

MEMORANDUM OF AGREEMENT

between the

UNION PACIFIC RAILROAD COMPANY
(former Chicgo and Northwestern)

and the

UNITED TRANSPORTATION UNION

AGREEMENT # 2612169983

BORROW-OUT CONDITIONS

In an effort to provide for an orderly manner to offer "Borrow-Out" status to conductors in those areas where there are surplus conductors.

IT IS AGREED:

1. A single "borrow-out" board may be established for trainmen who are qualified conductors holding seniority on a CNW Seniority District. If a need arises to "borrow-out" trainmen to another location, the Carrier's CMS Director will contact the General Chairman to advise a bulletin regarding a request for applications will be posted for a minimum of ten (10) days.

2. Applicants for the board will be solicited from those seniority districts where the General Chairman and the CMS Director have determined there are surplus conductors. All conductors in areas where "borrow-out" status is offered must have access to the bulletin.

3. Applicants will submit their requests as directed by the CMS Director. Assignment to the board will be in seniority order based upon the Conductor's date as a trainman on their original seniority district. The Organization (General Chairman's office) will identify the senior applicant in the event of a dispute. Borrow-out trainmen will be placed at the bottom of the roster at the borrow-out location. A borrow-out trainman will establish a temporary seniority date on the borrow-out district as of the expiration date of the bulletin.

4. Train service employees assigned to this Board will be paid \$599.89 per week (\$85.70 per day for partial weeks). Compensation provided for in this Section 4 will be in addition to any earnings received while working at other locations on the system and subject to general wage increases. CNW train service employees assigned to the borrow-out Board and working at locations that are under the jurisdiction of the CNW Lines General Committee will be compensated the rates of pay, arbitraries and crew consist payments they would be entitled to on their originating seniority districts.

Compensation for borrow-out employees coming from outside the jurisdiction of the CNW General Committee will be based on their new "borrow-out" date. For entry rates and determination of the number of weeks of vacation these employees are qualified for, those employees' length of service with the Carrier as a train service employee will be used.

5. In addition to the compensation provided for in Section 4, above, CMS will advise in the bulletin of additional allowances available to borrow-out conductors such as transportation to the work location at Company expense, special lodging and meal allowances and trips home at Carrier's expense (one per thirty (30) day period).

6. In order to avoid creating a temporary manpower shortage at a location from which "borrow-out(s)" are being taken, the CMS Director and UTU Local Chairman shall determine when a conductor selected for borrow-out status may be released from regular work assignment to report to the borrow-out location. If a workforce shortage occurs on the "borrow-out's" original seniority district the General Chairman or Carrier may recall the "borrow-out" immediately.

Q. Must "borrow-outs" be recalled to their original seniority districts in the event of a temporary manpower shortage which may be created due to an inordinate number of lay-offs over a weekend, holiday, etc.?

A. No. However the General Chairman and CMS Director are responsible for determining those locations which have a surplus (Section 2) and should it be determined that a surplus no longer exists on a district, then a recall to that district must be made in reverse seniority order.

Q. What constitutes a "surplus" of conductors?

A. Generally, if there are excess trainmen who are qualified conductors on a seniority district and there is no foreseeable need to protect additional business or service, this would constitute a surplus.

7. Conductors who borrow-out to other locations must remain at the new work location not less than thirty (30) days after being qualified to work at that location unless released or recalled by the Carrier to return to original seniority district. At the expiration of thirty (30) days, following qualification to work at the new location, conductors may voluntarily relinquish the "borrow-out" status. Conductors returning to their home seniority district may mark up under provisions of the applicable collective bargaining agreement in accordance with their seniority rights. Conductors who relinquish their "borrow-out" status forfeit their temporary seniority on the new district.

Q. How will a conductor, who has not been qualified at the borrow-out location, or who has been qualified but has been at the new work location less than thirty (30) days, be handled in event of an emergency requiring his/her return home?

A. Should it be determined that there is a bona fide emergency which requires return, the conductor will, upon request, be permitted to relinquish "borrow-out" status, and return home at his/her own expense.

8. Conductors are required to familiarize themselves with the "borrow-out" territory consistent with the terrain and the conductor's experience. The parties agree a minimum of three (3) familiarization trips shall be required for less experienced conductors. Local Management will work with Local Chairmen to address any concerns related to familiarization. Borrow-out conductors will be compensated the same as the working conductor for familiarization trips.

Q. Does that portion of Section 8 above regarding compensation for familiarization trips apply to conductors who may borrow-out from one seniority district to another, which is under the jurisdiction of the CNW General Committee?

A. Yes. Such conductors will be compensated based upon their seniority date in the district from which borrowed. For borrow-outs from outside the jurisdiction of the CNW General Committee, "borrow-out" dates will govern their compensation, both for working and familiarization trips.

9. Conductors in "borrow-out" status, shall retain their seniority rights on their home seniority district while in "borrow-out" status .

10. Months or partial months an employee is working in borrow-out status under this agreement will not be included for purposes of computing test period average earnings for protection or guarantee purposes; e.g., an employee's test period average based on the preceding twelve month period where an employee is in borrow-out status for two months of that year will be computed by excluding those months and including the two months prior to the test period.

11. This agreement does not restrict the Carrier's ability to offer furloughed employees an opportunity to work at locations outside their seniority district on a temporary basis in lieu of placing senior employees in borrow-out status. Furloughed employees will be compensated in accordance with Side Letter No. 1 and will not be subject to the terms and conditions of this borrow-out agreement.

12. This agreement will become effective on the payroll half following the Carrier's receipt of a signed, original agreement counterpart from the UTU. This agreement is without prejudice to the position of either party regarding borrow-out employees.

13. Either party upon the serving of a thirty (30) day advance written notice upon the other party signatory hereto may cancel this agreement.

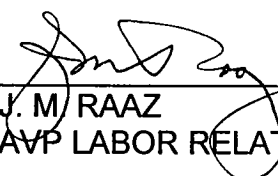
Signed this 16th day of DECEMBER, 1999.

FOR THE ORGANIZATION:

FOR THE CARRIER:



J. W. BABLER
GENERAL CHAIRMAN UTU



J. M. RAAZ
AVP LABOR RELATIONS

August 10, 1999

Mr. J. W. Babler
General Chairman UTU
307 W Layton Ave
Milwaukee, WI 53207

Dear Sir:

This is in reference to our recent discussions on borrow-outs and utilization of furloughed employees to address temporary shortages as currently exists. In the past it has been a common practice for furloughed employees to voluntarily temporarily transfer to other work points across the former CNW and it was historically worked to the advantage of the furloughed employees. Frequently however, they incur personal expense in order to remain at the temporary work location for an extended period of time.

To resolve this problem and make the practice of furloughed employees temporarily transferring out to other locations more attractive, the Carrier is willing to apply the following conditions:

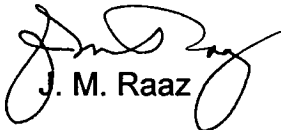
- 1) Reasonable travel expenses to the new work location will be allowed. Return travel expenses will also be allowed if the employee remains until released at the alternate work location by the Carrier or remains there a minimum of 30 days, whichever comes first.
- 2) The Company will arrange for and absorb the cost of lodging.
- 3) The per diem allowance for meals will be provided and that allotment is currently \$35 per day. This allowance will be periodically reviewed in accordance with IRS or other agency decisions.
- 4) An employee voluntarily transferring out to a *CNW Seniority District* will establish a *temporary* seniority date on the new territory as outlined in Item 3 of the Borrow-Out Conditions Agreement. That employee's seniority date on the new territory will be cancelled when answering a recall by the Carrier or on voluntarily returning to the originating territory. An employee who is furloughed from a location where they have established a temporary transfer seniority date will retain that temporary transfer date until such time as they are recalled to their originating district or fail to accept recall back to the district where the temporary date was established. If recalled to service on the employee's originating seniority district or territory, the employee will not be prevented by the Carrier from responding to recall pursuant to the requirements of the controlling labor agreement. *Conductors who do not respond to recall, will forfeit train service seniority on their home seniority*

district and establish a permanent seniority date at the new district based on their temporary seniority date.

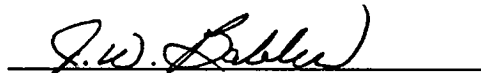
- 5) Furloughed conductors temporarily transferring under this Side Letter shall retain their seniority rights on their home seniority district while temporarily assigned.
- 6) This Side Letter is without prejudice to either party's position regarding temporary transfers.

This understanding may be cancelled by either party upon thirty (30) days written notice to the other.

Yours truly,


J. M. Raaz

I Concur:


Mr. J. W. Babler
General Chairman

DECEMBER 16, 1999
Date

August 10, 1999

Mr. J. W. Babler
General Chairman UTU
307 W Layton Ave
Milwaukee, WI 53207

Dear Sir:

This is in reference to our recent discussions and agreement regarding borrow-outs on former CNW territories.

One of the territories that specifically has come into our discussions are the seniority districts which protect the Suburban territories and operations.

A situation has developed where temporary transfers/borrow-outs are being utilized on Eastern 1 consolidated seniority district assignments. Due to the temporary assignment and seniority status of such employees, they are not in possession of uniforms nor have they been trained for Suburban Service.

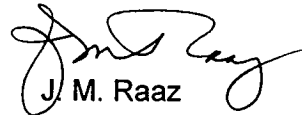
In order to properly address this situation, and because of the temporary nature of these assignments, we have agreed that it will be within the Carrier's discretion whether to qualify and use temporary employees for Suburban service when transferred to Eastern District No. 1.

However, if it is anticipated temporary employees will remain assigned to the Eastern District for more than sixty (60) days. It is further agreed that such temporary borrow-out employees will be required to go through the necessary training to protect Suburban service.

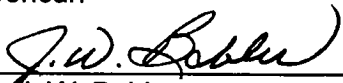
In the future, when bulletins advertising for prospective transferees are posted for the two districts protecting Suburban service, they will include information advising the transferees that they may be required to protect Suburban passenger service assignments.

This understanding may be cancelled by either party upon thirty (30) days written notice to the other.

Yours truly,


J. M. Raaz

I Concur:



Mr. J. W. Babler
General Chairman

December 14, 1999
Date

August 10, 1999

Mr. J. W. Babler
General Chairman UTU
307 W Layton Ave
Milwaukee, WI 53207

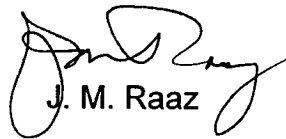
Dear Sir:

This is in reference to our discussions related to the Borrow-Out Conditions Agreement and its application to yardmen and yard districts.

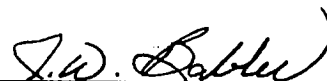
This to confirm our understanding, that if the Carrier needs borrow-outs in Seniority Districts 7 or 8, the provisions of the Borrow-Out Conditions Agreement will apply.

Additionally, yardmen from those districts who are qualified conductors are eligible to make application for freight territory borrow-out vacancies.

Yours truly,


J. M. Raaz

I Concur:



Mr. J. W. Babler
General Chairman

December 16, 1999
Date