

M D PHILLIPS
DIRECTOR, LABOR RELATIONS

UNION PACIFIC RAILROAD COMPANY

1416 DOOGEE STREET
OMAHA, NEBRASKA 68179



May 15, 2001

L/R File: 220-04

Mr. J. O. McArthur
General Chairman, BRS
PO Box 5100
Fallon, NV 89407

Dear Sir:

This is to confirm our discussions of today's date concerning the Carrier's use of contractors to perform earth boring at 4th Avenue/Lincoln Highway in Dekalb, Illinois.

It was agreed that on this project contractors will be utilized for the boring. Carrier signal forces will perform the remainder of the work associated with the crossing. The senior most Carrier signal employees assigned to the project, in the same number as the number of contractor employees, will receive an additional half time for the number of man hours worked by the contractor, in addition to whatever they received as a result of working on the project.

It was further agreed that this understanding was made to address the unique situation presented in this instance and is without prejudice to the position of either party with respect to the use of contractors to perform earth boring work.

If the foregoing correctly sets forth the understanding reached in conference, please sign in the space provided below.

Yours truly,

A handwritten signature in cursive script that reads "Michael D. Phillips".

Michael D. Phillips
Director Labor Relations

AGREED:

A handwritten signature in cursive script that reads "J. O. McArthur".
General Chairman, BRS

APPROVED:

A handwritten signature in cursive script that reads "William C. Cicala".
Vice President, BRS