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MEMORANDUM OF AGREEMENT
Between
UNION PACIFIC RAILROAD COMPANY
And
UNITED TRANSPORTATION UNION
Concerning
DISCIPLINE – FIREMEN/HOSTLERS

ARTICLE I - APPLICABILITY

- A. All existing agreements for Locomotive Firemen/Hostles pertaining to the handling of discipline are eliminated and replaced by this Agreement.
- B. This Agreement is not intended to modify or replace Carrier policies pertaining to discipline except that to the extent this agreement may conflict with a Carrier policy, this agreement shall govern.

NOTE: This agreement is not intended to modify or replace "By Pass", "Companion" or "CORE" Agreements.

ARTICLE II - GENERAL

- A. Employees will not be disciplined without just and sufficient cause as determined by a fair and impartial investigation. They may, however, be held out of service pending investigation, but it is not intended that an employee be held out of service for minor offenses.

ARTICLE III – NOTICE OF INVESTIGATION

- A. Within ten (10) days of the time an appropriate company officer knew or should have known of the alleged offense, the employee will be given written notice of the specific charges against him or her. The notice will state the date, time and place of the investigation, employees charged, witnesses expected to be called, and will be furnished sufficiently in advance to allow the employee

the opportunity to arrange for witnesses and representation, if desired, by the UTU local chairperson or an employee of the charged employee's choice. The notice will include an attachment proposing discipline to be assessed if investigation is waived and designate a carrier officer who may be contacted for the purpose of arranging for an informal conference on the matter. A copy of the notice will be furnished to the UTU local chairperson of record.

ARTICLE IV – INFORMAL CONFERENCES

- A. The employee (and representative, if desired by the employee) may contact the designated carrier officer prior to the investigation and arrange for an informal conference to discuss the alleged offense and proposed discipline. Such informal conference may be either in person or by telephone.
 - (1) If such informal conference results in the proposed discipline being dropped, no further action will be taken.
 - (2) If such informal conference results in proposed discipline being accepted by the employee and the investigation being waived, the employee's record will be updated accordingly. It is understood an employee may not waive an investigation where permanent dismissal would be assessed.
 - (3) If such informal conference does not result in either (1) or (2) above, the discipline imposed as a result of a hearing may not exceed that proposed in the notice of charges.

ARTICLE V - INVESTIGATION

- A. Unless postponed for good cause, the investigation will be held no later than ten (10) days after the date of the notice.

NOTE: In the application of this Section A it is understood that the parties will exercise reasonable judgement in the postponement of investigations.

- B. When practicable, the investigation will be held at the employee's home terminal. When that is not practicable, the investigation will be held at a location that will minimize the travel, inconvenience and loss of time for all employees involved. When an employee is required to travel to an investigation at other than his or her home

terminal, the employee will be reimbursed for actual, reasonable and necessary expenses incurred.

- C. An employee failing to appear at a hearing, after having been properly notified in writing, and who makes no effort to secure a postponement, will automatically terminate his services and seniority rights.
 - D. When request is made sufficiently in advance, the employee, and/or his/her representative, will be allowed to examine material or exhibits to be presented in evidence prior to the investigation. At the investigation, the employee and/or his/her representative will be afforded the opportunity to examine or cross-examine all witnesses. Such examination will extend to all matters under investigation. At the investigation the hearing officer(s) or the employee or their representative(s) may request that the witnesses be sequestered.
 - E. The investigation will be recorded and transcribed. If discipline results, copies of the transcript, will be sent to the employee, the local representative and the General Chairperson, no later than the date discipline is issued. If the accuracy of the transcript is questioned, the media used for recording shall be examined and if necessary, the transcript will be corrected.
- (1) The use of the term "media" recognizes the future possibilities of improved electronic methods of recording and transcription.

ARTICLE VI - DECISION

- A. A written decision will be issued no later than ten (10) days after completion of the hearing. The notice will be sent by U. S. Mail (i.e., certified mail, or similar third-party method providing receipt of delivery) to the last known address of the employee, the local representative, and the General Chairperson.

NOTE: This does not preclude on-property delivery of the decision by a Carrier representative. Such delivery shall be evidenced by a receipt signed and dated by the employee.

- B. If the Superintendent, or his designee, fails to issue a decision within such ten (10)-day time limit or if the employee is found not at fault, the employee will be paid for any time lost and the employee's record will be cleared of the discipline at issue.

ARTICLE VII - APPEALS

- A. Within ninety (90) days of the date of the Superintendent's decision the General Chairperson may appeal the decision in writing to the designated Labor Relations officer. The date of Superintendent's decision will be the postmark date of the Superintendent's letter or the dated receipt of the on-property delivery of the Superintendent's decision to the employee. Failing to appeal the Superintendent's decision in accordance with this provision, the appeal will be barred.

NOTE: During the ninety (90) day time frame provided in this Section A it is contemplated the Superintendent or designee and the employee's representative may meet to discuss the disciplinary action taken towards employee(s) and to determine if a resolution can be reached locally. The resolution may involve but is not limited to further training, education or other remedial action.

- B. Should the General Chairperson file an appeal, the designated Labor Relations officer will respond to the appeal within sixty (60) days from the date of the appeal. If the Labor Relations officer fails to respond within sixty (60) days, the employee will be paid for any time lost and the employee's record will be cleared of the discipline at issue.
- C. Should the General Chairperson wish to conference any appeals declined by the designated Labor Relations officer, the General Chairperson must request a conference listing those claims to be discussed within sixty (60) days of the designated Labor Relations officer's declination. The General Chairperson's request for a conference will not serve to suspend the time limits on such appeals as provided in Paragraph D below, and it will not be necessary for the parties to exchange any additional correspondence on appeals that remain declined at conference.
- D. If the employee is dissatisfied with the decision of Labor Relations, proceedings for final disposition of the case under the Railway Labor Act must be instituted by the employee or his or her duly authorized representative within three hundred sixty-five (365) days of the date of that decision or the case will be considered closed and the discipline will stand as issued, unless the time limit is extended by mutual agreement.

ARTICLE VIII - MISCELLANEOUS

- A. If a dispute arises concerning the timeliness of a notice or decision, the postmark on the envelope containing such document or the dated receipt of the on-property delivery of the Superintendent's decision to the employee shall be deemed to be the date of such notice or decision.

NOTE: It is understood electronic means of communication may become the preferred method of notices and/or decisions, in which case a verifiable electronic date stamp will be used.

- B. Employees attending an investigation as witnesses at the direction of the Carrier will be compensated for all time lost and, in addition, will be reimbursed for actual, reasonable and necessary expenses incurred. When no time is lost, witnesses will be paid for actual time attending the investigation with a minimum of two (2) hours, to be paid at the rate of the last service performed.
- C. The employee being investigated or the representative may request the Carrier to direct a witness to attend an investigation, provided sufficient advance notice is given as well as a description of the testimony the witness would be expected to provide. If the Carrier declines to call the witness and the witness attends at the request of the employee or representative and provides relevant testimony which would not otherwise have been in the record, the carrier will compensate the witness as if it had directed the witness to attend.
- D. If, by operation of this agreement or as the result of an arbitration decision, the Carrier is required to pay an employee who has been disciplined for "time lost", the amount due shall be based on the average daily earnings of the employee for the twelve (12) month period (beginning with the first full month) prior to removal from service. The sum of the claimant's earnings during such period shall be divided by 365 to arrive at the average daily earnings to be applied in determining the amount of lost wages, based on the number of days of discipline.

The Carrier's current practice of adjusting pay for time lost by general wage increases (GWI), cost-of-living-adjustments (COLA) and/or entry-rate progression occurring during the time out of service is recognized and will continue under this Agreement.

NOTE: The twelve (12) month period utilized in determining the employee's average daily earnings will not include any month(s) in which the employee experienced unusually low earnings due to circumstances beyond his/her control, such as personal injury, documented major illness, of the employee or a family member, etc. It is not the intent of this NOTE, to exclude those months in which the employee lays off on his/her own accord; it is intended the twelve (12)-month period utilized will reflect the employee's normal work habits and history.

Example: An employee was dismissed in October for an alleged rules violation. Pursuant to an arbitration award, the employee is reinstated and awarded time lost (back pay). Six (6) months prior to his/her dismissal, said employee was off duty (medical leave) for two (2) months (March and April) due to a documented major illness, such as a heart attack.

Calculation of the employee's average daily earnings for the preceding twelve (12) months will commence with September and will incorporate the prior fourteen (14) months, including September (March and April are excluded due to the employee having no earnings in those months due to the medical condition).

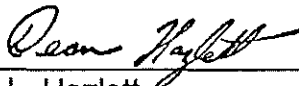
ARTICLE IX – EFFECTIVE DATE

This agreement is effective March 15, 2007.

This agreement is signed at Topeka, Kansas, this 1st day of March, 2007.

For: UNITED TRANSPORTATION UNION

For: UNION PACIFIC RAILROAD



Dean L. Hazlett
General Chairperson
United Transportation Union (UPED)



C. R. Wise
Director Labor Relations
System Discipline

D L Hazlett, Chairman
R M Draskovich, Sr Vice Chairman
G J Joslin, Sr Vice Chairman
S J Taullie, Sr Vice Chairman



united transportation union

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Consolidated General Committee of Adjustment
*Union Pacific Railroad Eastern District,
Denver, Portland, Salina & Salt Lake Hubs
Kyle Railroad, Nebraska Central Railroad,
Portland Terminal Railroad, & Wichita Terminal Assoc*

P O Box 14849
Portland, OR 97293
Phone (503) 233-5261
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Email utucby@jpns.com

March 1, 2007

Side Letter #1

Mr Rich Gregory
Gen Director - Contract Admin
Union Pacific Railroad Company
1400 Douglas St, STOP 0710
Omaha, NE 68179

Dear Rich:

In our recent conversation concerning the March 15, 2007 Discipline Modification Agreement, we discussed the conversion process for handling discipline under the "old" discipline agreement(s) presently in effect and the "new" discipline agreement which will take effect March 15, 2007.

It was agreed that the date of the Notice of Hearing would be the controlling factor in determining whether a discipline case would be handled under the "old" or the "new" agreement, and that a Notice of Hearing issued by the Carrier prior to March 15, 2007, would be handled by the parties to completion under the discipline agreement(s) in effect prior to March 15, 2007, and Notices of Hearing issued on or after March 15, 2007, would be handled under the discipline agreement effective March 15, 2007.

In other words, if the Notice of Hearing is dated on or before March 14, 2007, the case will be handled under the "old" agreement through completion, and if the Notice of Hearing is dated on or after March 15, 2007, the case will be handled under the "new" agreement.

If you concur, please indicate by signing below and returning one original to this office.

Sincerely,

Dean L Hazlett
General Chairman

I CONCUR:

Rich Gregory, Gen Dir, Contr Admin
Union Pacific Railroad

UNION PACIFIC RAILROAD COMPANY



Building America

March 1, 2007
(450.1.5)

UPED UTU Fireman/Hostler Discipline Agreement
Side Letter #2

MR DEAN L. HAZLETT
GENERAL CHAIRMAN, UTU
5990 SW 28TH STREET
TOPEKA, KS 66614

Dear Mr. Hazlett:

This is to confirm that in the application of Article V, Section B of the March 15, 2007 Discipline Agreement, it is the parties' intent that discipline hearings will be held at the home terminal of the employee(s) involved, except when employees are engaged in interdivisional service and the majority of the employees involved live elsewhere.

It is also understood that nothing prohibits the Superintendent and Local Chairman from mutually agreeing to hold a hearing at an alternate location.

Please signify your concurrence to the above where provided.

Yours truly,

C. R. Wise
Director Labor Relations

I concur,
Dean L. Hazlett
General Chairperson
United Transportation Union (UPED)