates over the territories of both CBA's, during a single tour of duty.

Whenever a single pool is utilized under Section 1 of the ID Agreement, the CMO Agreement will govern both the former CMO and CGW road territories encompassed in this ID Agreement.

If this accurately reflects our understanding, please sign in the space provided below.



T. M. Stone



M. Reedy

Attachment no. 4

List of mileages between the home terminals and away-from-home terminals:

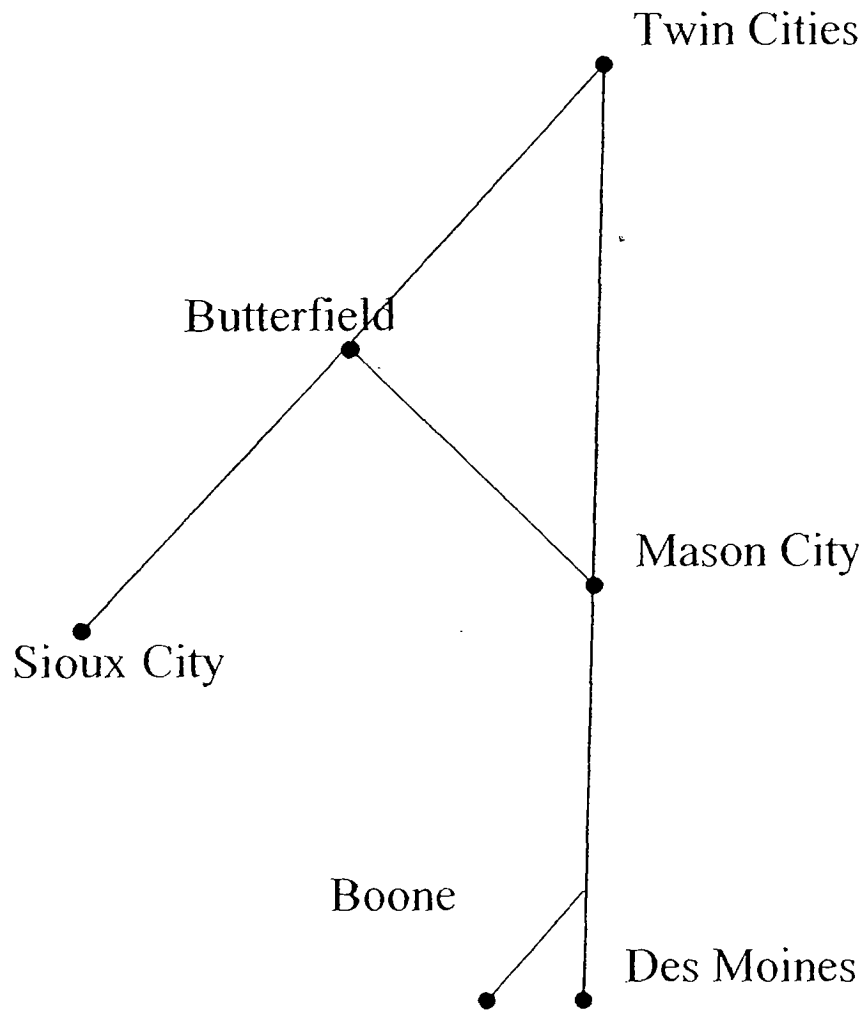
Twin Cites to St. James	121
Twin Cities to Worthington	178
Twin Cities to Sioux City	268
Valley Park to St. James	99
Valley Park to Worthington	156
Valley Park to Sioux City	246
Twin Cities to Mason City	132
Twin Cities to Iowa Falls	177
Twin Cities to Des Moines	251
Twin Cities to Boone	
Valley Park to Mason City (via Butterfield)	215
Valley Park to Mason City (via Minneapolis)	159
Valley Park to Des Moines (via Butterfield)	
Valley Park to Boone (via Butterfield)	
Mason City to Twin Cities (via Butterfield)	241

(mileages subject to verification)

The list provided above is not restrictive as to the points or routes that may be operated to or from, under the terms and conditions of this Agreement.

Attachment no. 5

(Routes)



DM004 RT50 Twin Cities Pool (7)

SM Johnson	SL Miller
KT Murph	BJ Bourgoin
TW Kaspari	PA Wiggs
CL Dysart	

DM004 RT53 Twin Cities Pool (14)

JD Thompson	TJ Gilomen
JA Brohmer	RL Marquardt
EM Carlson	JW Bennett
RM Reedquist	RR Ball
PJ Story	JM Smith
JW Lehnen	TM Vanderlinden
DA Campbell	PA Bruvold

SX020 RT55 Valley Park Pool (3)

RJ Pietsch	PJ Qualy
RR Cleland	

Attachment #7

DM255 RT36 Des Moines Pool (15)

BM Yatchak	GJ Walling
WD Wiebe	CA Kuiper
SM Plucar	ML Ostrander
MC Shanks	CE Craig III
TB Russell	RM Grooters
CW Allen	CW Wolff
SL Francis	TC Schroder
BK Wood	

NZ335 RT35 Boone Pool (14)

BP Baguhn	KW Owner
ED Harris	JJ Zimmerman
SJ Sutton	WA Forrest
MP Lande	DG Wilkins
MD Bennett	RJ Siebens
RC Leathers	SM Morgan
GE Schultz	MW Veber

Attachment no. 8

Mason City pool RT 54 (3)

TR Schultz
AR Callow
TM Taylor

Mason City extra board (5)

JT Brown
CD Trotter Jr.
CD Lubbert
JP Schultz
JS Squier

St. James pool RT 51 (7)

DD Calkins
KP Hanlon
BG Mattison
DM Rankin
TE Carter
JA Svobodny
JJ Koetzle

St. James extra board (3)

SA Manderfeld
KL Pollock
GP Bible

Side Letter No. 9

August 10, 2006

**Mr. M. Reedy
General Chairman - UTU**

Dear Sir;

This will confirm our understanding concerning the handling of hours of service trains under Section 9 of this ID Agreement. As set forth in Section 9, home terminal crews will be utilized in hours of service relief before an away-from-home terminal crew, whenever possible. The location of the train, as well as other factors will have an affect on whether a home terminal or away-from-home terminal crew will be utilized in hours of service relief.

The Organization has expressed a desire to establish the order in which home terminal crews will be called in hours of service relief. The following guidelines establish the calling order for each location whenever a home terminal road crews is utilized for hours of service relief.

Trains operating to Boone:

- 1) home terminal extra board XK30.**
- 2) home terminal (Boone) pool crew RT35.**

Trains operating to Des Moines:

- 1) home terminal pool crew RT36.**
- 2) home terminal (Des Moines) extra board crew XC30.**
- 3) home terminal extra board XK30.**

Trains operating to the Twin Cities or Valley Park:

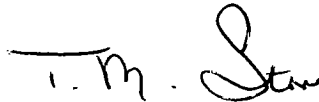
- 1) home terminal pool crew.**
- 2) home terminal extra board crew.**

Trains that will terminate in Mason City or St. James:

- 1) home terminal (Mason City or St. James) pool crew.**
- 2) home terminal extra board crew.**

The Carrier retains the options set forth in paragraph E of Section 9 in the handling of hours of service trains. As well as the right to call home terminal or away-from-home terminal crews to meet the needs of the service.

If this accurately reflects our understanding, please indicate your concurrence by signing in the space provided below.



T. M. Stone


M. Reedy

August 10, 2006

Mr. M. Reedy
General Chairman – UTU

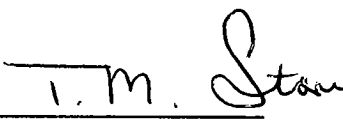
This will confirm our discussion and understanding concerning two away-from-home terminals that are being added under the new ID Agreement dated August 10, 2006.

Mankato, Minnesota will be an away-from-home terminal for Mason City, Boone and Des Moines crews assigned to the Twin Cities pool, but will not be an away-from-home terminal for Twin Cities, Valley Park or St. James crews.

Iowa Falls, Iowa will be an away-from-home terminal for Twin Cities and Valley Park crews, but will not be an away-from-home terminal for St. James, Mason City, Boone or Des Moines crews.

If this accurately reflects our understanding, please indicate your concurrence by signing in the space provided below.


M. Reedy


T. M. Stone

August 10, 2006

Mr. M. Reedy
General Chairman – UTU

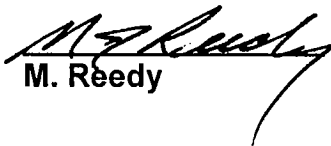
This will confirm our understanding concerning Des Moines and Boone road crews operating north of Mason City, as well as changes in the switching limits at St. James and Mason City, under the ID agreement dated August 10, 2006.

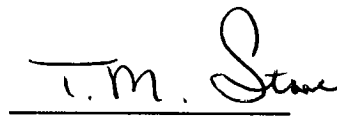
It is anticipated that Des Moines and Boone crews operating north to Mason City may be required to yard their trains at Manly. Trainmen yarding their trains at Manly will be compensated actual miles operated/deadheaded. It is further understood that this specific movement north of Mason City is not confined to position(s) bulletined for equalization at Des Moines or Boone, and may be performed by any qualified crew assigned at these two locations.

Mason City switching limits will be changed to MP 195.5 on the north end, and the south switch at Flint siding on the south end to accommodate operations. Twin Cities crews home terminated at Mason City will be permitted to operate through Mason City, without penalty.

A new siding is scheduled to be built south of St. James to accommodate the increase in business and to improve operations. Upon its completion, the switching limits will be extended at St. James to include the south switch of the new siding (MP 125.65).

If this accurately reflects our understanding, please indicate your concurrence by signing in the space provided below.


M. Reedy


T. M. Stone

August 10, 2006

Mr. M. Reedy
General Chairman – UTU

This will confirm our understanding concerning three issues of protection under Article II of our August 10, 2006, ID agreement, and a clarification of Article I, Section 2, G of the agreement.

The Organization has expressed a concern that employees not automatically certified could be adversely affected from this transaction at a later date, as a result of further implementation of the provisions of this ID agreement. It is the Carrier's position the initial implementation of the ID service will determine which employees will be placed in a worse position as to compensation. The Carrier does recognize other factors such as the completion of the St. James siding and crew qualifications will afford the Carrier greater opportunity to run trains through St. James and Mason City. Accordingly, employees not initially certified for protective benefits as a result of this transaction have the right to progress claims for protective benefits under Article IX, Section 7 of the 1985 National Agreement at a later date if they should become adversely affected as result of the transaction.

Employees represented by the UTU who currently have protection benefits under another agreement, and are determined to have been effected by the implementation of this agreement, will have the right to select which of the two protection agreements they wish to be covered under. Such benefits cannot be pyramided, duplicated or extended beyond the length of time provided for within the agreement selected by the employee. For example, an employee has two years of protective benefits remaining under a different Article IX transaction and elects to retain that rate. At the expiration of that coverage, he/she cannot then revert to coverage under the Twin Cities Article IX protective benefits.

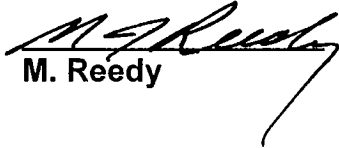
It is further understood that the term "trainmen" utilized in Article II, A, (2), will be amended to "employee". This will permit trainmen that were auto certified under the Fairmont/Worthington ID agreement, to restart their

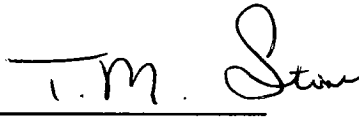
protection period, under the terms of Article II, A, (2), even if they are promoted into engine service.

The parties further agree to clarify the provisions of Article I, Section 2 (G), as it pertains to the payment of mileage to trainmen assigned at Valley Park, when they are required to drive to the Twin Cities. Accordingly, the first sentence of the second paragraph of Article I, Section 2 (G), will be amended to read as follows:

“Trainmen with the home terminal of Valley Park that are called to fill a vacancy in the Twin Cities may be required to drive their personal vehicle to the Twin Cities, and allowed the payment of thirty-one (31) miles at the applicable IRS mileage rate.”

If this accurately reflects our understanding, please indicate your concurrence by signing in the space provided below.


M. Reedy



T. M. Stone

October 9, 2006

RECEIVED

Mr. M. Reedy
General Chairman - UTU
307 W. Layton Ave.
Milwaukee, Wi. 53207

OCT 16 2006
UTU GENL. COMM-PROPER
U.P. (CNW)

Dear Sir;

During the rollout meeting of the Twin Cities ID agreement on September 26, 2006, we discussed the need to amend the provisions of Article I, Section 2 of the August 10, 2006 ID Agreement, and establish a second Conductor's road extra board at Valley Park.

Under the provisions of the Twin Cities ID agreement the parties provided for the existing trainmen's extra board at Valley Park to be utilized in filling the vacancies of the new pool that will be home terminalled at Valley Park. The existing extra board has the primary responsibility to fill RCO vacancies in Valley Park, and trainmen assigned to this board must be RCO qualified. With a concern for the number of RCO qualified trainmen that could be added to the existing extra board at Valley Park, the parties have agreed to establish a second Conductor's extra board that will be utilized to fill the vacancies within the Valley Park ID pool. Trainmen assigned to the new Conductor's extra board will not have to be RCO qualified.

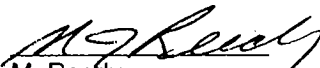
While the second Conductor's extra board is assigned it will be utilized to fill vacancies at New Praque. Vacancies on local's assigned to go on duty at Valley Park will continue to be filled from the RCO extra board. The second conductors extra board shall also protect road vacancies on assignments that operate from Valley Park (home terminal) to points west of Shakopee (mp 29).


The two extra boards may be utilized to supplement the other in the event the primary board is exhausted and provided the trainmen are qualified to fill the vacancy.

The Carrier will have the right to abolish this new (second) Conductor's extra board, and fill the pool vacancies from the RCO extra board with a ten (10) day written notice to the UTU General Chairman.

If this accurately reflects our understanding, please acknowledge your concurrence by signing in the spaced provided below.

T. M. Stone


M. Reedy
UTU General Chairman


D. Riehle
UTU Local Chairman