

IMPLEMENTING AGREEMENT No. 1

between

BURLINGTON NORTHERN RAILROAD
ATCHISON, TOPEKA & SANTA FE RAILWAY Co.

and

UNITED TRANSPORTATION UNION

1. The purpose of this agreement is to provide for expedited changes in services and operations to effectuate the common control approved by the I. C. C. in Finance Docket No. 32549. The purpose is also to enable the company to be created by consummation of the merger proposed in that Finance Docket to be immediately operated in the most efficient manner as one completely integrated railroad.

2. The combined Burlington Northern ("BN") and Santa Fe ("SF") rail systems provide alternative rail routes in the corridors between certain major urban centers, such as Amarillo - Ft. Worth, Denver - Houston and Kansas City - Houston.

3. The Operating Plan, filed as part of the merger application before the Interstate Commerce Commission, contemplated the diversions of certain specified trains from one predecessor's route in those corridors to the other predecessor's route. (An example is the diversion of the Tolk coal train sets from the Pueblo - Trinidad - Amarillo routing to the Pueblo - LaJunta - Boise City - Amarillo routing.)

4. It is expected that, as the integration of the two rail systems begins, there will be shipper orders for or carrier opportunities to divert carload traffic from trains on one route to trains operating over another route. It is also expected that additional opportunities for sustained, material change in the routing of trains, other than those set forth in the Operating Plan, may be found and implemented as part of the efficiencies resulting from this common control and ensuing merger.

5. The United Transportation Union has indicated that they wish to be informed of such sustained, material change in the routing of trains, which may have an impact on the pools handling the service on the respective corridors, so that they will have a mechanism to address resulting work equity considerations.

THEREFORE, IT IS AGREED:

Article 1 - Notice and Allocation

Section 1

When the railroad contemplates such a sustained, material change in train routing, the railroad shall give at least twenty (20) days' written notice of such intended train routing by faxing (or overnighting) notice to the interested UTU General Chairmen. Such notice shall contain a full and adequate statement of the proposed train routing and the expected change in the number of route miles (plus or minus) in each involved freight pool.

Section 2

At the request of the railroad or UTU, negotiations for the purpose of reaching agreement with respect to the allocation of ground forces shall commence immediately and continue for not more than twenty (20) days from the date of notice. Such agreement may provide for the selection of forces from all ground forces involved on basis accepted as appropriate for application in the particular case. Any reassignment of ground forces shall be made on the basis of an agreement or decision under Section 3 of this Article.

Section 3

If, at the end of the twenty-day period, there is a failure to agree, the negotiations shall terminate and either Carrier or UTU may submit it for adjustment in accordance with the following procedures:

A. Within five (5) days from the termination of negotiation, the carrier and UTU shall select a neutral referee. In the event they are unable to agree within said five (5) days upon the selection of said referee, then the National Mediation Board shall immediately appoint a referee.

B. No later than twenty days after a referee has been designated, a hearing on the dispute shall commence.

C. The jurisdiction of the referee shall be limited to determining the appropriate selection of forces from all ground service employees involved.

D. The decision of the referee shall be rendered within thirty days from the commencement of the hearing and shall be final, binding and conclusive.

E. The salary and expenses of the referee shall be borne half by the railroad and half by the UTU; all other expenses shall be paid by the party incurring them.

Section 4

Notwithstanding any of the foregoing provisions of this Article, at the completion of the twenty-day notice period, the railroad may proceed with the intended train routing.

Section 5

Employees who make a bona fide change in residence as a result of an allocation made under the terms of this agreement shall be entitled to the moving and real estate benefits provided in the *New York Dock Conditions*.

Section 6

If the railroad does serve notice as provided in section 1 of this article, the railroad shall not be liable in any way for any alleged failure to make appropriate allocations unless such allocations are not made within ten days after an agreement is reached or the decision of the referee is rendered.

Section 7

If the railroad does not serve notice as provided in section 1 of this article, but any involved UTU General Chairmen nevertheless believes that a diversion of trains has occurred, he may request, and the railroad will provide board checks on the allegedly involved pools in the respective corridors. If those checks show that trains have been rerouted, the provisions of sections 2 through 5 of this article will come into effect. Employees who suffer reduced earnings as a result of such rerouting without prior notice will be made whole, the same as if the diversion had not occurred, from the date of the diversion of trains to the conclusion of the 20-day period after notice has been served or until the date when adjustment, as set forth in sections 2 through 5, is actually made, whichever occurs later.

Section 8

The notice and negotiation mechanism set forth in this article will be applicable up to, but not after September 22, 2001. This, however, will not affect the Organization's right to pursue any and all rerouting and/or allocation of forces if such should occur subsequent to that date.

Article 2 - General

Section 1.

Pre-existing terminals for unassigned freight service shall be preserved unless changed by agreement or under applicable procedures.

Section 2.

There will be no restrictions on the rights of the common control carriers or the merged company in the routing of traffic. Except as provided here, there will be no restrictions of the rights of the common control carriers or the merged company in the routing of trains.

Section 3

The fact that a notice was served under the terms of this Agreement is not an admission by the carrier.

Section 4

A. All pre-existing agreements that conflict with the term of this Agreement are superseded to the extent of the conflict.

B. This implementing agreement is made pursuant to the New York Dock Conditions (Finance Docket No. 28250) which, by this reference, are incorporated here.

C. Nothing in this implementing agreement shall be interpreted to expand or contract protective benefits provided in the New York Dock Conditions imposed by the Interstate Commerce Commission and incorporated here by paragraph B of this section.

Section 5

The parties mutually recognize that this Agreement is entered into to provide a good faith method to resolve an issue that has presented considerable difficulty for both parties over the course of earlier mergers. Therefore, the parties mutually pledge and commit themselves to act reasonably in both the application of this Agreement and in their responsiveness to any requests for changes to this Agreement which the parties' experience shows to be necessary.

Section 6

This Agreement will become effective when it is executed by the parties. It may later be changed by mutual agreement or in accord with applicable law.

Signed and accepted at Elwood, TX this 1st day of MARCH, 1996

for UNITED TRANSPORTATION
UNION

for BURLINGTON NORTHERN RR.
ATCHISON, TOPEKA &
SANTA FE Ry.

[Signature]
General Chairman

[Signature]
Assistant Vice President

[Signature]
General Chairman

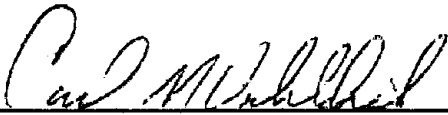
[Signature]
Assistant Vice President

[Signature]
General Chairman


[Signature]
Director - Labor Relations

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General Chairman

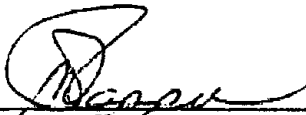
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Director - Labor Relations



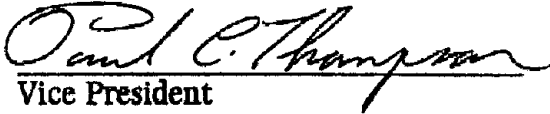
General Chairman



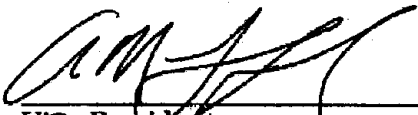
Director - Labor Relations



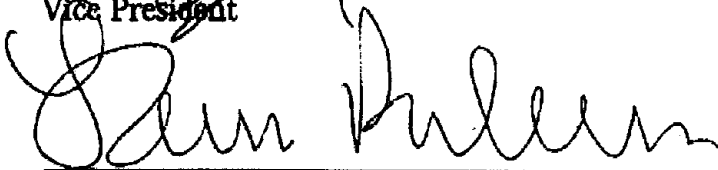
Associate Chairman



Vice President



Vice President



Vice President