

UNION PACIFIC RAILROAD COMPANY



1400 DOUGLAS STREET  
STOP 0710  
OMAHA, NEBRASKA 68179

February 9, 2005

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U(UN & S)  
GENERAL COMMITTEE

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

Mr. R.E. Karstetter  
General Chairman  
United Transportation Union  
4702 West Commercial Drive, Suite A  
North Little Rock, AR 72116

Mr. D.L. Hazlett  
General Chairman  
United Transportation Union  
5990 SW 28th Street, Suite F  
Topeka, KS 66614

Mr. Michael Reedy  
General Chairman  
United Transportation Union  
307 West Layton Avenue  
Milwaukee, WI 53207

Mr. L.R. Bumpurs  
General Chairman  
United Transportation Union  
400 Randal Way, Suite 102  
Spring, TX 77388

Mr. T.L. Johnson  
General Chairman  
United Transportation Union  
4411 Old Bullard Road  
Tyler, TX 75702

Dear Sirs,

As we near the end of trip rate implementation on through-freight runs under each of your respective committee's jurisdiction, the Carrier feels it appropriate to address how future adjustments or changes to previously implemented trip rates should be handled.

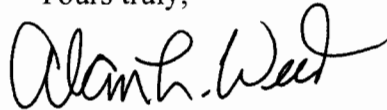
You are aware of the language found in Article V, Part B, Section 8, relating to "material changes" in the trip rates. As we move forward in a trip rate environment, the Carrier anticipates that certain future operational changes or other events may persuade either party that a "material change" has occurred necessitating at least a review if not an adjustment of a trip rate. At this point, the Carrier would stress an organized approach needs to be adopted by both parties with respect to the requirements of Section 8.

Therefore, to lend some organization to this process the Carrier would ask that any request by a local chairman to have a trip rate studied due to a perceived "material change" be handled through your offices for preliminary review. If there is concurrence at the general committee level that a "material change" has occurred, a formal request should be forwarded to your Labor Relations Director citing the operational changes, events or reasons which have precipitated the request and the evidence to support an adjustment in the trip rate. Similarly, should the Carrier believe that a "material change" has occurred a formal request will be sent to

your office with the requisite documentation supporting the change. Upon service of the formal request, the parties will agree to discuss the matter to resolution or, as provided for by the Agreement, submit the matter to the Disputes Committee.

In adopting and utilizing the above process, we believe the parties will be better able to react and deal with any future event that may impact the established trip rates.

Yours truly,



Alan L. Weed  
Director Labor Relations  
Contract Administration

cc: John Marchant  
Richard Meredith  
Terry Olin  
Rich Gregory  
Sharon Boone  
Al Hallberg – Roseville  
Randy Guidry – Spring  
Terry Stone  
Robbin Rock  
Tony Zabawa  
Cliff Johnson  
Pat Kenny  
Mike Stom