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February 23, 2004

HAROLD A. ROSS

To:

All BLET General Chairmen of BNSF
All BLET General Chairmen of CSXT
All BLET General Chairmen of UP and
BLET General Chairman of Indiana Harbor Belt

Re: FMLA Policy Litigation

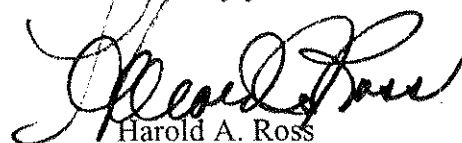
Dear Sirs:

Enclosed is a self-explanatory memorandum from Mike Wolly on the status of the current four (4) lawsuits involving the new FMLA Policy imposed by BNSF, CSXT, UP and IHB. Mr. Wolly is acting as lead counsel for five (5) unions and BLET in this litigation.

This memorandum advises you as to the status of the litigation and the agreed-upon process for handling any possible contractual claims as to the improper application of the FMLA and the unilaterally fashioned and applied Policy. A disclaimer to accompany any claim filed is set forth at the bottom of page 1 of the memo.

An agreement reached for the consolidation and handling of the four lawsuits accompanies the memo. I suggest that it be reviewed and maintained in your files for future reference. Accompanying that agreement is a list of the carriers and organizations (internationals), who are parties to these lawsuits. As you were previously informed, the carriers acted jointly and instigated the litigation.

Sincerely yours,



Harold A. Ross

HAR:sam
enclosure

cc: D. M. Hahs, Pres.-BLET
E. W. Rodzwick, FVP-BLET
W. C. Walpert, GST-BLET
J. P. Tolman, Asst. to Pres.-BLET

w/enclosure

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FEB 25 2004

BLE U.P. SOUTHERN GCA

Reading

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MARGO PAVE*#
PATRICIA C. HOWARD#

*DC #MD +VA 0NY

February 20, 2004

TO: Cliff Meredith - IBEW
George Francisco - NCFO
Leo McCann - ATDA
Don Buchanan - SMWIA
Dan Pickett - BRS
Don Hahs - BLE

FROM: Mike Wolly *MW*

RE: Status of FMLA Policy Litigation

As you know, there are currently four lawsuits pending that address recent changes in the FMLA policies of Union Pacific, Burlington Northern Santa Fe, CSXT, and Indiana Harbor Belt, two filed by carriers and two filed by unions. Your organizations are defendants in both of the carrier suits. After considerable negotiation, the carriers have agreed to transfer their suits filed in Texas and Florida to Chicago, where the two union suits are pending. They all will be consolidated before U.S. District Judge Wayne Andersen, the judge who already is handling the union suits. Motions to transfer are being filed. Once the transfers are accomplished, a joint motion for consolidation will be filed with Judge Andersen.

In the meantime, some of you may have contract claims already pending, others may be facing deadlines for filing claims. The carriers would not agree to suspend the claims process until the court determines whether the controversy presents a major or a minor dispute. Consequently, any claim you process should explicitly state:

This claim is being processed without prejudice to the organization's position that the carrier's revised FMLA policy is unenforceable because it was implemented unilaterally in violation of the carrier's status quo and bargaining obligations under the Railway Labor Act and in violation of the Family and Medical Leave Act. The organization is litigating that issue in federal court. The carrier has refused to suspend the requirements of the contract claims process until that dispute is resolved. Therefore, the organization is processing this claim at this time to ensure

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that the contractual requirements are satisfied in the event the court holds that the dispute must be resolved via the Section 3 processes of the Act.

As part of the agreement to have all of the lawsuits consolidated in Chicago, we agreed to the following interim arrangements vis-a-vis the handling of on-property claims while the suits are pending:

- (a) Such claims will be subject to applicable rules regarding filing and progression in the usual manner on the property;
- (b) Applicable rules regarding progression of such claims beyond the property level will be suspended until the date of a final decision by Judge Andersen, unless an appeal is taken by either party from that determination, in which case this provision will apply until the mandate issues from the Court of Appeals.
- (c) Any party may cancel its arrangement to suspend applicable time limits beyond the property by providing thirty (30) days' written notice to any other affected parties.

A copy of the complete Memorandum of Understanding is attached. If you have any questions, please give me a call.

cc: Harold Ross, Bill Phillips

**Memorandum of Understanding Regarding Litigation in Case No. 03C-9419
(N.D. Ill.), Case No. 3-03CV-2872G (N.D. Tex.), Case No. 3:03-CV-1069-J-
16HTS (M.D. Fla.), and Case No. 04C-0163 (N.D. Ill).**

This memorandum sets out the terms of the agreement between the plaintiffs and defendants in the four above-captioned cases (collectively, “the parties”) listed in Attachment A regarding the procedural posture and handling of these cases, all of which concern changes to the various Family Medical Leave Act (“FMLA”) policies maintained by Union Pacific Railroad Company (“UP”), The Burlington Northern and Santa Fe Railway Company (“BNSF”), CSX Transportation, Inc. (“CSXT”), and/or Indiana Harbor Belt Railroad (“IHB”) (collectively, “the railroads”). The purpose of this agreement is to provide for a comprehensive resolution in a single forum of all outstanding claims and defenses in the above-referenced cases. To that end, the parties agree as follows:

1. All claims and defenses raised in or implicated by the four above-referenced actions will, with the approval of the relevant courts, be litigated in a consolidated proceeding before Judge Wayne Andersen in the federal District Court for the Northern District of Illinois, the judge who is currently assigned to Case No. 03C-9419 and Case No. 04C-0163. The parties will take the following steps to achieve such a consolidation:

(a) The plaintiffs in Case No. 3-03CV-2872G, currently pending in the Northern District of Texas, will file an unopposed motion to transfer the case to the Northern District of Illinois and will ask that the case be assigned to Judge Andersen.

(b) The plaintiff in Case No. 3:03-CV-1069-J-16HTS, currently pending in the Middle District of Florida, will file an unopposed motion to transfer the case to the Northern District of Illinois and will ask that the case be assigned to Judge Andersen.

(c) Once all four of the cases have been assigned to Judge Andersen, the parties will file a joint motion for consolidation of the four actions.

(d) All of the parties will support motions to extend the time to answer or otherwise plead in response to the various complaints until 45 days after the cases have been consolidated before Judge Andersen.

2. In addition to the specific steps referenced above, all the parties will use their best efforts to achieve a coordinated and efficient schedule of further filings, and shall agree to any other extensions of time that are reasonable and necessary to the achievement of the coordination and consolidation addressed herein. Moreover, consistent with the other provisions herein, all of

the parties hereto will use their best efforts to achieve an efficient and expeditious resolution of these cases.

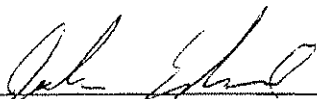
3. During the pendency of this litigation, all of the parties will refrain from filing, supporting, encouraging, or authorizing any further cases against any of the other parties hereto concerning the subject matter of the four pending actions, whether in federal court, state court, arbitration, or otherwise, and including any actions that could be brought by any of their affiliates, subsidiaries, committees, employees, officers, or agents. Moreover, during the pendency of this litigation, if any of the parties (or their affiliates, subsidiaries, committees, employees, officers, or agents) file additional actions against third parties, such actions will, to the extent possible, be filed in the Northern District of Illinois. This provision shall not restrict or otherwise affect the right of any party to bring additional claims or counterclaims or to seek to add any additional plaintiffs or defendants in any of the four pending actions after consolidation before Judge Andersen. This provision shall apply until the date of a final decision by Judge Andersen, unless an appeal is taken by either party from that determination, in which case this provision will apply until the mandate issues from the Court of Appeals.

4. During the pendency of this litigation, the parties will make the following interim arrangements on each carrier property to handle claims filed on each carrier property after January 1, 2004 arising from the implementation of the changes to FMLA policies announced by the railroads in 2003 and at issue in the four pending cases:

- (a) Such claims will be subject to applicable rules regarding filing and progression in the usual manner on the property;
- (b) Applicable rules regarding progression of such claims beyond the property level will be suspended until the date of a final decision by Judge Andersen, unless an appeal is taken by either party from that determination, in which case this provision will apply until the mandate issues from the Court of Appeals.
- (c) Any party may cancel its arrangement to suspend applicable time limits beyond the property level by providing thirty (30) days' written notice to any other affected parties.

5. Nothing in this memorandum of understanding shall be interpreted to alter the claims or defenses of any of the parties in the four pending actions, and shall otherwise be without prejudice to their respective positions therein.

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



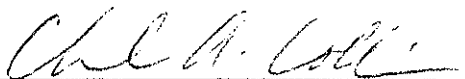
John Edmond, for
TCU, BRC-TCU, IAM, UTU, TWU, and USCA

Date: February 17, 2004



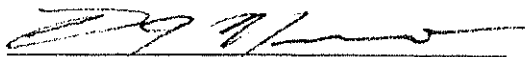
Michael Wolly, for
IBEW, NCFO, SMWIA, BLET, BRS, and ATDA

Date: February 17, 2004



Charles Collins, for
BMW

Date: February 18, 2004



Donald Munro, for
the railroads

Date: February 17, 2004

ATTACHMENT A

PARTIES IN CASE NO. 03C-9419 (N.D. ILL.)

Brotherhood of Maintenance Way Employes

Rufilio G. Herrera

Joseph M. Franco

James T. McGill

Charles Kocher

CSX Transportation, Inc.

The Burlington Northern and Santa Fe Railway

Union Pacific Railroad Company

Indiana Harbor Belt Railroad Company

PARTIES IN CASE NO. 04C-0163 (N.D. ILL.)

Brotherhood of Locomotive Engineers & Trainmen,
A Division of Railway Conference, International
Brotherhood of Teamsters

International Association of Machinists & Aerospace Workers

Transport Workers Union

Transportation Communications International Union

United Supervisors Council of America

United Transportation Union

Reginald Baker

Michael S. Cheeks

C.R. Losgren

Tyrone Minor

Thomas Richard

Robert F. Sullivan

The Burlington Northern and Santa Fe Railway Company

CSX Transportation, Inc.

International Brotherhood of Electrical Workers

National Conference of Firemen and Oilers – Division of SEIU

Sheet Metal Workers' International Association

Transportation-Communications International Union

United Transportation Union

Yardmasters Department – United Transportation Union

Union Pacific Railroad Company
Indiana Harbor Belt Railroad Company

PARTIES IN CASE NO. 3-03CV-2872G (N.D. TEX.)

The Burlington Northern and Santa Fe Railway Company
Union Pacific Railroad Company
American Train Dispatchers Department of the
International Brotherhood of Locomotive Engineers
Brotherhood of Locomotive Engineers
Brotherhood of Maintenance of Way Employes
Brotherhood of Railroad Signalmen
Brotherhood Railway Carmen – Division of TCU
International Association of Machinists and Aerospace Workers
International Brotherhood of Electrical Workers
National Conference of Firemen and Oilers – Division of SEIU
Sheet Metal Workers International Association
Transportation Communications International Union
United Transportation Union
Yardmasters Department – United Transportation Union

PARTIES IN CASE NO. 3:03-CV-1069-J-16HTS (M.D. FLA.)

CSX Transportation, Inc.
Brotherhood of Maintenance of Way Employes
P. K. Geller
American Train Dispatchers Division, Brotherhood of
Locomotive Engineers
Brotherhood of Locomotive Engineers
Brotherhood Railway Carmen, Division of Transportation-
Communications International Union
Brotherhood of Railroad Signalmen
International Association of Machinists and Aerospace Workers