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LEGAL DEPARTMENT

CLINTON J. MILLER, III • KEVIN C. BRODAR • ROBERT L. McCARTY • DANIEL R. ELLIOTT, III
General Counsel Associate General Counsel Associate General Counsel Associate General Counsel

July 9, 2008

International Officers
BNSF Railway General Chairpersons
CSX Transportation, Inc. General Chairpersons
Norfolk Southern General Chairpersons
Union Pacific Railroad General Chairpersons

Dear UTU International Officers and General Chairpersons:

Please find attached for your information and files a copy of the Arbitration Agreement ("Agreement") between BNSF Railway Co. ("BNSF"), CSX Transportation, Inc. ("CSXT"), Norfolk Southern Railway Co., ("NSRY"), and Union Pacific Railroad ("UPRR") and their employees represented by, among others, United Transportation Union ("UTU"), regarding the Family and Medical Leave Act ("FMLA") suit. Under the Agreement, a Special Board of Adjustment (hereinafter referred to as the "Board") shall be established pursuant to the provisions of Section 3, Second of the Railway Labor Act, 45 U.S.C. § 153, Second, to resolve, on a national basis, certain disputes among these parties concerning the carriers' requirement that employees substitute contractual paid vacation and/or contractual paid personal leave for unpaid leave taken pursuant to the FMLA. The question presented to the Board pursuant to this Agreement shall be as follows:

Do the carriers' policies requiring employees to substitute paid vacation and/or paid personal leave for unpaid FMLA leave violate the requirements of the national vacation and/or national personal leave agreements.

The parties shall retain any claims or defenses concerning substitution of contractual paid vacation and/or contractual paid personal leave arising under local (single carrier and single union) collective bargaining agreements that materially differ from the national vacation agreements or national personal leave agreements, and such claims or defenses shall not be subject to the Board's Award pursuant to this Agreement.

Outside counsel shall handle the arbitration on behalf of the unions for this national agreement question, so be sure to protect any grievances you have filed or intend to file which rely on your local agreements. If you have any questions, please call me.

Sincerely,

A handwritten signature in black ink, appearing to read "D. R. Elliott, III".

Daniel R. Elliott, III
Associate General Counsel

Attachment

cc: C. J. Miller, III, General Counsel

RECEIVED UTU

JUL 07 2008

LEGAL DEPT.

ARBITRATION AGREEMENT

Between

BNSF RAILWAY CO.,
CSX TRANSPORTATION, INC.,
NORFOLK SOUTHERN RAILWAY CO.,
and
UNION PACIFIC RAILROAD CO.

And Their Employees
Represented By

AMERICAN TRAIN DISPATCHERS ASSOCIATION,
BROTHERHOOD OF LOCOMOTIVE ENGINEERS AND TRAINMEN,
BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES,
BROTHERHOOD OF RAILROAD SIGNALMEN,
INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE
WORKERS,
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS,
NATIONAL CONFERENCE OF FIREMEN AND OILERS,
SHEET METAL WORKERS INTERNATIONAL ASSOCIATION,
TRANSPORT WORKERS UNION,
TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION,
UNITED SUPERVISORS COUNCIL OF AMERICA,
and
UNITED TRANSPORTATION UNION

IT IS AGREED THAT:

1. The rail carriers identified above (hereafter "the carriers") are subject to the provisions of the Railway Labor Act (45 U.S.C. § 151 et seq.) and are "carriers" within the meaning of the Act. The labor organizations identified above (hereafter "the unions") are the duly designated representatives of employees of the carriers party to this Agreement within the meaning of the Act. As used herein, "the parties" consists of the carriers and the unions collectively.

2. A Special Board of Adjustment (hereinafter referred to as the "Board") shall be established pursuant to the provisions of Section 3, Second of the Railway Labor Act, 45 U.S.C. § 153, Second, to resolve, on a national basis, certain disputes among the parties concerning the carriers' requirement that employees substitute contractual paid vacation and/or contractual paid personal leave for unpaid leave taken pursuant to the Family and Medical Leave Act ("FMLA").

3. The question presented to the Board pursuant to this Agreement shall be as follows:

“Do the carriers’ policies requiring employees to substitute paid vacation and/or paid personal leave for unpaid FMLA leave violate the requirements of the national vacation and/or national personal leave agreements?”

The Board shall have jurisdiction only to decide this question. No other claims, issues or disputes shall be submitted to the Board except by mutual consent of the parties to this Agreement. The Board is not empowered and has no jurisdiction to act or decide the matter(s) before it as an “interest arbitration” board. The Board shall not have the authority to create any new rules, add contractual terms or change existing agreements governing rates of pay, rules and working conditions. In its Award, the Board shall confine itself strictly to a decision as to the question submitted to it. The Board shall not have jurisdiction to interpret any statutes. This Agreement shall not be deemed to preclude any party from relying on any previously issued arbitration award or its adversary from arguing that such previously issued award is distinguishable, has no precedential effect or otherwise should not be followed.

4. The parties hereto shall retain any claims or defenses concerning substitution of contractual paid vacation and/or contractual paid personal leave arising under local (single carrier and single union) collective bargaining agreements that materially differ from the national vacation agreements or national personal leave agreements, and such claims or defenses shall not be subject to the Board’s Award pursuant to this Agreement.

5. The Board shall consist of three neutral arbitrators. The neutral arbitrators selected shall have no interest in the controversy to be arbitrated, no connection with or partiality to any of the parties to the arbitration, and shall be unbiased as to such parties.

6. The parties shall, for a period of 10 days after entering into this agreement, negotiate in good faith in an attempt to agree on the selection of the neutrals. If they are unable to do so within 10 days of the date of this Agreement, the neutral arbitrators for the Board shall be selected in the following manner:

The parties shall request that the American Arbitration Association promptly provide them by fax the names of thirty-three (33) arbitrators, which shall include only individuals who are members of the National Academy of Arbitrators and who have not at any time been employed by a rail carrier or an organization representing employees of a rail carrier. Within ten (10) days of receipt of this list, a representative of the carriers and a representative of the unions shall meet and alternately strike names from the list until there are three names remaining, who shall be the neutrals. The order of strikes shall be determined by coin flip.

7. The compensation of the neutral arbitrators, including necessary travel expenses and expenses actually incurred, and all other expenses of the arbitration shall be borne equally by the union and carrier parties.

8. The neutrals shall make all necessary rules for conducting the Board's hearings, consistent with the provisions of this Agreement: *Provided, however*, that the neutrals shall be bound to give the parties to the controversy a full and fair hearing, which shall include an opportunity to present evidence in support of their claims, and an opportunity to present their case in person, by counsel, or by other representative as they may respectively elect.

9. The Board shall hold its hearings in Washington D.C. The hearings shall commence within fourteen (14) days after the exchange of reply submissions pursuant to Paragraph 10. The Board shall consider the case on an expedited basis, and shall issue its Award based on the record in the case within sixty (60) days of the completion of the hearing, provided that the parties may agree at any time upon extension of this date.

10. The parties shall exchange written submissions forty-five (45) days after the selection of the neutrals. Reply submissions, including any rebuttal evidence, shall be exchanged 15 days after the exchange of the opening submissions. There shall be one (1) opening submission and one (1) reply submission filed by each side (carrier and union) to this dispute, and each side shall make only one coordinated oral presentation at the hearings. Copies of the submissions shall be provided to the neutrals at the time of each exchange.

11. Both sides are charged with the duty and responsibility of including in their initial written submission all known evidence and argument upon which they intend to rely. No arguments or evidence may be presented at the hearing unless raised or included in one of the pre-hearing submissions. Notwithstanding the foregoing, the neutrals may request the submission of additional information deemed necessary for the adjudication of the matter(s) before the Board from any or all parties at any time until the rendering of the Award, provided that any such request shall be made known to all parties at the time it is made and that any response to such request shall be provided to all parties at the time it is provided to the neutrals. There shall be no pre-hearing discovery among the parties or any live witness testimony or cross examination.

12. The question submitted by the parties to the Board may be withdrawn from arbitration at any time prior to the Board's making of its Award by giving notice to that effect signed by the duly accredited representatives of all parties to the neutrals.

13. The Award of the Board shall become effective fourteen (14) calendar days after it is rendered and shall be final and binding on the parties, subject to the provisions of the Railway Labor Act, except as otherwise provided herein.

14. Any dispute arising as to the meaning, or the application of the provisions, of an Award made by the Board may be referred back for a ruling to the same Board by a party to this Agreement, provided that such request is made in writing within forty-five (45) days after the effective date of the Award.

15. This agreement to arbitrate, when properly signed and acknowledged as herein provided, shall not be revoked by a party: *Provided, however*, that the agreement to arbitrate

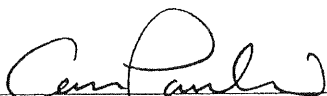
may at any time be revoked and canceled by the written agreement of all parties, signed by their duly accredited representatives.

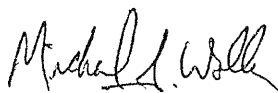
16. The Board shall continue in existence until it has disposed of the matters submitted to it under this Agreement, after which it shall cease to exist except for interpretation of its Award pursuant to Paragraph 14 above.

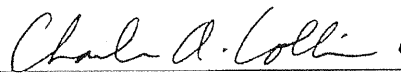
17. The time limits set forth in this Agreement may be extended by mutual consent of the parties.

This Agreement has been made and concluded this 4th day of June, 2008.

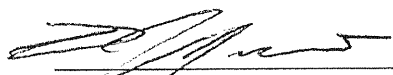
FOR THE ORGANIZATIONS:


Carmen R. Parcelli, for
TCU, BRC-TCU, IAM, UTU, TWU, and USCA

 6/9/08
Michael Wolly, for
IBEW, NCFO, SMWIA, BLET, BRS, and ATDA

 6/12/08
Charles Collins, for
BMW

FOR THE CARRIERS:

 6/19/08
Donald Munro, for
the Carriers

SUPPLEMENT TO ARBITRATION AGREEMENT

Between

BNSF RAILWAY CO.,
CSX TRANSPORTATION, INC.,
NORFOLK SOUTHERN RAILWAY CO.,
and
UNION PACIFIC RAILROAD CO.

And Their Employees
Represented By

AMERICAN TRAIN DISPATCHERS ASSOCIATION,
BROTHERHOOD OF LOCOMOTIVE ENGINEERS AND TRAINMEN,
BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYEES,
BROTHERHOOD OF RAILROAD SIGNALMEN,
INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE
WORKERS,
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS,
NATIONAL CONFERENCE OF FIREMEN AND OILERS,
SHEET METAL WORKERS INTERNATIONAL ASSOCIATION,
TRANSPORT WORKERS UNION,
TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION,
UNITED SUPERVISORS COUNCIL OF AMERICA,
and
UNITED TRANSPORTATION UNION

Whereas, the parties have agreed to arbitrate the question "Do the carriers' policies requiring employees to substitute paid vacation and/or paid personal leave for FMLA leave violate the requirements of the national vacation and/or national personal leave agreements?", and

Whereas, the parties agree that should the Special Board of Adjustment answer the question in the affirmative, in whole or in part, there would remain the issue of the appropriate remedy due employees who have filed timely and otherwise procedurally valid claims arising from specific applications of the carriers' policies requiring use of paid vacation or personal leave as FMLA leave,

THEREFORE, IT IS FURTHER AGREED THAT:

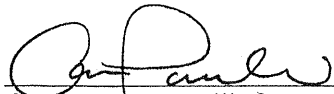
1. In the event the Special Board of Adjustment decides that all or part of the carriers' policies regarding substitution of paid vacation and/or paid personal leave for FMLA leave violate the requirements of the national vacation and/or national personal leave agreements, then upon the effective date of the Board's award,

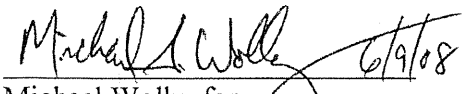
- (a) the carriers will immediately discontinue the invalidated provisions of such policies, and
- (b) the arbitration panel will consider the following question: "What is the appropriate remedy for employees who were required to use paid leave for FMLA leave in violation of the national vacation and/or national personal leave agreements?"

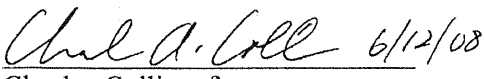
2. The provisions of paragraphs 9-17 of the Arbitration Agreement shall apply to this proceeding as well except that (a) the times for exchanging written submissions on this issue shall be thirty (30) days after the effective date of the first award, (b) reply submissions, including any rebuttal evidence, shall be exchanged 15 days after the exchange of the opening submissions.

This Agreement has been made and concluded this 4th day of June, 2008.

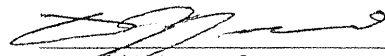
FOR THE ORGANIZATIONS:


Carmen R. Parcelli, for
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Michael Wolley, for
IBEW, NCFO, SMWIA, BLET, BRS, and ATDA


Charles Collins, for
BMWE

FOR THE CARRIERS:


Donald Munro, for
the Carriers