

M. D. PHILLIPS
DIRECTOR LABOR RELATIONS

UNION PACIFIC RAILROAD COMPANY



116 DOODGE STREET
OMAHA NEBRASKA 68172

August 1, 2001

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

Dear Sir:

This will confirm our discussions today regarding a pilot training program. As you were advised, for the training session scheduled to begin August 6, 2001, the Carrier plans to utilize a distance learning program rather than classroom format for the first half of the session. The second half of the session will be at the lab as previous sessions have been.

Inasmuch as it is anticipated that there will be no reduction in material content using this format, it is understood that the first portion of the aforementioned session will be conducted using the distance learning format in lieu of the classroom setting. Furthermore, no employee will be terminated based on his or her performance in the pilot program. The parties will review the results of the pilot program to determine whether a similar understanding will apply to future sessions.

If the foregoing accurately sets forth our understanding, please indicate so in the space provided below. Thank you.

Yours truly,

Handwritten signature of Michael D. Phillips.

Michael D. Phillips
Director Labor Relations

I concur:

Handwritten signature of J. O. McArthur.
General Chairman

Date: 8-2-01

Handwritten signature of G. E. Jones.
Vice President West

DATE: 8-02-01