

M D PHILLIPS
DIRECTOR, LABOR RELATIONS

UNION PACIFIC RAILROAD COMPANY

1416 DODGE STREET
OMAHA, NEBRASKA 68179



July 16, 2001

Mr. John O. McArthur
General Chairman BRS
P.O. Box 5100
Fallon, NV 89407

Dear Sir:

This is in reference to our discussions regarding the status of construction inspectors and electronic technicians working at various locations in the Seniority Districts comprising the Zone 1 Construction Zone. Currently there are two (2) inspectors and one (1) electronic technician assigned to construction in Zone 1. As we discussed, the use of those employees across district lines within Zone 1 has become increasingly necessary, although there is not sufficient work at this time to justify establishment of separate positions within each district.

To address these issues, the parties agreed that the current construction inspector and electronic technician positions in Zone 1 will be subject to the provisions of Rule 36 – Traveling Gang Work, with the exception that employees occupying those positions will not be entitled to the \$9.00 for twenty-five miles traveled at the beginning and end of each work period since employees holding those positions are provided with company vehicles. It was further agreed that the number of positions subject to this agreement will be limited to the number of current positions described above and that such positions will work on new construction in Zone 1 only. The current positions will not be rebulletined as a result of this agreement. Within twenty (20) days of the effective date of this agreement, however, an incumbent may request through the General Chairman that the position be rebulletined and, upon assignment of a new employee to the rebulletined position, the incumbent may make a displacement in accordance with Rule 58.

The parties agree that this arrangement will become effective July 16, 2001, and may be cancelled upon thirty (30) days advance written notice by either party. This agreement is made to address a unique situation and is without prejudice to either parties' position in this or similar matters. If the foregoing correctly sets forth the understanding reached in conference, please indicate so in the space provided below.

Yours truly,

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

M. 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 "E. E. Lomen".
Vice President BRS