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March 4, 2005

Mr. T. J. Donnigan
General Chairman
Brotherhood of Locomotive Engineers
and Trainmen
P. O. Box 609
Pocatello, ID 83204-0609

Mr. G. Gore
General Chairman
Brotherhood of Locomotive Engineers
and Trainmen
1448 MacArthur Avenue
Harvey, LA 70058

Mr. D. W. Hannah
General Chairman
Brotherhood of Locomotive Engineers
and Trainmen
1902 Orange Tree Lane, Suite #190
Redlands, CA 92374

Mr. B. D. MacArthur
General Chairman
Brotherhood of Locomotive Engineers
and Trainmen
501 No. Second Street
Clinton, IA 52732

Mr. M. A. Young
General Chairman
Brotherhood of Locomotive Engineers
and Trainmen
1620 Central Avenue, Suite #203
Cheyenne, WY 82001

Gentlemen:

This has reference to the "Agreed Upon Interpretation of Article VII – BLET National Agreement Dated December 16, 2003 between Union Pacific Railroad Company and the Brotherhood of Locomotive Engineers & Trainmen," dated January 6, 2005.

The above-referenced "Agreed Upon Interpretation" has been signed by all BLET General Chairmen except General Chairman Rightnowar. Accordingly, you will find accompanying this letter a fully executed copy (sans Mr. Rightnowar's signature) of the above-referenced document for your reference, distribution, and files. (For your information, the Article VII arbitration was held March 1 and we anticipate a speedy decision from Referee Twomey.)

As information, we contemplate implementing this "Agreed Upon Interpretation" on or around April 16. We will let you know as soon as we have finalized our plans for implementing this accord.

We appreciate your efforts and assistance in this matter.

Yours truly,

A handwritten signature in black ink, appearing to read "A. Terry Olin".

Enclosures

A. Terry Olin
General Director

UNION PACIFIC RAILROAD
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cc: Mr. R. D. Meredith
Mr. R. Gregory
Ms. S. F. Boone
Mr. R. D. Rock
Mr. T. M. Stone
Mr. T. G. Taggart
Mr. A. C. Hallberg – Roseville, CA
Mr. R. P. Guidry – Spring, TX
Mr. M. Brazytis – WT08
Mr. A. A. Zabawa – PNG06
Mr. T. L. Dein – WT07
Mr. H. A. Straub – WT08
Mr. D. S. Martinez – WT07
Mr. F. C. Johnson – PNG06
Mr. D. H. Jacobson – Mail Stop 1180
Mr. D. L. McPherson – BLE
Mr. E. L. Pruitt – BLE

**AGREED UPON INTERPRETATION OF
ARTICLE VII-BLET NATIONAL AGREEMENT
DATED DECEMBER 16, 2003**

between

UNION PACIFIC RAILROAD COMPANY

and the

BROTHERHOOD OF LOCOMOTIVE ENGINEERS & TRAINMEN

AUTOMATIC MARK-UP INTERPRETATION

On July 7, 2004, Union Pacific Railroad Company ("UP") served notice pursuant to Article VII of the 2003 BLE National Agreement on the Brotherhood of Locomotive Engineers and Trainmen ("BLET") advising of its intent to reach a mutual understanding and interpretation relative to, *"...the automatic mark up of employees for service after the expiration of any period of authorized or approved time off..."*

Pursuant thereto, this is the parties' mutual interpretation of Article VII of the above referenced National Agreement governing the manner in which engineers will be automatically marked up for service upon expiration of their approved/authorized absence. Accordingly, **IT IS UNDERSTOOD:**

- I. Engineers will be automatically marked up for service upon expiration of any period of time off (absence) authorized/approved by UP, regardless of whether the time off is compensated or non-compensated.
- II. Engineers marked up for service pursuant to this interpretation will be governed by the following:
 - A. Engineers, except those assigned in pool (unassigned) freight service or to a road or combination extra board, will be automatically marked up and available for service upon expiration of the approved/authorized duration of their absences.
 - B. Engineers assigned in pool (unassigned) freight service or to a road or combination extra board whose approved/authorized absences are less than 72 hours will be automatically marked up and available for service upon expiration of the approved/authorized duration of their absences.
 - C. Engineers assigned in pool (unassigned) freight service or to a road or combination extra board whose approved/authorized absences are 72 hours or greater and expire between 8:00 a.m. and 10:30 p.m. will be automatically marked up for service and available for service upon expiration of their approved/authorized absence.
 - D. 1. Engineers assigned in pool (unassigned) freight service or to a road or combination extra board whose approved/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 approved/authorized absences but will not

be eligible or called for an assignment that starts prior to 7:59 a.m. Engineers covered by this Paragraph D will be available for service for an assignment starting subsequent to 7:59 a.m. -- i.e., marked-up engineers 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 an engineer covered by this Paragraph D will continue to rotate within the pool or extra board during the period he/she is unavailable for service pursuant to Paragraph D 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 engineer's pool turn or extra board position will be held in the first-out position until he/she is available for service or call.

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

EXAMPLE 1: An engineer requests and is granted 24 hours off "personal" (status code: LP). Twenty-three hours later, the employee requests a 24-hour extension, which is approved. Since this continuous absence is an extension, this constitutes one occurrence and 48 hours of unavailability.

EXAMPLE 2: An engineer requests and is granted 24 hours off "personal" (status code: LP). Twenty-seven hours later the engineer requests and is granted another 24 hours "personal" (status code: LP). Since this request was not made prior to expiration of the previously approved time off, this constitutes two occurrences and 48 hours of unavailability.

EXAMPLE 3: An engineer requests and is granted 24 hours off "personal" (status code: LP). Twenty-three hours later the employee requests and is granted 24 hours off "sickness in family" (status code: LK). Since this lay off is for a different reason, this constitutes two occurrences and 48 hours of unavailability.

2. The time between when an engineer marks up for service and the time when said engineer is available for service pursuant to Paragraph D, above, will not

be considered as "unavailable" or "absence time" for purposes of determining applicable labor protection benefits due said engineer, if any, and will not be used to offset applicable labor protection payments.

III. A. All requests for time off must be made to the appropriate UP representative (CMS or other designated representatives) who will determine whether the request for time off is approved and, if approved, the duration of the absence.

NOTE 1: This Article III, Section A is not intended to supercede existing legal or contractual obligations for employees being granted time off.

NOTE 2: Existing agreement provisions requiring sufficient employees to provide reasonable layoff provisions remain in full force and effect and are unaffected by this Interpretation.

NOTE 3: This Interpretation is intended to require employees on a leave of absence for reasons of injury or illness to provide a projected return-to-service date.

NOTE 4: UP's approval of an employee's request for time off shall take into account the nature of the employee's request or need and UP's service needs.

NOTE 5: UP will give appropriate consideration to an employee's specific needs when determining whether to approve the layoff request and its duration. BLET and UP recognize these approvals must be balanced against UP's service needs.

NOTE 6: When UP designates representatives other than CMS to determine whether requests for time off are approved, 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 and 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 service.

B. If additional time off is desired (extension), the engineer must contact the appropriate UP representative (CMS or other designated representative) prior to expiration of his/her current approved absence to request the extension.

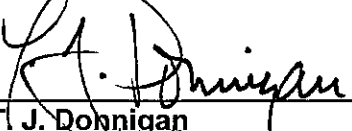
IV. The parties are fully cognizant of their respective rights and obligations with regard to Union Officers' (other than full-time) need to be off to conduct union business. This agreed upon interpretation of Article VII of the BLET National Agreement dated December 16, 2003 is not intended to alter these rights and obligations. It is, however, understood that Union Officers (other than full-time) are expected to provide information to Crew Management Services (CMS) 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 IV contemplates a reasonable application of the intent of this interpretation by both parties.

V. In the event the provisions of this Interpretation conflict in any manner with the provisions of existing collective bargaining agreement rules, provisions and/or practices, the terms and

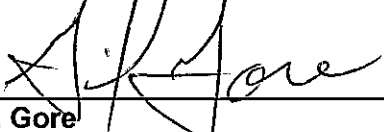
conditions of this Interpretation will govern. However, this Interpretation does not limit the opportunity for employees to mark-up early in accordance with existing rules.

SIGNED THIS 6TH DAY OF JANUARY, 2005, IN OMAHA, NEBRASKA

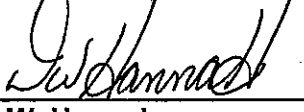
FOR BROTHERHOOD OF LOCOMOTIVE
ENGINEERS AND TRAINMEN:



T. J. Donnigan
General Chairman



G. Gore
General Chairman

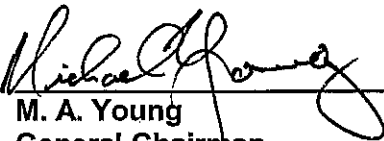


D. W. Hannah
General Chairman



B. D. MacArthur
General Chairman

C. R. Rightnowar
General Chairman

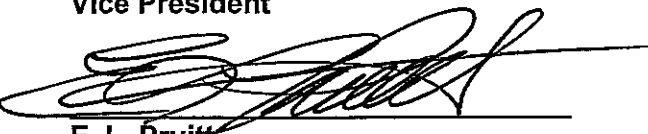


M. A. Young
General Chairman

APPROVED:



D. L. McPherson
Vice President

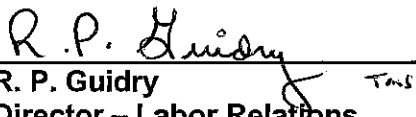


E. L. Pruitt
Vice President

FOR UNION PACIFIC RAILROAD
COMPANY:



S. F. Boone
Director - Labor Relations



R. P. Guidry
Director - Labor Relations




A. C. Hallberg
Director - Labor Relations



T. M. Stone
Director - Labor Relations



R. D. Rock
Director - Labor Relations



A. Terry Olin
General Director - Labor Relations

SIDE LETTER NO. 1

Mr. T. J. Donnigan
General Chairman
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and Trainmen
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Pocatello, ID 83204

Mr. D. W. Hannah
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General Chairman
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Mr. G. Gore
General Chairman
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Mr. B. D. MacArthur
General Chairman
Brotherhood of Locomotive Engineers
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501 No. Second Street
Clinton, IA 52732

Mr. M. A. Young
General Chairman
Brotherhood of Locomotive Engineers
and Trainmen
1620 Central Avenue, Suite #203
Cheyenne, WY 82001


Gentlemen:

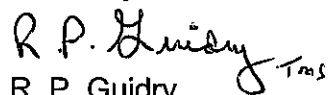
This has reference to our discussions in connection with the "Agreed Upon Interpretation of Article VII - BLET National Agreement Dated December 16, 2003, between Union Pacific Railroad Company and the Brotherhood of Locomotive Engineers & Trainmen," dated January 6, 2005.

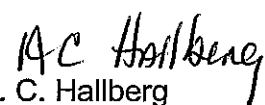
During the parties' negotiations, BLET voiced a concern that following execution of the Interpretation referenced above, UP might adopt a position that this Interpretation was sufficient to address fatigue abatement issues. This letter will confirm UP's commitment to work with BLET to explore in good faith feasible, effective, and scientifically validated approaches for reducing fatigue at locations or in operations where legitimate evaluations and data suggest UP's BLET-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

Sincerely,

R. P. Guidry
Director - Labor Relations


A. C. Hallberg
Director - Labor Relations

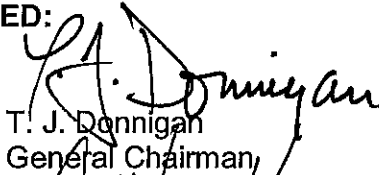
T.M. Stone

T. M. Stone
Director - Labor Relations




A. Terry Olin
Director - Labor Relations

AGREED:

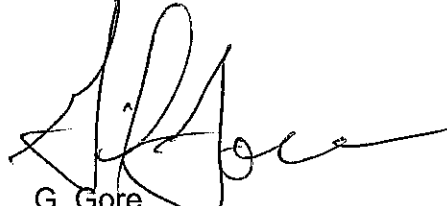


T. J. Donnigan
General Chairman



D. W. Hannah
General Chairman

C. R. Rightnowar
General Chairman



G. Gore
General Chairman



B. D. MacArthur
General Chairman



M. A. Young
General Chairman

**AGREED UPON QUESTIONS AND ANSWERS
TO THE INTERPRETATION OF ARTICLE VII OF THE
DECEMBER 16, 2003 BLET NATIONAL AGREEMENT**

- Q1.** What is meant by the phrase "authorized or approved time off"?
- A1.** This phrase is intended to mean the time such as, but not limited to, when an employee is off account of personal illness, Family and Medical Leave Act, personal leave days, vacations, or any other approved time off.
- Q2.** What is the minimum duration for an absence due to illness?
- A2.** An absence due to sickness will not be approved/authorized for a duration of less than 24 hours, unless otherwise specified in the collective bargaining agreement.
- Q3.** Can an employee who is granted a non-compensated absence, such as an absence due to illness, mark up prior to the expiration of the minimum required time off?
- A3.** Yes, unless otherwise prohibited from doing so by existing Agreement rules or by applicable Agreement rules providing for a minimum layoff period.
- Q4.** What is meant by the phrase ". . .will be automatically marked up and available for service upon expiration of the approved/authorized duration of their absences . . .?"
- A4.** An employee will, coincident with the expiration of his or her authorized or approved leave, automatically be placed in OK status and thereafter be subject to call under the current collective bargaining agreement, subject to the conditions outlined in Article II Paragraph D of this Interpretation.
- Q5.** Can an employee be called for service prior to the expiration of his/her authorized or approved absence?
- A5.** No, unless the employee has elected to mark up prior to the expiration of the approved time off.
- Q6.** Provide an example relative to Q4/A4 and Q5/A5 above.
- A6.** At 2:00 p.m. on Wednesday Employee A contacts UP and requests to be off for 24 hours due to a personal illness. Employee A is granted 24 hours off due to illness. Employee A is automatically placed into OK status (marked-up) at 2:00 PM the following day (Thursday). Employee A can receive a call to service anytime thereafter, subject to the terms and conditions of the calling rule. Employee A cannot be called for service between 2:00 p.m. Wednesday and 1:59 p.m. Thursday.
- Q7.** Provide an example of the application of Article II, Section D of this Interpretation.
- A7.** Employee B marks up at 11:00 p.m. from a 72-hour absence. Pursuant to Article II, Paragraph D, Employee B would, consistent with the calling requirements under the current collective bargaining agreement (e.g., if the pool required a 2-hour call), Employee B could be called at 6:00 a.m. for an assignment that starts (on-duty time) at 8:00 a.m.

- Q8.** What is the reason for the morning mark-up after absences of 72 hours or more in Article II, Paragraph D?
- A8.** Article II, Paragraph D reflects the parties' efforts to provide employees returning from absences of 72 hours or more an opportunity for additional rest in order to help ensure they are fully rested and prepared to perform service in a safe and efficient manner. Employees are expected to use this opportunity to acquire proper or additional rest
- Q9.** Can an employee voluntarily forego the morning mark-up requirement if he chooses?
- A9.** No. If the employee is rested and ready for service and wants to be immediately placed in OK status, then he or she should mark up prior to 10:31 p.m.
- Q10.** What is meant by Article II, Section E, Paragraph 1. a.?
- A10.** Employees returning from absences of 72 hours or greater will not have any applicable guarantee and/or bonus day payments adversely impacted while complying with the morning mark-up provisions since they are marked-up for service and working their way up the board and eventually held-first out for service until available for a call to duty on or after 8:00 a.m.
- Q11.** Is the intent of Article II, Section E, Paragraph 1.b. to redefine how layoff occurrences are handled under the respective individual collective bargaining agreements?
- A11.** No. The parties recognize that different applications regarding how layoff occurrences are accumulated are currently in place on the individual Committees involved in this Interpretation. This Interpretation does not change the current practice on those properties other than it identifies a status change as an additional layoff occurrence.
- Q12.** What is meant by Notes 4 and 5 in Article III, Section A?
- A12.** Notes 4 and 5 simply require that a reasonable determination be made at the time of the employee's request for time off that balances the employee's needs with that of the manpower necessary to satisfy UP's service requirements.
- Q13.** Provide an example of how Note 6 in Article III, Section A would be applied.
- A13.** Employee A becomes ill at 4:00 AM on Saturday morning. Employee A contacts CMS who informs him/her that he/she must talk to Manager B prior to being marked off sick. The crew dispatcher immediately attempts to conference Employee A in with Manager B to handle the request. If Manager B is unavailable, a message is left on his recorder requesting a return call to Employee A. If no return call is received within 30 minutes, Employee A will contact CMS who will handle the request.
- Q14.** Is this Interpretation intended to alter the current practice on the properties regarding the granting of authorized or approved absences?
- A14.** Yes, to the extent that this Interpretation requires that after UP approves an absence and its duration, the employee must be advised of the approved duration (or mark-up time). This interpretation does not supercede any Agreement or legal obligations for granting employees time off (such as for jury duty, union business, etc.). The intent of this Interpretation is to provide UP with specific information regarding an employee's return to service so that they can better plan for and meet their manpower requirements.

Q15. How will a request for an extension of an absence due to illness be handled?

A15: A request for an extension of an absence due to illness will be handled by CMS or its designated representative in the same manner as the initial request to lay off due to illness.

Q16. How are failures to report at the end of an authorized leave to be handled?

A16. They will continue to be handled in the manner currently in place on the property.

Q17. Is this Interpretation intended to change or alter individual agreements governing offsets to protection benefits?

A17. No.