



D. J. Smith
Asst. Vice President

May 1, 2008

Mr. David Tanner
Vice President BMWED
P.O. Box 116
Robertson, WY 82944

Mr. Roger Sanchez
Vice President BMWED
2802 Quail Run Drive
Humble, TX 77396-1864

Gentlemen:

This letter is to confirm the discussions we held April 2, 2008 in Salt Lake City regarding direct deposit of employee pay and to answer some questions which were raised during that meeting and in prior correspondence. During our meeting, it was clear that all parties recognize the many benefits of direct deposit, including elimination of lost, stolen or late checks, and ready accessibility of funds without having to physically deposit a check.

Consequently, it was agreed that all new hire employees will be required to receive their paychecks via direct deposit, to the extent permitted by law. Also, the Organization agreed to assist the Carrier in its efforts to educate current employees about the benefits of direct deposit and e-payroll, and to encourage employees to take advantage of those benefits by signing up to receive their pay via direct deposit instead of via mail and to receive their pay information via e-payroll.

Those employees who are still receiving their pay via paper check, however, will not be required to utilize direct deposit. Also, even if an employee does choose to receive pay via direct deposit, the Carrier will continue to send paper stubs to those who do not elect to utilize e-payroll.

During our meeting, you also raised some questions about direct deposit procedures, and I have obtained responsive information. One of your questions involved the company's ability to remove funds from an employee's account after a deposit has been made. I am advised that if a deposit is made in error, the company may request a financial institution to reverse a transaction, but once money is in an account, the company cannot unilaterally remove it. I am also advised that the direct deposit system is secure and that gang timekeepers have no access to other employees' direct deposit accounts.

With respect to your question regarding the possibility of splitting direct deposits into multiple accounts, I understand that this will be available when our new payroll system is put in place in October.

Messrs. Tanner and Sanchez

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Regarding the method of paying start up advances, I understand that such advances are paid via the employee's normal pay method, whether that be mail or direct deposit, unless special handling is requested. Per diem payments are also made via the employee's normal pay method.

After our meeting, Mr. Sanchez left a message about what would happen if a direct deposit is not made on time and an employee who writes checks in anticipation of fund availability incurs overdraft or other penalties. While each situation would be looked at individually, it certainly is not the company's intent to cause monetary loss to employees who utilize direct deposit. Therefore, I am advised that in the unlikely event a scheduled bi-monthly payroll would be deposited late, the company will work with affected employees to review whether the late payment caused fees or penalties to be assessed and to help resolve any problems, including reimbursement of costs where warranted. The carrier cannot assure the timing of direct deposits related to unscheduled payments such as shortage of pay or start up advances, but the deposits will be made as timely as possible and will likely be available sooner than a check.

I trust that the foregoing responds to concerns raised by the Organization in our meeting and in prior correspondence, and I look forward to your assistance in encouraging greater employee participation in direct deposit and e-payroll. Please feel free to call me if you have any additional questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "R. F. Smith". The signature is written in dark ink and is positioned below the word "Sincerely,".