



J. J. Marchant
Vice President

August 20, 2007

Mr. D. M. Hahs
President
Brotherhood of Locomotive Engineers
and Trainmen
1370 Ontario Street
Cleveland, OH 44113-1702

Dear Mr. Hahs:

This has reference to the general wage increases provided in Article I, Sections 1 and 2 of the July 1, 2007 BLET National Agreement and the carriers' commitment to endeavor to pay the retroactive portions of these general wage increases within sixty days of the date of the National Agreement.

Union Pacific will be unable to pay the retroactive portion of the general wage increases within the sixty-day timeframe referenced in Side Letter No. 1. Our delay is attributable to the complexities inherent in accurately calculating the amount of the employee health and welfare contribution withholding and, in particular, the amount of that withholding for employees who worked in both train/yard and engine service during the periods covered by the retroactive general wage increases. It is Union Pacific's goal to ensure every engineer is paid his or her back pay amount properly the first time. Thus, we are taking the extra time to carefully and accurately determine the amounts withheld from each engineer's retroactive pay.

Our plan presently contemplates completing this undertaking in time to include the retroactive portions of the general wage increases in the last half August payroll. If there is any slippage from this plan, I will promptly let you know.

Thank you for your understanding in this matter.

Sincerely,

A handwritten signature in black ink, appearing to be "J. J. Marchant".

cc: Mr. R. D. Meredith
Mr. A. T. Olin
Mr. R. Orosco
Mr. A. A. Zabawa – PNG06
M. F. C. Johnson – PNG06
Mr. T. J. Donnigan
Mr. G. Gore
Mr. D. W. Hannah
Mr. B. D. MacArthur
Mr. C. R. Rightnowar
Mr. M. A. Young