

UNION PACIFIC RAILROAD COMPANY

1416 DODGE STREET
OMAHA, NEBRASKA 68179



June 28, 2000

Mr. L. L. Nelson
General Chairperson
United Transportation Union
811 S. E. Stark Street
Portland, OR 97214-1227

Dear Mr. Nelson:

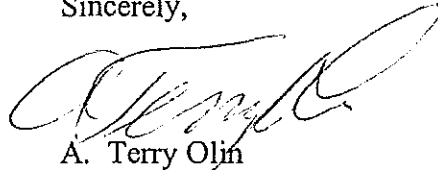
This refers to our discussions associated with development of the Pool Freight and Extra Board Work/Rest Cycle Agreements for the Portland-Hinkle area. Specifically, your Organization raised an issue regarding the basis of compensation (mileage) for trips worked or paid to Trainmen who held prior rights on the First District under the December 16, 1996 Northwestern District Seniority Consolidation Agreement; who are now working regular or extra between Portland and Hinkle.

The issue referenced above focuses on the number of miles these former First District trainmen who operate trains in through freight service between Portland and Hinkle are entitled to. In negotiating the UP/SP Portland Hub, Zone 1 Merger Agreement, the parties intended to extend applicable Crew Consist Agreement provisions, except as otherwise provided, to eligible former SP employees holding seniority in Zone 1. It was not the parties' intent to exclude eligible former First District trainmen holding prior rights to the former First and Second Seniority Districts of Portland Hub, Zone 1, from the same entitlements.

Therefore, consistent with that intent; this will confirm our understanding that the provisions of mileage entitlements consistent with Second District seniority, will apply to former Oregon First District Trainmen also. In other words, qualifying former First District trainmen will be allowed 215 road miles or 186 miles when they operate a train in through freight service between Portland and Hinkle, in the same manner as the former Second District Trainmen with seniority as set forth in the "Interdivisional Agreement" dated August 26, 1972, and supplemental understandings thereto. In other words, those hired as of June 7, 1972, are entitled to 215 miles and those hired after that date shall be paid on the basis of actual road mileage, or 186 miles Portland-Hinkle, with pay adjusted in accordance with provisions of National and Local Agreements entered into since August 26, 1972.

If the foregoing properly and accurately reflects the parties' understandings regarding this matter, please so indicate by affixing your signature in the space provided below; returning one (1) fully executed copy to my office.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Terry Olin".

A. Terry Olin
General Director – Employee
Relations & Planning

AGREED:

A handwritten signature in black ink, appearing to read "L. L. Nelson".

L. L. Nelson
General Chairperson, UTU