



February 10, 2009

Mr. Russ George  
Executive Director  
Colorado Department of Transportation  
4201 East Arkansas Avenue  
Denver, CO 80222

Dear Mr. George:

We appreciated the opportunity to work with your team on the recently completed Colorado Rail Relocation Implementation Study ("R2C2 Study"), prepared by PB Americas, Inc. on behalf of the Colorado Department of Transportation ("CDOT"). As you know, Union Pacific has worked cooperatively with your department for a number of years on this project in order to ensure that freight railroads' interests are represented and to ensure the accuracy of the final work product.

After reviewing the final draft of the R2C2 Study, we believe the study accurately represents many of the potential costs and benefits associated with the alternative alignments. However, Union Pacific disagrees with the decision to change the methodology used to calculate Alignment A's crew costs. This change in methodology has contributed to an understatement of Alignment A's benefits, making Alignment A appear to be a less attractive option.

Under the revised methodology, the study overstates the number of crew districts that BNSF would require in order to operate trains over Alignment A, resulting in artificially high crew costs. The study improperly assumes that Alignment A would operate indefinitely with two short crew districts. In fact, BNSF could replace these two crew districts with a single longer crew district, which would extend approximately 250 miles, between Sterling and Las Animas, CO. Although BNSF contends that this distance is too long for a single crew district, BNSF currently transports PRB coal over a crew district exceeding 240 miles. Furthermore, BNSF could reduce this distance by relocating its Sterling crew-change location to Brush, CO, thereby making the crew district approximately 35 miles shorter.

In addition, Union Pacific continues to believe that this project must not alter the competitive balance in the marketplace. Only Alignment A would minimize the impact on the competitive balance. We believe the change in methodology has unjustifiably reduced the calculated benefits of Alignment A.

In the spirit of cooperation, we ask that you address our concerns before combining the results of the R2C2 Study with the results of the report currently being prepared by the Rocky Mountain Rail Authority, to ensure that the benefits of each alignment are assessed in an accurate manner. We also kindly ask that you make this letter available to the citizens of Colorado on the same website used for posting the final version of the R2C2 study.

We appreciate your consideration of the issues we identified above, and we would be happy to discuss our views further with you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Joe Bateman", written over a horizontal line.

Joe Bateman  
Vice-President Public Affairs

cc: John Rebensdorf, VP Network Planning & Operations – Union Pacific Railroad  
Randy Grauberger, Sr. Transportation Planning Mgr. – PB Americas, Inc