

UNION PACIFIC RAILROAD COMPANY

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2003-PA - BACK Pay.
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March 18, 2004

DELIVER TO:	Tim Donnigan Gil Gore Bill Hannah Bruce MacArthur Charlie Rightnowar Mike Young	FROM:	Terry Olin
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PAGES TRANSMITTED: 3, including cover sheet

COMMENTS:

Per our discussions last week, following is a letter regarding the back pay payroll recap reporting problem.

Happy reading!

Terry

Transmitting From

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UNION PACIFIC RAILROAD COMPANY

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March 18, 2004

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VIA FAX AND U. S. MAIL

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Mr. M. A. Young
General Chairperson
Brotherhood of Locomotive Engineers
1620 Central Avenue, Suite #203
Cheyenne, WY 82001

Gentlemen:

This refers to our discussions last week regarding the lump sum and retroactive general wage increase payments provided pursuant to Article I of the 2003 BLE National Agreement and, specifically, a problem encountered in reporting the retroactive general wage increase payment on payroll recaps. In regard thereto, the purpose of this letter is to confirm those discussions and the steps UP is taking to address this matter. Although Mr. Rightnowar was not present at our meeting, he is also addressed to ensure he is made aware of our discussions.

As we discussed, an error in the computer program that generates the payroll recaps resulted in the improper reporting of the retroactive general wage increase. Specifically, the payroll code used to identify this pay was at some point in the past used to report monies paid to employees for use of their personal automobiles -- i.e., auto mileage reimbursements. The use of this code consequently placed the retroactive pay in the automobile mileage column instead of the earnings column on

employee's recaps. To further complicate the matter, the reporting field in the automobile mileage column was not large enough to accommodate the retroactive pay amount. Consequently, some digits were dropped from the amount reported in this field. (The automobile mileage field can only accommodate an amount up to \$999.99. Thus, for back pay amounts exceeding \$999.99, the leftmost digit(s) were truncated.)

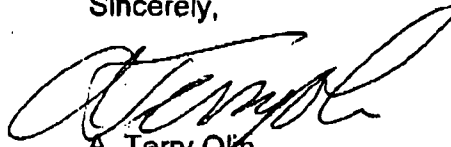
In response to your concerns, we have investigated this matter with Timekeeping and Payroll Accounting. On a positive note, the reporting error described above affected only the preparation of the payroll recap and did not affect calculation of the back pay or the amount of back pay an engineer received.

To address employee's concerns and questions, Union Pacific is correcting the reporting error and reprinting the second half of February payroll period recaps. I have been advised the corrected recaps were printed yesterday and will be mailed today or, at the latest, tomorrow.

Finally, I would like to apologize for this error. I earnestly hope it has not caused much inconvenience.

If you have any more questions regarding this matter, please do not hesitate to give me a call.

Sincerely,



A. Terry Olin
General Director - Labor Relations
Arbitration & Negotiations

cc: Mr. J. J. Marchant
Mr. R. D. Meredith
Mr. R. Gregory
Mr. T. G. Taggart
Ms. S. F. Boone
Mr. T. M. Stone
Mr. R. D. Rock
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Mr. R. P. Guidry -- Spring, TX
Mr. A. A. Zabawa -- PNG06
Mr. M. D. Stom -- PNG07
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Mr. D. L. McPherson -- BLE