

UP-SP TRACKAGE RIGHTS IMPLEMENTING AGREEMENT 1

between

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY Co.

and

UNITED TRANSPORTATION UNION

1. The purpose of this agreement is to provide for expedited changes in services facilities operations seniority districts and existing collective bargaining agreements to effectuate the trackage rights approved by the Surface Transportation Board in Decision No.44 of Finance Docket No.32760. The purpose is also to enable the company to provide effective competition to the combined UP-SP in corridors where such trackage rights have been granted, and to allow for integration of these trackage rights operations with other BNSF operations.

2. This particular Agreement covers immediate operations in the Houston - Memphis corridor only. Other Implementing Agreements, to be reached later, may amend this Agreement and will address operations in other corridors.

3. This Agreement also focuses on the operations in the Houston - Memphis corridor as presently necessary--over the SP's "Rabbit" line with its present capacity power and train operation constraints. As the UP-SP implements their merger, operations are expected to change, both by reason of alleviation of the present difficulties and by the effectuation of directional service along both former SF and former UP lines in this corridor. This Agreement will be revisited and, as necessary, renegotiated to continue to fulfill its purpose as the operational setting in this corridor changes.

4. Initially. BNSF trains will run, in both directions, over the former SP's Rabbit line--that is, from Houston, through Shreveport and Pine Bluff to Memphis and return south via the same route. This service is, hereafter, referred to as "unidirectional service." It is different than what is hereafter called "bi-directional service." That service, which will be instituted later, when UP institutes the same sort of operation. will have northbound movements over the former UP's route from Houston, through Marshall and Little Rock to Memphis. The return, southbound movement will be over the former SP's Rabbit line--that is, from Memphis, through Pine Bluff and Shreveport to Houston.

IT IS AGREED:

Article 1 - Seniority Districts

Section 1.

The following new zones are added to the BN Midwest Seniority District:

Houston Zone:

Houston to Shreveport

Marshall Zone:

Marshall to Little Rock and Pine Bluff to Shreveport in bi-directional service; Shreveport to Pine Bluff in unidirectional service

Shreveport and Pine Bluff Yards

Memphis West Zone:

Memphis to Pine Bluff and Little Rock to Memphis in bi-directional service; Memphis to Pine Bluff in unidirectional service

Section 2

A. Unless changed by a subsequent agreement, Marshall (Shreveport during unidirectional service only) and Memphis are established as the home terminals for the above new seniority zones. The carrier may establish a combination road/yard extra board at any or all of these home terminals in accordance with existing agreements.

B. When Houston crews, destined to Marshall or Shreveport, tie up under the Hours of Service Law at or east of West Lead (Keithville), the first out Marshall (Shreveport) crew will be used to provide relief. When so used the Marshall (Shreveport) crew will be transported to the train and handle it through Marshall (Shreveport), without release and handle the train on to Little Rock (Pine Bluff). Marshall (Shreveport) crews used in this manner will be paid actual miles transported and run west of Marshall (Shreveport) with a minimum of 25 miles.

Likewise, when a Marshall (Shreveport) crew, destined to Little Rock (Pine Bluff) must tie up under the Hours of Service Law at or east of Sheridan Junction (Rison), the first out Memphis crew may be used to provide relief. When so used the Memphis crew will be transported to the train and handle it through Little Rock (Pine Bluff) without release, and handle the train on to Memphis. Memphis crews used in this manner will be paid actual miles transported and run east of Little Rock (Pine Bluff) with a minimum of 25 miles.

Likewise, when a Memphis crew, destined to Little Rock (Pine Bluff), must tie up under the Hours of Service Law at or west of Wacross (Humphrey), the first out Marshall (Shreveport) crew may be used to provide relief. When so used the Marshall (Shreveport)

crew will be transported to the train and handle it through Pine Bluff without release, and handle the train on to Shreveport. Marshall (Shreveport) crews used in this manner will be paid actual miles transported and run east of Pine Bluff with a minimum of 25 miles.

Likewise, when a Marshall (Shreveport) crew, destined to Shreveport, must tie up under the Hours of Service Law at or west of Alden Bridge (Payne), the first out Houston crew will be used to provide relief. When so used the Houston crew will be transported to the train and handle it through Shreveport without release, and handle the train on to Houston. Houston crews used in this manner will be paid actual miles transported and run east of with a minimum of 25 miles.

C. 1. To provide sufficient manpower based on minor fluctuations in business, the Teague extra board can be used to augment the Houston extra board. When so used, the first-out Teague extra board employee(s) will be assigned to the Houston extra board for a period not to exceed seven (7) days. When used in this manner, the Teague extra board employee(s) will be paid full deadhead miles between Teague and Houston at the beginning of this period, and when released, a daily meal allowance of \$40.00 and be provided lodging.

In the event that a longer term manpower need arises of sixty days or less (like a grain rush), the junior trainman from Teague can be force assigned if there are no bids for the advertised vacancies. When force assigned under the terms of this agreement provision, Teague trainmen will be provided lodging and be paid a daily meal allowance of \$40 (or \$80 per day if the employee elects to provide his own lodging).

These measures are not intended to allow the Carrier to avoid the need to hire additional trainmen when genuine, long term needs exist at Houston. However, if the Carrier hires additional employees at Houston, these newly hired employees cannot be displaced (bumped) by senior employees who live in Teague during their first year of employment.

2. To provide sufficient manpower based on minor fluctuations in business at Shreveport and Memphis, the carrier may utilize Section 4 of the Midwest Seniority District Agreement (the December 15, 1995 Memorandum of Agreement).

Section 3

The following Schedule Rules will be applicable in the newly-established zones:

- A. Houston Zone: Joint Texas Division
- B. Shreveport/Marshall Zone: Frisco
- C. Memphis West Zone: Frisco

Article 2 - Selection of Forces

Section 1

For the initial job assignments, first preferences in assignments to the newly established zones will go to the following existing Zones on the Midwest Seniority District:

Houston Zone: Teague Zone

Shreveport/Marshall Zone: Ft. Worth, Tulsa-Creek-Sherman, Cherokee, Springfield¹ and Rolla Zones

Memphis (West) Zone: Ft. Worth, Tulsa-Creek-Sherman, Cherokee, Springfield² and Rolla Zones

^{1,2} Subject to Springfield - Lebanon Sub prior rights

If the initial assignments aren't filled from these primary preference zones, only then may resort be had, in order, to the rest of the Midwest Seniority District, the balance of the BNSF system and Section 4 of the Midwest Seniority District Agreement (the December 15, 1995 Memorandum of Agreement). If there are more bidders than positions, the assignments will be awarded on the basis of the earliest trainman/yardman seniority date.

Section 2

After the initial job assignments, employees appearing on the BN Midwest Seniority District Roster will have preference to assignment on the new zones of that district. Assignments (including extra board) on any of the new territories described in Article 1 above will be bulletined for a 10-day period on the BN Midwest Seniority District, and the senior trainman making application will be assigned.

Section 3

If the procedures of Section 2 do not fill a newly established assignment, the procedures of Section 4 of the Midwest Seniority District Agreement (the December 15, 1995 Memorandum of Agreement), dealing with Force Assignment Between Zones of the Midwest Seniority District, will apply.

Section 4

A. Beginning on the date assigned and continuing for 2 years thereafter, any employee who is assigned to one of the new positions and who elects to receive the benefits of the UTU Moving Benefits Package cannot be displaced by a senior employee, unless the senior employee is unable to hold an assignment on his/her home seniority district. (This does not preclude normal seniority exercise and choice of assignments among employees in the newly established zones.)

B. Any employees who are awarded, or force assigned to, these newly-established positions and who elect to receive the benefits of the UTU Moving Benefits Package will have a right of return to their former location by virtue of exercising their pre-existing seniority rights upon the expiration of a two year period running from the date they took the new assignment. Any other employees who are awarded, or force assigned to, these newly-established positions will have a right of return to their former location by virtue of exercising their pre-existing seniority rights (if they retained such rights)..

Article 3 - Supplements

The elements contained within this article are strictly and only in exchange for the Organization's cooperation in expeditiously reaching a voluntary Implementing Agreement without resort to the delays and risks associated with arbitration under Section 4 of the Norfolk & Western Conditions. Since these elements go beyond the "selection of forces" issues which are the proper and limited subject matter of Section 4, they shall have no application, precedential value or persuasive force in any other setting, including failure of ratification.

Section 1

A. For a one year period after initiation of operations, any employee who is the successful bidder for one of the newly-established positions or is force assigned (and who has not yet made a bona fide change in residence) will, for a 90-day period, be provided lodging at both the home and away from home terminals (except at their own home point) and a daily meal allowance of \$40 (or \$80 per day if the employee elects to provide his own lodging).

B. For a one year period after initiation of operations, any employees who are successful bidders for such positions, or who are force assigned, and who make an actual bona fide change in residence will receive all the benefits of the UTU Moving Benefits Package, signed on March 1, 1996. Payments will not be made during the first 60 days after the initiation of operations. Employees who occupy permanent positions at Houston, Marshall (Shreveport) and Memphis on the 60th day can request moving benefits under the BNSF/UTU Moving Benefits agreement. It is understood that the carrier will determine the number of moving benefit packages available, but in any event moving packages will only be payable to employees who make bona fide moves, and such packages will not be offered after 1 year.

C. Should the carrier cease operations on one or more of the new districts, or if, for a three year period after initiation of operations, there is a sustained reduction in service on one or more of the new districts which causes the furlough of successful bidders, the affected employees who make an actual bona fide change in residence back to their former location or to a new location will receive all the benefits of the UTU Moving Benefits Package signed on March 1, 1996.

Section 2

A. Separate productivity funds, under Article VIII, Section 2 of the parties' Crew Consist Agreement effective May 20, 1993, will be established for the newly created Shreveport/Marshall and Memphis West Zones. The Houston Zone will remain in the Joint Texas Division fund.

B. Employees who are eligible to receive shares from the Productivity Fund on their old seniority district or zone will be eligible to receive shares in these newly created Zones.

Section 3

A. Upon commencement of the bi-directional operation, Carrier will provide transportation between Little Rock and Pine Bluff for all crews protecting a tour or duty which originates and/or terminates at Pine Bluff or Little Rock, in order to have such crews in place to make the return trip by the other line. Similarly, the Carrier will provide transportation between Marshall and Shreveport for Houston crews protecting a tour of duty which originates at Shreveport, in order to have such crews in place to make the return trip by the other line. Similarly, the Carrier will provide transportation between Shreveport and Marshall for Marshall-based crews.

B. Whether at the beginning or at the conclusion of a tour of duty, Memphis - based crews transported from Pine Bluff to Little Rock, and Marshall (Shreveport) - based crews transported from Little Rock to Pine Bluff shall be paid established highway mileage (42) between those two points at the basic through freight rate.

C. Whether at the beginning or at the conclusion of a tour of duty, Houston Zone crews transported from Marshall to Shreveport shall be paid established highway mileage (50) between those two points at the basic through freight rate.

D. In the event individual crew members elect not to avail themselves of transportation as described above, highway mileage payments shall nevertheless be paid to such crew members.

E. Individual crew members who choose to reside in the Shreveport vicinity may, for a period of 2 years from commencement of bi-directional operations, request carrier-paid commuter van service from Shreveport to Marshall for commencement of a trip out of Marshall. In such event, the crew member(s) shall not be considered on duty or under pay, nor shall they be entitled to the highway mileage payments set forth above; rather, such van service shall be considered merely as a convenience to crew members who may elect to maintain their personal residences closer to Shreveport than to Marshall.

F. Individual crew members who choose to reside in the Marshall vicinity may, until the commencement of bi-directional operations, request carrier-paid commuter van service from Marshall to Shreveport for commencement of a trip out of Shreveport. In such event, the crew member(s) shall not be considered on duty or under pay, nor shall they be entitled to the highway mileage payments set forth above; rather, such van service shall be considered merely as a convenience to crew members who may elect to maintain their

personal residences closer to Marshall than to Shreveport. If such a crew member makes this commute in his own vehicle, he will be allowed 50 miles, computed at IRS mileage rates, as expenses.

G. In the event a crew member requests transportation at the conclusion of a trip under B or C above, and time waiting for transportation from tie-up until arrival of said transportation exceeds 45 minutes, all time waiting from expiration of 45 minutes until arrival of said transportation shall be paid to the crew member at the prorata basic through freight rate.

Section 4

A. During a two-year period following commencement of operations and when the Houston, Marshall (Shreveport) or Memphis pool requires 4 or fewer conductors, employees in pool freight service in that zone shall earn a payroll period compensation guarantee of not less than 17 basic days at the conductor's basic through freight (unassigned, less than 100 mile) rate of pay.

B. The amount of the employee's payroll period compensation guarantee may be prorated or reduced on the basis of 1/13, 1/14, 1/15 or 1/16 (depending on the number of days in the payroll period) for each 24 hour period or portion thereof, when an employee lays off or is otherwise unavailable for service. Special allowances paid for working on reduced crews, penalty payments and payments for attending operating rules classes, training

Classes, physical examinations and holidays shall be paid in addition to the guaranteed amount.

Section 5

Overmiles on these runs will be paid as if these were Intraseniority District runs under the 1985 and 1996 National Agreements. Overtime will be apply when the time on duty exceeds the miles run or paid for divided by the applicable hourly factor.

Section 6

For a one year period following initiation of operations. Held Away from Home Terminal payments shall be made on a continuous basis after the expiration of 16 hours.

Section 7

Houston Zone Conductors will receive a three hour call for duty at Houston.

Article 4- General

Section 1.

A. The parties have negotiated this Agreement mindful of the fact that their futures are linked and that we must work together to succeed over the long term. Therefore, the parties mutually pledge and commit themselves to act reasonably in the application of this agreement.

B. The parties will meet within 90 days of the implementation of this Agreement to review its operation.

Section 2

A. All pre-existing agreements that conflict with the terms or this agreement are superseded to the extent of the conflict. All preexisting agreements that do not conflict with the terms of this agreement remain in full force and effect.

B. This implementing agreement is made pursuant to the Norfolk & Western Conditions (354 I.C.C. 605, 610-615) which, by this reference, are incorporated here.

C. Except as specifically provided, nothing in this implementing agreement shall be interpreted to expand or contract protective benefits provided in the Norfolk & Western Conditions imposed by the Interstate Commerce Commission and incorporated here by paragraph B of this section.

Section 2. This agreement will become effective upon execution by the parties, and will later be changed by mutual agreement or in accord with applicable law.

Signed and accepted at Fort Worth, Texas this 26th day of February, 1997

for: UNITED
TRANSPORTATION UNION

Carl Vahldick
General Chairman

G. D. Welch
General Chairman

for: THE BURLINGTON
NORTHERN
AND SANTA FE RAILWAY
CO.

Wendell Bell
Director-Labor Relations

Milton H. Siegele Jr.
Director-Labor Relations

November 10, 1997

Mr. Carl Vahldick, GC
United Transportation Union

Dear Mr. Vahldick:

This letter will confirm our discussions about the trackage rights operations covered by our October 17 Notice, specifically the Little Rock - Pine Bluff turnaround local and the temporary Pine Bluff extra board.

The following will apply to these operations:

1. The Little Rock - Pine Bluff line will be included in the territory of the Memphis West zone of the Midwest Seniority District.
2. Anyone on the Midwest Seniority District roster may bid for the Little Rock - Pine Bluff turnaround local.
3. It is understood that the moving benefits of the New York Dock Conditions will apply to the successful bidder, or that person may elect a single payment of \$35,000 in lieu of all the benefits of the New York Dock moving benefits package. It is also understood that the receipt of such benefits will bring the successful bidder under the provisions of Article 2, Section 5 of UP-SP Trackage Rights Implementing Agreement 1.
4. If a position on this assignment goes no-bid, it may be filled by a temporary transfer under the provisions of the parties' Temporary Transfer Agreement.
5. While the Pine Bluff temporary extra board is in place, temporary vacancies on this assignment will be filled from that source; thereafter, they will be filled by the Memphis West extra board.
6. The Pine Bluff temporary extra board will be established from the (late bulletins are awarded until the bi-directional operation starts. At that time, this board shall cease to exist. It is understood that this arrangement is entirely without any prejudice or precedent on the issue of the propriety of establishing extra boards at outlying points.
7. The Pine Bluff temporary extra board will protect vacancies on the Little Rock-Pine Bluff local: and it may dogcatch that local, and dogcatch trains from Memphis that tie up at or south of Hunter, and trains from Shreveport that tie up at or north of Buena Vista.
8. Anyone on the Midwest Seniority District roster may bid for the Pine Bluff temporary extra board.
9. The one year period for continuous Held Away from Home Terminal Payments under Article 3, Section 6 of UP-SP Trackage Rights Implementing Agreement 1 will be extended for the duration of this assignment.

10. Successful bidders for the Pine Bluff temporary extra board will, for the duration of the assignment, be provided lodging at Pine Bluff and a daily meal allowance of \$40 (or \$80 if the employee elects to provide his own lodging).

11. If the Pine Bluff extra board is used to dogcatch trains from Shreveport that tie up north of Buena Vista, the productivity fund share for that dogcatch trip will be allocated to the Shreveport/Marshall Zone. Any other trips off this extra board will be allocated to the Memphis West zone fund.

Please indicate your acceptance of these understandings by signing this letter.

Sincerely,
Wendell Bell

Accepted:
Carl Vahldick
General Chairman - UTU

January 16, 1998

Mr. Carl Vahldick, GC
United Transportation Union

Dear Mr. Vahldick:

This letter will serve to confirm our discussions about UP-SP Trackage Rights Implementing Agreement 1, and certain changes which are needed as bi-directional operation begins. We agreed on the following points:

1. In case of main line service interruptions, crews operating in the Memphis West zone would have the right to operate necessary detour movements.
2. The Memphis West extra board will be used to dogcatch trains operating between Little Rock and Memphis; if no one on that board is rested and available, a pool crew may be used.
3. If a crew at the away from home terminal is used to dogcatch a train destined to that away from home terminal, that crew, upon arrival with the dogcaught train at the away from home terminal, will be immediately released and deadheaded to the home terminal.
4. Whether at the beginning or at the conclusion of a tour of duty, Memphis West crews transported from Pine Bluff to Little Rock shall be paid time consumed in being transported, calculated from time relieved (train comes to rest), on a minute basis at the basic pro rata through freight rate, separate and apart from the service trip, with a minimum of two (2) hours.
5. Due to the extraordinary efforts by the crews in this operation and certain other considerations which we have discussed, Held Away from Home Terminal payments

shall be made on a continuous time basis after expiration of 16 hours. It is expressly understood and agreed that this is done without any prejudice to either party's position, and will not be referred to in any other context whatsoever.

Please indicate your acceptance of this agreement by signing this letter.

Sincerely,
Wendell Bell

Accepted:
Carl Vahldick
General Chairman - UTU