

## Memorandum of Understanding

This Memorandum of Understanding ("MOU") is entered into effective this \_\_\_ day of December, 2009, by and between Union Pacific Railroad Company ("Union Pacific") and the six General Committees of Adjustment (the "General Committees") of the Brotherhood of Locomotive Engineers and Trainmen ("BLET") who collectively represent employees of Union Pacific in the craft or class of locomotive engineers.<sup>1</sup>

WHEREAS Union Pacific has informed the BLET and the General Committees that it intends to engage in multi-employer bargaining together with other rail carriers represented by the National Carriers' Conference Committee ("NCCC") with regard to Section 6 notices filed by the parties during the 2010 wage, rules, and benefits round of collective bargaining (the "2010 round"); and

WHEREAS the General Committees have informed Union Pacific that they do not wish to engage in multi-employer bargaining and have filed a lawsuit, No. 09-cv-03030-PAM-SRN, in federal court in the District of Minnesota (the "lawsuit"), seeking declaratory and injunctive relief to require Union Pacific to bargain on a local (*i.e.* single-employer) basis; and

WHEREAS the parties to this agreement wish to proceed in good faith with efforts to reach a final and binding collective bargaining agreement in the 2010 round on the matters the General Committees have not assigned to multi-employer handling without further litigation and without prejudice to their respective positions;

NOW THEREFORE, the parties hereto agree as follows:

1. Union Pacific shall, through the NCCC or its designated representative, meet with the General Committees on a voluntary basis to negotiate both sides' proposals in the 2010 round for an agreement covering rates of pay, rules, and working conditions applicable to Union Pacific. Moreover, Union Pacific will conduct such bargaining on a local, single system basis with the intention of reaching a final and binding agreement between the parties that resolves all of their respective bargaining proposals in the 2010 round (both those that concern system-wide issues and those that address issues affecting only part(s) of its system), and will not at any point during such round prior to arriving at an agreement insist on or otherwise require the BLET or the General Committees to bargain on a multi-employer basis.

2. Nothing in this MOU shall affect or apply to bargaining in the 2010 round over health and welfare benefits, which shall be conducted on a multi-employer basis. Moreover,

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<sup>1</sup> The six General Committees who are parties to this agreement are as follows: General Committee of Adjustment, Union Pacific Northern Region; General Committee of Adjustment, Union Pacific Eastern District; General Committee of Adjustment, Union Pacific Central Region; General Committee of Adjustment, Union Pacific Southern Region; General Committee of Adjustment, Union Pacific Western Lines; General Committee of Adjustment, Union Pacific Western Region.

nothing in this MOU shall prevent the parties from jointly agreeing, on a voluntary basis, to bargain any other issues on a multi-employer basis, or from referring to, incorporating, or otherwise adopting any agreement, in whole or in part, that may be reached through multi-employer bargaining by and between the NCCC and BLET during the 2010 round.

3. In conducting bargaining with Union Pacific in the 2010 round, the General Committees shall designate an individual, entity, or committee with full authority to treat with the carrier on a system-wide, craft-wide basis, for the purpose of reaching an agreement on system-wide issues applicable to all employees represented by the General Committees on Union Pacific, subject to ratification by the General Committees' members in accordance with the BLET Bylaws. Such bargaining will include negotiation of issues that address concerns of employees represented by an individual General Committee(s), provided that neither Union Pacific nor any individual General Committee(s) may insist on exhaustion of the major dispute procedures of the Railway Labor Act with respect to any such individual issue except as part of an overall settlement of all issues.

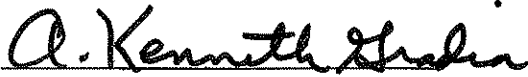
4. This MOU and the procedures adopted hereby for the 2010 round of collective bargaining are and shall be strictly without prejudice to the positions of Union Pacific, the NCCC, the General Committees, or the BLET regarding the obligatory or voluntary nature of multi-employer bargaining and/or system-wide, craft-wide bargaining and/or more localized handling. This MOU shall expire once there is a final and binding agreement between the parties that resolves all of their respective bargaining proposals in the 2010 round between the parties to this MOU and may not be referenced or relied upon in connection with any disputes about the obligation of any party to engage in national, local, or system-wide handling that may arise in future rounds of collective bargaining.

5. Nothing in this MOU shall affect in any way the choice of representative by either Union Pacific or its locomotive engineer employees, nor shall it provide any basis for challenge to the designation or selection of such representatives.

6. Within 5 days of the effective date of this MOU, the General Committees shall dismiss the pending lawsuit in Minnesota.

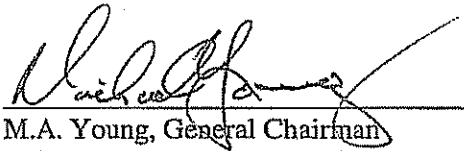
7. The parties acknowledge and agree that the purpose of this MOU is to provide for a comprehensive resolution of any disputes concerning multi-employer, local, or system-wide, craft-wide bargaining between Union Pacific and the BLET General Committees in the 2010 round. Except with respect to any questions arising from the interpretation or application of this MOU, neither party shall initiate litigation over such disputes during the remainder of the 2010 round, provided, however, that except as expressly provided herein, nothing in this Agreement shall alter the rights of any party under the Railway Labor Act or otherwise restrict the rights of any party to seek enforcement of such rights in any appropriate court.

By signing below, each of us hereby confirms that we have authority to agree to these terms on behalf of the parties we represent.

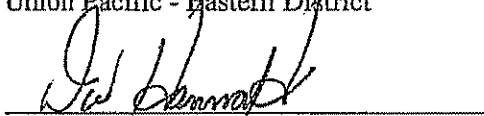


A. Kenneth Gradia, Chairman, NCCC  
For Union Pacific Railroad Company

Date: December 15, 2009



M.A. Young, General Chairman  
BLET General Committee of Adjustment  
Union Pacific - Eastern District



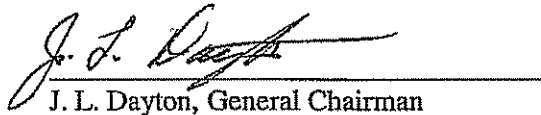
D. W. Hannah, General Chairman  
BLET General Committee of Adjustment  
Union Pacific - Western Lines



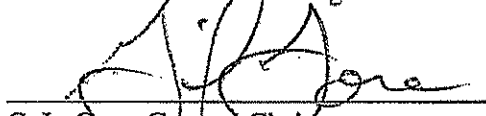
C.R. Rightnoway, General Chairman  
BLET General Committee of Adjustment  
Union Pacific - Central Region



B. D. MacArthur, General Chairman  
BLET General Committee of Adjustment  
Union Pacific - Northern Region



J. L. Dayton, General Chairman  
BLET General Committee of Adjustment  
Union Pacific - Western Region



G. L. Gore, General Chairman  
BLET General Committee of Adjustment  
Union Pacific - Southern Region

Date: December 15, 2009