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All Local Chairpersons-CSXT

Please note the attached letter from Myron Becker concerning the coordination notice for the Southern Region. CSXT has decided to delay coordination notice pending the re-vote on the former C&O. The letter is self explanatory.

On a different note, the northern region has completed their coordination. CSXT served a Notice, and the parties coordinated their properties voluntarily. The Agreement, which must be ratified, is as follows:

1. There will be one governing agreement, the B&O Agreement.
2. All general committees will cease to exist except the B&O General Committee.
3. The parties agreed that the current employees will retain prior rights to jobs on their railroad.

They did make two enhancements, namely:

1. The employees can have two weeks of daily vacation (we've had this for about 8 years).
2. They can carry over up to 30 days of personal leave (We've had this for about 8 years).

There were no other agreement changes; they remained in national handling.

As you are aware, on the south end, we chose a different approach and obtain additional benefits for our Membership. We felt there was too much on the table to reject the negotiated proposal. The Membership would make that choice.

If the Membership had rejected the proposal, we would be served the coordination notice. At that time, we would have had the same choices that the north end just settled. Our world was different. On the north end, there was one major property with several small properties. The "gun" was still at their head.

On the south end, we had two major properties, one medium and one small property. In my straight forward opinion, I do not believe that we would have reached agreement to pick a single agreement to survive. As such, a third party would pick the surviving agreement. Each Agreement had its own special benefits. When the arbitrator picked the surviving agreement, all the perks the other agreements had would disappear and only the perks in the surviving agreement would survive. Also, the arbitrator would have decided how the seniority would be implemented; he also had power to change crew consist. All this was too much to gamble.

The forced coordination does include New York Dock protection. Basically, New York Dock protection provides income protection up to six years. If you have 2 years of service, you get 2 years of protection; the most you get is 6 years of protection. You also have to prove that you were adversely affected by the coordination to become certified for a protective guarantee. It is not automatic. There have been many cases arbitrated on NYD protective benefits, and not many have been successful.

You have to protect the highest paying job for which you stand in order to collect any guarantee. If you have protected jobs at more than one supply point, then you have to protect the highest paying job at either of the supply points. You must show that you were affected by the transaction; such is usually determined within the first six months after the [coordination] event. After that, the Company will argue that your decreased earnings were result of some other factor, not as a result of the coordination, thus you are not due any protective guarantee. If there is no loss in earnings in the first six months after the event, then it will assert you are not adversely affected; thus you are not due a guarantee.

We argue a case before Robert O. Harris wherein an employee was in a terminal that was coordinated; he worked solely in the yard. The Company charged a road job against him. We argued that since he earned his guarantee solely in the yard, he could not have the road job charged against him. The Board held that he had to protect his seniority in order to collect the guarantee. Since he did not exercise his seniority to the road, he does not get a guarantee.

Arbitration Boards have also held that when called for extra service, you must protect the jobs, whether you answer the call or not. So if they attempt to use you off your job on your off days, and you do not answer the call, they can charge those earnings against your guarantee.

So while NYD protection is better than nothing; it is not all what people view it to be.

On our Southern Agreement, we obtained the perks from each of the roads and added additional benefits. Most importantly, we can get whatever the National wage package is negotiated. We can't lose on the deal.

In closing, once the vote is completed on the former C&O, we can expect the coordination notices to be served on all of us since all properties have not ratified the Agreement. We will then follow the provisions of the cram-down agreement. The time frame is approximately 75 days.

We will keep you posted.

Fraternally,

John Hancock



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June 2, 2010

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Gentlemen:

I wrote on May 6, 2010 advising of CSXT's intentions in view of the ratification results reported by each of you concerning the Consolidated Southern Region Agreement, CSXT Labor Agreement, No. 4-037-09. We were advised that the Agreement ratified on the former SCL, a re-vote was requested for the former A&WP, and the Agreement failed to ratify on the former C&O and L&N.

I advised that CSXT was going to implement the Agreement on the former SCL, and we are in the process of doing so. I also advised that, once the results of the re-vote on the A&WP was concluded, CSXT intended to serve a coordination notice under Article I, Section 4 of the New York Dock employee protective conditions on or about June 1 to realize merger related efficiencies that continue to be impeded.

We have now been advised that the re-vote on the A&WP resulted in ratification of the Agreement for that former property. CSXT plans to implement the Agreement on the former A&WP shortly. Another development is that the C&O Committee is in the process of re-voting the Agreement. We have decided to hold off on serving a New York Dock coordination notice while the re-vote on the former C&O is proceeding. After the re-vote is concluded, and absent a mutual agreement to handle the matter differently, I will advise you as to the Company's plans for a New York Dock coordination notice to realize the merger related operating efficiencies that continue to be impeded by existing agreements.

Sincerely,



Myron W. Becker
Director Labor Relations
Southern Region Operations

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