

UNION PACIFIC RAILROAD COMPANY



24125 Aldine Westfield
Spring, TX 77373

January 12, 2009

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Mr. T. L. Johnson
United Transportation Union
4411 Old Bullard Road, Ste. 600
Tyler, Texas 75703

Dear Sir:

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 and 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 properly and accurately reflects our understandings regarding this matter, please so indicate by affixing your signature in the space provided below and returning one fully executed copy to my office.

Sincerely,

A handwritten signature in cursive script that reads "S. F. Boone".

S. F. Boone
Director - Labor Relations

AGREED:

A handwritten signature in cursive script that reads "T. L. Johnson".

T. L. Johnson, General Chairman, UTU