BNSF RAILWAY

2016 TYE Buyout Program Q&A's

This is an important decision with potential impacts to health and welfare benefits, Railroad Retirement benefits, the Railroad Employees National Early Retirement Major Medical Benefit Plan ("ERMA"), personal finances/taxes, etc. You may want to consider seeking professional advice as necessary.

Below are Q&A's:

Q. I'm eligible to take the "bridge", but I'm considering taking the lump-sum cash payment. What would happen to my H&W benefits if I did that?

A. If you elect a lump sum, your employment will end at the time you execute the buyout agreement and you will not be eligible for active employee H&W or RRB benefit accruals. Terminating benefits before reaching RRB retirement eligibility will likely make you ineligible for early retiree medical (ERMA) benefits.

Q: "I won't turn 60 years of age until June 1, 2016. How will that affect my health insurance?"

A: Employees within 24 months of reaching full RRB retirement status (age 60 with 30 or more years of railroad service) as of January 22, 2016, will be eligible to receive continuation of health and welfare benefits and receive Railroad Retirement credits for up to 24 months, if they elect the bridge option.

If you are not yet age 60 and elect the bridge to full retirement, active employee healthcare benefits will continue through the month following the month in which you attain age 60. For example, if you turn 60 in May 2016, coverage will continue through June 2016.

It is important that you DO NOT apply for your RRB benefits until your 60th birthday. Applying prior to age 60 will disqualify you for ERMA benefits.

For questions regarding medical coverage, please contact Railroad Enrollment Services at 800-753-2692.

Q: "Upon termination of my health insurance, will my spouse and I be eligible to continue our existing health insurance through COBRA for 18 months?"

A: Yes, employees can elect continuing medical, dental and/or vision coverage under COBRA for themselves and their dependents. Please note however that continuation of coverage through COBRA will not qualify you for the Railroad Employees National Early Retirement Major Medical Plan (ERMA). If you resign prior to age 60, and have not taken the "bridge" payout option, you will be ineligible for this coverage.

Q: "How are my government provided retirement benefits from the RRB affected? Do I still have to wait until my 60th birthday for my RRB benefit payments to begin?"

BNSF RAILWAY

January 26, 2016

RE: Potential Buy-Out Offer to Defined Groups of Eligible TYE Employees

Dear BNSF TYE Employee:

Please note the following offer is purely discretionary on the part of BNSF, not a requirement, and the number of employees ultimately accepted by BNSF, if any, is fully the company's choice.

As you may know, BNSF offered "buy-outs" to Productivity Fund eligible employees in August of 2015. The buy-out program was in response to a growing furlough population in our TYE forces, as well as the mutual benefit to be gained by directing the buyout exclusively to this legacy portion of our trainmen (those covered by a historical agreement for former BN trainmen from the early 1980's who receive substantial associated annual payouts from BNSF).

As we start the year, the economic environment for our business continues to be challenging. Volumes are down in a number of our business units and we have over 4800 people on furlough. With the goal of reducing our furlough population again firmly in mind, we have decided to offer a limited buy-out program to a broader set of eligible TYE employees. While it will again include Productivity Fund-eligible employees, it now also includes engineers and trainmen who have 10 or more years of TYE service (as of January 22, 2016). As well, employees who are within 24 months of reaching full RRB retirement status are also eligible for continuing their health/welfare benefits, called a "bridge", as described below.

As part of this new program, you are receiving this letter because you have been identified as being eligible for a **potential** buyout offer. The following are the eligibility criteria, options, and payouts:

1. **Productivity Fund eligible employees**: (1) Must have been in active ground service[1] on January 22, 2016, and (2) **be eligible for the 2016 Productivity Fund**. The buy-out amount for this group will be **$60,000. In addition, those who are within 24 months of reaching full RRB retirement status as of January 22, 2016, may be eligible to receive continuation of health and welfare benefits and receive Railroad Retirement credits for up to 24 months.**

2. **Engineers and Trainmen who are not eligible for Productivity Fund and have a BNSF train service seniority date before January 22, 2006**: (1) Must have been in active ground service or engine service[2] on January 22, 2016. The buy-out amount for this group will be **$30,000. In addition, those who are within 24 months of reaching full RRB retirement status as of January 22, 2016, may be eligible to receive continuation of health and welfare benefits and receive Railroad Retirement credits for up to 24 months.**

[1] For purposes of this potential buyout offer, a Productivity Fund employee is considered eligible only if he/she was in active ground service at 0001 a.m. January 22, 2016. Examples of ineligible employees include, but are not limited to, those on leave of absence or medical leave of absence, occupational or permanent disability granted by the RRB, or working as an engineer or exempt employee on January 22, 2016.

[2] For purposes of this potential buyout offer, a Non Productivity Fund employee is considered eligible only if he/she was in active ground or engine service at 0001 a.m January 22, 2016. Examples of ineligible employees include, but are not limited to, those on leave of absence or medical leave of absence, occupational or permanent disability granted by the RRB, or working as an exempt employee on January 22, 2016.

For Bridge eligible employees only[3]. You will have two options: a lump-sum cash payment, or, as a bridge, spread the buyout money into equal installments for up to 24 months. If you elect a lump sum, your employment will end and you will not be eligible for continuing active employee H&W or RRB benefit accruals. If you elect a bridge to retirement, BNSF will continue to pay its portion of H&W through the period of time and you will continue to pay your contribution - currently $198 per month and expected to increase to $228.89 effective July 1. [For example, a qualifying non-productivity fund employee who chooses a 10 month bridge will receive $3,000 per month ($3,000 x 10 = $30,000) less the employee's H&W contribution and the usual deductions, including union dues.] As well, in order to qualify for a bridge, employees must agree to not mark-up during the bridge period and retire at the bridge period expiration. If selecting a bridge, qualifying employees must indicate this preference on an on-line form and identify the number of months selected. See the Q&A's below for more information.

As referenced above, **this is a limited buyout program** (it will not be offered again in the foreseeable future) *and not everyone who applies will necessarily receive a buy-out. Moreover, buy-outs will be determined at BNSF's discretion based on criteria that include, but are not limited to, the total number of applicants and applicable seniority requirements.* If you are interested in this offer, you must complete and submit the online Application and Verification Form to be considered: http://bit.ly/buyoutsurvey, or you can apply using the following QR Code:

Here are important next steps and deadlines if you are interested in applying for this buy-out:

- **Before Feb. 19:** Complete and submit the online Application and Verification Form **as soon as possible, but no later than February 19, 2016** [following the enclosed instructions].
- **February 26:** BNSF will begin notifying selected employees that they can receive a buy-out.
- **March 11:** The deadline for execution of all required documents for this buyout is **March 11, 2016**. If you are notified that you can receive a buy-out, it is **your responsibility** to schedule an appointment with a BNSF designated supervisor (usually a division DOA) to sign and execute required documents. Retirement/resignation is effective immediately upon execution or at the conclusion of a bridge. Again, these must be executed **no later than March 11, 2016**.
- Following execution of required documents, employees will receive the payouts, whether in lump sum or in installments, in the same time and manner in which they receive their regular paycheck (i.e., direct deposit or paper check).

We recognize this is an important personal decision and that you're being asked to make your evaluation in a relatively short period of time. This is your decision based on your personal interests and situation.

Should you need further information specific to health and welfare questions, please call Railroad Enrollment Services at 800-753-2692. For questions related to RRB benefits, please contact the RRB at 877-772-5772. For other questions not related to health and welfare, please call toll free 800-633-4414. You can email general questions to TYEbuyout@bnsf.com.

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[3] For purposes of this potential buyout offer, the bridge is not available to employees who are **more than 24 months** of reaching full RRB retirement status (defined as age 60 with 30 years of service) as of April 1, 2016, **nor** is it available to any employee covered by Article VI, Section 3 of the 1993 BN Crew Consist Agreement (regarding general committee union officers).

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Q: "How are my government provided retirement benefits from the RRB affected? Do I still have to wait until my 60th birthday for my RRB benefit payments to begin?"

A: It is our understanding that a railroad employee cannot retire and begin receiving retirement benefits from the RRB until the first full month after the month in which they attain age 60 and have attained at least 30 years of RRB service credit. If the 30 year service requirement is not met, then RRB benefits cannot begin until age 62. For more specific information regarding RRB benefits, including payment amounts, please contact the RRB at 877-772-5772.

Q: "I have unused vacation and PLD days. Will I be paid for these?"

A: Yes, any earned but unused vacation and PLD days will be paid, in the normal fashion, as part of the buyout program.

Q. "How is the $60K offer calculated for Productivity Fund employees? Does it include my 2016 productivity fund earnings?

A. The $60K offer is independent of any actual 2016 productivity fund earnings. A Productivity Fund eligible employee will receive the $60K, as a lump sum or in bridge installments, and then later will be paid any earned productivity shares in the normal fashion in December 2016.

Q: I am a Productivity Eligible employee. I understand that if I take a bridge, I will be receiving RRB credits for the length of my bridge. Will I also be receiving productivity shares during the bridge period?

A. No, you would not earn any productivity shares during the bridge period. Per the Productivity Fund agreement, you only earn shares for actual yard tours of duty and/or road freight trips performed. (As example, deadheading does not earn productivity share credit.) The only exception in the agreement is when an eligible employee takes a paid vacation day; in that instance, and for equity purposes only, is a credit/share allocated for when an employee does not actually work.