

UNION PACIFIC RAILROAD COMPANY

1400 DOUGLAS STREET
 OMAHA, NEBRASKA 68179



December 14, 2004

DEC 14 2004

Mr. J. Kevin Klein
 General Chairman
 United Transportation Union
 501 Mission Street, Suite A
 Santa Cruz, CA 96060

Dear Sir,

Please refer to our discussions in connection with trip rate implementation in the Southwest Territory (Tucson, El Paso and Dalhart Hubs), specifically with reference to the few pools that were populated exclusively or in large measure by post October 31, 1985 employees during the identified test period.

Per our discussions, please find enclosed calculation worksheets indicating the adjustment process used to establish the rates for these pools. The test period used for the enclosed trip rates is the twelve (12)- month period November 1, 2003 through and including October 31, 2004, and the rates have been adjusted for the 3% general wage increase effective December 1, 2004. As before, the brakeman rates were calculated based on the proportional differential between the current basic daily rates of pay for that craft versus that of a conductor. The revised trip rates are shown below:

For the Tucson Hub:

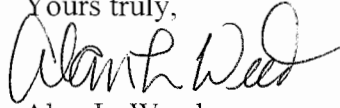
Runs/Pools	Conductor Trip Rate	Brakeman Trip Rate
Tucson – Lordsburg (RT72)	\$188.77	\$177.02

For the Dalhart Hub:

Runs/Pools	Conductor Trip Rate	Brakeman Trip Rate
Dalhart – Childress (RT33)	\$205.19	\$192.41
Dalhart – Turnaround/Amarillo (RT33)	\$306.90	\$287.73

In terms of implementation of the pools shown in the above tables, the Carrier would be agreeable to a January 1, 2005 implementation date subject to your review and advice. Should you have any questions or concerns regarding the above trip rate calculations or implementation schedule please do not hesitate to contact me.

Yours truly,



Alan L. Weed
Director Labor Relations
Contract Administration

Enclosures

cc: Al Hallberg – Roseville
Peggy Grosskopf – Omaha
Mike Stom – Omaha