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NP/SP&S)-MRL

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FWD)

Pat Williams
General Chairman
BNSF (ATSF)-PHL

Rick Gibbons
General Chairman
BNSF (SLSF)-MNA

Brotherhood of Locomotive Engineers and Trainmen

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ALL LOCAL CHAIRMEN-BNSF

March 7, 2005

File: Profit Sharing

“Regular Earnings”

Dear Sirs and Brothers,

Enclosed you will find a letter of understanding between the four BLET / BNSF General Committees and BNSF with regard to “regular earnings” as identified in the 2003 BLET Alternative Compensation Agreement (Profit Sharing).

Some of you may recall there was some confusion as to the proper application of the agreed-to language involving profit sharing, thus this settlement which should clarify and resolve this issue. When receipt of the checks for the profit sharing began showing up for our membership, our respective offices fielded numerous questions and addressed major concerns as to the amounts received. As we researched these concerns, it became apparent the carrier was applying a settlement made by former General Chairman Mullen in 1998 excluding certain pay codes from the profit sharing base to the entire property. This settlement was certainly not addressed in our negotiations; a copy of which is enclosed for your reference. As additional information became available by way of conferencing this matter, we were left with no choice but to methodically drill through the calculations to ensure that all elements were correctly incorporated. As you will note in our latest understanding and interpretation, we feel we have now represented the spirit of the agreement as negotiated. Accordingly, the attached settlement will be applicable in determining the profit sharing base for 2005 and subsequent years where profit sharing is applicable.

In addition, it became obvious during our discussions that there was a need for a tool by which each and every engineer could calculate his profit sharing base throughout any base year. To that end, we have created an Excel Spreadsheet which may be used to calculate “regular earnings” for any calendar year. To use the spreadsheet for the calendar year 2004, it will be necessary to enter the totals of each 816 for pay periods 1-24 from 2004 and then deduct the monies attributed to the pay codes noted on the attachment titled “2004 Excluded Codes”. The list of excluded codes on this attachment was generated by the Carrier using the 1998 settlement referenced above.

In the event the membership decides to retain the profit sharing in the upcoming “stay in/opt out” ratification process, the spreadsheet can then be used for the calendar year 2005 forward, deducting only meal and expense codes and those excluded codes noted in

our 2005 settlement. As information, the 2004 example that we keyed to the spreadsheet as described above resulted in a profit sharing pay out within pennies of the pay out actually received.

While we share the frustration expressed by many members regarding the calculations used to determine regular earnings for 2004, we are confident that the attached settlement clearly defines base earnings for all future years as the majority of the codes excluded in 2004 have been returned to the base for 2005 going forward. This settlement, coupled with the 2005 increase to an 8% maximum, gives 2005 every chance to be a very attractive year for profit sharing. Early numbers for the year to date are running ahead of early 2004 numbers, and all indications are that those numbers will continue. We are in hopes this will answer your questions on the profit sharing base, clearing the air on this issue. In the event you have additional questions, please contact your respective General Committee Office.

Fraternally,



BLET General Chairman



BLET General Chairman



BLET General Chairman



BLET General Chairman

cc: Steve Speagle, BLET Vice President Assigned
Enclosures