

UNION PACIFIC RAILROAD COMPANY

Gary Taggart
Director – Labor Relations



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BUILDING AMERICA

February 6, 2012

MR. WARREN DENT
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Gentlemen:

This refers to our discussions concerning the May 1, 2009 Work Stabilization Agreement – Dallas-Ft. Worth/Longview Hubs, specifically, Article III EFT Designations.

As you know, the Work Stabilization Agreement was developed in order to help avoid situations that require an unnecessary or inordinate number of employees to change jobs or work locations. Article III stipulates that each engineer/trainman on the DFW/Longview Hub rosters will have a designated EFT territory. The agreement's intent was to allow employees to remain close to their homes and not require them to chase engineer seniority opportunities outside their designated EFT territory if there were other engineers in the specific territory/location to protect the service. Additionally, the Carrier expected to gain a certain level of location specific engineer promotion with the advent of the agreement and thereby avoid the inefficiencies associated with the former handling.

Since the implementation of this agreement, we have had numerous instances wherein the Carrier issues a bulletin for an engineer promotion class and trainmen within the designated EFT territory of the class and desiring same were out bid by senior trainmen from outside the territory. Upon achieving promotion to engineer, those same employees vacated that EFT in which promoted and returned to their designated EFT territory to work. Later, when it became necessary to increase the number of engineers within that EFT territory, there were insufficient numbers of demoted engineers within that territory to recall, thus requiring the Carrier to unnecessarily force senior demoted engineers from the next nearest EFT territory.

This is one of those "issues or scenarios not contemplated in the discussions associated with the development" of the Work Stabilization Agreement that the parties

committed in Article VII.A to "promptly and jointly address in a manner consistent with the initial objectives of the agreement". Accordingly, the parties have agreed to address the issue by inserting the below item 5 in Article III B, as well as modification to Article V and Q&A7, of the May 1, 2009 Work Stabilization Agreement to read as follows:

"III EFT DESIGNATIONS

B. TRAINMAN

5. Trainman who are the successful applicants on an advertised engineer service training position outside of their designated EFT Territory will, once promoted to engineer, have his/her designated EFT temporarily changed to reflect the territory in which he/she took engineer promotion and assume the agreement responsibilities that are inherent with that designation as both an engineer and, if applicable, as a trainman. Eighteen (18) months after achieving engineer promotion, the employee's EFT designation will revert back to that territory originally elected. Subsequently, any permanent change of EFT designation will be in accordance with items A. 4 and B. 4 of this Article III.

V. FLOW TO ENGINE SERVICE

When it becomes necessary to increase the number of engineers within an EFT, engineers will be added to the working list as follows:

1. The senior engineer with standing bid or the senior demoted engineer working within that EFT, whoever is senior.
2. If no bid and no demoted engineer working within that EFT, then assign the senior demoted engineer within the DFW/LV engineer seniority district for whom that EFT is his/her designated EFT.
3. If none of the above are available, then assign the junior engineer, working as such, within the DFW/LV engineer seniority district for whom that EFT is his/her designated EFT.
4. If none of the above are available, then force assign the senior demoted engineer at next nearest EFT.

Q7. In regard to Question No. 6 above, is an employee restricted from bidding on the engine service promotion bulletin because it is outside their designated EFT?

A7. The provisions of this Agreement do not restrict an employee from bidding on an engineer promotion bulletin outside their designated EFT. However, in doing so the employee would be temporarily changing his/her EFT designation and assuming the responsibility to protect their engineer seniority, as well as their trainman seniority if any,

within that EFT as provided in Article III.B.5 and Article V of the agreement, as amended.

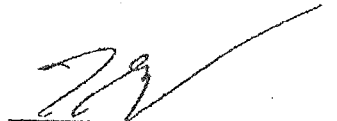
Example: There is an engineer vacancy in EFT #1 for which there is no standing bid. There are no demoted engineers working within EFT #1. The senior demoted DFW/LV engineer for whom EFT #1 is designated as his/her EFT under the terms of the agreement, as amended, is working in EFT#3. He/she would be assigned to the engineer vacancy in EFT#1. In the same scenario, if there are no demoted DFW/LV engineers for whom EFT#1 is designated as his/her EFT, then the junior engineer for whom EFT #1 is designated as his/her EFT under the terms of the agreement, as amended, even if working an engineer assignment in another EFT, would be assigned to the engineer vacancy in EFT#1.

AGREED:

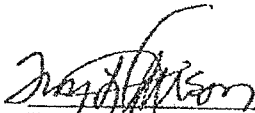
FOR THE BLET:


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FOR UNION PACIFIC RAILROAD:


T. Gary Taggart

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BUILDING AMERICA
May 2, 2012

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Gentlemen:

This refers to our recently signed EFT modification agreement. This will confirm our understanding that the changes are not retroactive and will apply only to those engineer training classes advertised subsequent to the signed date (April 5, 2012) of that agreement.

Sincerely,

T. Gary Taggart
Director – Labor Relations