

UNION PACIFIC RAILROAD COMPANY

Alan L. Weed
Director – Labor Relations



1400 Douglas Street
STOP 0710
Omaha NE 68179-0710
Office: (402) 544-3047

BUILDING AMERICA

October 31, 2007

File: 110.61-7 (300)

Mr. D.L. Hazlett
General Chairman
United Transportation Union
5990 SW 28th Street, Suite F
Topeka, KS 66614-4818

Mr. T.J. Donnigan
General Chairman
Brotherhood of Locomotive Engineers
and Trainmen
P.O. Box 609
Pocatello, ID 83204-0609

Gentlemen:

Please refer to Carrier's letter dated December 6, 2001, advising of the Carrier's intent to establish pool freight service between Ogden (home terminal) and Milford (away-from-home terminal) pursuant to Article IV (A)(5) of the Salt Lake Hub Merger Implementing Agreements. It is the Carrier's current intention to resume the operation of this pool effective on or around November 15, 2007.

As stated previously, this pool operation is consistent with the flexibility provided by the Hub Agreement and can be made without notice. However, since the original December 6, 2001, notice, the parties have entered into national agreements to establish trip rates for through freight service. Therefore, the proposed handling of a trip rate for this new pool should be addressed at the outset. According to Article V, Section 7 of the 2002 (UTU) and 2003 (BLET) National Agreements the parties "may" establish a trip rate for a new pool on the basis of an existing and comparable pool. At this point, while the Carrier would be willing to discuss comparable pools for use in establishing a trip rate between Ogden and Milford, its current plan is to allow the employees assigned to the pools to be paid in the traditional sense, including the elimination of the dual basis of pay as provided by Article V, Section 9(h) of the 2002/2003 National Agreements.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Alan L. Weed
Director Labor Relations
Arbitration & Negotiations

cc: Frank Tamisiea
Cliff Johnson
Dave Martinez
Terry Tate