

MEMORANDUM OF AGREEMENT
between the
UNION PACIFIC RAILROAD COMPANY
and the
UNITED TRANSPORTATION UNION

(For The Former C&NW Lines Territory)

Assigned Service Chicago-Clinton

The Agreement dated October 31, 1998, titled "Assigned Service Chicago", and identified as Agreement #2607319872; and the Letter of Understanding dated June 17, 2004, involving assigned service between Chicago and Clinton have been cancelled. This Memorandum of Agreement will replace the two agreements referred to above, with the modification contained herein.

On the effective date of this Agreement, the Carrier may establish assigned service positions in the CTC which will operate concurrently with the pools in freight service between Chicago and Clinton.

A. CTC to Clinton:

1. Article II, B (8) of the UP/CNW Merger Agreement which specifies through freight service to be rotary pool freight service is amended to the extent through freight service from the CTC to Clinton may also include assigned service. Employees holding seniority in Eastern District No. 1 will protect this service.
2. Employees in assigned service, as well as extra board employees filling vacancies, will still be governed under all the provisions of the UP/CNW Merger Agreement with the conditions in the existing schedule of agreements governing assigned service to also apply, specifically, but not limited to the following major points:
 - (a) Assigned service positions will be bulletined indicating the train symbol(s) originating in the CTC, along with the assigned starting time and on duty point. It is understood an employee with an 11:00 am starting time (for example) may be set back and departed after the next assigned employee with a 2:00 pm starting time (for example) with no runarounds applicable.
 - (b) In addition to Proviso Yard, assigned service positions may also be established at Global 1. Employees assigned to Global 1 will report

for duty at Global 1, which will be considered their designated on/off duty point. Proviso extra board employees protecting assigned service at Global 1 will be required to use their personal automobiles for transportation from their residence to Global 1. Extra employees utilizing their personal vehicles will be compensated one (1) hour combined service, representing the transportation time between Proviso and Global 1. Extra employees will also receive the one (1) hour payment when going off duty at Global 1, which represents transportation time from Global 1 back to their normal off duty point of Proviso. Extra employees utilizing their personal vehicles to report on and/or off duty at Global 1 will be reimbursed for forty (40) miles, at the standard auto mileage allowance provided under the guidelines of the Internal Revenue Service.

- (c) Assigned service employees, as well as extra board employees protecting the vacancy of an assigned employee, upon arrival at Clinton will be placed in the existing away-from-home terminal pool for their return trip to the Chicago Terminal Complex.
- (d) Assigned service employees, as well as extra board employees protecting vacancies on these regular assignments, will not perform short turnaround service at Chicago or Clinton, except as provided below. If an assigned crew is first out at Clinton for short turnaround service, the Carrier will (without penalty), use the next rested crew. In the event there are no additional rested crews at Clinton for short turnaround service, a crew in assigned service may be used. If an assigned crew is utilized for short turnaround service at Clinton, the crew will be deadheaded back to Chicago at the completion of such service.
- (e) As stipulated in Sub-item (a) above, crews will have an assigned starting time and unless advised by Carrier of not less than two (2) hours prior to that time, the crew will automatically report to their assigned yard/location. Student engineers and/or student conductors assigned to train with an engineer and/or conductor in this assigned service will also be governed under this provision.
- (f) Employees in assigned service will notify the Crew Management Center upon tie up at Chicago if they are not rested for their next assigned starting time, due to the Hours of Service, or if they have tied up after the regular reporting time of their assignment. The Carrier will at that time set the assignments starting time back to the employee's legal rest or deadhead the employee upon rest to Clinton.

The employee can, at the time of notification of set back or deadhead, decline the service, but the employee will not be made whole or provided any lost earnings as a result of the declination.

- (g) Employees in the Chicago to Clinton assigned service may be used on another train operating to Clinton, if their assigned train is not available or ready for departure.

3.

- (a) An employee booking additional rest (over and above the time required under the Hours of Service Law) at either the home or away-from-home terminals will forfeit the right to deadhead in the opposing direction to protect the opposite leg of the assignment. Employees will not be made whole for any lost earnings resulting from "booking additional rest.
- (b) If an assigned employee is notified in Chicago of his/her assignment being annulled for a work day, the employee will upon legal rest, (or their regular reporting time, whichever is later), be deadheaded to Clinton for future train operations. The employee will have the option of declining this service, but the employee will not be made whole or provided any lost earnings as a result of the declination.
- (c) Assigned crews tied up at Clinton may be deadheaded to Chicago to protect their next assigned train, and no runaround claims will be progressed.
- (d) Except as set forth herein, all other agreement provisions with respect to assigned service will apply.

B. General

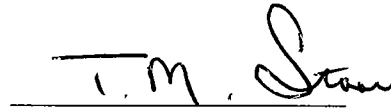
1. This agreement will become effective on July 30, 2004, and is made without prejudice to either party's position and will not be cited as a precedent and/or an accepted practice in any future agreement and/or arrangement.

2. It is understood this agreement does not require the Carrier to establish and/or maintain regular assigned service and, further, this agreement may be cancelled by any party's signatory hereto with the serving of a thirty (30) day advanced notice. During the thirty (30) day period, the parties will meet to determine if the agreement should be, or can be, amended in order to remain in effect. If this is not possible, at the end of the thirty (30) day period, this agreement will be cancelled in its entirety.

Signed this 30th day of July, 2004, in Omaha, Nebraska.



M. J. Reedy
General Chairman - UTU



T.M. Stone
Director Labor Relations