

BNSF



JOHN J. FLEPS
Vice President - Labor Relations

The Burlington Northern
and Santa Fe Railway Company

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November 1, 1999

Mr. J. D. Fitzgerald
General Chairman
United Transportation Union
400 E. Evergreen Blvd., #217
Vancouver, WA 98660

Dear Mr. Fitzgerald:

This is to advise you that The Burlington Northern and Santa Fe Railway Company has joined with other railroads in authorizing the National Carriers' Conference Committee (NCCC) to represent them with respect to the 2000 wages, rules and benefits round of collective bargaining on a concerted national basis with respect to their employees represented by your organization.

In that connection, enclosed as information is a copy of a letter from Mr. Robert F. Allen, Chairman of the NCCC, to Mr. Charles Little, United Transportation Union, serving a Section 6 notice (also enclosed) on behalf of the carriers represented by the NCCC and notifying him of the intention to handle that notice nationally, concurrently with any Section 6 proposals that may be served by your organization.

Very truly yours,

A handwritten signature in black ink, appearing to read "John J. Fleps", written over a horizontal line.

Enclosures

cc: Mr. Robert F. Allen

NOV 04 1999

ATTACHMENT "B"
Carrier UTU Section 6 Proposals
November 1, 1999

Based on competitive realities in the transportation and financial marketplaces, the carriers propose that the parties agree to make all necessary changes in contracts, rules and practices to improve efficiency and productivity to the maximum degree possible, facilitate discontinuance of redundant positions and personnel, eliminate waste, reduce time paid for but not worked, contain and curtail the costs of wages and benefits, and prevent primary or secondary strikes, boycotts or other job actions; and at the same time give due consideration to the interests and concerns of employees so that a result is achieved that promotes the competitive and financial needs of the industry as well as the mutual interest of employees and employers in realistic rules, rates of pay and working conditions.

More specific and detailed itemizations of the changes requested are presented below, and the carriers reserve the right to make additional proposals.

I. Compensation Elements

A. Wages

Revise existing pay rules and adjust pay levels in relation to competitive labor market data to correspond to pay of comparable positions in other industries and to offset impediments to productivity under existing rules and practices insofar as there is no agreement to eliminate such impediments to productivity.

B. Basic Day

Amend any existing rules defining the minimum number of miles encompassed in the basic day to specify not less than 160 miles, with an appropriate adjustment in the overtime divisor.

C. Mileage Regulating Factors

Amend any existing rules in regard to mileage limitations to provide that a carrier in its discretion may adjust such limitations as it deems appropriate.

D. Other Pay Elements

1. Eliminate any existing rules providing for car scale additives, weight on drivers, local freight, road switcher, mine run and other special rates of pay.
2. Eliminate all existing penalty and duplicate time payments such as arbitraries and special allowances, initial and final terminal delay, switching allowances, runarounds, etc.
3. Revise deadheading rules:
 - a. to provide for payment on minute basis when not combined with service and as part of the regular service trip when combined with service.
 - b. to eliminate any existing requirements for advance notice as to whether, for pay purposes, deadheading is to be combined with service or treated as separate and apart.

II. Rules

- A. Revise existing rules to eliminate all demarcations between road and yard work and to permit carrier to use employees to perform any work covered by applicable agreements in the manner it deems appropriate.
- B. Eliminate any existing rules restricting the establishment by a carrier of starting times of yard or other employees; and provide that the carrier may in its discretion establish such starting times as it deems appropriate.
- C. Eliminate any existing rules restricting a carrier's right to annul any assignment at any time.
- D. Eliminate any existing rules, procedures or conditions applicable to existing or future interdivisional service (as defined in existing agreements); provide that a carrier may in its discretion institute or change such service upon such terms as it deems appropriate; and provide that, where now restricted, if such service is discontinued application of any associated protective conditions will be discontinued at the same time.
- E. Eliminate any existing requirements restricting a carrier's right to create, combine, separate, or change extra boards at common terminals in any manner it deems appropriate and to provide that employees on such board(s) will protect service on any seniority district as specified by the carrier.

F. Eliminate any existing requirements that provide for the adjustment (paying the difference) between actual earnings and guarantees on extra boards on other than a payroll period basis, and provide that such pay adjustment may be made in any manner determined by the carrier.

G. Eliminate any existing restrictions or requirements applicable to the coupling and uncoupling of appurtenances such as air hoses, signal hoses and control cables, replacement of batteries, and the placement, removal, inspection or other handling of end-of-train devices, radios, computers, fax machines, and/or any other equipment used in train operation as designated by a carrier; and provide that the carrier in its discretion may require the handling of such appurtenances and/or equipment by such employees without additional pay or penalty and in the manner it deems appropriate.

H. Amend existing rules to eliminate provisions permitting less than full-time availability for active service, and to provide (where not already required):

1. That an employee must utilize all available forms of paid leave before being permitted to mark off without pay.
2. That an employee will be marked up automatically after any period of authorized leave.

I. Eliminate any existing provisions which require a carrier to pay an employee who cannot accept work because of the Hours of Service Law.

J. Utilization of employees

1. Amend any existing rules restricting a carrier's ability to transfer surplus employees to provide that the carrier may in its discretion transfer surplus employees to any location(s) on any part of its system without regard to seniority district or collective bargaining agreement boundaries, including the ability to assign such employees on a temporary basis.
2. Eliminate any existing restrictions on the use of employees, whether or not represented by the Organization, to perform any work as and where needed without claim or penalty; and provide that a carrier in its discretion may require any employees represented by the Organization to perform any work as and where needed that the carrier deems appropriate.
3. Where restricted, amend existing rules to permit the carrier, in its discretion, to require a qualified train service crew member to spell the engine service crew member during the crew's tour of duty.

K. Eliminate any existing requirements providing for automatic release of employees upon arrival at terminals.

L. In order to better serve customer needs and enhance the carriers' ability to compete:

1. Revise existing rules on enhanced customer service to provide carriers with additional flexibility to respond to customer needs and new business opportunities on an expedited basis.
2. Eliminate any existing seniority district restrictions which impede expedited customer service; and provide that a carrier in its discretion may use employees outside of their seniority district when deemed appropriate by the carrier to expedite customer service.
3. Amend any existing rules to provide that a carrier may use any road crew to pick up a train stopped short of a terminal because of the Hours of Service Law, and proceed through the terminal on its trip.
4. Amend any existing rules to provide that crews in road and yard work train service may handle revenue cars.
5. Eliminate any existing rules regarding meal periods, and related allowances and/or penalties, in road and yard service.
6. Eliminate any existing restrictions on a carrier's realigning and/or combining of seniority districts, and provide that the carrier in its discretion may realign and/or combine seniority districts as it deems appropriate.

M. Road Switchers

1. Where restricted, provide that a carrier in its discretion may substitute road switcher crews and/or mine switcher crews for any yard crews when deemed by the carrier to be appropriate. In utilizing this discretion, any restrictions related to the elimination of the last yard engine on a shift or in a yard are eliminated.
2. Where restricted, provide that a carrier in its discretion may require road switcher and mine switcher crews to make up and dispose of their own trains without restrictions.
3. Eliminate any existing restrictions on a carrier's right, in its discretion, to call extra road switcher assignments.

4. Amend existing rules to eliminate (i) any mileage restrictions, (ii) restrictions on using road switchers for Hours of Service Act relief, or (iii) provisions for application of the dual basis of pay.
 - N. Eliminate any existing requirements for the use by a carrier of a switchtender, car retarder operator, hump motor car operator, pilot, herder, conductor/pilot, flagman, or any other independent assignment.
 - O. Where restricted, provide that a carrier in its discretion may operate helper and light engine road movements without a conductor, flagman, or brakeman when deemed by the carrier to be appropriate.
 - P. Where restricted, provide that a carrier in its discretion may determine which employees, if any, shall be used on, or in connection with, self-propelled equipment
 - Q. Eliminate any existing rules or practices which prohibit the holding on to cars when making pickups and setouts and any other moves in road and yard territory.
 - R. Eliminate any existing rules or practices which prohibit road crews from classifying their trains in any manner, which require that trains be made up in station order, or which restrict handling of traffic at intermediate locations.
 - S. Amend existing rules or practices with regard to short turnaround freight service to eliminate any mileage restrictions, limitations, or caps.
 - T. Provide that a carrier in its discretion may extend or contract switching limits, including the right to consolidate yards located within 30 miles of each other.
 - U. Eliminate any existing rules or practices which require that a crew work or tie up as a unit.
 - V. Provide that the carrier may establish standardized calling procedures in lieu of existing rules and practices.
 - W. Where restricted, provide that the carrier may establish utility employee assignments and utilize such employees to perform any work as and where needed that the carrier deems appropriate, including road and/or yard and the driving of company vehicles as part of their assignment.
 - X. Eliminate any obligation to use a caboose on any road or yard train or assignment and any associated penalties.
 - Y. Where restricted, amend existing rules to provide for a uniform probationary period, which shall commence after completion of the applicable training program.

Z. Eliminate any existing daily mark-up rules.

AA. Eliminate any existing restrictions on a carrier's right to regulate the number of employees on an extra board and provide that the carrier will regulate such matter as it deems appropriate.

BB. Eliminate any existing restrictions on a carrier's right to regulate the number of turns in a pool and provide that the carrier will regulate such matter as it deems appropriate.

III. General

A. If and where any restrictions exist, provide that there will be no restrictions on (or additional compensation for) the use of new technology by employees in any craft, and such use shall not create an exclusive right thereto.

B. Except in circumstances where already established, provide for the establishment of special boards of adjustment to arbitrate disputes growing out of grievances or out of the interpretation or application of agreements concerning rates of pay, rules, or working conditions with the parties sharing equally the fees and costs of the arbitrators.

C. Vacations

Eliminate any existing restrictions on using entire calendar year for purposes of vacation scheduling.

D. Health and Welfare

With respect to The Railroad Employees National Health and Welfare, NRC/UTU, Early Major Medical Benefit, Dental and Vision Plans:

Expand cost-sharing by employees and more effectively contain costs incurred by the Plans. Matters to consider include, among other things, benefit design changes; modifying deductibles, annual out-of-pocket and lifetime maximums, copayments and coinsurance; expanding exclusions; and limiting eligibility and the duration of extended or continued coverage.

Improve Plan administration. Matters to consider, include, among other things, mandatory managed care where available; universal non-duplicative COB; and stand-alone deductibles.

E. Improved Injury Compensation System

By mutual consent, in lieu of existing system develop joint legislative proposal governing employee compensation for on-the-job injuries that reflects current trends and is more

equitable to injured employees, provides benefits in a more efficient and less adversarial manner, is structured with incentives to reduce the number of injuries and the cost of any injuries that may occur, and promotes a more constructive approach to safety.

F. Protection

1. Amend dispute resolution procedures of the Washington Job Protection Agreement to facilitate expedited resolution of disputes.
2. Amend existing collectively bargained protective provisions, where now restricted, to require protected employees (or forfeit protected status):
 - a. To accept all available work opportunities with the carrier or with other employers. Protection payments due shall be offset by the employee's earnings from such employment.
 - b. If in furlough status, either to accept retraining (and associated obligations), without regard to seniority, offered by a carrier or, at carrier's option, to accept a lump sum separation allowance equivalent to one week's pay for each year of service.
3. Eliminate restrictions on a carrier's ability to transfer an employee to any location within its system in order to mitigate the cost of protection.
4. Amend existing collectively bargained protective provisions that provide for payments based on comparison of Test Period Average earnings to actual monthly earnings to require adjustment, on an annual basis, to take into account variations in an employee's monthly earnings during such period.

G. Systemwide Agreements

Establish an expedited procedure with finality to provide, at carrier's discretion, for the cost-neutral consolidation of separate schedule agreements on a carrier system into a single collective bargaining agreement for that system.

H. Service Disruptions

1. In addition to prohibitions imposed by existing requirements, provide that, except for lawful primary strikes and picketing of the carrier or carriers involved in a major dispute with the Organization, engaging in or respecting strikes or picketing of any carrier or of anyone else including shippers, secondary boycotts, slowdowns and any other concerted self-help activities, are prohibited. Appropriate penalties will be applied for an employee and/or Organization which violates this provision.

2. Provide that: During any work stoppage or disruption of operations due to other forms of concerted self-help by employees in any part of the railroad industry, a carrier shall have the unilateral right to suspend all bulletin, assignment, displacement, mileage or earnings rules or regulations; any pay and protective provisions of any applicable agreements; any other applicable agreements or rules relating to the use or compensation of employees; any agreements which provide for union or agency shop, deduction for union dues, union fee checkoff or political contributions. Such agreements and rules may be suspended by the carrier for the duration of such work stoppage or disruption and employees will be assigned any compensation on a basis to be determined by the carrier in its discretion. This provision is not intended to and will not modify protection provided in agreements adopted pursuant to the Interstate Commerce Act, or pursuant to some other statutory provision, if any, requiring employee protection.

I. Direct Deposit

Eliminate any existing restrictions upon a carrier's right to require that wages be paid by direct deposit into an account with a bank, credit union, financial services organization or similar institution.

IV. Miscellaneous

- A. Contract duration to be mutually agreed upon.
- B. Adopt same moratorium as contained in the last national settlement.
- C. Provide for the disposition of all claims and grievances.

NATIONAL RAILWAY LABOR CONFERENCE

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ROBERT F. ALLEN
Chairman

D. P. LEE
Vice Chairman and
General Counsel

A. K. GRADIA
Director of Labor Relations

VIA FEDERAL EXPRESS

November 1, 1999

Mr. Charles L. Little
President
United Transportation Union
14600 Detroit Avenue
Cleveland, OH 44107

Dear Mr. Little:

The rail freight carriers represented by the National Carriers' Conference Committee (NCCC) for the 2000 wage, rules and benefits round of collective bargaining intend to bargain on a concerted national basis with respect to their employees represented by your organization, as has been the case generally in all past bargaining rounds since the 1930's. Those carriers have authorized NCCC representation by duly executed powers of attorney and are listed in Attachment A hereto. That list will be supplemented from time to time as additional carriers authorize representation by the NCCC in national handling with respect to your organization.

Attachment B comprises a notice served nationally on your organization on behalf of these carriers pursuant to Section 6 of the Railway Labor Act. It is served upon you as the national representative of your organization and the carriers propose it be handled nationally and concurrently with any Section 6 proposals that may be served by your organization.

We believe that national handling represents the best opportunity for your organization and the freight railroads to manage our way to and through the next round of collective bargaining in a

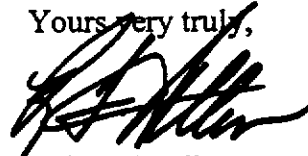
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manner that serves the mutual interests of our respective constituents and their separate interests as well.

For convenience and expedition, we propose that initial conferences be waived on our notice and any notices that may be served by your organization. We have set aside the week of November 29, 1999 for meetings to commence discussions on our respective notices. Please contact me so that we can schedule a date and time to meet. If those dates are not convenient, please let me know any alternative meeting dates that you would propose.

Yours very truly,



Robert F. Allen

Attachments

cc: All NCCC-represented carriers