

MEMORANDUM

May 27, 2010

To: All Local Chairmen – CSXT
CY: Membership inc/o LC
From: John Hancock, General Chairman
RE: 2010 SYSTEM AGREEMENT

SCANNED & SL

As you were recently advised, we have signed the 2010 System Agreement applicable on the former SCL/GARR/GM Railroads of CSXT. The implementing date for most of the provisions of the agreement will be June 1, 2010.

We are updating our web site. One area will include the 2010 on-property Agreement. This area will include explanations of each article (this is a work in process. As we do each Article it will be posted). The posting of this information on our web site (www.utu.851.org) will make it easy for you and the Membership to access understandings, codes and applications of the Agreement. You will find within this Memorandum several items of the Agreement that will be posted on the website. Please make this information available to the Membership.

No. 1 - Signature Page

Enclosed please find copy of signature page for the former SCL/GARR/GM railroads.

No. 2 – Letter of Understanding

As you are aware, Article 25 provides for additional seniority rights; this would include the topping and bottoming of seniority rosters on the SCL. Since we are the only property that ratified the Agreement, please see May 10, 2010 Letter of Understanding.

In the meantime, we will implement the top and bottom of SCL Seniority Districts I, II and III. This will grant additional seniority of the former SCL/GARR/GM Railroads.

As you may or may not be aware, the A&WP property is re-voting the agreement inasmuch as one of the crafts ended in a tie. It is also my understanding that the C&O General Chairman Jim Townsend has received permission to revote his property. I do not know where the L&N stands.

I can state that CSX has further advised that it intends to move on with the coordination of the southern half of its operations into a single operating agreement.

As information, an Agreement of the coordination of the north end of CSXT has been initialed by management and labor. It provides for all the north end General Committees to be dissolved into the B&O and the B&O Agreement will govern.

No. 3 – Information on Articles 5, 8, 34, 42, 45 and 56 of the 2010 UTU On-Property Agreement

Please find attached explanations of several provisions of the agreement that will go into effect on June 1, 2010 which will provide financial benefits to the membership. This information needs, and must be made known, to the Membership along with the Codes so that they make the proper claims, and also ensure that they are being paid correctly under the 2010 System Agreement.

Johnsletters/ALLLC2010/System Agreement

Article 5, Section 3 – Lump Sum – Trainmen/conductors in active service on July 1, 2010, will receive their \$1,000 lump sum payment; such will be made by separate check.

Article 8, Section 2 – Transportation Allowance – This is an additional enhancement to extra board employees. If an extra board employee is called to protect outlying assignments, and the round trip mileage is in **excess** of 100 miles for the round trip, the individual is entitled to 1 hour of pay on the first day and the last day of the assignment in addition to the personal auto expense. This does not change the requirement that an individual is entitled to his personal auto expense – this is an additional payment. The Code for such payment is being developed. We should have the code by next week. In the meantime, the individual can make the claim under Code 97 and explain the claim pursuant to UTU 2010 System Agreement, Article 8, Section 2.

The entitlement is payable on the first day and the last day of the temporary assignment.

Article 30 – Away from home meal expense

The Away from home meal expense will be phased in two sections. Beginning June 1, 2010, the away-from-home meal allowance is

4 hours - \$12.00
12 hours or more - \$18.00

Once EBS is implemented – probably in September, the meal rate increases to

4 to 24 hours - \$20.00
24 hours - \$30.00

And \$10.00 for each additional eight hours held at the away-from-home terminal or outlying point.

Article 34 – Calling Windows – Regularly assigned through freights.

At those locations where there are regular through freight assignments, please note the special provisions of Article 34 which provide for additional payments in case the job is not called as required.

Specifically, if a regular assigned through freight is advertised to go on duty at 1000 hours or later as called, the provisions of Section 1 come into play. If the job is not called by 4:00 p.m. the employees go under straight time hourly rate of pay and will be paid for all actual time, separate and apart from the regular compensation of the trip.

If the employee is not called by 10:00 p.m., the Company is required to deadhead the employee to the away-from-home terminal, pay him 6 hours waiting time pay, plus the trip rate for the job.

The Carrier also has the option of releasing the employee, and pays him for the round trip. This is a most important provision and an additional provision to us under the Schedule Agreement. Waiting Time is claimed under Code "10".

Article 42, Section B (2) – Local Freight Service – reads:

“Locals assigned five (5) days per week will be paid the yard rate of pay. Locals Assigned in excess of five (5) days per week will be paid at the local freight rate of pay.”

The yard rate of pay for local freights is \$203.29 for a basic day (The current local freight rate of pay is \$184.00). This is a significant increase in pay on a daily basis.

Work Trains – Road Service

Please advise the membership of the changes to the work train provisions in road and yard service. Employees thereto are guaranteed certain minimum payments and additional payments. Please read the Agreement.

Article 45 – Road Switchers/Mine Runs

Section E provides that individuals can claim (1) miles of the assignment, (2) miles run; or (3) basic day and overtime – whichever of three pays more. One factor in this equation is that miles operated in a taxi are payable miles at \$2.03 per mile. Our advice is that employees who are called for road switchers and are being transported, ask the driver **for the beginning odometer mileage and the ending odometer mileage – this is verification of the miles operated; obviously the miles operated by rail are easily discerned.**

The foregoing is a change that provides additional money to our membership. Again, the member is entitlement to claim miles of the assignment, miles run or a basic day and overtime, whichever is greater of the three (3) payments.

Article 45 does not restrict the Company to the miles of a road switcher; however, all miles assigned are paid at the high rate. See Article 45, Section C reading:

“In the event, the total miles operated, including highway miles exceed the advertised mileage of the assignment, such miles will also be paid at the five (5) day basic yard foreman rate of pay.”

The foregoing represents a significant increase in the rate of pay for those individuals assigned to regular and extra road switchers!

For example – in today’s operation, a road switcher that is assigned or operates 150 miles is entitled to \$286.79.

Effective Tuesday, June 1, 2010, a 150 mile road switcher is entitled to \$304.94. That represents an \$18.00 per day pay raise or a 6% general wage increase (GWI).

In order to calculate the correct rate of pay for individuals assigned to 5-day local freights or road switchers, you take the actual miles claimed and multiply it by 2.0329 and this will give the individual the proper amount of pay. The individual is entitled to no less than a basic day or 100 miles which would be \$203.29; each additional mile is paid at \$2.0329 per mile.

It is most important that our membership understands all the provisions and changes to the road switcher rule. As previously noted, an individual working a road switchers is entitled to claim the greatest of three options – miles run, miles of assignment or a basic day (100 miles) and overtime, whichever is greater.

The overtime rate for a road switcher is \$38.1169 per hour. As such, the individual can use this computation to figure which pays more – the miles of the assignment (\$2.0329 per miles, miles run (\$2.0329 per mile) or a basic day and overtime (basic day of \$203.29 and overtime rate at (38.1169 per hour. Enclosed please find a chart that depicts such.

Article 56 – Arbitrary in yard service for revenue yard train performing non-revenue service.

Yard employees protecting revenue jobs that perform work train service will be paid a pro rata rate for all time performed on a minute basis with a minimum of 1 hour. We do not have the code for this; hopefully we will next week.

Please also note that a yard work train which performs revenue service is due a day's pay.

There are several other enhancements in pay that we will begin to explain next week.

As we move through this process, we will be developing a spread-sheet that has specific Article numbers with additional provisions, the claim and the code to be used.

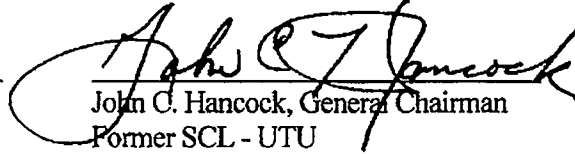
SIGNED AT JACKSONVILLE, FLORIDA THIS 10th day of May, 2010.

For CSX Transportation, Inc.

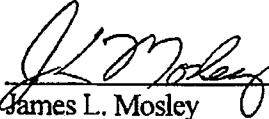
For the United Transportation Union



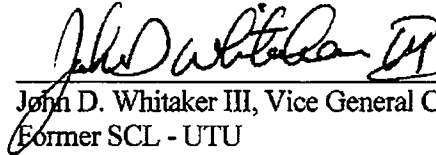
Myron W. Becker,
Director Labor Relations
Southern Region



John C. Hancock, General Chairman
Former SCL - UTU



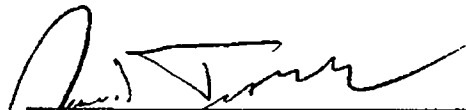
James L. Mosley
Manager, Labor Relations



John D. Whitaker III, Vice General Chairman
Former SCL - UTU

APPROVED: CSX Transportation, Inc.

APPROVED: United Transportation Union



David Ingoldsby
Assistant Vice President - Labor Relations


Robert Kerley
Vice President UTU

APPROVED: CSX Transportation, Inc.



Stephen Crable
Vice President - Labor Relations

Letter of Understanding

Application of Seniority



Myron W. Becker
Director-Labor Relations

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May 10, 2010

Mr. J. C. Hancock, General Chairman
United Transportation Union - Suite 104
3560 Cardinal Point Drive
Jacksonville, FL
32257

Dear Mr. Hancock:

The following confirms our discussions and understanding regarding the application of Article 25 Seniority, Section 8 of the Consolidated Southern Region Agreement CSXT Labor Agreement No. 4-037-09.

It was agreed the intent and application of Article 25, Section 8 remains unchanged; however, full application of this Article cannot be realized unless the A&WP, C&O, L&N and NC&StL are covered by the Agreement.

If a specific property comes under the provisions of this Agreement, consolidated seniority will be provided to each employee covered by that Agreement.

If the foregoing accurately reflects our discussions, please affix your signature in the space provided below and return one copy for my records.

For CSX Transportation, Inc.

For the United Transportation Union

A handwritten signature in black ink, appearing to read "Myron W. Becker".

Myron W. Becker,
Director Labor Relations
Southern Region

A handwritten signature in black ink, appearing to read "John C. Hancock".
John C. Hancock, General Chairman
Former SCL - UTU

YARD CONDUCTOR (FOREMAN) RATES

Basic Day \$203.29

Pro-rata:	Hour	\$25.4113	Overtime:	Hour	\$38.1169
	Minute	0.4235		Minute	0.6353
	5-Minute	2.1176		5-Minutes	3.1764

OVERTIME TABLE					
<u>Min</u>	<u>8-Hrs.</u>	<u>9-Hrs.</u>	<u>10-Hrs.</u>	<u>11-Hrs.</u>	<u>12-Hrs.</u>
0	203.29	241.41	279.52	317.64	355.76
5	206.47	244.58	282.70	320.82	358.93
10	209.64	247.76	285.88	323.99	362.11
15	212.82	250.94	289.05	327.17	365.29
20	216.00	254.11	292.23	330.35	368.46
25	219.17	257.29	295.41	333.52	371.64
30	222.35	260.47	298.58	336.70	374.82
35	225.52	263.64	301.76	339.88	377.99
40	228.70	266.82	304.93	343.05	381.17
45	231.88	269.99	308.11	346.23	384.34
50	235.05	273.17	311.29	349.40	387.52
55	238.23	276.35	314.46	352.58	390.70