

M. D. PHILLIPS
DIRECTOR, LABOR RELATIONS

UNION PACIFIC RAILROAD COMPANY

1416 DODGE STREET,
OMAHA, NEBRASKA 68179



October 24, 2001

L/R File: 220-04

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

Dear Sir:

This is to confirm our discussions concerning the Carrier's use of contractors to perform earth boring at Long Drive and Mykawa Road to CP 184 in Houston, Texas, and at River Junction in Ft. Worth, Texas.

It was agreed that on these projects contractors will be utilized for the boring. Carrier signal forces will perform the remainder of the work associated with the projects. 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,

Michael D. Phillips
Director Labor Relations

AGREED:

General Chairman BRS

APPROVED:

Vice President BRS