

UNION PACIFIC RAILROAD COMPANY

1416 Dodge Street
Omaha, Nebraska 68179



September 17, 2002

L/R File: NYD-339

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

Dear Sir:

This is in reference to our discussions concerning Union Pacific's desire to transfer certain signal maintenance work to the DM&E Railroad.

At present Union Pacific has agreements with the DM&E to allow overhead trackage rights on certain sections of track that are not involved in our operations. One of these sections is DM&E Mile Post 88.6 to Mile Post 86.1 at Owatonna, Minnesota. While Union Pacific does not operate over these lines, it is responsible for their track and signal maintenance.

During our discussions, you were advised that the Union Pacific and DM&E are in discussion regarding amending these overhead trackage rights to provide for the DM&E to maintain and renew these tracks. An agreement regarding transfer of track maintenance to the DM&E has already been reached with the BMW.

It is Union Pacific's belief that no employees would be affected by the transfer of the signal maintenance of these tracks. You were advised that if these trackage rights amendments are made, Union Pacific is agreeable to extending a level of protection equal to New York Dock employee protective conditions to the employees who may be adversely affected as a result of these changes. The employees who presently have responsibility for this territory are Maintainers Swenson (ID# 0256853), Diedrich (ID#0077133), and Cunningham (0125440). Union Pacific anticipates no rearrangement of signal maintenance responsibilities as a result of this arrangement.

In light of these circumstances, I understand that you have no objections to the Union Pacific entering into this arrangement with the DM&E. If the

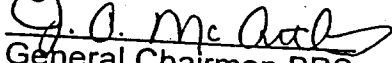
foregoing correctly sets forth the understanding reached in conference, please sign in the space provided below.

Yours truly,

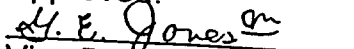


D. A. Moresette
General Director Labor Relations

Agreed:


General Chairman BRS

Approved:


Vice President BRS