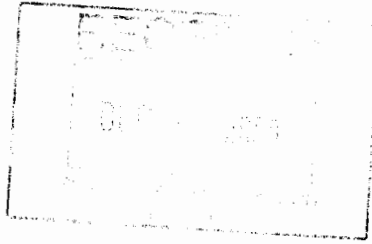




N. V. Nihoul, Director
 J. J. Tolin, Manager
 (904) 359-3750



Labor Relations Department
 500 Water Street - J455
 Jacksonville, FL. 32202

SENT VIA FACSIMILIE TRANSMISSION AND U. S. MAIL

December 18, 2008

File: 6018-12 CSXT
 8035-12 (BMW-SP-97-1)
 CSXT Labor Agreement No. 12-043-07

Mr. D. R. Albers, General Chairman
 Allied Eastern Federation
 114 Canfield Place - Unit A8
 Hendersonville, Tennessee 37075

Mr. J. D. Knight, General Chairman
 Seaboard Federation
 2153 Broadwater Drive
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Mr. B. A. Winter, General Chairman
 Consolidated Rail System Federation
 58 Grand Lake Drive
 Port Clinton, Ohio 43452

Mr. S. A. Hurlburt, Jr., General Chairman
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 Post Office Box 138
 Mansfield, MA. 02048-0138

Gentlemen:

In accordance with the requirements of Section 11, of Appendix S, as amended August 22, 2005, quoted below, the travel allowance applied to employees assigned to System Production Gangs is to be recalculated annually.

"Section 11 - Travel Allowance

CSXT Labor Agreement No. 12-81-97, Section 4 (Appendix H) is amended to be a flat weekly allowance set at \$155.00 per week beginning January 1, 2006. As of January 1, 2007, and each January 1st thereafter, the weekly rate will be adjusted by the percent in change in the IRS allowable mileage rate published in January of that year compared to the

rate published in January of the preceding year, which will be applied to the rate. At no time will the weekly rate fall below \$155.00.”

Based on an IRS news releases, the rate on January 1, 2008 was \$.50.5 per mile for business miles driven, and the rate effective January 1, 2009 will be \$.55 per mile for business miles driven.

In connection with the above, calculations shown below, indicate that the SPG Travel Allowance will increase by \$15.67 per week.

IRS rate 1-Jan-09	55
IRS rate 1-Jan-08	50.5
Change	1.0891089
2008 allowance	\$175.90
2009 allowance	\$191.57
Increase	\$15.67

Accordingly, I will be sending instruction to Payroll authorizing that the “TRV TRAVEL TIME SPG GANGS” be increased from the current rate of \$175.90 to the new rate of \$191.57 effective January 1, 2009.

As further information, and in accordance with our requirement in Section 9 of the Memorandum of Agreement, identified as CSXT Labor Agreement No. 12-043-07, the below table identifies adjustments that are to be made effective January 1, 2009, for the weekend travel allowances (FTV - TRAVEL TIME FLOATING GANGS) for District Gangs and SLWT Gangs.

	District	SLWT
2008 Travel allowance	\$67.68	\$93.71
Change in IRS rate	1.0891089	1.0891089
Increase or (Decrease)	\$6.03	\$8.35
2009 Travel Allowance	\$73.71	\$102.06

If you have any questions in connection with this matter you may contact Mr. Tolin of my office for assistance.

Very truly yours,

N. V. Nihoul

Director – Labor Relations

cc: Mr. J. R. Cook, Vice President - BMW
 Mr. L. E. Houser, Assistant Chief Engineer System Production – J 350
 Mr. T. W. Black, Director Planning – J 350
 Mr. D.L. Moss, Director Program Planning – J350
 Mr. D. J. Murphy, Director Operations Support - J350
 Mr. E. Caruth., Manager System Production Teams Operations - J 350
 LR Managers (Engineering)