

MEMORANDUM OF AGREEMENT
Between The
UNITED TRANSPORTATION UNION
And The
BNSF RAILWAY COMPANY

BNSF may, at its sole discretion, establish Workforce Retention (WR) lists which, when so established, will operate as follows:

1. The number and duration of positions on any WR list shall be determined solely by BNSF.
 - 1.1 A WR list may be established, at BNSF's sole discretion, at any location where an extra board is maintained.
2. Once established, the positions shall be advertised pursuant to the terms of the applicable agreement and awarded to applicants in seniority order, subject to the eligibility requirements described by Paragraph 3.
3. In order to be eligible to obtain a position on the WR list the employee must:
 - 3.1 Be a "primary recall" employee at the location where the list is being established.
 - 3.2 For employees not subject to "primary recall," that employee must have been working at that location for not less than thirty days prior to the date that the list is advertised.
4. Once awarded a position on the WR list, the individual shall not be subject to displacement by any senior employee, unless that senior employee cannot hold a position at that location. In that event, the senior employee may displace the senior employee on the WR List with a release request on file then, if none, the junior employee on the WR List.
5. Employees holding positions on the WR list for an entire payroll period list shall be guaranteed \$1,000 for that payroll period. Any employee who does not hold a position on the WR list for the entire payroll period shall have the amount reduced by 1/15 or 1/16 for each calendar day, or portion thereof, that such employee is not on the list.

- 5.1 Where applicable, each day on the List will be counted as a qualifying day for personal leave day purposes.
 - 5.2 Each day on the List will count toward vacation qualification for the following year, but without the benefit of the 1.3 or 1.6 multiplier.
6. Employees on the WR list shall, without any additional compensation:
 - 6.1 Maintain any currently required certification, familiarization and/or qualification status.
 - 6.2 Satisfy any obligation to take any physical and/or rules examination due during the calendar year.
7. Employees on the WR list are not subject to call for service.
8. Employees on the WR list are active employees for health and welfare benefit purposes and shall be covered by these benefits while on the WR List.
9. Employees on the WR list who reach their scheduled vacation time shall automatically be placed on vacation and paid pursuant to the vacation agreement conditions.
10. Employees may bid off of the list after having been on the list for a minimum of 30-days or, for some territories, at the next "board change" after having been on the list for a minimum of 30-days.
11. Employees on the WR list are subject to a 48-hour recall to regular service. Employees shall be recalled in reverse seniority order unless a senior employee has made a request to be recalled, in which case the request(s) will be honored in seniority order.
12. This agreement is subject to automatic cancellation by the service of a thirty day notice of intent to cancel by either party upon the other party.

Signed and effective on the _____ day of _____, 2007.

For BNSF Railway:

For United Transportation
Union:

GLS



Gene L. Shire
General Director
Labor Relations

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Side Letter #1

Mr. P.W. Tibbit
General Chairman UTU
P.O. Box 3069
Temple, TX. 76504

January 18, 2007

Mr. R.D. Kerley
General Chairman UTU
3856 West Chestnut Expressway
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Mr. J.A. Huston
General Chairman UTU
1101 E. 87th Street
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Mr. W.E. Young
General Chairman UTU
12465 Mills Ave.
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Mr. J.D. Fitzgerald
General Chairman UTU
400 E. Evergreen Blvd.
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Mr. R.S. Knutson
General Chairman UTU
8250 W. 80th Ave.
Units 7 & 8
Arvada, CO. 80005

Mr. D.B. Snyder
General Chairman
45 SW 7th Ave.
Forest Lake, MN. 55025

L. R. Bumpers
UTU General Chairman UTU
400 Randal Way
Suite 102
Spring, TX. 77388

Gentlemen:

Further our discussions regarding implementation of the so-called "WR Lists," it has developed that there are currently circumstances in place that, left unaddressed, could cause the agreement to function well outside of what the parties intend. The challenge is having the WR List function properly at locations where employees have already been displaced and have had to go to other locations in order to work. In light of this, we reached the following understanding.

In the event an employee was displaced at the home location and found it necessary to go to another location in order to work, that employee shall not be disqualified from being eligible for the WR list at the home location. Further,

that employee may bid for a position on the WR List, so long as there is a qualified and available employee at the "other" location to fill the position being vacated. Finally, we understood that the intent of this letter is to ultimately return displaced employees to a location that they legitimately call "home," in light of the spirit and intent of the WR List Agreement.

We also discussed what the term "location" actually means under the various core agreements. We decided that this subject is best addressed on a committee-by-committee basis, understanding that in a broad sense, location means a general geographical area around where the WR List is established. It might be called a source of supply, a zone, a prior-rights seniority district, a general zone, or perhaps some other descriptive, depending on the applicable agreement. That being the case, we agreed that "location" would be determined between the General Chairman having jurisdiction over the applicable agreement and the appropriate General Director of Labor Relations.

Sincerely,

A handwritten signature in black ink, appearing to be "M. J. [unclear]", written in a cursive style.

Workforce Retention List

Comments/Observations

- Section 1 -** Each Division General Manager, along with the Crew Office for that Division, will identify the locations where WRL will be established, and the number of positions available on each list. This is solely at the Carrier's discretion. Should the Carrier fail to establish sufficient WRL positions at your location, please notify this office immediately.
- Section 2 -** Both active and furloughed employees who meet eligibility requirements may bid for these positions. This does not change any of our existing rules and agreements and employees may still accept furlough status at their location in lieu of going to this list.
- Section 3 -** Since there is no "primary recall" under our jurisdiction, the 30-day work requirement is the only eligibility requirement. The Side Letter clarifies that employees who have been furloughed and have already left their residence terminal to seek work elsewhere will be eligible to bid for these positions as well. They may be assigned to the WRL at their home location only if there are sufficient employees at their present work location to accommodate their release.
- Section 4 -** If a subsequent reduction results in the furlough of a senior employee, that senior employee may displace a junior employee on the WRL. The Carrier may then expand the WRL or the junior employee on the WRL may be removed and placed in furlough status.
- Section 5 -** The pay period compensation is pro-rated and applied on a daily basis. Section 5.1 has no application on our properties, since we have no qualifying requirement for PL Days. Furloughed employees considering WRL should be aware that since the Carrier will be making a Health and Welfare premium payment, the employee must likewise make their cost-sharing contribution. Union dues and all applicable state and federal taxes will also be deducted. These WRL earnings will be counted as creditable compensation for Railroad Retirement purposes. Each individual's situation is different and all of these factors should be considered in evaluating the benefit of this option.
- Section 6 -** If an employee elects WRL in lieu of furlough or working, that employee is voluntarily agreeing to fulfill any certification and qualification requirements due during the period assigned to WRL without additional compensation. Those who elect to take rules or physical exams that are currently scheduled later in 2007 will be entitled to the \$200 incentive compensation for voluntary early completion, over and above the WRL compensation.

Synopsis/Comments (continued)

- Section 7** - WRL employees must not be used to fill vacancies under any circumstances. This was necessary because it is the only protection we have to prevent the Carrier from reducing extra boards and using the WRL as a source of supply.
- Section 8** - Employees assigned to the WRL will have Health and Welfare coverage just as if they were actively working *and* performing the requisite service each month.
- Section 9** - WRL employees will not be allowed to reschedule any vacation that falls within the time they are assigned to the WRL.
- Section 10** - Employees on the WRL may bid back to active service after 30 days. However, they are subject to recall at any time, even within this first 30-day period.
- Section 11** - WRL employees must respond to recall notice within 48 hours after notification. The Carrier made it clear that this is their primary motive for this arrangement, and they fully expect those who choose WRL to return to work as soon as possible when recalled. Employees should not choose WRL if they cannot meet this 48-hour recall deadline.
- Section 12** - The 30-day cancellation clause is only applicable if the agreement is ratified. If it does not ratify, the agreement will remain in effect for an additional 72 hours and all employees on the list will be provided notice of their obligation to return to service (or furlough) within 48 hours.