

LETTER OF UNDERSTANDING

between

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY

and

THE UNITED TRANSPORTATION UNION

(Former St. Louis-San Francisco Railway Company (including AT&N District))

In accordance with Arbitration Board No. 559, Article XII, Section 1 (a) and (b), displaced employees who do not exercise their displacement rights within forty-eight (48) hours of proper notification will, effective upon the expiration of the forty-eight (48) hours, be placed as follows:

I. Conductors and Brakemen:

1. Displace to the road extra board protecting the service from which displaced, seniority permitting.
2. If seniority does not permit placement on such extra board, the displaced employee will displace the junior employee working in road service in that zone.
3. If no one in road service is junior, the displaced employee will displace the junior employee working in that zone.

II. Yardmen:

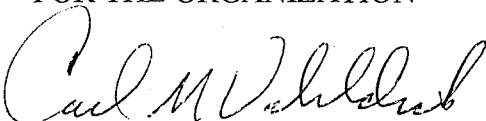
1. Displace to the yard extra board, seniority permitting.
2. If seniority does not permit placement on such extra board, the displaced employee will displace the junior employee working in yard service in that zone.
3. If no one in yard service is junior, the displaced employee will displace the junior employee working in that zone.

III. Hostlers:

1. Displace the junior employee working in hostling service at the location where the displacement occurred.
2. If no one is junior and the displaced employee is not a fixture hostler, the displaced employee will displace the junior employee working in yard service at the location.
3. If no one in yard service is junior, the displaced employee will displace the junior employee working in that zone.

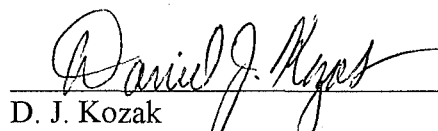
Signed this 1st day of June, 1997.

FOR THE ORGANIZATION



Carl M. Valdick
General Chairman, UTU

FOR THE CARRIER



D. J. Kozak
Asst. Vice President - Labor Relations