

BNSFWENDELLBELL
General Director - Labor Relations

The Burlington Northern and Santa Fe Railway Co.

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July 16, 1998

Mr. John Mullen, GC
Bhd. of Locomotive Engineers

Dear Mr. Mullen:

This letter will establish the initial terms for the operations to Roseville as specified in the company's Notice of July 9.

1. The Richmond extra board will be used to protect movements between Richmond and Roseville via Stege. Extra board personnel called for this service may handle a train from Richmond to Roseville and be deadheaded back, or may be deadheaded from Richmond to Roseville and handle a train back to Richmond or may handle a train from Richmond to Roseville, get their rest and then handle another train back from Roseville to Richmond.

2. The Stockton - Keddie pool will be used to protect movements between Stockton and Roseville via Elvis. At the time of their call for such service, the company will advise the engineer if they will be deadheaded back from Roseville to Stockton, or if they will be deadheaded to Roseville to handle a train back to Stockton or if they will be transported on to Keddie. on a continuous time basis, for rest at Quincy. If they are transported to Keddie/Quincy, they will take their turn to handle a train back from Keddie to Stockton.

3. The payroll period compensation guarantee provided by Article 3, Section 2 of UP-SP Trackage Rights Implementing Agreement 4A will continue through the Tehachapi trackwork project. It can thereafter be discontinued on 10 days' notice by the carrier, if the terms of Article 3, Section 2 are met or exceeded.

4. For a one year period after the initiation of this operation, crews tying up at Keddie/Quincy (whether in this service or in the regular Stockton - Keddie operation) will be allowed continuous held away from home terminal payments after the expiration of sixteen hours. Such payments will not be used to offset any applicable guarantees. It is also understood and agreed that, near the end of this period, the parties will review the amount of held time that the crews are experiencing, in order to ascertain whether it is necessary for this provision to be further extended.

5. The parties will meet to review this operation 90 days after it has begun.

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

roseblb

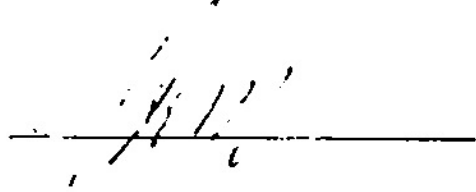
Alon Folk & Western
Conditions, 7.16.98

Sincerely,

Handwritten signature consisting of the letters 'W' and 'B' in a cursive, stylized font.

cc:

Accepted:

Handwritten signature, possibly 'R. B.', written over a solid horizontal line.

UP-SP IMPLEMENTING AGREEMENT 4.1

between

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY Co.

and

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

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 operations over UP-SP trackage rights in the Stockton - Keddie corridor and revises UP-SP Implementing Agreement 4.

IT IS AGREED:

Article 1 - Seniority Districts

Section 1

The territory is added to the following seniority districts:

Stockton to Keddie:

Valley Division Seniority District

Section 2

A. Stockton idestablished as the home terminal for the operations in this corridor: except as provided in paragraph D of this Section, Keddie will be the away from home terminal.

B. 1. The carrier may establish an Engineers' extra board at Stockton in accordance with existing agreements.

B. 2. Pool crews will be used to relieve pool crews as necessary on trains headed from Stockton to Keddie. A rested Stockton pool crew at Keddie will be used (if available) if a Stockton-bound train dies at or north of Oroville. If such a train dies south of Oroville, then the Stockton extra board will be used. If that extra board is exhausted, a pool crew may be used.

C. When Klamath Falls engineers, destined to Keddie, are relieved at or south of Almanor, the first out Stockton engineer at Quincy may be used. When so used, the Stockton edgineer will be transported to the train and handle it through Keddie, without release, and handle the train on to Stockton. Stockton crews used in this manner will be paid actual miles transported and run north of Keddie with a minimum of 25 miles.

When Stockton engineers, destined to Keddie, are relieved at or north of Camp Rogers, the first out Klamath Falls engineer at Quincy may be used. When so used, the Klamath Falls engineer will be transported to the train and handle it through Keddie, without release, and handle the train on to Klamath Falls.

D. Due to weather and traffic circumstances at Keddie, there may be times when it is necessary to change crews in this operation at Crescent Mills. When crews are changed at Crescent Mills instead of Keddie, the Engineer will be paid 9 additional miles.

Section 3

The Santa Fe Schedule Rules covering engineers on the Coast Lines, as modified and amended, will be applicable in the Stockton - Keddie portion of the operation.

Article 2 - Selection of Forces

Section 1

For the job assignments, preferences to assignments for the operation will be as follows:

At Stockton: Valley Division Seniority District

Article 3 - Sunnlements

The elements contained within this article are included 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 respective protective 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 must, but has not yet made a *bona fide* change in residence) will, for a 120-day period, be provided lodging at both the home and away from home terminals (except at their own home point) and actual expenses for meals with a maximum of \$40 per day, or \$80 per day if the employee elects to provide his own lodging. (Note: At Stockton, these allowances are only payable to employees who hold one of the new positions and use the company-provided lodging (whereby \$40 per day would be allowable) or provide proof of payment for lodging at Stockton (whereby \$80 per day would be allowable.)

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 must (and do) make an actual *bona fide* change in residence will receive all the benefits of the BEE Moving Benefits Package signed on February 19, 1996. Payments will not be made during the first 60 days after the initiation of operations. Employees who occupy permanent positions at Stockton on the 60th day can request moving benefits under the BLE Moving

Benefits Package. 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 to Stockton, and such packages will not be offered after 1 year.

C. Any employees who are awarded, or force assigned to, these newly-established positions and who elect to receive the benefits of the attached moving benefits package will have a right of return to their former location by virtue of exercising their seniority rights only 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 seniority rights.

D. Should the carrier cease operations on this new corridor, or if, during 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 displacement (from the engineers' quota) or dismissal of engineers, 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 BLE Moving Benefits Package, signed on February 19, 1996.

Section 2

A. During a one year period following commencement of operations and when the Stockton pool freight board requires 4 or fewer turns, active employees in this pool shall earn a payroll period compensation guarantee of not less than the applicable Engineer extra board guarantee.

B. For Stockton-based employees, the amount of the employee's payroll period compensation guarantee may be prorated or reduced on the basis of 1/15 for each 24 hour period or portion thereof, when an employee lays off or is otherwise unavailable for service

Section 3

A. Crews in this pool will be paid the following mileages:

Stockton - Keddie: 209

Overmiles on these runs will be paid as if these were Intraseniority District runs under the Award of Arbitration Board No. 458 and the ATSF - BLE Agreements of 1996. Overtime thresholds will be computed on the basis of 188 miles.

B. The engineers will be also paid \$15.00 as district pay, in view of the particular and peculiar conditions that apply in this territory. This district pay will escalate with future general wage increases. The engineers in this operation will also be paid for any time waiting for transportation after expiration of their time under the Hours of Service Law.

C. Instead of the usual meal period rules, the engineers in this particular operation will not stop their train to eat.

D. The crews in this operation may, on an annual basis, elect to take an in lieu of lodging payment, rather than stay in the company-provided lodging at Quincy. The allowance shall be the same amount that is allowed, by agreement, in similar circumstances on the Valley Division. Choice of this option carries with it an obligation, on the part of the employee, to be available for, or make arrangements to readily receive calls, and to stay sufficiently close so as to be available for duty in a timely manner in all seasonal conditions.

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

F. Lodging at Quincy must, at a minimum, meet the standards of either of the applicable lodging agreements.

G. Lockers will be provided at the home and away-from-home terminals.

H. The following items on locomotives used in this service will be in the proper working condition before departing Keddie:

1. Operable speed recorder on lead unit.
2. Cab heaters, including electric side wall units.
3. Cab weather stripping.
4. Windshield wiper.
5. Water cooler (supplied with sufficient water).
6. Toilet facilities.
7. Working radio on lead unit.
8. Sanders.

Section 4

A. Nothing in this Agreement prevents the parties from addressing operations in this corridor on a local basis, including the matter of establishing assigned service.

B. Applicable schedule rules will apply to pool freight crews required by Carrier to attend formal investigations; however, a crew or member thereof in this service who is ordered by Carrier to appear for a formal investigation at a location not on their original seniority district will be compensated for the deadhead miles over the other seniority district whether or not the crew member receives discipline. However, to the extent possible, formal investigations will be held at the home terminal of the employee(s) involved.

C. The Superintendent and the involved union officials will confer as to the number and timing of necessary qualifying trips.

Article 4 - General

Section 1.

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.

Section 2

A. All pre-existing agreements that conflict with the terms of 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

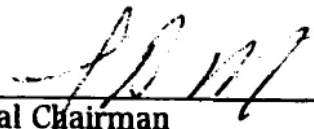
Conditions imposed by the Interstate Commerce Commission and incorporated here by paragraph B of this section.

Section 2

This agreement will become effective upon 5 days' written notice from the carrier, after execution by the parties. It may later be changed by mutual agreement or in accord with applicable law.


Signed and accepted at FT Worth TX this 29th o f JULY, 1998

for
BROTHERHOOD OF LOCOMOTIVE
ENGINEERS



General Chairman

for THE BURLINGTON NORTHERN
AND SANTA FE Ry.



General Director - Labor Relations