

# UNION PACIFIC RAILROAD COMPANY

Western Region - Transportation

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February 18, 2009

J. Kevin Klein, General Chairman  
United Transportation Union  
UP-Western Lines  
501 Mission Street, Suite A  
Santa Cruz, CA 95060

Dear Mr. Klein:

As a work product emanating from discussions between the Roseville Yard Local Chairman and local management, the Company is proposing changes for Sacramento. Specifically, it is the intent that Sacramento be changed from a satellite of Roseville to an operation with stand alone capability and a stabilized work force. Specifically, the following changes are proposed:

1. A combination conductor – brakeman - switchman extra board will be created at Sacramento to cover any vacancy, road or yard, which goes on duty within existing switching limits at Sacramento.
2. The extra board will initially be established with two positions. Functioning of the extra board will be monitored for six months. Two positions will be maintained on the extra board as long as the two employees work more than a combined seven shifts per week. If they work less than a combined seven shifts per week, then the extra board will be reduced to a one person board or the 20% minimum whichever is greater.

Note: If the above regulation results in excessive extra board guarantee payments, the UTU local chairman, local manager and CMS will immediately consult on the need for further reductions to the extra board, until such time that known vacancies, such as vacations, are projected to occur.

3. Sacramento will become a separate location for vacation scheduling purposes.
4. Hold downs at Sacramento will be permitted only by the employees holding assignments or the extra board at Sacramento
5. RCO qualifications will be required to hold the Sacramento extra board.
6. If the Sacramento Extra Board is exhausted, the Roseville Yard Extra Board will be the backup source of supply for yard vacancies at Sacramento.

J. Kevin Klein, General Chairman  
United Transportation Union

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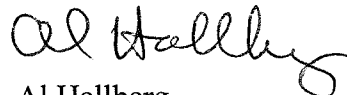
7. If the Sacramento Extra Board is exhausted, the Roseville East/West Extra Board (XT10) will be the primary backup source of supply for road vacancies at Sacramento. If the Roseville East/West Extra Board (XT10) is exhausted then the Roseville North/South (XT15) Extra Board will be the secondary backup source of supply for road vacancies at Sacramento.

8. Sacramento and Roseville will be considered a singled point for the purposes of switchmen exercising seniority between yard jobs and/or yard extra boards between Sacramento and Roseville. Sacramento yard jobs are no longer be under the supervision of a yardmaster. Therefore, footboard yardmaster rate will apply to all yard engine foremen. If Sacramento is again placed under yardmaster supervision, then footboard yardmaster rate will no longer apply.

This agreement may be cancelled by 30-day written notice from one party to the other.

If the foregoing meets with your approval, please sign in the space provided below, and this arrangement will be implemented immediately.

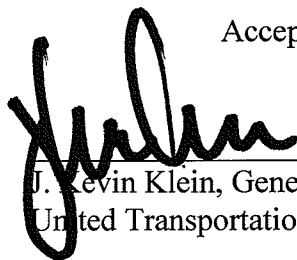
Sincerely,



Al Hallberg  
Director, Labor Relations

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Accepted



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J. Kevin Klein, General Chairman  
United Transportation Union