

BNSF



WENDELL BELL
*General Director
Labor Relations*

The Burlington Northern
and Santa Fe Railway Company

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June 2, 2004

Mr. Pat Williams, GC
Bhd. of Locomotive Engineers and Trainmen

Dear Mr. Williams:

This letter will cover the terms and conditions that we have agreed upon for operation of the Venus – Hale industrial trackage as an internal short line. These terms are being reached as a new, experimental arrangement, in the mutual interest of both parties, and as an alternative to the sale or lease of this trackage.

We have agreed that the following terms will apply:

1. This agreement will apply only to the assignments that work on the industrial trackage in the Venus vicinity, presently designated as RTEX 0101, RTEX 0091 and RTEX 0121 and RTEX 0071.
2. All four of these assignments may be operated as remote-control operations (RCO). Present plans, however, are to operate only the RTEX 0091, the Red Bird industrial job, in that manner.
3. If any of these road switcher assignments are required to utilize remote control equipment in the performance of their duties, the crew shall consist of one engineer and one conductor, and they will utilize the RCO equipment in the performance of their duties. Only RCO-qualified employees will be eligible to bid for or work on the positions on road switcher assignments utilizing remote control equipment. For vacancies on any such RCO assignments, only RCO-qualified employees on the extra list are subject to call.
5. Training for the engineer's positions on the assignments that utilize remote control equipment will be done under BNSF's FRA-certified training program and training will be afforded to a sufficient number of engineers to both fill the assignments and provide relief. Engineers in this training will be compensated at

the yard engineer's rate of pay plus one Code RE payment per tour of duty if actually handling RC equipment.

6. If any of these road switcher assignments are required to utilize remote control equipment in the performance of their duties, the engineer will be paid a special internal shortline rate of \$195. Overtime, paid at time and one-half, will apply after 8 hours; no other arbitrables, special allowances or special CA Code payments will be applicable to these assignments. At the company's option, that engineer may be allowed a rate of \$260 for 10 hours or less, with overtime, at time and one-half, applicable after 10 hours on duty. These rates will be subject to future general wage increases and cost-of-living allowances. For purposes of vacation pay, personal leave days and other provisions that contemplate payment at basic day rates, the basic day payment in road switcher service will remain applicable.

7. Except as provided in this agreement, all schedule rules and agreements will apply to these assignments. While there are references to both engineers and conductors in this agreement, its adoption is contingent on the signature by each organization for the portions where they hold jurisdiction.

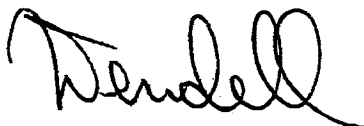
8. Employees who become RCO-qualified to perform service in this operation will not be forced to protect RCO operations at Alliance, and they will not be force-assigned to any other RCO assignments beyond the normal application of seniority rules.

9. This agreement will be effective upon 5 days' written notice (which will be issued after necessary training is completed), and will continue in effect until July 1, 2008. On that date and thereafter, this agreement will be of no further force or effect, and applicable schedule rules and agreements will apply. During the period that this agreement is in effect, BNSF will not sell, lease or otherwise "short-line", under Sec. 10901 or similar provisions, the lines and territory where this agreement applies.

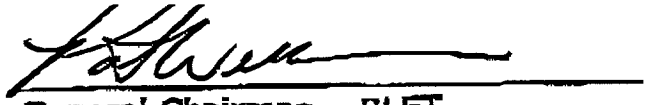
10. It is agreed that this agreement, except for purposes of its own enforcement, is completely non-referable, and will never be cited by anyone before any forum for any purpose whatsoever.

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

Sincerely,



Accepted:

A handwritten signature in black ink, appearing to be 'J. H. ...', written over a solid horizontal line.

General Chairman - BLET

BNSF**WENDELL BELL**
General Director
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June 2, 2004

Mr. Paul Tibbit, GC
United Transportation Union

Dear Mr. Tibbit:

This letter will cover the terms and conditions that we have agreed upon for operation of the Venus - Hale industrial trackage as an internal short line. These terms are being reached as a new, experimental arrangement, in the mutual interest of both parties, and as an alternative to the sale or lease of this trackage.

We have agreed that the following terms will apply:

1. This agreement will apply only to the assignments that work on the industrial trackage in the Venus vicinity, presently designated as RTEX 0101, RTEX 0091 and RTEX 0121 and RTEX 0071.
2. All four of these assignments will operate as Conductor-only. All four of these assignments may be operated as remote-control operations (RCO). Present plans, however, are to operate only the RTEX 0091, the Red Bird industrial job, in that manner.
3. A utility man position will be established, and may work with any of the jobs involved in this agreement. The utility man may be required to use a company vehicle to go between the areas where he is needed to work with these assignments, or he may, at his own option, use his own vehicle. If he uses his own vehicle, he will be allowed auto mileage as expenses at applicable IRS mileage rates.
4. If any of these road switcher assignments are required to utilize remote control equipment in the performance of their duties, the crew shall consist of one engineer and one conductor, and they will utilize the RCO equipment in the performance of their duties. Only RCO-qualified employees will be eligible to bid for or work on the positions on road switcher assignments utilizing

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remote control equipment. For vacancies on any such RCO assignments, only RCO-qualified employees on the extra list are subject to call.

5. Training for the positions on the assignments that utilize remote control equipment will be done under BNSF's FRA-certified training program and OPS 166-03.

6. Each employee working on the assignments covered by this agreement will be paid a special internal shortline rate of \$195. Overtime, paid at time and one-half, will apply after 8 hours; no other arbitraries, special allowances or special CA Code payments will be applicable to these assignments. At the company's option, any of these road switcher assignments may be allowed a rate of \$260 for 10 hours or less, with overtime, at time and one-half, applicable after 10 hours on duty. These rates will be subject to future general wage increases and cost-of-living allowances. For purposes of vacation pay, personal leave days and other provisions that contemplate payment at basic day rates, the basic day payment in road switcher service will remain applicable.

7. Except as provided in this agreement, all schedule rules and agreements will apply to these assignments. While there are references to both engineers and conductors in this agreement, its adoption is contingent on the signature by each organization for the portions where they hold jurisdiction.

8. Employees who become RCO-qualified to perform service in this operation will not be forced to protect RCO operations at Alliance, and they will not be force-assigned to any other RCO assignments beyond the normal application of seniority rules.

9. This agreement will be effective upon 5 days' written notice (which will be issued after necessary training is completed), and will continue in effect until July 1, 2008. On that date and thereafter, this agreement will be of no further force or effect, and applicable schedule rules and agreements will apply. During the period that this agreement is in effect, BNSF will not sell, lease or otherwise "short-line", under Sec. 10901 or similar provisions, the lines and territory where this agreement applies.

10. It is agreed that this agreement, except for purposes of its own enforcement, is completely non-referable, and will never be cited by anyone before any forum for any purpose whatsoever.

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

Sincerely,

Wendell

Accepted:

[Signature]
General Chairman - UTU

M.B. Zuthy, Jr.
Vice President - UTU