

UNION PACIFIC RAILROAD COMPANY

D. J. SMITH
ASST VICE PRESIDENT
LABOR RELATIONS NON-OPERATING

1416 DODGE STREET
OMAHA, NEBRASKA 68179



August 12, 2003

File: 251-2

Mr. Rick Brown
General Chairman ARASA
204 Live Oak Lane
Burleson TX 76028

Dear Sir:

This has reference to our discussion concerning new hourly rate of pay for foremen covered by the Collective Bargaining Agreement to be effective October 1, 2003. As a result of our discussions, you were advised the Carrier is willing to allow a Foreman Maintenance Rate (FMR) to foremen in locomotive and car operations (not Foremen General) covered by the former Collective Bargaining Agreement effective April 1, 1975 who are actively working and regular assigned prior to October 1, 2003. The FMR will be the monthly rate of pay of the position the employee is regular assigned as of September 16, 2003. Furthermore, it was understood that the FMR would be subject to the following:

- 1) The monthly rated FMRs will be increased by subsequent general wage increases and cost of living adjustments allowed other employees covered by the Collective Bargaining Agreement. Rules 2, 4, 5, 6, 7, 8, 9, 10, 11 and 12 (copy attached) that apply to monthly rate of pay in the former Collective Bargaining Agreement effective April 1, 1975, as amended, would continue to apply to such monthly rates in line with similar rules for hourly rated employees provided in Collective Bargaining Agreement effective October 1, 2003.

Or,

- 2) A foreman with a monthly salary of \$4,374.54 per month or higher, may elect to receive an hourly FMR rate of pay, which is \$25.35 per hour, effective January 1, 2004. For foremen with a monthly salary of less than \$4,374.54 per month, the hourly rate of pay would be \$24.91 effective January 1, 2004. The provisions of the Collective Bargaining Agreement effective October 1, 2003 covering hourly rated employees would apply to those individuals electing the hourly FMR rate of pay. An employee with a monthly salary electing the hourly FMR rate of pay must give written notification to Director M. Ahart, 1416 Dodge Street, Room PNG06, Omaha, NE 68179, during the period October 1 to November 15, 2003. The hourly FMR rate of pay will be placed into effect January 1, 2004. Unless there is written notification furnished as provided herein, employees will be treated as though they have elected to remain on their monthly FMR rate of pay.

Mr. Brown
August 12, 2003
File: 251-2
Page 2

- 3) FMR will only be applicable to employees in active service and assigned to a position represented by ARASA. Employees promoted, furloughed, on leave of absence, etc. will not be entitled to any wage payment as result of FMR. For employees promoted, furloughed, on leave of absence, or returning to service from a dismissed status after October 1, 2003, and having a seniority date prior to October 1, 2003, the employee's FMR will be determined by their last regular assignment in active service prior to their furlough, leave of absence, etc. Such employees will be allowed within sixty (60) days of their return to service either paragraphs 1 or 2 of this letter. The employee must furnish advice of his election in writing and such election will not be effective until sixty (60) days after written notification is received by designated Carrier manager. If no decision is presented by the employee, then the employee will be treated as electing paragraph 1.

- 4) The FMR of an employee who transfers to another position not covered by Collective Bargaining Agreement will be suspended, until the employee returns to a position covered by the Collective Bargaining Agreement, provided such employee has retained seniority pursuant to the Collective Bargaining Agreement. An employee who does not retain seniority will permanently forfeit the FMR.

- 5) The Carrier will have the option of offering lump sum allowances to employees receiving or eligible for FMR payments. The allowance could either be separation pay requiring an employee to resign from service or could be a payment compelling an employee to surrender his FMR, but the employee remains in service and is thereafter compensated at the applicable rate of pay per the Collective Bargaining Agreement. Employees may accept or reject the Carrier's offers of lump sum allowances.

In connection with the FMR's to be established for employees, you were advised that once information is available we would furnish you information on the FMR for each employee. It is anticipated that the FMRs will be available shortly after October 16, 2003. Meetings will be held with you to review employees' monthly FMRs.

If the above understanding meets with your approval, please so indicate in the space provided below.

AGREED:

Sincerely,

/s/ D. J. Smith

/s/ Ricky Brown
General Chairman ARASA

APPROVED:

/s/ Joseph J. Derillo Sr.
President ARASA

Former Rules 2, 4, 5, 6, 7, 8, 9, 10, 11 and 12 of Collective Bargaining Agreement effective April 1, 1975, as amended.

Rule 2. Basis of Pay. (a) Foremen will be compensated on a monthly basis. A revision of monthly rates will not be made prior to conference with duly authorized General Chairman or properly constituted committee representing the foremen.

(b) The existing rates of pay shown in appendix to this agreement are for information only and shall not be construed as an obligation to maintain the positions listed or as restricting the Carrier's right to establish assignments at other points or to discontinue established positions.

(c) Revision in Monthly Rates. Wage adjustments shall be made on the basis of 200 hours per month.

Rule 4. Preservation of Rates. Foremen will be paid at the rate of the position to which permanently or temporarily assigned, except that in temporarily filling a lower rated position they will receive the rate of the position to which they are regularly assigned.

Rule 5. Rating New Positions. (a) The rate of pay of new positions will be in conformity with the rate of pay of positions of similar duties and responsibilities.

(b) Established positions will not be discontinued and new ones created under a different title, covering relatively the same class of work, for the purpose of reducing the rate of pay, or misinterpretation in the application of these rules.

Rule 6. Day's Work. (a) Eight (8) hours, exclusive of meal period, shall constitute a day's work, except that - -

At stations designated as Class "D" intermediate terminals in appendix to this agreement, a day's work for the foremen may consist of not more than eleven hours.

(b) Foremen may be required to report for duty sufficiently in advance of their established starting time to lay out the work, and may be required to remain on duty after their established quitting time to make necessary transfer and take care of their supervisory duties, not to exceed thirty minutes in a tour of duty, without additional compensation.

Rule 7. Holiday and Rest Days Work

(a) When in the judgement of management the requirements of the service will permit, foremen will not be required to work on the following holidays, namely, New Year's Day, Washington's Birthday, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the Day after Thanksgiving, Christmas Eve (the day before Christmas is observed), Christmas Day, New Year's Eve (the day before New Year's Day is observed) (provided when any of the above holidays fall on Sunday, the day observed by the State, Nation or by proclamation shall be considered the holiday; also days substituted for the above-named holidays by Act of the Congress, adopted by the State or States), but if required to work on any of the enumerated holidays, they will be paid for the day at the time and one-half rate in addition to their monthly rate.

(b) When in the judgement of management the requirements of the service will permit, foremen will not be required to work on their assigned rest days. Foremen who are required to work on their assigned rest days on regular work will be paid an additional day's pay determined by dividing the monthly rate of 20.8, except "D" terminals for which the monthly rate will be divided by 25.2.

Rule 8. Rest Days. (a) Foremen, except those at "D" terminals, will be granted two rest days off per week without loss of compensation. The work weeks may be staggered in accordance with the carrier's operational requirements and as far as practicable the days off will be consecutive. Foremen at "D" terminals whose normal assignments comprise seven days per week will be granted one rest day off per week without loss of compensation.

In the event service requirements necessitate the changing of assigned rest day or days, the foreman affected may, within ten (10) days thereafter, and upon thirty-six (36) hours advance notice, exercise seniority rights on any position held by a junior foreman at point employed. Other supervisors affected may exercise their seniority in the same manner.

When it is not practicable to provide weekly relief on assigned positions, efforts will be made by the parties to agree on the accumulation of rest time and the granting of longer consecutive rest periods.

(b) Relief Positions. It is the intention to establish relief positions to fill the assignments of regular foremen on their assigned rest days as may be necessary to meet operational requirements in six or seven day service or combinations thereof.

Regular or relief positions assigned to work on Saturday and/or Sunday may, on such days, perform the duties of more than one regular position employed on the other five or six days of the week.

(c) Employees regularly assigned to rest day relief service who are required to travel as part of their assignment shall have headquarters point designated by the management for each relief assignment.

When employees assigned to such relief assignments are unable to return to their headquarters on any day they shall be entitled to reimbursement for actual necessary personal expense, with a maximum of \$10.00 per day, i.e., the twenty-four (24) hour period following the time when the employee's last shift began.

Rule 9. Overtime. Except as otherwise provided in these rules, foremen required to work in excess of the hours constituting a day's work as provided in Rule 6 will be paid overtime on the minute basis computed as follows for actual time worked in addition to their monthly rate;

(1) Hourly overtime rate for foremen, except those at "D" terminals, will be determined by dividing the monthly rate by 167.3.

(2) Hourly overtime rate for foremen at "D" terminals will be determined by dividing the monthly rate by 277.8.

Rule 10. Calls. Except as otherwise provided in these rules, foremen notified or called to perform work not continuous with their regular work period or on days with their regular work period or on days on which they are not assigned to work will be paid pro rata overtime on the minute basis for time actually worked with a minute allowance of two hours.

Rule 11. Vacations. (a) Foremen who render compensated service on not less than 120 days during the preceding calendar year will be allowed an annual vacation of 10 working days in the ensuing year, except that foremen at Class "D" intermediate terminals will be granted 12 working days annual vacation under this paragraph.

(b) Foremen who render compensated service on not less than 100 days during the preceding calendar year and who have 8 or more years' continuous service and during such period have rendered compensated service on not less than 100 days (133 days in the years 1950-1959 inclusive, 151 days in 1949 and 160 days in each of such years prior to 1949), in each of 8 of such years, not necessarily consecutive, shall be granted an annual vacation of 15 working days, except that such foremen at Class "D" intermediate terminals will be granted 18 working days annual vacation under the provisions of this paragraph.

(c) Foremen who render compensated service on not less than 100 days during the preceding calendar year and who have 17 or more years' continuous service and during such period have rendered compensated service on not less than 100 days (133 days in the years 1950-1959 inclusive, 151 days in 1949 and 160 days in each of such years prior to 1949), in each of 17 of such years, not necessarily consecutive, shall be granted an annual vacation of 20 working days, except that such foremen in Class "D" intermediate terminals will be granted 24 working days annual vacation under the provisions of this paragraph.

(d) Foremen who render compensated service on not less than 100 days during the preceding calendar year and who have 25 or more years' continuous service and during such period have rendered compensated service on not less than 100 days (133 days in the years 1950-1959 inclusive, 151 days in 1949 and 160 days in each of such years prior to 1949), in each of 25 of such years, not necessarily consecutive, shall be granted an annual vacation of 25 working days, except that such foremen at Class "D" intermediate terminals will be granted 30 working days annual vacation under the provisions of this paragraph.

(e) Service rendered under agreements between the carrier and one or more of the Non-Operating Organizations, parties to the General Agreement of August 21, 1954 or to the General Agreement of August 19, 1960, shall be counted in computing days of compensated service and years of continuous service for vacation-qualifying purposes under this agreement.

(f) Calendar days in each current qualifying year on which a foreman renders no service because of his own sickness or because of his own injury shall be included in computing days of compensated service and years of continuous service for vacation qualifying purposes on the basis of a maximum of ten (10) such days for a foreman with less than three (3) years of service; a maximum of twenty (20) such days for a foreman with three (3) but less than fifteen (15) years of service; and a maximum of thirty (30) such days for a foreman with fifteen (15) or more years of service with the carrier.

(g) In instances where foremen who have become members of the Armed Forces of the United States return to the service of the carrier in accordance with the Military Selective Service Act of 1967, as amended, the time spent by such foremen in the Armed Forces subsequent to their employment by the carrier will be credited as qualifying service in determining the length of vacations for which they may qualify upon their return to the service of the carrier.

(h) In instances where a foreman who has become a member of the Armed Forces of the United States returns to the service of the carrier in accordance with the Military Selective Service Act of 1967, as amended, and in the calendar year preceding his return to railroad service had rendered no compensated service or had rendered compensated service on fewer days than are required to qualify for a vacation in the year of his return to railroad service, but could qualify for a vacation in such following calendar year if he had combined for qualifying purposes days on which he was in railroad service in such preceding calendar year with days in such year on which he was in the Armed Forces, he will be granted, in the calendar year of his return to railroad service, a vacation of such length as he could so qualify for under paragraphs (a), (b), (c) or (d) and (g) hereof.

(i) In instances where a foreman who has become a member of the Armed Forces of the United States returns to the service of the carrier in accordance with the Military Selective Service Act of 1967, as amended, and in the calendar year of his return to railroad service renders compensated service on fewer days than are required to qualify for a vacation in the following calendar year, but could qualify for a vacation in such following calendar year if he had combined for qualifying purposes days on which he was in railroad service in the year of his return with days in such year on which he was in the Armed Forces, he will be granted, in such following calendar year, a vacation of such length as he could so qualify for under paragraphs (a), (b), (c), or (d) and (g) hereof.

(j) The vacation provided for in this Agreement shall be considered to have been earned when the foreman has qualified under paragraphs (a), (b), (c) and (d) of this Section. If a foreman's employment status is terminated for any reason whatsoever, including but not limited to retirement, resignation, discharge, non-compliance with a union-shop agreement, or failure to return after furlough, he shall at the time of such termination be granted full vacation pay earned up to the time he leaves the service including pay for

vacation earned in the preceding year or years and not yet granted, and the vacation for the succeeding year if the foreman has qualified therefor under (a), (b), (c) and (d) of this Section. If a foreman thus entitled to vacation or vacation pay shall die, the vacation pay earned and not received shall be paid to such beneficiary as may have been designated, or in the absence of such designation, the surviving spouse or children or his estate, in that order of preference.

(k) The vacation year shall run from January 1 to December 31 and vacations shall not be accumulated or carried over from one year to another. Vacations or allowances in lieu thereof under two or more schedule of rules agreement shall not be combined so as to create a vacation of more than a maximum number of days provided for in any one of such schedule of rules agreement.

(l) Vacations will be granted consistent with service requirements by arrangement between the district chairman and general or district foreman.

(m) Foremen will cooperate with the Management to the end that as far as possible work of foremen on vacation will be absorbed by other foremen without expense to the Company.

Rule 12. Allowances Account Sickness. (a) Effective January 1, 1968 foremen regularly assigned to positions under this agreement who have been continuously employed on such positions for a period of one year or more will be eligible for allowances for time lost due to personal sickness, but not to exceed 10 working days per calendar year. Eligibility for allowances account sickness per calendar year under this rule will be cumulative and if all or any portion of that period is not paid for in that calendar year it will constitute a credit to the employe on a cumulative basis to a maximum of 50 working days.

Allowance will be paid at rate of the foreman's position held at the time of sickness. No allowance will be due an employee after terminating his seniority rights as a foreman or whose employment relation with the carrier is terminated prior to the sick leave payment.

In all cases the personal sickness of the foreman must be bona fide and a doctor's certificate may be required in any case of doubt.

(b) No allowance will be made under this rule for any day on which the employee is entitled to compensation under any other rule or agreement.

(c) Any supplemental sick allowance made in cases where the employee is entitled to other benefits, will be limited to the difference between any allowance he may be eligible to receive from any governmental agency account absent from work and the amount to which he is entitled under this rule. In computing such supplemental allowance, only the period during which the employe is accorded sick leave allowance as provided in this rule will be considered.

(d) In the application of this Rule 12 it is understood that absence from supervisory position for a period of less than one year will not operate to deprive an employee of earned sick allowances under this rule after return to such position.

UNION PACIFIC RAILROAD COMPANY

D. J. SMITH
ASST VICE PRESIDENT
LABOR RELATIONS NON-OPERATING

1416 DODGE STREET
OMAHA, NEBRASKA 68179



August 12, 2003

251-12
C: 251-16

Mr. R. D. Brown
General Chairman ARASA
204 Live Oak Lane
Burleson, TX 76028

Dear Sir:

This has reference to our discussion in conference today concerning paid sick days for eligible employees you represent covered by the former Union Pacific Collective Bargaining Agreement effective April 1, 1975.

As we discussed in conference, those employees eligible for sick leave would continue to retain their sick leave pursuant to former Rule 12, as amended, of the Union Pacific Collective Bargaining Agreement effective April 1, 1975.

If your are agreeable to the above understanding, please so indicate in the space provided below.

Sincerely,

/s/ D. J. Smith

AGREED:

/s/ Ricky Brown
General Chairman ARASA

APPROVED:

/s/ Joseph J. Derillo Sr.
President ARASA

UNION PACIFIC RAILROAD COMPANY

D. J. SMITH
ASST VICE PRESIDENT
LABOR RELATIONS NON-OPERATING

1416 DODGE STREET
OMAHA, NEBRASKA 68179



August 12, 2003

251-12
C: 251-16

Mr. R. D. Brown
General Chairman ARASA
204 Live Oak Lane
Burleson, TX 76028

Dear Sir:

This is in reference to our several discussions concerning sickness benefits for supervisors governed by the Collective Bargaining Agreement effective January 1, 1996, as amended, with the Union Pacific Railroad Company (former Missouri Pacific Railroad Company), hereinafter MP/ARASA Agreement.

Due to various agreements, such as, the March 7, 1997 Agreement, certain supervisors governed by the MP/ARASA Agreement are entitled to paid sick days other than those of Provident Supplemental Sickness Benefit Plan, R-890 (SSBP). Except as set forth below, effective October 1, 2003 the sickness benefits for all supervisors governed by the former MP/ARASA Agreement shall be SSBP.

For those MP/ARASA Agreement supervisors currently entitled to paid sick days other than SSBP sickness benefits, the following shall govern:

- Effective October 1, 2003, the supervisors shall not accrue any additional paid sick days; i.e. the paid sick days an employee is eligible for shall not be increased. As an employee utilizes sick days, eventually the employee will have no sick days to be paid.
- Supervisors covered by the March 7, 1997 Agreement which modified Rule 19 of the former Chicago & North Western/ARASA Agreement, shall not have their paid sick days reduced by any Compassionate Leave (Bereavement Leave) days taken.
- A supervisor may not claim paid sick days when the supervisor claims SSBP benefits for the same day.
- Supervisors who retire or die while in active service shall receive pay for fifty percent (50%) of the accumulated and unused paid sick days at the rate of the position last assigned.

Mr. Brown
August 12, 2003
File: 251-12
Page 2

With respect to all supervisors drawing paid sick days the following shall govern:

1. The Carrier shall have the option of filling, partially filling or not filling the vacancy of a supervisor receiving paid sick days. Supervisors on duty or employees on other positions may be used to perform the duties of the employee absent under this rule.
2. The Carrier may require the supervisor to provide medical certification from a licensed physician of the supervisor's illness.
3. Paid sick days shall be allowed only for the regular assigned work days of the absent supervisor.
4. Allowance will be paid at the rate of position held at time of sickness minus the amount of sickness benefits for which such employee is eligible from the Railroad Retirement Board from the time such employee is first absent account illness until he returns to work or until the last day for which eligible for sickness benefits, whichever occurs sooner.

If the foregoing accurately sets forth our understanding on this matter, please acknowledge your agreement by signing your name in the space provided below.

§
Sincerely,

/s/ D. J. Smith

AGREED:

/s/ Ricky Brown
General Chairman ARASA

APPROVED:

/s/ Joseph J. Derillo Sr.
President ARASA

UNION PACIFIC RAILROAD COMPANY

D. J. SMITH
ASST VICE PRESIDENT
LABOR RELATIONS NON-OPERATING

1416 DODGE STREET
OMAHA, NEBRASKA 68179



August 12, 2003

251-12
C: 251-16
NYD271

Mr. R. D. Brown
General Chairman ARASA
204 Live Oak Lane
Burleson, TX 76028

Dear Sir:

This has reference to our discussion in conference concerning Collective Bargaining Agreement that is effective October 1, 2003.

During our discussion, we reviewed the past handling of Storekeepers, Station Masters and Structural Iron Crew Foremen on the former C&NW. As result of our discussion, it was agreed that Agreement dated May 13, 1998 (copy attached) would continue to apply to such employees except for Section 1 and Letter Agreement dated March 7, 1997. Attached are copies of the former C&NW rules that apply to the Storekeepers, Station Masters and Foremen - Structural Iron Crews.

Also, we discussed the past handling of increases for Structural Iron Crew Foremen. Based on our discussion, the rate of pay for such foremen will be determined in line with the wage increases contained in Agreement dated June 16, 2003, rather than the past handling of increase for these positions.

If the above reflects our discussion in conference, please so indicate in the space provided below.

Sincerely,

/s/ D. J. Smith

AGREED:

/s/ Ricky Brown
General Chairman ARASA

APPROVED:

/s/ Joseph J. Derillo Sr.
President ARASA

AGREEMENT

between

UNION PACIFIC RAILROAD COMPANY

and

AMERICAN RAILWAY AND AIRWAY SUPERVISORS ASSOCIATION

In connection with our discussions concerning the need to consolidate present agreements applicable to employees represented by the American Railway and Airway Supervisors Association for employees covered by Missouri Pacific Railroad Company Collective Bargaining Agreement effective January 1, 1996, as amended, and the Chicago and North Western Transportation Company Collective Bargaining Agreement effective May 1, 1981, as amended. Accordingly,

IT IS AGREED:

1. The Collective Bargaining Agreement between the Missouri Pacific Railroad Company and the American Railway and Airway Supervisors Association effective January 1, 1996, as amended, will become effective on the former Chicago and North Western Transportation Company on May 16, 1998, and the present Chicago and North Western Transportation Company Collective Bargaining Agreement effective May 1, 1981, as amended, will become null and void as of the same date.

2. All understandings, interpretations and agreements applicable for employees covered by the Missouri Pacific Railroad Company Collective Bargaining Agreement will apply to employees covered by the Chicago and North Western Transportation Company Collective Bargaining Agreement as of May 16, 1998.

3. With the exception of Letter Agreement #1 attached hereto, all understandings, interpretations and agreements previously in effect for employees covered by the Chicago and North Western Transportation Company Collective Bargaining Agreement are hereby declared null and void as of May 16, 1998.

Appendix V

4. The seniority date for Chicago and North Western Transportation Company employees on car and locomotive foreman seniority rosters will be transferred from the applicable C&NW car or locomotive foreman seniority roster and dovetailed with the seniority dates held by foremen on the applicable MPRR Northern District car or locomotive foreman seniority roster.

5. In the event two or more employees from the different seniority rosters have identical seniority dates, the employees shall be ranked first by service dates, then, if service dates are the same, by date of birth, the oldest employee to be designated the senior ranking. This shall not affect the respective ranking of employees with identical seniority dates on their former seniority roster.

6. Employees in a furloughed status on the applicable dovetailed MPRR Northern District car or locomotive foreman roster will not be able to activate their seniority until regular-assigned position is bulletined due to resignation, transfer, retirement, of any of the current assigned employees or increase in force, etc. Seniority rights of these employees in a furloughed status as of the effective date of this agreement and whose dovetailed seniority is greater than a junior employee holding a regular assignment at the time will not be subject to recall to service until such time that a permanent position becomes vacant which is not filled by an active employee holding a regular assignment as of the effective date of this Agreement. The furloughed employee's seniority shall be considered "activated" when they are assigned to a permanent position. This will not, however, preclude utilizing the furloughed employees on a temporary basis pending bulletin assignment or other temporary vacancies.

7. Employees that were formerly covered by the Chicago and North Western Transportation Company Collective Bargaining Agreement shall be credited with prior Chicago and North Western Transportation Company service for vacation, personal leave and other present or future benefits which are granted on the basis of qualifying years of service in the same manner as though all such time has been spent in the service of the Union Pacific Railroad Company.

8. Former C&NW employees transferred to coverage under the Missouri Pacific Railroad Company Collective Bargaining Agreement will continue to be covered under Railroad Employees National Health and Welfare Plan for a period not to exceed six (6) years or time equal to the employee's service if less than six (6) years from the date of this Implementing Agreement at which time coverage will be transferred to Union Pacific Railroad Employees Health Systems (UPREHS), or its successor association, plan, or entity then providing coverage for employees under the Missouri Pacific Railroad Company Collective Bargaining Agreement.

Appendix V

During such period, the employee will be allowed if consistent with the rules and regulations of UPREHS, or its successor, a one-time irrevocable option to convert to the UPREHS or its successor.

This Agreement will become effective May 16, 1998.

Signed this 13th day of May, 1998.

FOR THE ORGANIZATION:

/s/ Brad Tinervin
GENERAL CHAIRMAN, AR&ASA

/s/ G. N. Loftin
GENERAL CHAIRMAN, AR&ASA

FOR THE CARRIER:

/s/ Doug J. Smith
**ASSISTANT VICE PRESIDENT
LABOR RELATIONS - NONOPS**

May 13, 1998

NYD-271

MR G N LOFTIN
GENERAL CHAIRMAN AR&ASA
1484 SIMMONS ROAD
ATOKA, TN 38004

MR B TINERVIN
GENERAL CHAIRMAN AR&ASA
113 PARAMOUNT DRIVE
WOODDALE, IL 60191

Gentlemen:

This has reference to Agreement dated May 13, 1998, placing the Missouri Pacific Railroad Company Collective Bargaining Agreement into effect on the former Chicago and North Western Transportation Company territory.

As a result of our discussions in conference this date, the following were agreed upon:

1. For those employees accepting Option 1 or Option 3 provided for in Letter Agreement dated September 7, 1997 (copy attached), sick leave would be continued for such employees. Those employees electing Option 2 and those employees obtaining a seniority date after May 1, 1997, would not be eligible for any sick leave.
2. As applicable to any Chicago and North Western Transportation Company foreman with a seniority date prior to May 16, 1998, Rule 2(a)(1) of the Missouri Pacific Railroad Company Collective Bargaining Agreement shall be amended to reflect a preparation and closing time of not to exceed one-half (2) hour per day.
3. Rule 2(a)(2) of the Missouri Pacific Railroad Company Collective Bargaining Agreement would not be applicable to any existing points on the former Chicago and North Western Transportation Company territory for foreman that had a seniority date prior to May 16, 1998.
4. In the application of Rule 16 of the Missouri Pacific Railroad Company Collective Bargaining Agreement, foremen bidding or exercising seniority between freight service and Metra service will be provided with a reasonable opportunity to demonstrate their qualifications on the same basis as has been allowed in the past.

NYD271 Letter Agreement #1

5. The following provisions of Rule 19 - Sick Leave - Compassionate Leave of the Chicago and North Western Transportation Company Collective Bargaining Agreement effective May 1, 1981, as amended, shall remain in effect with regard to any Chicago and North Western Transportation Company foreman with a seniority date prior to May 16, 1998:

“Supervisors who are eligible for and have unused sick time to their credit will, in the event of the death of a spouse, child, parent, parent-in-law, grandparent, brother or sister, be allowed up to a total of three (3) working days paid leave to attend the funeral and handle personal matters in connection therewith.

Any days allowed under this Section will be applied against the number of days for which the employe is eligible for sick leave allowance.”

The foregoing shall not apply to any foreman obtaining a seniority date after May 16, 1998, such employees shall be covered by Rule 20 of the Missouri Pacific Railroad Company Collective Bargaining Agreement.

6. An individual that holds seniority as a foreman and as a station master or storekeeper may continue to maintain seniority on separate rosters represented by AR&ASA.
7. Rules covering storekeepers (Rules 47 through 50 inclusive), foremen-structural iron crews (Rules 52 through 54 inclusive) and station masters (Rules 56 through 58 inclusive) contained in the May 1, 1981 Chicago and North Western Transportation Company Collective Bargaining Agreement will remain in effect and be applicable on any former Chicago and North Western Transportation Company territory.

The provisions of this letter agreement have been designed to address a particular situation. Therefore, the provisions hereof are without prejudice to the position of either party and shall not be cited as precedent in the future by either party.

If you are agreeable to the above, please so indicate by signing in the space provided below.

Yours truly,

/s/ D. J. Smith

AGREED:

/s/ Brad Tinervin
GENERAL CHAIRMAN, AR&ASA

/s/ G. N. Loftin
GENERAL CHAIRMAN , AR&ASA

NYD271 Letter Agreement #1

May 13, 1998

NYD-271

MR G N LOFTIN
GENERAL CHAIRMAN AR&ASA
1484 SIMMONS ROAD
ATOKA, TN 38004

MR B TINERVIN
GENERAL CHAIRMAN AR&ASA
113 PARAMOUNT DRIVE
WOODDALE, IL 60191

Gentlemen:

This has reference to Agreement dated May 13, 1998, placing the Missouri Pacific Railroad Company Collective Bargaining Agreement into effect on the former Chicago and North Western Transportation Company territory.

In line with our discussion concerning New York Dock Conditions' test period earnings for employees changing Collective Bargaining Agreement and who have their seniority date dovetailed onto a consolidated seniority roster, you were advised that as soon as calculations on the test period earnings are completed, a copy of the information would be furnished to you for the individuals involved. We anticipate that this information should be completed approximately sixty (60) days after the effective date of this Agreement.

In computing the test period earnings, the test period would be the past twelve (12) months in which compensated service was performed commencing with the end of the month preceding the effective date of this Agreement.

It is agreed that this Agreement shall not be considered as a precedent, rather it is made on a not-to-be-cited basis. No reference to this Agreement shall be made within the context of any negotiations, national or local, to which this Carrier or any other Carrier may be a party. If you are agreeable to the terms of this Agreement, please indicate your approval in the space provided below.

Yours truly,

/s/ D. J. Smith

AGREED:

/s/ Brad Tinervin
GENERAL CHAIRMAN, AR&ASA

/s/ G. N. Loftin
GENERAL CHAIRMAN, AR&ASA

NYD271 Letter Agreement # 2

Mr S R Hirschbein
March 7, 1997
Page 2

grandparent, brother or sister, be allowed up to a total of three (3) working days paid leave to attend the funeral and handle personal matters in connection therewith.

Any days allowed under this Section will be applied against the number of days for which the employee is eligible for sick leave allowance."

- (2) In lieu of Sick Leave - Compassionate Leave provided above, an employee may elect to sell all sick leave that has been accumulated through June 15, 1997 and be covered by supplemental sickness benefit plan provided in Rule 19 below. Payroll adjustment will be payable for sick leave at the rate of the position the employee is assigned as of June 14, 1997.
- (3) Accept Sick Leave and Supplemental Sickness Benefit Plan as indicated below:

"Sick Leave - Supplemental Sickness Benefit Plan

Supervisors regularly assigned to positions under this agreement who have been working as such for one (1) year or more as of January 1 will be eligible for allowances for time lost due to sickness, but not to exceed ten (10) working days per calendar year. Allowances will be paid at the rate of position held at time of sickness minus the amount of sickness benefits for which such employee is eligible from the Railroad Retirement Board from the time such employee is first absent account illness until he returns to work or until the last day for which eligible sickness benefits hereunder, which occurs sooner.

An employee must advise in writing to Mike Givan, % Labor Relations Department, 1416 Dodge Street, Room 332, Omaha, Nebraska 68179, within ninety (90) days of this Agreement if the employee elects Option (2) or Option (3), otherwise employee will be considered as electing Option (1).

Any foreman obtaining a seniority date on or after May 1, 1997, would not be eligible for any sick leave. However, such employees would be eligible for Supplemental Sickness Benefit Plan. Rule 19 of the Collective Bargaining Agreement would be revised effective May 1, 1997, as follows:

Mr S R Hirschbein
March 7, 1997
Page 3

"Rule 19 - Supplemental Sickness Benefit Plan.

Employees covered by this Agreement are covered by a Supplemental Sickness Benefit Plan and a summary of the plan is outlined in booklet form."

It is further understood that the above Rule 19 will not be applicable to employees electing Option (1), above, nor will those employees electing Option (1) be eligible for Bereavement Leave on basis provided in Letter of Agreement dated March 7, 1997. However, employees electing Option (1) would be eligible for and have Bereavement Leave deducted from Sick Leave.

If you are agreeable with the above, will you please so indicate in the space provided below.

Yours truly,

/s/ D J Smith

AGREED:

/s/ S R Hirschbein
GENERAL CHAIRMAN AR&ASA

**SPECIAL RULES APPLICABLE TO
STOREKEEPERS**

Rule 47 - Scope

The following special rules will govern working conditions of classes of employees of the transportation company as follows:

Materials Department:

1. Storekeepers (Except Des Moines, Mpls., Marshalltown and Oelwein)
2. Assistant Storekeeper
3. Foremen, Scrap Yard

which classes will hereinafter be referred to as "Storekeepers."

Rule 48 - Day's Work

(a) Storekeepers will report for duty sufficiently in advance of the established working hours of men supervised to properly lay out the work and will remain on duty after the established hours of men supervised to make necessary transfer and see that everything is left in proper order. Hours of assignment will be the minimum consistent with requirements of the service and where men supervised are regular assigned to eight hours work, will not exceed nine consecutive hours except when meal period of men supervised is greater than thirty minutes, in which case hours of assignment will be increased as many minutes as meal period of men supervised exceeds thirty, except as otherwise agreed to. When hours of assignment of men supervised are increased in excess of eight hours inclusive or exclusive of the meal period, hours of assignment of storekeepers will be similarly increased, and when so increased or when directed by proper authority to perform special duties outside regular hours of assignment and continuous therewith, they will be compensated for such additional service on actual minute basis at one and one-half times pro rata hourly rate determined by multiplying the monthly rate by twelve and dividing by 2218.5 (8.5 x 261).

Rule 49 - Seniority Districts.

One system seniority district will be established.

Rule 50 - Storekeeper Duties

Storekeepers will not be required to perform work of the class or craft supervised other than the recognized duties necessary in line with instruction and the training of men under their supervision.

When the requirements of the service necessitate filling positions of a class coming within the scope of this Agreement on assigned relief days or other days that the services of a

storekeeper are required and there is located at the point where such service is required an employe of the class involved laid off as such in force reduction and qualified to perform the work, he will be used thereon in preference to the assignment of an employe of another class.

**SPECIAL RULES APPLICABLE TO
FOREMEN – STRUCTURAL IRON CREWS**

Rule 52 - Scope

The following special rules govern working conditions of class of employees of the transportation company as follows:

Engineering Department:

Foremen - Structural Iron Crews

Which class shall hereinafter be referred to as "foremen".

Rule 53 - Basis of Pay

- (a) Foremen - Structural Iron Crews are monthly rated.
- (b) To determine hourly rate multiply monthly rate by twelve and divide by 2218.5 (8.5 x 261).
- (c) All time worked in excess of eight hours, exclusive of meal period, will be paid for at rate of time and one-half. Time consumed in laying out work, making time rolls and distribution thereof and other duties of similar kind will not be counted as overtime.
- (d) Foremen required to transfer from one point of work to another point of work will be allowed compensation at straight time rate for actual travel time.

Rule 54 - Seniority Districts

One system seniority district is established.

**SPECIAL RULES APPLICABLE TO
STATION MASTERS**

Rule 56 - Scope

The following special rules will govern working conditions of classes of employees of the transportation company as follows:

Chicago Passenger Terminal Station:

1. Station Master
2. Night Station Master
3. Service Supervisor

which classes will hereinafter be referred to as "Supervisors".

Rule 57 - Seniority Districts

Seniority will be confined to the seniority district in which employed as follows:

Chicago Terminal Passenger Station

Rule 58 - Day's Work

- (a) Nine consecutive hours' work will constitute a day.
- (b) Time worked in excess of and continuous with nine consecutive hours will be compensated for on actual minute basis at one and one-half times pro rata hourly rate determined by multiplying the monthly rate by twelve and dividing by 2349 (9 x 261).

UNION PACIFIC RAILROAD COMPANY

D. J. SMITH
ASST VICE PRESIDENT
LABOR RELATIONS NON-OPERATING

1416 DODGE STREET
OMAHA, NEBRASKA 68179



August 12, 2003

6990003
6990005

Mr. R. D. Brown
General Chairman ARASA
204 Live Oak Lane
Burleson, TX 76028

Dear Sir:

This confirms our understanding regarding Agreement dated June 16, 2003 covering employees you represent on the Union Pacific Railroad Company.

In any month beginning September 1, 2003, in which an active employee receives his or her FO healthcare benefits from a Hospital Association and not from the National health and Welfare Plan and makes a prospective Plan contribution pursuant to Article III, Part B, Section 4, then, at the carrier's option, either:

1. Such employee's monthly "cost-sharing contribution amount" referred to in Article III Part B Section 1 shall be reduced by the Reduction Factor; or
2. The carrier shall pay the Hospital Association each month an amount equal to the Reduction Factor, provided that the Hospital Association that received such payment has agreed to decrease the employee's dues by the same amount.

For the purposes of this Side Letter, the term "Reduction Factor" means with respect to any given month, the smallest of:

- (i) the monthly dues amount in effect on January 1, 2003 that was established by the Hospital Association for payment by an active employee,
- (ii) the "cost sharing contribution amount" for the month referred to in Article III, Part B, Section 1, or
- (iii) the monthly dues amount established by the Hospital Association for payment by an active employee in that month.

Mr. Brown
August 12, 2003
File: 6990003 and 6990005
Page 2

Please acknowledge your agreement by signing your name in the space provided below.

Sincerely,

/s/ D. J. Smith

AGREED:

/s/ Ricky Brown
General Chairman ARASA

APPROVED:

/s/ Joseph J. Derillo Sr.
President ARASA

August 12, 2003

251-25
C: 251-31

Mr. R. D. Brown
General Chairman ARASA
204 Live Oak Lane
Burleson, TX 76028

Dear Sir:

This has reference to our discussion in conference today concerning hourly rate of pay contained in Rule 5 of Collective Bargaining Agreement effective October 1, 2003. As we discussed, those employees on the territory (Northern and Southern seniority districts) formerly covered by Collective Bargaining Agreement dated January 1, 1996 would not be immediately eligible for the hourly rate of pay contained in the Collective Bargaining Agreement. Rather, the hourly rate for such employees would be \$ 24.46 per hour effective October 1, 2003. On January 1, 2004, the hourly rate of pay would be \$ 24.66. Then, on July 1, 2004, the hourly rate of pay will be increased by the general wage increase of 3.25 % (new hourly rate \$25.46) as provided in Agreement dated June 16, 2003. The hourly rate of pay will be increased to \$25.72 on December 31, 2004

If the above understanding reflects our Agreement in conference, please so indicate in the space provided below.

Sincerely,

/s/ D. J. Smith

AGREED:

/s/ Ricky Brown
General Chairman ARASA

APPROVED:

/s/ Joseph J. Derillo Sr.
President ARASA

SENIORITY MAP

UNION PACIFIC RAILROAD COMPANY

D. J. SMITH
ASST VICE PRESIDENT
LABOR RELATIONS NON-OPERATING

1416 DODGE STREET
OMAHA, NEBRASKA 68179



August 28, 2003

251-6

Mr. R. D. Brown
General Chairman ARASA
204 Live Oak Lane
Burleson, TX 76028

Dear Sir:

This has reference to our discussion today concerning wrecking service provided in Rule 6 of the Collective Bargaining Agreement to be effective October 1, 2003

The following questions and answers will serve to clarify what the Company's obligations are as concerns the method of payment for foremen called to perform wrecking service work.

1. Q: What is considered wrecking service.

A: Wrecking service is considered work involving the rerailling of one or more freight cars or locomotives. The terms "Wrecking Service" and "Derailments" are synonymous for the purpose of the interpretation of this agreement.

2. Q: What is considered yard limits.

A: Yards limits are generally defined by the Time Table. In major metropolitan area such as Houston and LA etc., where there are several yards within the geographically area of the city, all yards within the metropolitan area would be considered within yards limits.

3. Q: If the Wheel Change truck is used outside of yard limits to winch a car back on the tracks, would that be considered work requiring the payment at the over time rate.

A: Yes, if the car is derailed, then the work associated with rerailling the car would be paid under the wrecking service rule at time and one-half.

4. Q: Foremen sent out at the beginning of the shift for emergency road work during regular work hours and later called to perform rerailling duties, how are they paid?

Mr. Brown
August 28, 2003
File: 251-6
Page 2

A: Foremen are paid at the straight time rate for the emergency road work. Upon arriving at the derailment site the over time rate would begin and be paid until the derailment is finished. If there is additional emergency road work after the rerailling is completed, the employees would return to straight time rate until the end of their regular assigned hours.

5. Q: Can a yard or train crew reraill equipment without using foreman?

A: The Agreement provides that yard and train crews can do limited rerailling work provided it can be done with frogs or blocks.

If the above understanding reflects our Agreement in conference, please so indicate in the space provided below.

Sincerely,

/s/ D. J. Smith

AGREED:

/s/ Ricky Brown
General Chairman ARASA

APPROVED:

/s/ Joseph J. Derillo Sr.
President ARASA