

UNION PACIFIC RAILROAD COMPANY



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May 15, 2007

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Gentlemen:

This has reference to our meetings in Kansas City, Missouri on March 21 and in Las Vegas, Nevada April 30, 2007, with BLET Vice Presidents Dale McPherson and Lee Pruitt, and Vice General Chairman Craig Carstenson. At one or both of these meetings, Labor Relations Directors Gary Taggart, Alan Weed, Terry Stone, Frank Tamisiea, General Director of Crew Management Mike Brazytis and Senior director of Timekeeping, Cliff Johnson represented the Carrier.

This letter will serve as confirmation of our discussions regarding the calculation of extra board guarantee. During our meetings, much of the discussion was centered around the Carrier's March 19, 2007 letter that confirmed our discussions held in Omaha, Nebraska on March 8, 2007.

The parties have consistently recognized the intent of the guaranteed extra board agreement(s) was not designed to provide an avenue to maximize guarantee without providing availability and service. In accordance with the accepted principle, as well as the quid pro quo implicit in such guarantee agreement(s), the parties concur with an interpretation that when taking or when subject to compensated or non-compensated time off, an engineer must perform service following the compensated/non-compensated time off. Where no service is performed between the day(s) of compensated/non-compensated time off, the subsequent lay-off as well as the period between time off will therefore be considered as unavailable time off the guaranteed extra board and will count as an occurrence(s).

It is understood that the forfeiture of guarantee shall not apply toward absences due to compensated bereavement leave, jury duty, personal leave, and vacation, provided there is intervening service between layoffs. An extra board engineer's guarantee will be pro-rated for the days he/she is not on bereavement leave, jury duty, personal leave, and/or vacation and that these earnings will not be used in calculating the per-half guarantee.

The following are examples of engineer extra board guarantee calculations under the BLET extra board agreements:

Example 1: An engineer marks off the extra board at 10:00 a.m., on 3/1 for a single day of vacation. He/she is automatically marked up to the extra board at 10:00 a.m. on 3/2. At 8:00 p.m. on 3/2 he/she marks off sick. He/she is marked up to the extra board at 8:00 p.m. on 3/3. He/she marks off the extra board on at 9:00 a.m. on 3/5 for a single day of vacation. In that he/she observed three lay-offs before first performing service and the cumulative time off (10:00 a.m. 3/1 through 9:00 a.m. on 3/6) is greater than 72/96 hours, the engineer will forfeit all guarantee for the pay half.

Example 2: An engineer marks off the extra board at 9:00 a.m. on 3/1 for four (4) personal leave days. He/she is marked up to the extra board at 9:00 a.m. on 3/5. At 9:00 p.m. on 3/7 lays off sick for 24 hours. In that he/she observed another mark off before first performing service and the cumulative time off (9:00 a.m. 3/1 through 9:00 p.m. 3/08) is greater than 72/96 hours, the engineer will forfeit all guarantee for the pay half.

During our discussions, the Carrier agreed with your organization's request that engineers laying off other than first out will have their guarantee reduced by one pro-rated guarantee day for each twenty four hours or portion thereof based on the initial lay off time.

Note: In this regard, Portland Hub extra board engineers remain governed by Section 4 of Memorandum of Agreement 1403159630.

In addition, where only one engineer is assigned to an extra board, such engineer will have his/her guarantee reduced by one pro-rated guarantee day for each layoff of twenty four hours or portion thereof based on the initial lay off time.

Finally, to preserve the quid pro quo for the guarantee and the employee's obligation to remain available for call and to perform service, the parties agree to subsequently meet to provide further preventive guidelines, if necessary, should employees find other avenues to avoid work in order to manipulate guarantee.

This letter and the examples attached herein are intended to confirm our discussions on March 21 and April 30, 2007 relative to engineer extra board guarantees on your respective properties and is not to be cited by either party as it relates to any other collective bargaining agreement.

Yours truly,

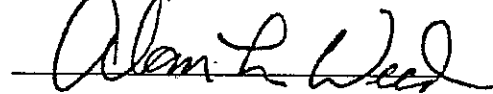
T.G. Taggart, Director



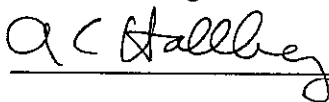
T.M. Stone, Director



A.L. Weed, Director



A.C. Hallberg, Director



cc: F.A. Tamisiea
A. T. Olin
R. Orosco
D. L. McPherson
E.L. Pruitt
M. Brazytis
A. A. Zabawa

BLET Extra Board Guarantee

Example 1: An engineer works January 1 and 2nd. He/she then takes 1 compensated/non-compensated day on January 3rd. Marks up and available January 4th – 8th. Performs service on January 9th. He/she continues to be available and/or performs service through the 14th. On January 15th he/she take 1 compensated /non-compensated day on January 15th.

The guarantee will be pro-rated 13/15th.

Example 2: Same engineer in example 1 above, marks up on January 16th. Performs service on the 17th, takes 1 personal leave/single day vacation on the 18th, performs service on the 19th, takes 2 personal leave/single days vacation on the 20th and 21st, performs service on the 22nd, takes 1 personal leave/single day vacation on the 23rd. He/she marks up and remains in available status through the 31st.

The guarantee will be pro-rated 12/16th because he/she performed service in between layoffs.

Example 3: An engineer lays-off jury duty on January 1st through 5th. Performs service on the 6th. Takes one week of vacation starting January 9th.

The guarantee will be pro-rated 3/15th because he/she performed service in between layoffs.

Example 4: Same engineer in Example 3 above, marks up from vacation on January 16th. He/she is available, but does not perform service between the 16th and 18th. On January 19, he/she lays off compensated/non-compensated for 48 hours. He/she is available/performs service between January 21 through the 31st.

The guarantee is forfeited because there was no service performed between the vacation ending on January 16th and the lay-off ending January 20th. Accordingly, the time between January 16th through the 20th was greater than 72 hours (96 on SPWL).

Example 5: An engineer takes a week of vacation starting January 1st through the 7th. He/she is available, but does not perform service between the 8th

and 10th. On the 11th he/she take a compensated/non-compensated lay off for 24 hours. He/she is available/performs service between the 12th and 15th.

The guarantee is forfeited because no service was performed between the vacation ending January 7th and the compensated/non-compensated layoff on the 11th. Accordingly the time between January 1st and 12th is considered unavailable and exceeds 72 hours (96 on SPWL).

Example 6: An engineer is granted a personal leave/single day vacation on the 1st. Marks up on the 2nd after 24 hours off. He/she performs no service between the 2nd and the 5th and he/she is then granted personal leave/single day vacation on the 5th. Marks up after 24 hours on the 6th. Performs service on the 7th through the 15th.

The guarantee is forfeited because the hours are considered cumulative and would therefore count as unavailable time because there was no work event between the personal leave/single vacation day taken between the 1st and the 6th.

Example 7: An engineer is granted a 24-hour personal leave/single day vacation on the 1st. Marks and performs service. On the 7th he/she lays off sick for twenty- four hours. Marks up and performs service. On the 15th, he/she again lays off sick.

The guarantee is pro-rated at 12/15 of the per-half guarantee.

Example 8: An engineer lays off sick 3/1 at 10:00 a.m. Marks up 3/2 at 10:00 a.m. He/she lays off sick again on 3/3 at 10:00 a.m. with no intervening work event. He/she marks up on 3/4 at 10:00 a.m. and remains marked up and performs service during the pay half.

The guarantee is pro-rated at 12/15 of the per-half guarantee. The occurrences and hours are considered cumulative and would therefore count as unavailable time because there was no work event between the lay off.

Example 9: An engineer is laid off compensated jury duty on the 1st to the 5th. He/she marks up on the 5th. No intervening service is performed when he/she is granted a 24 hour personal leave/single vacation day.

The guarantee is forfeited. The hours are considered cumulative and would therefore count as unavailable time because there was no work event between the lay off.

Example 10: An engineer is suspended from the 1st to the 5th. He/she marks up on the 6th. He/she remains marked and performs service through the 15th.

The guarantee is pro-rated at 10/15 of the per-half guarantee.

Example 11: An engineer is suspended from the 1st to the 5th. He/she marks up on the 6th. He/she lays off sick on the 7th with no intervening work event.

The guarantee is forfeited. The hours are considered cumulative and would therefore count as unavailable time because there was no work event between the lay off.

Example 12: An engineer is laid off personal leave on 3/1. He/she marks up on 3/2. On 3/5 he/she is called for service and later given a call and release. Later on 3/5 the engineer lays off for a single day vacation. He/she marks up on 3/6. He/she remains marked up and performs service during the pay half.

The guarantee is pro-rated 13/15. It is understood, call and releases will be considered as performing service relating to engineer extra board guarantee.