

UNION PACIFIC RAILROAD COMPANY

Western Region - Transportation

Al Hallberg, Dir. Labor Relations
Tel: (916) 789-6345
Fax: (916) 789-6445

10031 Foothills Blvd.
Roseville, CA 95747



January 13, 2009

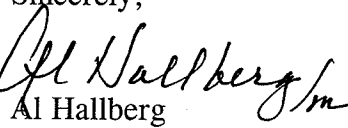
J. Kevin Klein, General Chairman
United Transportation Union
UP-Western Lines
501 Mission Street, Suite A
Santa Cruz, CA 95060

Dear Mr. Klein:

This refers to our discussions regarding Article XII (Termination of Seniority) of the 1985 UTU National Agreement.

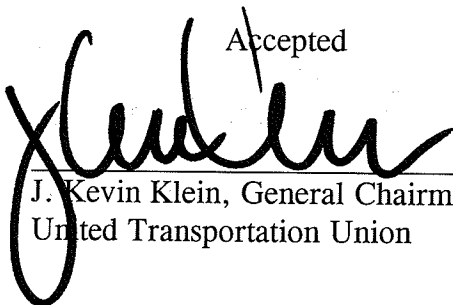
This letter of understanding will serve to confirm the parties' agreement to suspend application of Article XII of the 1985 UTU National Agreement until February 1, 2010. At that time, this National Agreement provision will be automatically reinstated in full force and effect. In concert therewith, the parties further agree to apply the terms set forth in this letter of understanding retroactively to any employee furloughed subsequent to September 1, 2007.

If the foregoing is acceptable to you, please so indicate by signing in the space provided below, returning one fully executed copy.

Sincerely,

Al Hallberg
Director, Labor Relations

AH-Klein283

Accepted



J. Kevin Klein, General Chairman
United Transportation Union