



July 10, 2003

Dear Union Pacific Railroad Customer:

We have enjoyed handling your shipments and look forward to continuing this relationship. We are taking this opportunity to clarify the liability provisions for the product or products you are shipping. You have been shipping your product at limited cargo liability rates. Among these liability limitations are:

Carriers' liability will not exceed the actual amount of physical loss or damage sustained to the cargo. Carriers will not be liable for special damages consequential damages or damages incurred due to the delay of the cargo.

U.S. and Canadian carriers are not liable for loss or damage occurring in Mexico. Clear and convincing evidence must exist that the damage occurred during the USA or Canadian rail transport before U.S. and Canadian carriers will be responsible for damage.

Rail carriers' maximum liability for all losses related to one carload is limited to \$25,000.

Rail carriers are not liable for damage caused by defective equipment not owned by the rail carriers.

Rail carriers are not liable for improper loading, or improper blocking and bracing. All parts of the cargo both external and internal must be blocked and braced to withstand the rigors of rail transit.

Full 49 U.S.C. Section 11706 (Carmak) liability is available to you, at a 250% surcharge of the rates you have been utilizing.

Again, we look forward to continuing our relationship with your company as Union Pacific strives to provide safe and quality transportation services. We will endeavor to continue programs such as active monitoring, careful car handling programs, radar testing along with operating department meetings to help ensure a damage free shipments for your product.

Sincerely,

Dave M. Wheeler
Assistant Vice President
Damage Prevention Services
Union Pacific Railroad
Omaha, Nebraska