

MEMORANDUM OF AGREEMENT

BETWEEN

CSX TRANSPORTATION, INC.

AND

THE BROTHERHOOD OF MAINTENANCE OF WAY
EMPLOYEES DIVISION OF THE INTERNATIONAL
BROTHERHOOD OF TEAMSTERS

WHEREAS, the parties have had ongoing disputes over the interpretation and application of the Scope Rule of the June 1, 1999 Agreement as it relates to contracting out; and,

WHEREAS, the parties desire to settle existing claims and minimize future disputes over the interpretation and application of the Scope Rule of the June 1, 1999 Agreement with respect to contracting out; and,

WHEREAS, the parties desire to resolve other issues specifically addressed herein:

IT IS THEREFORE AGREED:

Section 1 - Track Material Handling

- A. All work in connection with the loading, unloading, distribution and pick-up of track material used in the operation of the Carrier in the performance of common carrier service on property owned by the Carrier shall be performed by BMWED-represented employees and shall not be contracted out or otherwise assigned to non-employees except as expressly stipulated in Paragraph B below. The track material handling work to be performed by BMWED-represented employees shall include, but not be limited to, loading, unloading, distribution and pick-up of rail, ties, timbers, crossing materials, tie plates, spikes, bolts, anchors and switch materials.
- B. The Carrier may assign other than BMWED-represented employees to perform the following track material handling work:
 1. Sold Material - Used track material that has been sold "as is, where is" to a third party because it will no longer be used in the Carrier's railroad operations may be picked up and removed from the Carrier's property by the third party purchaser or its designee. In all such cases, the Carrier

shall notify the involved General Chairmen within sixty (60) days of the material being picked up. The notice shall include a copy of the sales agreement that clearly identifies the specific used material that has been sold, the location of that material, the dates it was removed from the Carrier's property, and the man-hours expended by the purchaser in retrieving the material. Upon receipt of the information to be sent via e-mail, to the involved General Chairmen, the Organization shall have sixty (60) days to file a claim or grievance, if desired. Such claim or grievance shall be filed directly with the Carrier's Highest Designated Officer.

2. Material Suppliers – Bona fide material suppliers who deliver material by truck may deliver and unload a truck at: (1) a CSXT material yard; (2) a CSXT stockpile; or (3) a single discrete work site. Material suppliers shall not perform material distribution work,* except as set forth in Paragraph 3 below.

*[*Note: "Material distribution" as used in this Section 1 B 2 means: (1) transporting and unloading material at multiple or successive work sites (e.g., "distributing" crossing timbers at multiple road crossings for installation by a Crossing Gang); or (2) unloading and dispersing materials along the right of way (e.g., "distributing" ties for a Tie Gang to install or "distributing" rail and OTM for a Rail Gang to install).]*

3. Material Supplier trucks loaded with switch points or stock rails that are forty feet (40') or longer, or frogs that are No. 15 or larger may unload that material at more than one work site.
4. If material suppliers are required to place a hi-rail truck on the track to deliver track material pursuant to Section 1.B.2., above, they shall be accompanied by a BMWED-represented employee to obtain track authority and provide Roadway Worker protection.
5. Nothing in this Paragraph 1.B.2., prohibits BMWED-represented employees from entering material supplier facilities to pick-up track materials for delivery to CSXT work locations, material yards or stockpiles.
6. In the event a dispute arises over whether material supplier employees may be assigned to perform any particular material handling work, the Carrier shall have the burden of proving that the work falls within the exceptions set forth in Section 1.B.2., above.

- C. The third unnumbered paragraph of the June 1, 1999 Agreement remains in full force and effect and nothing in this Section 1 – Track Material Handling shall be interpreted so as to change the distribution of work between the various crafts of the Carrier’s employees as set forth in that paragraph.

Section 2 - Ditching, Ballast Cleaning, Undercutting and Ballast Removal

- A. All work in connection with ditching, ballast cleaning, undercutting and ballast removal in the operation of the Carrier in the performance of common carrier service on property owned by the Carrier shall be performed by BMWED-represented employees and shall not be contracted out except as expressly stipulated in Paragraph B below. The ditching, ballast cleaning and undercutting work performed by BMWED-represented employees shall include, but not be limited to, such work performed with gradalls, dozers, graders, slot machines, trackhoes, backhoes, Jordan ditchers, car top loaders, ballast cleaners and undercutters.

- B. The Carrier may contract out the following work:

1. High Speed Production Ditching - At any given time, the Carrier may contract for two high speed production ditching machines with no more than two (2) contractor operators each. At no time shall there be more than two (2) contractor-operated ditching machines working on the CSXT system. All supporting Track Department work, including obtaining track authority and providing Roadway Worker protection, shall be performed by BMWED-represented forces.*

*[*Note: Ditching work that may be contracted out pursuant to this Section 2.B.1. may be performed with slot machines or slot trains until June 30, 2012. Beginning July 1, 2012 if the Carrier elects to use slot machines or slot trains to perform ditching or any other maintenance of way work, such equipment shall be operated by BMWED-represented employees.]*

2. Shoulder Ballast Cleaning
- a. Calendar Years 2011 through 2014 - At any given time during the calendar years 2011 through 2014, the Carrier may contract for four shoulder ballast cleaning machines with no more than three (3) contractor operators each. At no time during the calendar years 2011-2014 shall there be more than four (4) contractor-operated shoulder ballast cleaning machines working on the CSXT system.

- b. Calendar Year 2015 - At any given time beginning with the calendar year 2015, the Carrier may contract for three (3) shoulder ballast cleaning machines with no more than three (3) contractor operators each. At no time during the calendar year 2015 shall there be more than three (3) contractor-operated shoulder ballast cleaning machines working on the CSXT system.
- c. Calendar Year 2016 and continuing - At any given time beginning with the calendar year 2016 and continuing, the Carrier may contract for two (2) shoulder ballast cleaning machines with no more than three (3) contractor operators each. At no time after the calendar years 2016 shall there be more than two (2) contractor-operated shoulder ballast cleaning machines working on the CSXT system.
- d. Support Work - All supporting Track Department work, including obtaining track authority and providing Roadway Worker protection, shall be performed by BMWED-represented forces.

3. Undercutting

- a. Calendar Years 2011 and 2012 - At any given time during the calendar years 2011 and 2012, the Carrier may contract for two (2) undercutting machines with no more than three (3) contractor operators each. At no time during the calendar years 2011-2012 shall there be more than two (2) contractor-operated undercutting machines working on the CSXT system.
- b. Calendar Year 2013 and continuing - At any given time beginning with the calendar year 2013 and continuing, the Carrier may contract for undercutting machine work with no more than three (3) contractor operators per machine. At no time after the calendar year 2012 shall there be more than a total of twelve (12) cumulative months work* on the CSXT system.

*[*Note: This Section 2. B. 3. b. identifies that regardless of the number of contractor operated machines used during any given calendar year, there will be no more than a total of twelve (12) months of work performed. (e.g. One (1) Machine working twelve (12) months equals twelve (12) months; two (2) machines working six (6) months equals twelve (12) months, etc.]*

- c. Support Work - All supporting Track Department work, including obtaining track authority and providing Roadway Worker protection, shall be performed by BMWED-represented forces.

4. Ballast Removal

At any given time, the Carrier may contract for one (1) Rail Vac or similar machine with no more than three (3) contractor operators. At no time shall there be more than one (1) Rail Vac or similar contractor-operated machine for the purpose of ballast removal working on the CSXT system. All supporting Track Department work, including obtaining track authority and providing Roadway Worker protection, shall be performed by BMWED-represented forces.

- C. In the event the Carrier plans to contract out ditching, ballast cleaning or undercutting work pursuant to Paragraphs B. 1., 2., or 3. above, the Carrier shall provide notice to the General Chairman involved, in writing, not less than fifteen (15) days in advance of the date of the contracting transaction and shall meet with the General Chairman upon request to discuss the matter.
- D. If contractors are employed to perform ditching, ballast cleaning or undercutting work on a given SLWT pursuant to Paragraphs B. 1., 2., or 3. above, no BMWED-represented employee who holds seniority on that SLWT shall be required to accept furlough or remain on furlough during the time the contractors are working on the SLWT. Instead, all BMWED-represented employees who hold seniority on that SLWT shall be given the opportunity to remain in active service or return to active service from furlough during the time the contractors are working on that SLWT unless CSXT offers voluntary furloughs and an employee chooses to accept furlough.

Section 3 - Ballast and Stone Delivery and Unloading

- A. All work in connection with the delivery and unloading of ballast and stone shall be performed as follows:
 - 1. Manually Operated Ballast Doors - All work in connection with unloading ballast from ballast trains equipped with manually operated ballast doors shall be performed by BMWED-represented employees and shall not be contracted out.
 - 2. Remote Control Ballast Doors - All work in connection with unloading ballast from ballast trains equipped with mechanical ballast doors operated

by remote control (excluding ballast trains with GPS activated ballast doors) shall be performed by BMWED-represented employees and shall not be contracted out.

3. GPS Controlled Ballast Doors - The Carrier may contract for the use of ballast trains with ballast doors activated by GPS systems and monitored by the contractor's GPS technicians. In such cases, BMWED-represented employees shall be assigned to follow the ballast train to monitor and correct any problems that may arise in connection with the unloading of excess ballast.
4. Rail Car Delivery - Stone delivered in rail cars other than ballast cars as described in Paragraphs A.1., 2. and 3. above (e.g. air dumps or gondola cars) shall be unloaded by BMWED-represented employees and such stone unloading work shall not be contracted out.
5. Truck Delivery - CSXT may contract to have stone delivered by truck from a stone vendor directly to a CSXT discrete work site or stockpile. Any further distribution of the stone from that initial site shall be performed by BMWED-represented employees.

Section 4 - Yard Cleaning

- A. All work in connection with cleaning yards shall be performed by BMWED-represented employees and shall not be contracted out or assigned to other crafts except as expressly stipulated in Paragraph B below. The yard cleaning work to be performed by BMWED-represented employees shall include, but not be limited to, the removal of spilled lading, except as identified in B. 2. below, and general debris from the right-of-way using: (1) mechanical yard cleaners; (2) general maintenance of way equipment such as backhoes, front end loaders, speed swings and dump trucks; and (3) manual labor.
- B. Other than BMWED-represented employees may be used to perform yard cleaning work only as follows:
 1. "Clean Sweeps" - Carrier employees of various crafts working in yards may be assigned to "clean sweep" projects whereby all employees working in a particular yard are assigned to manually pick up trash on a given day to promote safety. Employees not represented by BMWED who are assigned to participate in "clean sweep" projects (trash* pick-up) will not be permitted to perform Track or B&B maintenance work such as cutting brush, oiling switches, or painting.

*[*Note: "Trash" as used in this Section 4. B. 1. does not include track materials.]*

2. Lading Recovery - Spilled lading that is recovered (not scrapped) may be picked up by the shipper's or Carrier's designee.
3. Hazardous Materials - Hazardous materials not customarily handled by BMWED-represented employees may be removed by contractors licensed to handle such materials.*

*[*Note: BMWED-represented employees routinely handle material impregnated with diesel fuel or creosote and they shall continue to do so in connection with yard cleaning. BMWED-represented employees do not routinely handle hazardous materials associated with chemical spills and the Carrier may contract out for the containment and removal of such chemicals.]*

Section 5 - Detection of Internal Rail Flaws

- A. The Carrier may contract out for equipment with contractor operators to detect internal metallurgical rail flaws (e.g., high speed rail cars, hi-rail detection trucks, self-propelled equipment and pedestrian equipment).
- B. All self-propelled or pedestrian internal rail flaw detection equipment shall be accompanied by a BMWED-represented employee to obtain track authority and provide Roadway Worker protection.
- C. The Carrier may, at its discretion, assign supervisory personnel (e.g., Roadmaster or Division Engineer) or a BMWED-represented employee to accompany high speed rail cars or hi-rail detection trucks to obtain track authority and provide Roadway Worker protection.

Section 6 - Fencing

- A. All work in connection with the construction, maintenance and repair of right-of-way fencing* shall be performed by BMWED-represented employees and shall not be contracted out or assigned to others.

*[*Note: "Right-of-way fencing" is defined as fencing that separates CSXT right-of-way from adjoining property that CSX chooses to erect or is required to be erected by federal, state or local statutes.]*

- B. CSXT may contract out for the construction of other than right-of-way fence (e. g., security fence around yards, water treatment facilities, parking lots, radio towers, or other facilities).
- C. If a dispute arises as to whether a particular fence is a right-of-way fence, the presumption is that it is a right-of-way fence and the Carrier shall have the burden of proving it is not.

Section 7 - Track Panels

- A. All work in connection with constructing track panels (tangent or switch) shall be performed by BMWED-represented forces and such work shall not be contracted out, except as stipulated in Paragraph B. below.
- B. Switch Panels*
 - 1. Calendar Year 2012 – During the calendar year 2012, the Carrier may contract out for the construction of switch panels.
 - 2. Calendar Year 2013 – During the calendar year 2013, the Carrier may contract out for the construction of no more than 150 switch panels. All other switch panel construction work shall be performed by BMWED-represented employees.
 - 3. Beginning with the calendar year 2014 and continuing (i.e., effective January 1, 2014) all switch panel construction work shall be performed by BMWED-represented employees and shall not be contracted out except as expressly stipulated in Paragraphs 4 and 5 below.
 - 4. Unusual Circumstances And Need – If unusual circumstances that could not be reasonably foreseen and planned for create the need for an unusually large number of switch panels in any given calendar year, the Carrier may contract out for the construction of switch panels in a number not to exceed twenty-five percent (25%) of the number of switch panels constructed by its own forces in the previous calendar year.
 - a. If the Carrier intends to contract out for the construction of switch panels pursuant to this Paragraph 4, it shall notify the General

Chairmen, in writing, at least 15 days in advance of the intended contracting transaction.

- b. The written notice shall specify: (1) the unusual circumstances; (2) the number of switch panels constructed by BMWED-represented forces in the previous calendar year; (3) the number of switch panels it proposes to have constructed by outside contractors; and (4) the locations where those switch panels will be installed.
 - c. If the General Chairmen challenge any aspect of the notice, the burden shall be on the Carrier to prove that the conditions that permit contracting under this Paragraph 4 have been established.
 - d. The parties recognize that in order to accomplish the above in a safe and efficient manner the majority of switch panels will need to be constructed in a permanent facility, yet to be identified. As such, separate seniority roster(s) shall be created and maintained for each class of employee necessary to staff the headquartered facility.
5. Lap Switches – The Carrier may contract out for the construction of up to ten (10) lap switch panels in any calendar year. A “lap switch” (also called a three way turnout) is defined as a specialized turnout with overlapping switches so that the connecting rails of one turnout are the stock rails of the other turnout.
- C. Irrespective of who constructs any given track panel (tangent or switch), all work of installing track panels will be performed by BMWED-represented forces and shall not be contracted out.

*[*Note: The term “track panel” (tangent or switch) as used in this Section 7 means fully assembled track panels or unassembled panel packages consisting of preplated ties and rails (e.g., “switch panel” refers to either a fully assembled switch panel or an unassembled switch package consisting of preplated switch ties and rails).]*

Section 8 - Effect of this Agreement

- A. This Agreement shall be considered a special agreement as to the terms and conditions specifically addressed herein and shall amend the June 1, 1999 Agreement as to those terms and conditions. All terms and conditions not specifically addressed herein or within the Memorandums of Agreement effective May 23, 2007 and September 1, 2009 shall continue to be controlled by the June 1, 1999 Agreement. All matters concerning the contracting out of work that are not specifically addressed herein or within the Memorandums of Agreement effective May 23, 2007 and September 1, 2009 shall continue to be controlled by the Scope Rule of the June 1, 1999 Agreement and this Agreement is without prejudice to either party's position with respect to the meaning of the Scope Rule in such matters. This Agreement will remain in effect until modified in accordance with the requirements of the June 1, 1999 Agreement and Railway Labor Act, as amended.
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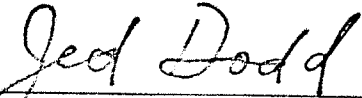
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B. This Agreement is effective January 23, 2012.

FOR THE ORGANIZATION:



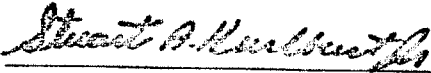
Dennis Albers, General Chairman



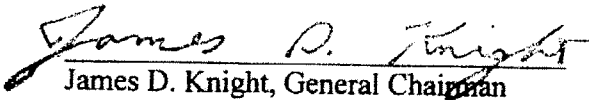
Jed Dodd, General Chairman



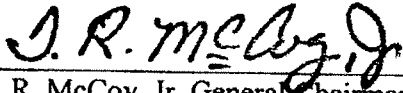
Thomas J. Nemeth, General Chairman



Stuart A. Hurlburt, Jr. General Chairman



James D. Knight, General Chairman



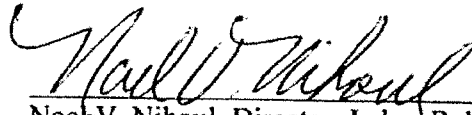
T. R. McCoy, Jr. General Chairman

AGREED:



J. R. Cook, Vice President

FOR THE CARRIER:



Noel V. Nihoul, Director, Labor Relations