

MEMORANDUM OF AGREEMENT

between

UNION PACIFIC RAILROAD COMPANY

and the

**UNITED TRANSPORTATION UNION
(San Antonio Hub)**

=====
**Service to/from Toyota Motor Company
San Antonio, Texas**
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Union Pacific Railroad Company ("UP") and the United Transportation Union ("UTU") agree the following shall apply concerning UP's operations and service to/from Toyota's San Antonio facility:

I. OPERATIONS

- A.** Regular or extra employees working in through freight service on trains operating to San Antonio from Del Rio, Eagle Pass, Taylor, Hearne, Houston, Bloomington, Laredo and/or Smithville, or points between those locations and San Antonio, and are destined to Toyota's manufacturing facility on the Corpus Christi Subdivision, including crews providing hours-of-service relief for such employees, may operate through the San Antonio terminal and beyond the San Antonio switching limit on the Corpus Christi Subdivision to Toyota's facility.

NOTE: The switch leading to Toyota's facility is presently located at or near Milepost 12 on the Corpus Christi Subdivision.

- B.** Regular or extra employees working in through freight service on trains from Toyota's facility on the Corpus Christi Subdivision (or between Toyota's facility and the San Antonio switching limit on the Corpus Christi Subdivision) and are destined to Del Rio, Eagle Pass, Taylor, Hearne, Houston, Bloomington, Laredo and/or Smithville, or points between those locations and San Antonio, including crews providing hours-of-service relief for such employees between the Toyota facility and San Antonio,

may operate through the San Antonio terminal and beyond the San Antonio switching limits towards their destination(s).

NOTE 1: It is the parties' intent in Sections A and B, above, to permit crewmen (conductors, brakemen and/or firemen) working in through freight service on trains received at or to be delivered to the Toyota facility to operate through the San Antonio terminal without changing crews in San Antonio.

NOTE 2: Nothing herein shall require UP to operate through freight trains to/from the Toyota facility to run through the San Antonio terminal.

C. 1. San Antonio will continue to be the off-duty location for employees working to Toyota's facility pursuant to this Agreement. Likewise, San Antonio will continue to be the on-duty location for employees working from (receiving their train at) Toyota's facility pursuant to this Agreement. Said employees will be transported to/from the Toyota facility to/from their on/off-duty point in San Antonio.

2. No additional miles will be paid for employees being transported between their on/off-duty point in San Antonio and the Toyota facility.

NOTE: The understanding set forth in this Section C, Paragraph 2 is made without prejudice to the parties' respective positions regarding payment to crews being transported to/from their on/off duty point and will not be cited by either party.

3. Employees covered by this Agreement will not be used to perform local, switching or work train service between the San Antonio switching limit on the Corpus Christi Subdivision and the Toyota facility.

NOTE: Nothing herein shall prohibit or restrict crews currently operating over the Corpus Christi Subdivision (e.g. crews working between San Antonio and Corpus Christi/Kingsville) from performing work currently permitted under existing Agreement rules at the Toyota facility or between the Toyota facility and the San Antonio terminal.

4. Crews operating to/from the Toyota facility pursuant to this Agreement will not operate beyond the switches (located near MP 12) leading to the Toyota facility, except as what may be necessary to provide adequate head/tail room.

NOTE: It will not be considered a violation of this Agreement if a crew is required to operate beyond the eastern most switch leading to the Toyota facility for the purpose of backing onto the track leading into the Toyota facility. Likewise, it will not be considered a violation of this Agreement if a crew is required to back around the easternmost leg of the wye and eastward on the Corpus Christi Subdivision for a train to depart the Toyota facility.

5. Except for those circumstances when it may be necessary for UP crews to move BNSF cars/traffic within Toyota's facility out of the way or into the clear in order to permit UP crews operating to/from the Toyota facility pursuant to this Agreement to complete their work or finish their move, said crews will not handle BNSF cars/traffic.
6.
 - a. After their arrival at the Toyota facility, crews operating to the Toyota facility pursuant to this Agreement will not be required to operate another train from the Toyota facility back to San Antonio.
 - b. A crew going on duty at San Antonio who is to subsequently operate a train from the Toyota facility back through the San Antonio terminal pursuant to this Agreement will not be required to operate a train out of San Antonio to the Toyota facility prior to operating his/her train from the Toyota facility.
 - c. Paragraphs a and b of this Section 6 shall not bar or otherwise restrict crews operating to/from the Toyota facility pursuant to this Agreement from operating locomotive consists – "light power" – between the Toyota facility and San Antonio.
7. For a crew that operates through San Antonio to the Toyota facility pursuant to this Agreement, San Antonio shall be considered as an intermediate point for said crew. Similarly, for a crew that operates through San Antonio from the Toyota facility pursuant to this Agreement, San Antonio shall be considered as an intermediate point for that crew.

- D. 1. Nothing herein shall serve to restrict UP's right(s) under applicable Agreement rules to use other crews to serve Toyota's facility and/or handle cars or trains to/from Toyota's facility, as may be dictated by service or operational needs.
- 2. Nothing herein shall restrict, subject to applicable agreement rules, including National Agreement, provisions, UP's right to require crews covered by this understanding to perform work, including setting out or picking up cars or locomotives, in San Antonio.
- E. The provisions of this Article I shall not affect the location of the "25-mile zone" limit(s) provided in Article III, Section D of the Merger Implementing Agreement (San Antonio Hub) between the Union Pacific Railroad Company/Southern Pacific Transportation Company and the United Transportation Union, dated April 23, 1999.
- F. Except as specifically set forth herein, applicable Collective Bargaining Agreement rules and associated interpretations and applications pertaining to operations in and around San Antonio are unaffected by this Agreement.

II. COMPENSATION

- A. Employees operating through freight trains through San Antonio to/from Toyota's facility pursuant to Article I of this Agreement will be paid an additional sixteen miles at the applicable pro rata through freight rate when said employees receive or deliver their trains at the Toyota facility or anywhere between Toyota's facility and the San Antonio switching limit on the Corpus Christi Subdivision. This payment will be in addition to the trip rate or mileage paid for their assignment and will be subject to future general wage and/or cost of living adjustments.

NOTE 1: The payment provided in this Section A will be made only when an employee operates a train through the San Antonio switching limit. If the employee covered by this Agreement does not operate his or her train through San Antonio terminal -- e.g., is tied-up or relieved in San Antonio before passing the Corpus Christi Subdivision switching limit -- he or she will be paid only the trip rate or mileage of their assignment and will not be entitled to this payment.

NOTE 2: The payment provided in Section A, above, will not be paid to employees working on assignments that regularly work, or are bulletined to work, on/over the Corpus Christi Subdivision.

NOTE 3: A crewmen who has operated his/her train through the San Antonio terminal to the Toyota facility pursuant to this Agreement and who is subsequently required to operate a locomotive consist – “light power” – from the Toyota facility back to San Antonio during the same tour of duty will be paid eight miles at the applicable pro rata through freight rate in addition to his/her earnings for the tour of duty and the payment provided in this Section A. Likewise, a crewmen who is required to operate a locomotive consist – “light power” -- from his/her on-duty point in San Antonio to Toyota’s facility prior to operating his/her train from the Toyota facility through San Antonio pursuant to this Agreement and to his/her destination terminal during the same tour of duty will be paid eight miles at the applicable pro rata through freight rate in addition to his/her earnings for the tour of duty and the payment provided in this Section A.

NOTE 4: The provisions of Article III, Section D of the Merger Implementing Agreement (San Antonio Hub) between the Union Pacific Railroad Company/Southern Pacific Transportation Company and the United Transportation Union, dated April 23, 1999, will not apply for employees operating from the Toyota facility and through the San Antonio terminal pursuant to this Agreement.

B. The payment provided in Section A of this Article III will not be used to extend the onset of overtime for employees working on through freight runs covered by Article I of this Memorandum of Agreement.

III. GENERAL AND SAVINGS CLAUSES

A. The terms and conditions set forth herein are applicable only to employees working in through freight service to/from the Toyota manufacturing facility located on UP’s Corpus Christi Subdivision south of San Antonio and accordingly will not be extended or applied to any other

freight pool or operation covered by the controlling UP/UTU Collective Bargaining Agreement.

- B. The provisions of this Agreement are made to address a specific and unique situation and to help enhance service for Toyota Motor Company at San Antonio, Texas. Accordingly, the terms and conditions set forth herein are made without prejudice to either party's position(s) and, except for that necessary for administration of this Agreement, will not be cited in any forum.
- C. In the event the provisions set forth herein conflict with existing Agreement rules, the provisions set forth herein shall prevail.

SIGNED THIS 12TH DAY OF OCTOBER, 2006 IN TYLER, TEXAS

**FOR THE UNITED TRANSPORTATION
UNION:**



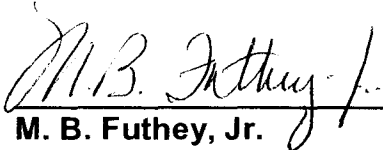
T. L. Johnson
General Chairperson

**FOR UNION PACIFIC RAILROAD
COMPANY:**

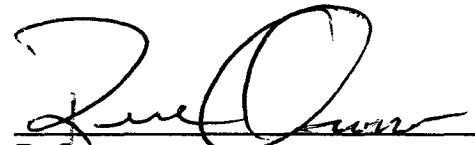


S. F. Boone
Director – Labor Relations
Arbitration & Negotiations

AGREED:



M. B. Futhey, Jr.
International Vice President



R. Orusco
Asst. Vice President–Labor Relations
Arbitration & Negotiations

SIDE LETTER NO. 1

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

Dear Mr. Johnson:

This has reference to the Memorandum of Agreement between Union Pacific Railroad Company and the United Transportation Union (San Antonio Hub) (Service to/from Toyota Motor Company, San Antonio, TX), dated October 12, 2006.

This Side Letter No.1 will confirm the parties' understanding that coincident with the parties' signing of the Memorandum of Agreement referenced in the paragraph above, UP's notice served pursuant to Article XI (Enhanced Customer Service) of the 1996 UTU National Agreement, dated May 1, 2006, will be automatically withdrawn.

If the foregoing properly reflects our understanding, please so indicate by affixing your signature in the space provided below.

Yours truly,



S. F. Boone
Director – Labor Relations
Arbitration & Negotiations

AGREED:



T. L. Johnson
General Chairperson, UTU

SIDE LETTER NO. 2

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

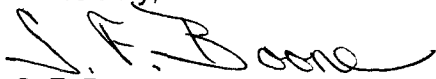
Dear Mr. Johnson:

This has reference to the Memorandum of Agreement between Union Pacific Railroad Company and the United Transportation Union (San Antonio Hub) (Service to/from Toyota Motor Company, San Antonio, TX), dated October 12, 2006.

During our discussions, your organization raised a number of other issues. In connection with those discussions, the following shall summarize our commitments regarding those matters:

1. UP and UTU agree to meet expeditiously and explore possible modifications to the process for regulating freight pools. In connection therewith, the parties likewise agree to explore the viability of using "starts" in lieu of "mileage" as the basis for regulating freight pools.
2. UP and UTU also agree to meet and explore opportunities for abating fatigue risk for trainmen. This endeavor will include investigation of options for providing trainmen rest opportunities that is more predictable and rules or practices that might contribute to fatigue.
3. The provisions of the Memorandum of Agreement are intended to specifically address Toyota's service needs at San Antonio and to enhance UP's ability to attract and retain Toyota's business. With the foregoing in mind, the parties commit to address promptly issues or problems that may arise concerning the application of this Memorandum of Agreement.

If the foregoing properly reflects our understanding, please so indicate by affixing your signature in the space provided below.

Yours truly,

S. F. Boone
Director – Labor Relations
Arbitration & Negotiations

AGREED:


T. L. Johnson
General Chairperson, UTU

SIDE LETTER NO. 3

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

Dear Mr. Johnson:

This has reference to the Memorandum of Agreement between Union Pacific Railroad Company and the United Transportation Union (San Antonio Hub) (Service to/from Toyota Motor Company, San Antonio, TX), dated October 12, 2006.

Pursuant to our discussions in connection with the above-referenced Memorandum of Agreement, this letter will serve to confirm the parties agreement to eliminate the current "trip rate overtime offset" for the through freight runs referenced in Section 1(A) of this Agreement. The referenced "trip rate overtime offset" is the amount of time used to set back the overtime eligibility threshold due to the inclusion of terminal delay time in the trip rate. The elimination of this offset will be effective on the first day of the first pay period following implementation of the above-referenced Memorandum of Agreement and commencement of UP's service to the Toyota facility.

If the foregoing properly reflects our understanding, please so indicate by affixing your signature in the space provided below.

Yours truly,



S. F. Boone
Director – Labor Relations
Arbitration & Negotiations

AGREED:



T. L. Johnson
General Chairperson, UTU

united transportation union

VICE CHAIRMEN
R. W. BALLARD
G. F. ALEXANDER
R. C. WATSON
J. A. DUNN



ASSOCIATE CHAIRMAN
C. L. CRAWFORD

SECRETARY
J. A. MCKIBBEN

General Committee of Adjustment — C-T-Y-E
UNION PACIFIC RAILROAD (T&P)
Troy L. Johnson, General Chairman

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November 7, 2006

Mr. J. A. Dunn
203 S. Rolling View
San Antonio, Texas 78253

Mr. S. M. Simpson
P. O. Box 312619
New Braunfels, Texas 78131

Mr. G. A. Burger
831 Saipan Place
San Antonio, Texas 78221

Dear Sirs and Brothers:

Enclosed for your file and reference is a copy of the Toyota Agreement.

Fraternally yours,

T. L. Johnson
General Chairman

TLJ/je

enclosure