

Since the modification of Union Pacific's UPGRADE Discipline Policy in November 2006, we have monitored the outcome of the processes and have received feedback from various sources including yourselves. As a result of that review and input, Union Pacific plans further modifications. Some of these modifications will be implemented in the near future and some are planned for later in the year to make sure they are properly developed. UPRR will start pilot projects on some of the later scheduled items to refine those processes for system implementation.

ALREADY STARTED: (As information a review of the first quarter of 2008 vs. 2007 shows a 31% reduction in discipline)

1. All progressive discipline is being reviewed at the region level to prevent most level 2 infractions from resulting in a level 5 being assessed.
2. "XG" crossing and speed on Hot Box detector tests with no response are not resulting in FRA revocations.
3. Some service units have started pilot programs where the FTX book is not used everyday and only observations are being performed on those days. More formal conferencing in lieu of discipline is also being used.

Projected for a May 1 Implementation

4. UPRR will eliminate any EQMS threshold that formerly prevented an employee from being involved in the FTX program.
5. Level 2 incidents (whether FTX or non-FTX) will not impact the assessed level and will be handled by coaching, formal conference or paid training. This handling will not be considered discipline; however UPRR will monitor the frequency individual employees are involved in level 2 incidents to see if this process needs further modification. (Paid training will be at the basic day yard rate).
6. The maximum suspension for a level 4C will be reduced to 60 days and the maximum suspension for a level 4 reduced to 10 days.
7. The region will review, on a case-by-case basis, the culpability of a conductor on train handling issues and the engineer on following conductor signals to determine what, if any, discipline should be given.
8. Labor Relations is developing plans to review and potentially settle many outstanding level 2 grievances.
9. A single level 3 violation while at a level 4 status will not result in a level 5.
10. Education and training will be offered more frequently in lieu of, or in combination with, shorter suspensions.
11. Some rules will be moved to different levels.

Projected for a September 1 or earlier Implementation

12. Level 3 and 4 infractions (that do not result in a level 5 assessment) will be handled with training, unless suspension is approved by the region or department. Appropriate training plans need to be developed to ensure

training is beneficial and not just time spent in the classroom.

13. Develop a process so that employees with 10 years of no level 2-5 incidents or 15 years of no level 3-5 incidents may have their assessed level be reduced for level 3, 4 or 4C incidents, which would also lower the current discipline status. (Organizations have offered to comment in this area).

14. If the results in item 5 above show an increase in individuals getting multiple level 2's then develop a process that moves those employees into the discipline system after an established number of level 2's in a given time period.

15. Develop 4C alternatives that focus on training to reduce suspension time similar to FRA provisions.

16. Develop a non-punitive joint labor management incident review process or near miss review process.

A thorough review of the changes and the effects they have on reduced hearings and reduced incidents will be conducted to see if these changes produce improvement.

These modifications will not affect the current attendance policy and the handling of discipline within that policy.