

A G R E E M E N T

between the

UNION PACIFIC RAILROAD COMPANY
Western Region
(Oregon Division)

and the

UNITED TRANSPORTATION UNION - C&T DIVISION

* * *

COMPACTED MUNICIPAL WASTE

* * *

1450-4

This Agreement is in recognition of the mutual advantages to Labor and Management to improve the Company's ability to compete more effectively in the transportation marketplace. Compacted Municipal Waste (CMW), which is presently moving via truck between Portland and land fill sites in North Central Oregon, may be accessed as TOFC (Trailer-On-Flat-Car) and COFC (Container-On-Flat-Car) business if we are competitive. As future CMW business is opened for competitive bids, this Agreement will permit our Carrier to realistically pursue this traffic as a source of New Business.

IT IS AGREED:

Section 1. The Company may establish assigned freight service on the First Seniority District (Oregon Division) for transport of exclusive CMW business, to be manned by an Engineer and a Conductor subject to the following conditions:

(a) The assignment(s) shall be used for the movement of TOFC and COFC traffic carrying Compacted Municipal Waste (CMW) between Seattle and Portland for further movement to land fills. This service will not be used or substituted for the handling of existing business or assignment(s) nor will it be substituted for handling of future business or traffic, other than additional CMW business.

(b) Trains operated under this Agreement will not exceed 3,500 feet in length (10 - three hundred fifty (350) foot cars), excluding motive power, and will operate without a caboose, utilizing telemetry rear-end devices.

(c) Portland (Albina) and Seattle (Argo/Stacy Street Yard/Harbor Island) may be designated as both the home and away-from-home terminals with the understanding that each assignment will have a designated home and away-from-home terminal.

(d) The assignment(s) will be bulletined (advertised) for six days and may be scheduled to operate on a five, six or seven day per week basis. The assignment(s) will be subject to work rules of the current Agreement.

NOTE: In the event an assignment is bulletined to operate five days per week, resulting in the crew tying up at the far terminal on the fifth day, the crew will be deadheaded without rest at the earliest possible time by bus, train or private Carrier to the crew's home terminal.

(e) Trains operating under this Agreement will run from terminal to terminal intact and, except for setting out and/or picking up of CMW bad order cars to or from a CMW train, no other work will be performed enroute between the initial and final terminal of the assignment. On trains manned by an engineer and conductor, initial and final work will be limited to a single doubleover.

Section 2 (a). Conductors working the CMW train(s) in accordance with this Agreement between Seattle and Portland will be allowed 210 miles at the basic rate of pay, and all applicable arbitraries for each straightaway trip in either direction, except as provided in the note below.

NOTE: Should the train length be such that it is necessary to work the assignment with a Conductor and Brakeman, then the crew members shall be allowed the mileage as provided in Article II, Sections 1 and 2 (200 or 179 miles) of the July 13, 1989 Agreement.

(b) Overtime under this Agreement shall begin after 10 hours on duty.

(c) Initial Terminal Delay shall commence after thirty (30) minutes on duty.

(d) CMW crews will not stop to eat, except in cases of emergency or unusual delays, and then only with the authority of the Train Dispatcher or Company Officer.

(e) The provisions of Rule 4(e) (1) (2) & (3) of the working Agreement effective October 1, 1975 shall be applicable to this Agreement.

(f) The Crew Consist special allowance (short crew allowance) as provided for by Agreement will be paid for each trip to the Conductor and to the Brakeman, if a Brakeman is required by Section 4(b) of this Agreement. Also, for each trip made the Company will pay into the Employees' Productivity Fund the amount provided for by Agreement.

Section 4 (a). Should the volume of traffic dictate, additional CMW assignments may be established under this agreement to be operated in accordance with the terms and conditions of this Agreement.

(b) To encourage the expansion of this CMW service, should the volume of traffic on a given day exceed the 3,500 feet, as provided in Section 1(b) of this Agreement, the crew will be supplemented with an extra brakeman from the road extra board or other sources as provided by agreements for the filling of new or vacant assignments. This provision shall not be used to avoid the operation of extra service or the establishment of additional assignment(s) when the volume of traffic in each direction consistently indicates that an additional assignment is warranted.

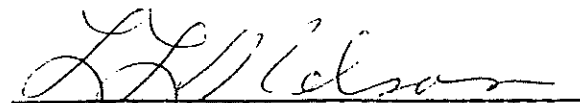
Section 5 (a). This Agreement is subject to cancellation by either party upon 30 days written notice prior to the submission of a formal bid by the Carrier (when applications are being solicited by a municipality or third party contractor), or by 5 days written notice after the bidding process has closed and the Union Pacific's bid application has been rejected.

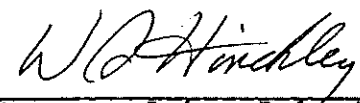
(b) If a formal bid has been accepted and/or if a contract has been awarded, this Agreement may be changed, modified, or amended only by agreement of the parties in accordance with the provisions of the Railway Labor Act as amended, unless otherwise mutually agreed to by both parties.

DATED AT PORTLAND, OREGON THIS 26 DAY OF December, 1990.

UNITED TRANSPORTATION UNION:

UNION PACIFIC RAILROAD COMPANY:


General Chairman, UTU (C&T)


Director Labor Relations
Western Region

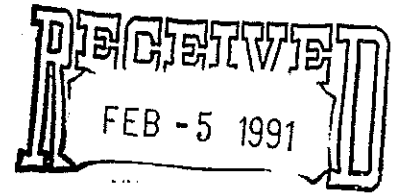
UNION PACIFIC RAILROAD COMPANY



1416 DODGE STREET
OMAHA, NEBRASKA 68179

January 4, 1991

1450-4
X/R 1450-5



Mr. L. L. Nelson
General Chairman, UTU-C&T
936 SE Ankeny Street, Suite F
Portland, OR 97214

Dear Mr. Nelson:

This letter confirms our understanding with respect to the Compacted Municipal Waste Agreements for the Second Seniority District executed December 31, 1989, and a similar Agreement for the First Seniority District executed December 26, 1990.

The Second Seniority District Agreement was executed under the premise that the Burlington Northern Railroad would handle the service from Seattle to Portland, interchanging with the Union Pacific for subsequent service to the Condon Branch. However, this traffic route was subsequently changed to an entire Union Pacific route which resulted in our execution of the First Seniority District Agreement. In that regard, the parties recognize that there are certain distinctions between the two agreements and accordingly, it is agreed that the December 31, 1989 Second Seniority District Agreement is hereby amended as follows:

Section 2(b) should read as follows:

The point for determining when final terminal time shall commence shall be the switch entering the landfill facility. Initial terminal delay shall commence after thirty (30) minutes on duty. For trains originating at Portland that have been interchanged from the Burlington Northern Railroad, initial terminal delay shall commence after seventy-five (75) minutes on duty.

Section 2(e) is added as a new subsection and should read as follows:

The provisions of Rule 4(e)(1)(2) and (3) of the working agreement effective October 1, 1975 shall be applicable to this agreement.

Mr. L. L. Nelson
January 4, 1991

File: 1450-4
Page 2

Further, for a matter of clarification and future reference, the parties recognize that both of these agreements typographically went from Section 2 to Section 4, omitting any reference to Section 3.

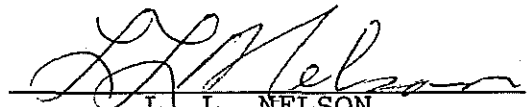
If all of the above properly reflects our understanding on this matter, please indicate your concurrence in the space provided below, returning the original to my office.

Very truly yours,



L. A. LAMBERT
Director Labor Relations

AGREED:


L. L. NELSON
General Chairman, UTU-C, T&Y