

MEDIATION AGREEMENT

THIS AGREEMENT, made this 5th day of January, 2012 by and between the participating carriers listed in Exhibit A, attached hereto and made a part hereof, and represented by the National Carriers' Conference Committee, and the employees of such carriers shown thereon and represented by the Brotherhood of Locomotive Engineers and Trainmen, witnesseth:

IT IS HEREBY AGREED:

ARTICLE I - WAGES

Section 1 - First General Wage Increase

(a) Effective July 1, 2010, all standard basic daily rates of pay for employees represented by the Brotherhood of Locomotive Engineers and Trainmen ("BLET") in effect on June 30, 2010 shall be increased by two (2) percent.

(b) In computing the increase under paragraph (a) above, two (2) percent shall be applied to the standard basic daily rates of pay applicable in the following weight-on-drivers brackets, and the amounts so produced shall be added to each standard basic daily rate of pay:

Passenger	- 600,000 and less than 650,000 pounds
Freight	- 950,000 and less than 1,000,000 pounds (through freight rates)
Yard Engineers	- Less than 500,000 pounds
Yard Firemen	- Less than 500,000 pounds (separate computation covering five-day rates and other than five-day rates)

Section 2 - Second General Wage Increase

Effective July 1, 2011, all standard basic daily rates of pay in effect on June 30, 2011 for employees represented by the BLET shall be increased by two-and-one-half (2.5) percent, computed and applied in the same manner prescribed in Section 1(b) above.

Section 3 - Third General Wage Increase

Effective July 1, 2012, all standard basic daily rates of pay in effect on June 30, 2012 for employees represented by the BLET shall be increased by four-and-three-tenths (4.3) percent, computed and applied in the same manner prescribed in Section 1(b) above.

Section 4 – Fourth General Wage Increase

Effective July 1, 2013, all standard basic daily rates of pay in effect on June 30, 2013 for employees represented by the BLET shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1(b) above.

Section 5 – Fifth General Wage Increase

Effective July 1, 2014, all standard basic daily rates of pay in effect on June 30, 2014 for employees represented by the BLET shall be increased by three-and-eight-tenths (3.8) percent, computed and applied in the same manner prescribed in Section 1(b) above.

Section 6 – Sixth General Wage Increase

Effective January 1, 2015, all standard basic daily rates of pay in effect on December 31, 2014 for employees represented by the BLET shall be increased by three (3) percent, computed and applied in the same manner prescribed in Section 1(b) above.

Section 7 - Standard Rates

The standard basic daily rates of pay produced by application of the increases provided for in this Article are set forth in Appendix 1, which is a part of this Agreement.

Section 8- Application of Wage Increases

(a) The adjustments provided for in this Article (i) will apply to mileage rates of pay for overmiles, and (ii) will not apply to duplicate time payments, including arbitraries and special allowances that are expressed in time, miles or fixed amounts of money.

(b) Miscellaneous rates based upon hourly or daily rates of pay, as provided in the schedules or wage agreements, shall be adjusted under this Agreement in the same manner as heretofore increased under previous wage agreements.

(c) In determining new hourly rates, fractions of a cent will be disposed of by applying the next higher quarter of a cent.

(d) Daily earnings minima shall be changed by the amount of the respective daily adjustments.

(e) Existing money differentials above existing standard daily rates shall be maintained.

(f) In local freight service, the same differential in excess of through freight rates shall be maintained.

(g) Where applicable, the differential of \$4.00 and/or \$6.00 per basic day in freight, passenger and yard service, and 4¢ and/or 6¢ per mile for miles in excess of the number of miles encompassed in the basic day in

freight and passenger service, will be maintained for engineers working without firemen on locomotives on which under the former National Diesel Agreement of 1950 firemen would have been required. Such differential will continue to be applied in the same manner as the local freight differential.

(h) In computing the first increase in rates of pay effective under Section 1 for firemen employed in local freight service, or on road switchers, roustabout runs, mine runs, or in other miscellaneous service, on runs of miles equal to or less than the number comprising a basic day, which are therefore paid on a daily basis without a mileage component, whose rates had been increased by "an additional \$.40" effective July 1, 1968, the two (2) percent increase shall be applied to daily rates in effect on the day preceding the effective date of the general wage increase provided for in Section 1, exclusive of local freight differentials and any other money differential above existing standard daily rates. For firemen, the rates applicable in the weight-on-drivers bracket 950,000 and less than 1,000,000 pounds shall be utilized in computing the amount of increase. The same procedure shall be followed in computing the increases effective July 1, 2011, July 1, 2012, July 1, 2013, July 1, 2014 and January 1, 2015. The rates produced by application of the standard local freight differentials and the above-referred-to special increase of "an additional \$.40" to standard basic through freight rates of pay are set forth in Appendix 1 which is a part of this Agreement.

(i) Other than standard rates:

(i) Existing basic daily rates of pay other than standard shall be changed, effective as of the dates specified in Sections 1, 2, 3, 4, 5, and 6 hereof, by the same respective percentages as set forth therein, computed and applied in the same manner as the standard rates were determined.

(ii) Where applicable, the differential of \$4.00 and/or \$6.00 per basic day in freight, passenger and yard service, and 4¢ and/or 6¢ per mile for miles in excess of the number encompassed in the basic day in freight and passenger service, will be maintained for engineers working

without firemen on locomotives on which under the former National Diesel Agreement of 1950 firemen would have been required. Such differential will continue to be applied in the same manner as the local freight differential.

(iii) Daily rates of pay, other than standard, of firemen employed in local freight service, or on road switchers, roustabout runs, mine runs, or in other miscellaneous service, on runs of miles equal to or less than the number encompassed in the basic day, which are therefore paid on a daily basis without a mileage component, shall be increased as of the effective dates specified in Sections 1, 2, 3, 4, 5, and 6 hereof by the same respective percentages as set forth therein, computed and applied in the same manner as provided in paragraph (i)(i) above.

(j) Trip Rates established pursuant to Article V of the 2003 BLET Agreement shall be adjusted by application of the general wage increases provided for in this Article I, in the manner set forth in Article V, Part B, Section 4(c)(1) of that Agreement.

ARTICLE II – LUMP SUM PAYMENT

(a) A lump sum payment shall be made to each employee subject to this Agreement who has an employment relationship with the carrier as of the date such lump sum is paid or who has retired or died subsequent to October 31, 2010. Such lump sum shall be paid no later than ninety (90) days after the date of this Agreement. There shall be no duplication of lump sum payments by virtue of employment under an agreement with another organization.

(b) The lump sum amount payable to an eligible employee shall be a lump sum equivalent to 1% of straight time earnings paid to that employee for the twelve month period November 1, 2010 through October 31, 2011, after application of the July 1, 2010 and July 1, 2011 general wage increases provided for in Article I.

ARTICLE III - HEALTH AND WELFARE

Part A - Plan Changes

Section 1 - Continuation of Plans

The Railroad Employees National Health and Welfare Plan ("the Plan"), the Railroad Employees National Dental Plan ("the Dental Plan"), the Railroad Employees National Early Retirement Major Medical Benefit Plan ("ERMA"), and the Railroad Employees National Vision Plan ("the Vision Plan"), modified as provided in this Article with respect to employees represented by the organization and their eligible dependents, will be continued subject to the provisions of the Railway Labor Act.

Section 2 - Plan Design Changes

(a) The Plan's Managed Medical Care Program ("MMCP") shall be revised as follows:

- (1) There shall be a separate, stand-alone, Annual Deductible for In-Network Services for which a fixed-dollar copayment does not apply. For the six-month period from July 1 through December 31, 2012, inclusive, this Annual Deductible shall be \$100 per individual and \$200 per family. For calendar year 2013, this Annual Deductible shall be \$150 per individual and \$300 per family. Beginning January 1, 2014, this Annual Deductible shall be \$200 per individual per year and \$400 per family per year.
- (2) The percentage of Eligible Expenses paid by the Plan for any In-Network Services for which a fixed-dollar copayment does not apply (as defined by procedure code) shall be 95% of the Eligible Expenses that exceed the applicable Annual Deductible provided for in clause (1) above; the amount payable by the employee as a result of this "coinsurance" shall be capped at (i) \$500 per individual and \$1000 per family for the six-month period

from July 1 through December 31, 2012, inclusive, and at \$750 per individual and \$1500 per family for calendar year 2013. Beginning January 1, 2014, the amount payable by the employee as the result of this "coinsurance" shall be capped at \$1000 per individual per year and \$2000 per family per year.

- (3) The Emergency Room Co-Payment for In-Network Services shall be increased to \$75.00 for each visit, but shall not apply if the visit results in admission to the hospital.
- (4) The Urgent Care Center Co-Payment for In-Network Services shall be decreased to \$20.00 for each visit.
- (5) In cases where a fixed-dollar copayment of \$20 currently applies to an office visit, the copayment shall be reduced to \$10 if the office is in a "convenient care clinic." A "convenient care clinic" means, for purposes of this Section, a health care facility typically located in a high-traffic retail store, supermarket or pharmacy that provides affordable treatment for uncomplicated minor illness and/or preventative care to consumers.
- (6) The Plan shall not cover radiological services performed at a convenient care clinic.

(b) The Plan's Managed Medical Care Program ("MMCP") and its Comprehensive Health Care Benefit ("CHCB") shall both be revised to include:

- (1) Participation in a "Radiology Notification Program" (as described in Exhibit B hereto);
- (2) Arrangements for covered employees and their covered dependents to receive, on a wholly voluntary basis and without any copayment or coinsurance, the following

additional “Centers of Excellence Resource Services” (as described in Exhibit B hereto): Bariatric Resource Services, Cancer Resource Services, and Kidney Resource Services;

- (3) Arrangements for covered employees and their covered dependents to receive, on a wholly voluntary basis and without any copayment or coinsurance, the resource services made available under a “Treatment Decision Support Program” (as described in Exhibit B hereto).

(c) The Plan’s Prescription Drug Card and Mail Order Prescription Drug Programs shall be revised as follows:

- (1) Prior Authorization by the Plan’s current pharmacy benefit manager (or any successor pharmacy benefit manager) (“PBM”) shall be required, in accordance with such PBM’s Prior Authorization Program then in effect, before any prescription drugs in the therapeutic drug categories shown on Exhibit C hereto as subject to such Program shall be dispensed; provided, however, that no more than a three to five-day supply of such a drug may be dispensed at retail in accordance with the PBM’s Temporary Override Program without Prior Authorization.
- (2) Employees and their covered dependents shall be required to adhere to Step Therapy and Quantity/Duration Limits Programs then in effect of the Plan’s PBM with respect to the prescription drugs in the therapeutic drug categories shown on Exhibit C hereto as subject to such Step Therapy Program and/or Quantity/Duration Limits Program, as the case may be.
- (3) Employees and their covered dependents may, on a wholly voluntary basis and in accordance with program criteria, participate in the PBM’s Personalized Medicine and/or Generic Rx Advantage Program then in effect.

(d) The Plan's Prescription Drug Card Program Co-Payments to In-Network Retail Pharmacies per prescription are revised as follows:

- (1) Generic Drug - decrease to \$5.00;
- (2) Brand Name (Non-Generic) Drug On Program Administrator's Formulary - increase to \$25.00;
- (3) Brand Name (Non-Generic) Drug Not On Program Administrator's Formulary - increase to \$45.00;

(e) The Plan's Mail Order Prescription Drug Program Co-Payments per prescription are revised as follows:

- (1) Generic Drug - decrease to \$5.00
- (2) Brand Name (Non-Generic) Drug on Program Administrator's Formulary - increase to \$50.00;
- (3) Brand Name (Non-Generic) Drug not on Program Administrator's Formulary - increase to \$90.00.

(f) The design changes contained in this Section shall become effective on July 1, 2012.

Section 3 - Plan Design Changes - ERMA

(a) ERMA's Prescription Drug Card and Mail Order Prescription Drug Programs shall be revised as follows:

- (1) Prior Authorization by ERMA's current pharmacy benefit manager (or any successor pharmacy benefit manager) ("PBM") shall be required, in accordance with such PBM's Prior Authorization Program then in effect, before any prescription drugs in the therapeutic drug categories shown on Exhibit C hereto as subject to such Program shall be dispensed; provided, however, that no more than a three to five-day supply of such a drug may be dispensed at retail in

accordance with the PBM's Temporary Override Program without Prior Authorization.

- (2) Retirees and their covered dependents shall be required to adhere to Step Therapy and Quantity/Duration Limits Programs then in effect of ERMA's PBM with respect to the prescription drugs in the therapeutic drug categories shown on Exhibit C hereto as subject to such Step Therapy Program and/or Quantity/Duration Limits Program, as the case may be.
- (3) Retirees and their covered dependents may, on a wholly voluntary basis and in accordance with program criteria, participate in the PBM's Personalized Medicine and/or Generic Rx Advantage Program then in effect.

(b) The design changes contained in this Section shall become effective on July 1, 2012, and shall apply only to individuals who become eligible for ERMA coverage on or after July 1, 2012.

Part B - Employee Sharing of Cost of H&W Plans

Section 1 - Monthly Employee Cost-Sharing Contributions

(a) Effective January 1, 2010 through December 31, 2011, the employee monthly cost-sharing contribution amount shall be \$200.00.

(b) Effective January 1, 2012, each employee covered by this Agreement shall contribute to the Plan, for each month that his employer is required to make a contribution to the Plan on his behalf for foreign-to-occupation health benefits coverage for himself and/or his dependents, a monthly cost-sharing contribution in an amount equal to the lesser of 15% of the Carriers' Monthly Payment Rate for 2012 or \$200.00.

(c) The employee monthly cost-sharing contributions amount shall be adjusted, effective July 1, 2016, so as to equal the lesser of 15% of the Carrier's Monthly Payment Rate for 2016 or \$230.00, unless otherwise

mutually agreed by the parties during negotiations commencing when this Agreement becomes amendable pursuant to Article IV.

(d) For purposes of subsections (b) and (c) above, the "Carriers' Monthly Payment Rate" for any year shall mean one twelfth of the sum of what the carriers' monthly payments to –

- (1) the Plan for foreign-to-occupation employee and dependent health benefits, employee life insurance benefits and employee accidental death and dismemberment insurance benefits,
- (2) the Dental Plan for employee and dependent dental benefits and
- (3) the Vision Plan for employee and dependent vision benefits,

would have been during that year, per non-hospital association road employee, in the absence of any employee contributions to such Plans.

Section 2 - Pre-Tax Contributions

Employee cost-sharing contributions made pursuant to this Part shall be made on a pre-tax basis pursuant to the existing Section 125 cafeteria plan to the extent applicable.

Section 3 - Method of Making Employee Cost-Sharing Contributions

Employee cost-sharing contributions will be made for the employee by the employee's employer. The employer shall deduct the amount of such employee contributions from the employee's wages and retain the amounts so deducted as reimbursement for the employee contributions that the employer had made for the employee.

Part C - Flexible Spending Accounts

The Carriers shall establish and administer a Health Flexible Spending

Arrangement (FSA) effective January 1, 2013 (not including a Dependent Care Program) that satisfies the requirements of Section 125 of the Internal Revenue Code (Code) and all other provisions of applicable law and that permits an employee to choose on a pre-tax basis (to the extent allowable under the Code) between receiving his/her wages in full or receiving less than such full wages and applying such wage deduction to medical expense reimbursements permitted by Section 125 of the Code and the regulations thereunder (in an amount no greater than \$2,500.00 per year). Such FSA shall be subject to the following conditions:

- a. There shall be a thirty (30) day grace period immediately following the end of each Plan Year during which unused FSA benefits or contributions remaining at the end of such Plan Year may be reimbursed to employees for qualified medical expenses incurred during the grace period.
- b. Employees will not be able to recover FSA forfeitures, even if the law changes to allow such recovery.
- c. The Carriers may opt to not initiate, or to terminate the FSA as quickly as is allowed by law:
 - i. If any change in the law or regulations or any other development or circumstance materially impacts the financial consequences of the FSA to the Carriers; or
 - ii. If in any year the "Cadillac Tax" applies.
- d. The Carriers may opt to terminate participation in the FSA of any craft as quickly as is allowed by law if enrollment does not meet 5% of the eligible employee population in the craft for the 2014 Plan Year, or 7.5% of the eligible employee population in the craft for the 2015 Plan Year and succeeding Plan Years.

- e. The FSA will otherwise generally replicate the terms and conditions of the Health FSA of the Railroad Employees National Flexible Benefits Program established April 1, 2005, subject to subsequent changes in applicable law.

Nothing in this section shall preclude any Carrier from establishing its own flexible spending account program for employees covered by this agreement.

ARTICLE IV - GENERAL PROVISIONS

Section 1 - Court Approval

This Agreement is subject to approval of the courts with respect to participating carriers in the hands of receivers or trustees.

Section 2 - Effect of this Agreement

(a) The purpose of this Agreement is to settle the disputes growing out of the notices served upon the organization by the carriers listed in Exhibit A on or subsequent to November 1, 2009 (including any notices outstanding as of that date), and the notices served by the organization signatory hereto upon such carriers on or subsequent to November 1, 2009 (including any notices outstanding as of that date).

(b) This Agreement shall be construed as a separate agreement by and on behalf of each of said carriers and their employees represented by the organization signatory hereto, and shall remain in effect through December 31, 2014 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.

(c) No party to this Agreement shall serve or progress, prior to November 1, 2014 (not to become effective before January 1, 2015), any notice or proposal.

(d) This Article will not bar management and the organization on individual railroads from agreeing upon any subject of mutual interest.

SIGNED AT WASHINGTON, DC, THIS 5th DAY OF JANUARY, 2012.

FOR THE PARTICIPATING
CARRIERS LISTED IN EX-
HIBIT A REPRESENTED
BY THE NATIONAL CAR-
RIERS' CONFERENCE
COMMITTEE:

A. Kenneth Gracia

Stephen Grable

Donald E. Emery

John / Fless

HR Drobly

WR Turner

FOR THE EMPLOYEES
REPRESENTED BY THE
BROTHERHOOD OF
LOCOMOTIVE ENGINEERS
AND TRAINMEN:

W. R. Lin

E. Smith

Willard E. Knight

Larry Smith

J. B. Boies

William H. Jones

January 5, 2012

#1

Mr. Dennis Pierce
National President
Brotherhood of Locomotive Engineers & Trainmen
1370 Ontario Street
Cleveland, OH 44113-1702

Dear Mr. Pierce:

This confirms our understanding with respect to the general wage increases provided for in Article I, Sections 1 and 2 of the Agreement of this date.

The carriers will make all reasonable efforts to pay the retroactive portion of such general wage increases as soon as possible and no later than sixty (60) days after the date of this Agreement.

If a carrier finds it impossible to make such payments by that date, such carrier shall notify you in writing explaining why such payments have not been made and indicating when the payments will be made.

Very truly yours,

A handwritten signature in black ink that reads "A. Kenneth Gradia". The signature is written in a cursive, flowing style.

A. Kenneth Gradia

January 5, 2012

#2

Mr. Dennis Pierce
National President
Brotherhood of Locomotive Engineers & Trainmen
1370 Ontario Street
Cleveland, OH 44113-1702

Dear Mr. Pierce:

This refers to the increase in wages provided for in Sections 1 and 2 of Article I of the Agreement of this date.

It is understood that the retroactive portion of those wage increases shall be applied only to employees who have an employment relationship with a carrier on the date of this Agreement or who retired or died subsequent to June 30, 2010.


Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,



A. Kenneth Gradia

I agree:


Dennis Pierce

January 5, 2012
#3

Mr. Dennis Pierce
National President
Brotherhood of Locomotive Engineers & Trainmen
1370 Ontario Street
Cleveland, OH 44113-1702

Dear Mr. Pierce:

This confirms our understanding with respect to Article I, Section 6 of the Agreement of this date.

Article I, Section 6 of the Agreement provides for a three (3) percent general wage increase effective January 1, 2015. Article IV, Section 2(c) of the Agreement provides that the parties to the Agreement may serve and progress notices or proposals to amend the Agreement and other existing agreements on or after November 1, 2014 (not effective before January 1, 2015) ("2015 Bargaining Notices").

This will confirm our understanding that if disposition of the 2015 Bargaining Notices is referred to any third party (including but not limited to a Presidential Emergency Board or arbitration board), this Letter may be provided to such body to confirm the parties' mutual understanding that Article I, Section 6 was intended to constitute a complete resolution of the compensation adjustment issue for calendar year 2015.

Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,

A handwritten signature in cursive script that reads "A. Kenneth Gradia".

A. Kenneth Gradia

I agree:

A handwritten signature in cursive script that reads "Dennis Pierce".

Dennis Pierce

January 5, 2012

#4

Mr. Dennis Pierce
National President
Brotherhood of Locomotive Engineers & Trainmen
1370 Ontario Street
Cleveland, OH 44113-1702

Dear Mr. Pierce:

This confirms our understanding with respect to Article II – Lump Sum Payment of the Agreement of this date.


Article II provides in pertinent part for payment to a qualified employee of a lump sum “equivalent to 1% of straight time earnings paid to that employee” for a specified time period. In recognition of potential questions of interpretation with regard to the intended application of that formulation to employees covered by operating craft compensation rules, the parties have mutually agreed that the following elements of compensation constitute “straight time earnings” for purposes of Article II (such definition to be applied solely for the purposes of this Agreement).

1. Straight time pay (elements of pay subject to adjustment for general wage increases, excluding labor protection payments)
2. Overmile payments
3. Paid time for vacations, holidays, personal leave, and bereavement leave.

4. Deadhead payments
5. Guarantee payments (make whole, such as guaranteed extra board payments).

Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,



A. Kenneth Gradia

I agree:


Dennis Pierce

January 5, 2012

#5

Mr. Dennis Pierce
National President
Brotherhood of Locomotive Engineers & Trainmen
1370 Ontario Street
Cleveland, OH 44113-1702

Dear Mr. Pierce:

This confirms our understanding with respect to Article III, Part A, Sections 2(c)(1) & (2) of the Agreement of this date. The prescription drug management rules identified in the aforementioned provisions of the Agreement are those that have been recommended by the Plan's current pharmacy benefit manager, Medco Health Solutions. The same is true of the therapeutic drug categories listed on Exhibit C to the Agreement; they are the therapeutic drug categories that Medco Health Solutions has recommended be subject to one or more of those rules.

The parties intend that new prescription drug management rules for which there are no existing therapeutic drug categories listed in Exhibit C shall not apply to the Plan unless such application has been (a) recommended by an independent committee of experts generally relied upon by the Plan's pharmacy benefit manager, (b) such recommendation is also made by the pharmacy benefit manager itself, and (c) the recommendation is accepted and approved by the Plan's Joint Committee.

Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,

A handwritten signature in cursive script that reads "A. Kenneth Gradia".

A. Kenneth Gradia

I agree:

A handwritten signature in cursive script that reads "Dennis Pierce".

Dennis Pierce

January 5, 2012

#6

Mr. Dennis Pierce
National President
Brotherhood of Locomotive Engineers & Trainmen
1370 Ontario Street
Cleveland, OH 44113-1702

Dear Mr. Pierce:

This confirms our understanding with respect to of the Agreement of this date regarding local discussions between the organization and any carrier covered by this Agreement which employs conductors represented by the organization ("Covered Carrier").

Upon written request by the organization's designated representative to a Covered Carrier, the parties shall commence local discussions on a voluntary and informal basis (i.e., not under Section 6 of the Railway Labor Act) with respect to payment of a certification allowance to the conductors that it represents. Such discussions shall conclude by the earlier of the date on which a voluntary agreement is reached or December 31, 2012, unless extended by mutual agreement.

Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,

A handwritten signature in cursive script that reads "A. Kenneth Gradia".

A. Kenneth Gradia

I agree:

A handwritten signature in cursive script that reads "Dennis Pierce".

Dennis Pierce

January 5, 2012

#7

Mr. Dennis Pierce
National President
Brotherhood of Locomotive Engineers & Trainmen
1370 Ontario Street
Cleveland, OH 44113-1702

Dear Mr. Pierce:

This confirms our understanding with respect to Article III – Health and Welfare, Part C- Flexible Spending Accounts, of the Agreement of this date.

It is understood that the flexible benefits arrangement applicable to the BLET on the BNSF Railway was not established under, is not covered by, and will in no way be affected by Article III, Part C of the Agreement of this date. BLET-represented employees on BNSF will continue to receive flexible spending account benefits exclusively as provided under the applicable BLET/BNSF agreement.

Nothing in this Side Letter No. 7 in any way affects the application of Article III, Parts A and B of the Agreement of this date, to BNSF, its locomotive engineers, BLET, or otherwise.

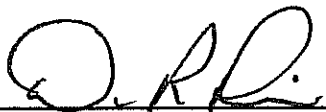
Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,

A handwritten signature in cursive script, appearing to read "A. Kenneth Gradia".

A. Kenneth Gradia

I agree:

A handwritten signature in cursive script, appearing to read "Dennis Pierce".

Dennis Pierce

January 5, 2012

#8

Mr. Dennis Pierce
National President
Brotherhood of Locomotive Engineers & Trainmen
1370 Ontario Street
Cleveland, OH 44113-1702

Dear Mr. Pierce:

This will confirm our understanding with respect to the Agreement of this date.

Insofar as this Agreement involves the Union Pacific Railroad Company ("UP") and the BLET General Committees ("BLET GCs") that collectively represent locomotive engineers on the UP, it is intended to resolve the parties' respective notices related to Health and Welfare issues only. Negotiations on all other issues shall continue in accordance with the Railway Labor Act, as provided in the December 15, 2009 Memorandum of Understanding between the UP and the BLET GCs.

Please acknowledge your agreement by signing your name in the space provided below.

Very truly yours,



A. Kenneth Gradia

I agree:



Dennis Pierce

Exhibit A
BLET

CARRIERS REPRESENTED BY THE NATIONAL CARRIERS' CONFERENCE COMMITTEE IN CONNECTION WITH NOTICES SERVED ON OR AFTER NOVEMBER 1, 2009 BY AND ON BEHALF OF SUCH CARRIERS UPON THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS AND TRAINMEN, AND NOTICES SERVED ON OR AFTER NOVEMBER 1, 2009 BY THE GENERAL CHAIRMEN, OR OTHER RECOGNIZED REPRESENTATIVES OF THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS AND TRAINMEN UPON SUCH CARRIERS.

Subject to indicated footnotes, this authorization is co-extensive with notices filed and with provisions of current schedule agreements applicable to employees represented by the Brotherhood of Locomotive Engineers and Trainmen:

The Belt Railway Company of Chicago -1
BNSF Railway Company - 1
Consolidated Rail Corporation
CSX Transportation, Inc. –
 CSX Transportation, Inc. (Single-System Agreement) – 1
 Consolidated Rail Corporation (former) - 1
Indiana Harbor Belt Railroad Company
The Kansas City Southern Railway Company
 Kansas City Southern Railway
 Gateway Western Railway
 Louisiana and Arkansas Railway
 MidSouth Rail Corporation
 SouthRail Corporation
 Joint Agency
 The Texas Mexican Railway Company
Longview Switching Company
Portland Terminal Railroad Company
Soo Line Railroad Company d.b.a Canadian Pacific

Union Pacific Railroad Company - 1
Winston Salem Southbound Railway Company

* * * * *

Note:

1 - Health & Welfare only

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FOR THE CARRIERS:

A. Kenneth Shubin

**FOR THE BROTHERHOOD OF
LOCOMOTIVE ENGINEERS
AND TRAINMEN:**

W. R. King

**January 5, 2012
Washington, D.C.**

EXHIBIT B

Clinical Support Services¹

Radiology Notification Program (RNS) – Under this program, a radiology notification process is required for participating (network) physicians, health care professionals, facilities and ancillary providers for certain advanced outpatient imaging procedures, prior to performance, with administrative claim denial for failure to provide notification. The program is a prior notification requirement only, not a precertification, preauthorization or medical necessity determination program, and currently applies to the following outpatient advanced imaging procedures: CT, MRI, PET and Nuclear Medicine, including Nuclear Cardiology. These services that take place in an emergency room, observation unit, urgent care center, or during an inpatient stay do not require notification.

The process may require a physician-to-physician discussion, the purpose of which is to engage the ordering physician in a discussion about the use of evidence-based clinical guidelines. However, the final decision authority rests with the ordering physician. This program is invisible to the covered member – non-compliance (i.e., non-notification) will result in an administrative denial of the claim with no balance billing to the patient.

Centers of Excellence (COE) Resource Services – this service are based on the foundation that certain facilities treat patients who consistently achieve favorable clinical outcomes, as demonstrated by reduced hospital lengths of stay and readmission rates, lower infection rates, etc. Programs are typically designed around specific disease states or conditions in which COEs can be clearly identified. The following programs develop national COE networks and specialty nurse resources that provide specific case management interventions:

¹ The actual program names, specific services/processes, and administration will vary by medical vendor.

- Bariatric Resource Services (BRS) - BRS provides a national Center of Excellence network of bariatric surgery centers and hospitals with an upfront case management component.

- Cancer Resource Services (CRS)/Cancer Support Program (CSP) - This clinical consulting with cancer specialists, combined with an extensive nationwide COE network will deliver clinical and financial value.

- Kidney Resource Services (KRS) – KRS provides a large network of dialysis facilities meeting strict quality outcomes with kidney nurse specialists assisting patients.

Treatment Decision Support (TDS) – These services include enhanced one-to-one coaching for individuals facing potential procedures that have been carefully targeted as having varied treatment practices and inconsistent patient outcomes. TDS normally targets back pain, knee/hip replacement, benign prostate disease, prostate cancer, benign uterine conditions, hysterectomy, breast cancer, coronary artery disease and bariatric surgery.

Exhibit C - Drugs for Coverage Authorization and Step Therapy Rules 1/

Therapeutic Drug Category	Drugs
Specialty Drugs	
Gout Therapy	Uloric [®] Krystexxa [™]
Rheumatological (RA Agents)	Actemra [®] Arava [®] Cimzia [®] Enbrel [®] Humira [®] Kineret [®] Orencia [®] Remicade [®] Rituxan [®] Simponi [™]
Misc Agents	Benlysta [®] Savella [®]
Erythroid Stimulants	Aranesp [®] Epogen [®] Procrit [®]
Growth Hormones	Egrifla [™] Genotropin [®] Gerel [®] Humatrope [®] Increlex [™] IPlex [™] Norditropin [®] Nutropin [®] Omnitrope [®] Saizen [®] Serostim [®] Tev-Tropin [®] Zorbtive [®]
Interferons	Actimmune [®] Alferon-N [®] Infergen [®] Intron-A [®] Pegasys [®] Peg-Intron [®] Roferon [®]
Interleukins	Arcalyst [™] Ilaris [®]
Multiple Sclerosis Therapy	Amypra [™] Avonex [®] Betaseron [®] Copaxone [®] Extavia [®] Gilenya [™] Novantrone [®] Rebif [®] Tysabri [®]
Myeloid Stimulants and Hemostatics	Leukine [®] Neulasta [®] Neumega [®] Neupogen [®] Nplate [™] Promacta [®]
Vaccines & Misc Immunologicals	Botox [®] Dysport [™] Myobloc [™] Xeomin [®]
Vaccines & Misc Immunologicals (Immune Globulins)	Carimune NF [®] Flebogamma DIF [®] Gammagard [®] Gammagard S-D [®] Gammaplex [®] Gamimune- N [®] Gamunex [®] Gamunex-C [®] Hizentra [™] Privigen [™] Vivaglobin [®]
Dermatologicals - Psoriasis	Amevive [®] Stelara [®]
Cancer Therapy	Afinitor [®] Avastin [®] Dacogen [™] Erbitux [®] Gleevec [®] Halaven [™] Hereceptin [®] Istodax [®] Jevtana [®] Nexavar [®] Sprycel [®] Sutent [®] Tarceva [™] Tasisign [®] Temodar [®] Torisel [™] Tykerb [®] Vectibix [™] Vidaza [®] Votrient [™] Zolanza [™] Zytiga [™]
Cancer Therapy (Misc.)	Mozobil [™]

Therapeutic Drug Category	Drugs
Cancer Therapy (Misc.)	Xgeva™
Misc Antineoplastic Agents	Arimidex® Aromasin® Femara®
Misc Antineoplastic Agents	Revlimid® Thalomid®
Antivirals (Ribavirin Therapy)	Copegus® Rebetol® Ribatab®
HIV/AIDS Therapy	Selzentry™
RSV Agents	Synagis®
Parkinson's	Apokyn
Hormone Therapy (Misc.)	Acthar® Gel Sensipar®
Misc Agents	Soliris™
Misc Neurological Therapy	Nuedexta™ Xenazine®
Hormone Therapy (Misc.)	Zavesca®
Hormone Therapy (Misc.)	Vpriv™ Cerezyme®
Hormone Therapy (Misc.)	Samsca™
Hormone Therapy (Misc.)	Kuvan™ Somavert®
Non-Narcotic Pain Relief (Hyaluronic Acid Derivatives)	Euflexxa™ Hyalgan® Orthovisc® Supartz® Synvisc®
Lupus	Benlysta
Hepatitis C	Boceprevir, Telaprevir
Misc. Pulmonary Agents	Berinert® Cinryze™ Kalbitor® Xolair®
Misc. Pulmonary Agents	Cayston® TOBI®
Misc. Pulmonary Agents	Pulmozyme®
Pulmonary Arterial Hypertension	Flolan® Letairis™ Remodulin® Revatio™ Tracleer® Ventavis® Adcirca™ Tyvaso® Veletri®

Therapeutic Drug Category	Drugs
Non Specialty/Traditional Drugs	
Hypnotics	Ambien [®] Ambien CR [™] Butisol [®] chloral hydrate Dalmane [®] Doral [®] Edluar [™] Halcion [®] Lunesta [®] Nembutal [®] Prosom [®] Restoril [®] Rozerem [®] Silenor [®] Sonata [®] Zolpimist [™]
Migraine	Alsuma [™] Amerge [®] Axert [®] Frova [®] Imitrex [®] Imitrex Inj [™] ImitrexNS [®] Maxalt [®] MaxaltMLT [™] Migranal NS [®] Relpax [®] Sumavel [®] Treximet [™] Zomig [®] Zomig ZMT [®]
Narcolepsy	Nuvigil [®] Provigil [®] Xyrem [®]
Narcotic Pain Relief	Abstral [®] Actiq [®] Fentora [™] Onsolis [™]
Non-Narcotic Pain Relief (Misc.)	Cambia [™] Lidoderm [®] Stadol NS [®] Vimovo [™]
Dermatologicals - Acne	Solodyn [®]
Anorexiant/Weight loss	Adipex-P [®] Bontril [®] Didrex [®] Fastin [®] Tenuate [®] Xenical [®]
Hormone Therapy (Select Androgens & Anabolic Steroids)	Androderm [®] AndroGel [®] Axiron [®] Fortesta [™] Striant [®] Testim Gel [®] , Various anabolic steroids
Nausea	Anzemet [®] Cesamet [™] Emend [®] Emend Trifold Pack [®] Kytril [®] Sancuso [®] Zofran [®] Zofran ODT [®] Zuplenz [®]

1/ The Coverage Authorization Program consists of traditional prior authorization, smart prior authorization, step therapy and quantity/dose rules which are based on FDA-approved prescribing and safety information, clinical guidelines, and uses that are considered reasonable, safe, and effective. These rules are recommended by an outside, independent organization based on information and data specific to the Railroad membership. Each Therapeutic Drug Category has a rule(s) specific to that category.

Preferred Drug Step Therapy 2/		
Therapeutic Drug Category	Preferred Drugs	Targeted Drugs
Proton Pump Inhibitors	Nexium, lansoprazole/ODT, omeprazole, omeprazole sodium bicarbonate, pantoprazole	Aciphex, Dexilant (Kapidex), Prevacid/Susp, Prilosec Oral Susp (brand), Protonix 40mg Susp, Zegerid Packet
Sleep Agents/Hypnotics	zolpidem/ER, zaleplon	Edular, Lunesta, Rozerem, Silenor
Depression	citalopram & other generics	Lexapro, Luvox CR, Pexeva (New users only)
Osteoporosis	Boniva, Fosamax D, alendronate	Actonel (w/CA)
Intranasal Steroids	Nasonex, flunisolide, fluticasone	Beconase AQ, Nasacort/AQ, Omnaris, Rhinocort/AQUA, Veramyst
Angiotensin II Receptor Blockers	Diovan/HCT, Micardis/HCT, losartan/HCTZ	Atacand/HCT, Avapro/Avalide, Benicar/HCT, Teveten/HCT
Migraine	Maxalt/MLT, Relpax, naratriptan, sumatriptan	Alsuma, Axert, Frova, Sumavel, Treximet, Zomig/ZMT
Glaucoma	Lumigan, Xalatan (generic)	Travatan, Travatan Z
Growth Hormones (specialty drug)	Genotropin, Humatrope, Norditropin	Nutropin, Nutropin AQ, Saizen
Tumor Necrosis Factor (specialty drug)	Enbrel, Humira	Cimzia, Simponi

2/ Preferred Drug Step Therapy identifies users of non-preferred/non-covered medications and communicates less expensive generic and preferred brand alternatives (when appropriate).