

Milton H. Siegele, Jr. Assistant Vice President Labor Relations

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Mr. C.J. Adams General Chairman, SMART-TD P.O. Box 2050 Belton, Texas 76513

Mr. Adams:

This will confirm our discussion about the re-establishment of service between Silsbee and Longview, Texas on January 1, 2017, particularly that portion of the Longview Subdivision between Silsbee and Tenaha, Texas. We arrived at the following interpretation of existing agreements, specifically Article 17 of the ATSF Northern and Southern Road Schedule.

- 1. Through freight service from Silsbee to Longview, or the reverse, will be performed by an extra board conductor out of Silsbee or Longview:
 - a. When this occurs, the conductor will be paid the Silsbee Longview trip rate.
 - b. San Augustine will not be considered a chain gang terminal and crews operating through San Augustine will do so on a continuous time basis.
 - c. If an extra board conductor is turned short of the away from home terminal (Longview or Silsbee), they will receive miles run with a minimum of a basic day (e.g., a Silsbee crew is turned back at San Augustine).
 - d. To the extent possible, conductors will be tied up at home.
 - e. When used in this service conductors will only make one turnaround trip per tour of duty.
- 2. Through Freight service from Longview to Shreveport (e.g., the Martin Lake Coal Trains), or the reverse, will be performed by an extra board conductor out of Longview:

- a. When this occurs, the conductor will be paid the Longview Shreveport trip rate.
- 3. The service described in this letter may be performed conductor-only with the understanding that, if the service between Silsbee/Longview and Longview/Martin Lake grows to the point that it would support a four turn pool, the parties will meet to discuss establishing a new pool to handle this service. Should this pool be established, pay would be guaranteed at the conductor's extra board rate.
- 4. Crews tied up at other than their home terminal will be paid held-away in accordance with Article 19 of the ATSF Northern Southern Road Schedule (Held-Away-From-Home Terminal Delay).
- 5. The Parties agree that this understanding is without prejudice and on a non-referable basis to either Party's position concerning this or any other issues.

If you are in agreement with the above interpretation, please sign and return.

Milton H. Siegele, Jr.

Assistant Vice President, Labor Relations

Chad Adams, General Chairman

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General Director, Labor Relations