

UP-SP TRACKAGE RIGHTS IMPLEMENTING AGREEMENT 3

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 Temple - Smithville - San Antonio - Eagle Pass corridor only. Other Implementing Agreements, to be reached later, may amend this Agreement and will address operations in other corridors.

IT IS AGREED:

Article 1 - Seniority Districts

Section 1.

The following sub-district is added to the Santa Fe Grand Seniority District:

San Antonio Zone

San Antonio to Eagle Pass

San Antonio Yard
Eagle Pass Yard

Section 2

A. Unless changed by a subsequent agreement, Temple and San Antonio are established as the home terminals for these seniority zones.

B. When Temple crews, destined to San Antonio, tie up under the Hours of Service Law at or west of Cibolo, the first out San Antonio crew will be used to provide relief. When so used, the San Antonio crew will be transported to the train and handle it through San Antonio, without release, and handle the train on to Eagle Pass. San Antonio crews used in this manner will be paid actual miles transported and run east of San Antonio with a minimum of 25 miles.

Likewise, when a San Antonio crew, destined to San Antonio, must tie up under the Hours of Service Law at or east of Lacoste, the first out Temple crew at San Antonio may be used to provide relief. When so used the Temple crew will be transported to the train and handle it through San Antonio, without release, and handle the train on to Temple. Temple crews used in this manner will be paid actual miles transported and run east of San Antonio with a minimum of 25 miles.

C. The Temple extra board will be used to provide sufficient manpower based on minor fluctuations in business at San Antonio. When so used, the first-out Temple extra board employee(s) will be assigned to the San Antonio vacancy and will be relieved upon request after seven (7) days. When used in this manner, the Temple extra board employee(s) will be paid 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 Temple can be force assigned if there are no bids for the advertised vacancies. When force assigned under the terms of this agreement provision, Temple trainmen will be provided lodging and 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 San Antonio. However, if the Carrier hires additional employees at San Antonio, these newly hired employees cannot be

displaced (bumped) by senior employees on this seniority district during their first year of employment.

D. Road Switcher assignments, yard assignments, or locals assignments deemed necessary by management may be established at Eagle Pass.

E. Any assignment headquartered at Eagle Pass can be used to provide hours of service law relief within the boundaries of their assignment; however, a road switcher may also be used to provide hours of service law relief for up to 50 miles from Eagle Pass. When a road switcher provides hours of service law relief, the crew will be paid time or miles whichever is greater with a minimum of twenty-five (25 miles) at the pro rata rate which will not be considered to be a duplicate time payment.

F. BNSF will accept applications for the initial assignments at Eagle Pass from employees on the 1) Temple seniority district, 2) the Texas Grand Division seniority roster.

G. Subsequent vacancies at Eagle Pass will be filled as follows:

1. Temporary Vacancies: Filled from the San Antonio board first, then the Temple extra board. When an employee with a seniority date after August 1, 1997 is used to fill a temporary vacancy at Eagle Pass, the provisions of Article I, Section 2C will apply. A Temple extra board employee filling a temporary vacancy at Eagle Pass may request to be released after seven days (under the provisions of Article 53(h)), and the employee will be released if another extra board employee is available.

2. Permanent Vacancies: If no bidders, force assign a junior employee from the Temple seniority district with a seniority date after August 1, 1997. If there is no employee at San Antonio to assign, force the junior employee at Temple with a seniority date after August 1, 1997. When force assigned under the terms of this agreement provision, Temple or San Antonio trainmen will, for the first 60 days of such assignment, be provided lodging and paid a daily meal allowance of \$40 (or \$80 per day if the employee elects to provide his own lodging). In the event that there is no employee with a seniority date after August 1, 1997 to force assign, the vacancy can be filled as a temporary vacancy.

I. At San Antonio, there will be one single board, with all conductors who have bid into San Antonio listed on it. If a conductor lays off, he will take that turn on that board

off with him. If a train is called, or a vacancy is filled that requires a conductor and a brakeman, the first and second out people on the board will be called for that particular train, with the senior conductor then acting as such.

Section 3

The Santa Fe Schedule Rules covering trainmen on the former Northern & Southern Divisions will be applicable in the newly-established zones.

Article 2 - Selection of Forces

Section 1

For the initial job assignments, first preferences in assignments to the newly established zones will be as follows:

At Temple: Texas Division Seniority District No. 2

San Antonio Zone: Texas Division Seniority District No. 2

If the initial assignments aren't filled by this primary preference, then resort may be had, in order, to the rest of the Texas Grand Seniority District, the Santa Fe Grand Seniority District, the BN Midwest Seniority District and then the balance of the BNSF system.

Section 2

After the initial job assignments, employees appearing on the Texas Division Seniority District No. 2 will have preference to assignment on the new zone of that district. If there are no bidders, then the assignment will be advertised to the Texas Grand 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 parties will promptly confer, with a view to agreeing on a mechanism for making necessary force assignments.

Section 4

A. Beginning on the date assigned and continuing for 2 years thereafter, any employee at San Antonio who is assigned to one of the new positions and has received 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 at San Antonio or Eagle Pass 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 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 pre-existing seniority rights.

Article 3 - Supplements

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 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 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 conductors 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 San Antonio 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 to San Antonio, 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. During a two year period following commencement of operations and when the pool requires 5 or fewer turns, active employees in freight service in these newly established zones shall earn a payroll period compensation guarantee of not less than the applicable guaranteed extra board rate of pay.

B. 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

Overmiles on these runs will be paid as if these were Intraseniority District runs under the February 7, 1992 ATSF Crew Consist Agreement.

Section 4

Held Away from Home Terminal payments shall be made on a continuous basis after the expiration of 16 hours.

Section 5

For purposes of air pay and ETD/ETM allowances, San Antonio and Eagle Pass will be considered as terminals.

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 of this agreement are superseded to the extent of the conflict. All preexisting agreements that do not conflict with the terms of this agreement, including the January 3, 1996 letter agreement about the Temple - Caldwell - Flatonia - San Antonio trackage rights operation, 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 3

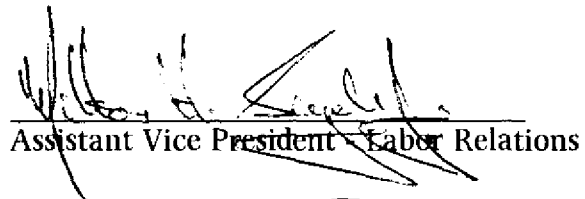
This agreement will become effective upon 5 days' written notice from the carrier, after execution by the parties. It may later be changed by mutual agreement or in accord with applicable law.

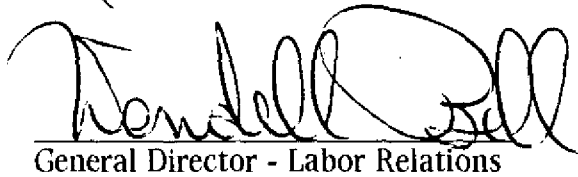
Signed and accepted at FT. WORTH, TX this 10th day of MARCH, 1998

for UNITED TRANSPORTATION
UNION

for THE BURLINGTON NORTHERN
AND SANTA FE RAILWAY CO.


General Chairman


Assistant Vice President - Labor Relations


General Director - Labor Relations