

Memorandum of Agreement

Between

Union Pacific Railroad

And the

United Transportation Union

.....LUFKIN GUARANTEED COMBINATION ROAD EXTRA BOARD.....

It is agreed:

Section 1: The Carrier may establish a Guaranteed Combination Extra Board at Lufkin Texas to protect all train service vacancies on the following assignments:

- (1) All TSE and Local Assignments that work between Lufkin, Texas and Shreveport, Louisiana.
- (2) TSE Assignment(s) at Leggett, Texas.
- (3) TSE and Local Assignments at Palestine, Texas, on the Houston Hub Zone 3 Territory.
- (4) Hours of Service Relief between Shreveport, Louisiana and Lufkin, Texas, on a turnaround basis, including but not limited to, Rock Trains, Grain and Work Trains, etc that originate and/or terminate at or between Lufkin, Texas and Shreveport, Louisiana; however, not including Southbound trains originating at Prosser, Texas. The Lufkin Extra Board will not protect Hours of Service Relief or other service between Lufkin, Texas and Houston, Texas, except to protect TSE vacancies and/or TSE Hours of Service Relief at Leggett, Texas proper.

Note 1: The Extra Board at Houston may be required to supplement the Extra Board at Lufkin with the understanding employees from the Houston Extra Board will be released after one tour of duty or round trip cycle as the case may be and deadheaded back to the Houston Board.

Note 2: The Lufkin Extra Board will not be required to supplement Extra Boards at Houston. Moreover, train service employees will not be force assigned to vacant or no bid positions on the Lufkin Extra Board.

Note 3: It is understood Item 4 above stipulates the Lufkin Extra Board will not perform Hours of Service Relief South of Lufkin, Texas except to protect Hours of Service Relief for the TSE assignment at Leggett in order to complete the industrial work. The Lufkin Extra Board may relieve any crew expired under the Hours of Service on line of road between Shreveport and Lufkin but may not operate trains South of Lufkin, Texas.

Section 2: The allotted travel time between the Lufkin Extra Board and outlying vacancies on regular assignments will be as follows:

- | | | |
|-----|--------------------|------------|
| (1) | Nacogdoches, Texas | 45 minutes |
| (2) | Leggett, Texas | 60 minutes |
| (3) | Palestine, Texas | 90 minutes |

Section 3: It is understood and agreed, this Extra Board will be guaranteed pursuant to existing agreements; however, a Supplemental Extra Board will not be assigned at or in connection with the Combination Extra Board at Lufkin, Texas.

Section 4: Nothing in this agreement shall prevent the use of other crews to perform work currently permitted by prevailing agreements, including, but not limited to, yard crews performing hours of service relief within the road/yard zone, pool freight crews performing combined service and deadheads between terminals, pool freight crews performing turnaround service at the away from home terminal and/or Traveling Switch Engines (TSE) working within their assigned limits (radius or straightaway).

Section 5: (a) This Agreement signed at Spring, Texas will not prejudice the position of either party, will not be referred to in connection with any other case, Agreement (Local or National), or dispute resolution and supercedes all other rules, agreements, and practices to the extent necessary to conform herewith.

(b) Either party upon serving 30 days written notice to the other may cancel this Agreement. Should a cancellation notice be served, the parties

agree to meet in the intervening time or as mutually agreed to discuss issues precipitating its cancellation.

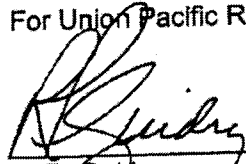
Signed this 18th day of June 2004.

For UTU

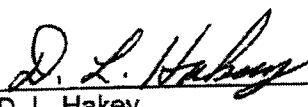


L. R. Bumpurs
General Chairman

For Union Pacific Railroad



R. P. Guidry
Director - Labor Relations



D. L. Hakey
Vice-President - UTU