

Agreement

for

Protection of Employees In Event of Merger

of

SEABOARD AIR LINE RAILROAD COMPANY

and

ATLANTIC COAST LINE RAILROAD COMPANY

Effective August 1, 1966

The agreement reproduced in this booklet was made November 3, 1966, with an effective date of August 1, 1966, between the Seaboard Air Line Railroad Company and the Atlantic Coast Line Railroad Company and the employees of those companies as represented by the following organizations:

American Railway Supervisors Association	International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers
American Train Dispatchers' Association	International Brotherhood of Electrical Workers
Brotherhood of Maintenance of Way Employees	International Brotherhood of Firemen & Oilers, Helpers, Roundhouse & Railway Shop Laborers
Brotherhood Railway Signalmen	Sheet Metal Workers' International Association
Brotherhood Railway Carmen of America	Transportation-Communication Employees Union
Brotherhood of Railway & Steamship Clerks, Freight Handlers, Express & Station Employees	Brotherhood of Locomotive Firemen & Enginemen
Brotherhood of Sleeping Car Porters	Order of Railway Conductors & Brakemen
Hotel & Restaurant Employees & Bartenders International Union	Brotherhood of Railroad Trainmen
	International Association of Machinists

**AGREEMENT
FOR PROTECTION OF EMPLOYEES
IN EVENT OF MERGER OF
SEABOARD AND COAST LINE RAILROADS**

WHEREAS, the Seaboard Air Line Railroad Company and the Atlantic Coast Line Railroad Company (hereinafter sometimes referred to individually as Seaboard and Coast Line or collectively as the Carriers) have filed a joint application with the Interstate Commerce Commission (hereinafter called the Commission) for authority under Section 5(2) of the Interstate Commerce Act to merge the properties and franchises of Coast Line into Seaboard for ownership, management, and operation of the properties now separately owned and operated, and for certain other authority incidental thereto, as more fully described in Finance Docket No. 21215;

AND WHEREAS, the said joint application has been approved by the Commission, but now is subject to review by the courts of the United States;

AND WHEREAS, the approved Plan of Merger dated May 19, 1960, between the Carriers provides that the corporation to survive the merger will be a corporation of the Commonwealth of Virginia with its name changed to "Seaboard Coast Line Railroad Company" (hereinafter referred to as the Merged Company) which will assume and be bound by the collectively bargained labor agreements of both Seaboard and Coast Line;

AND WHEREAS, upon court approval of the Commission's orders it is the intent and purpose of Seaboard and Coast Line to effectuate the merger, which may or will have adverse effect upon their employees represented by the labor organization parties hereto;

AND WHEREAS, the international and national labor organizations signatory hereto are the authorized and recognized representatives of the majority of the employees of

Seaboard and Coast Line and have intervened on behalf of said employees through the Railway Labor Executives' Association in opposition to the said merger in proceedings before the Commission and in the courts;

AND WHEREAS, Section 5(2)(f) of the Interstate Commerce Act provides:

"As a condition of its approval, under this paragraph (2) of any transaction involving a carrier or carriers by railroad subject to the provisions of this chapter, the Commission shall require a fair and equitable arrangement to protect the interests of the railroad employees affected. In its order of approval the Commission shall include terms and conditions providing that during the period of four years from the effective date of such order such transaction will not result in employees of the carrier or carriers by railroad affected by such order being in a worse position with respect to their employment, except that the protection afforded to any employee pursuant to this sentence shall not be required to continue for a longer period, following the effective date of such order, than the period during which such employee was in the employ of such carrier or carriers prior to the effective date of such order. Notwithstanding any other provisions of this chapter and chapters 8 and 12 of this title, an agreement pertaining to the protection of the interests of said employees may hereafter be entered into by any carrier or carriers by railroad and the duly authorized representative or representatives of its or their employees."

AND WHEREAS, pursuant to the provisions of the Railway Labor Act, as amended, and in accordance with the last sentence of Section 5(2)(f) of the Interstate Commerce Act above quoted, the parties signatory hereto have reached agreement respecting the protection to be afforded employees of the Seaboard and Coast Line;

NOW, THEREFORE, it is mutually agreed as follows:

Section 1.

The fundamental scope and purpose of this Agreement is (a) to provide for the protection of defined employees of Seaboard and Coast Line as herein set forth, (b) to expedite the changes in services, facilities and operations involved in such merger, and (c) to prescribe the procedures by which existing agreements between the parties shall be modified and consolidated to conform with the changes in services, facilities and operations involved in such merger.

Section 2.

(a) For the purposes of this Agreement the term "present employees" is defined to mean all employees of Seaboard or Coast Line who render any compensated service between the effective date of this Agreement and the date of consummation of the corporate merger (both dates inclusive).

(b) On the date the said corporate merger of the Coast Line into Seaboard is consummated the Merged Company will take into its employment all employees of Seaboard and Coast Line who were employees on the effective date of this Agreement, or subsequent thereto, up to and including the date the merger is consummated, and who are willing to accept such employment. None of the present employees of either of the said carriers shall be deprived of employment or placed in a worse position with respect to compensation, rules, working conditions, fringe benefits or rights and privileges pertaining thereto at any time during such employment.

(c) In the event two or more employees, including those on leave-of-absence or sick leave, have employment rights to the same job, the senior employee upon return to his position shall be entitled to preservation of employment and the employee temporarily occupying such position shall revert to whatever rights his seniority and this Agreement otherwise entitle him.

(d) The Merged Company shall also take over, assume and

continue the employment relationship of all employees on furlough or leave-of-absence and preserve their rights and equities as they may exist as of the effective date of this Agreement or subsequent thereto up to and including the date the corporate merger is consummated subject, however, to the transfer of work and employees as hereinafter set forth.

(e) An employee shall not be regarded as deprived of employment or placed in a worse position with respect to his compensation, rules, working conditions, fringe benefits, or rights and privileges pertaining thereto (1) in case of his resignation, death, retirement, dismissal for cause in accordance with existing agreements, (2) or failure to work due to disability or discipline, (3) or failure to obtain a position available to him in the exercise of his seniority rights in accordance with existing rules or agreements, (4) or reductions in forces due to seasonal requirements, provided, however, that employees furloughed due to seasonal requirements shall not be furloughed in any twelve-month period for a greater period than they were furloughed during the twelve months preceding the date the merger is consummated.

(f) In the event of a decline in the Merged Company's business in excess of 5% in the average percentage of both railway operating revenues and total ton miles revenue-freight in any 30-day period compared with the average of the same period for the years 1964 and 1965, a reduction in forces in the crafts represented by each of the organizations signatory hereto may be made at any time during a 30-day period following the period of decline below the number of employees entitled to preservation of employment under this Agreement to the extent of one percent for each one percent that such decline exceeds 5%. The average percentage of decline shall be the total of the percent of decline in railway operating revenues and percent of decline in total ton miles revenue-freight divided by two. Advance notice of any such force reduction shall be given as required by the current schedule agreements of the organizations signatory hereto. Upon restoration of the Merged Company's business follow-

ing any such force reduction, employees entitled to preservation of employment must be recalled in accordance with the same formula within 15 calendar days.

(g) Notwithstanding other provisions of this Agreement, the Merged Company shall have the right to make force reductions under emergency conditions such as flood, snow-storm, hurricane, earthquake, fire or strike, provided that operations are suspended in whole or in part and provided further that because of such emergencies the work which would be performed by the incumbents of the positions to be abolished or the work which would be performed by the employees involved in the force reductions no longer exists or cannot be performed. When forces have been so reduced and thereafter as operations are restored upon termination of the emergency, employees entitled to preservation of employment must be recalled. In the event the Merged Company is required to make force reductions because of the aforesaid emergency conditions, it is agreed that any decline in railway operating revenues and total ton miles revenue-freight resulting therefrom shall not be included in any computation of a decline in the Merged Company's business pursuant to the provisions of the preceding paragraph.

(h) None of the provisions of this Agreement are applicable to employees temporarily hired for work on non-recurring projects between the effective date hereof and the date of the consummation of the merger.

(i) Seaboard and Coast Line agree to furnish rosters (which shall be attached as Appendix B to this Agreement) of all employees entitled to preservation of employment, compensation, and fringe benefits as of the effective date of this Agreement, and also separate rosters (which shall be attached as Appendix C) of all employees on furlough or leave-of-absence, each of which rosters shall also set forth the Carrier by which the employees are employed and the labor organization party to this Agreement representing such employees. The Carrier will furnish, upon request, the additional information specified in Appendices D and E to this Agreement.

Seaboard and Coast Line further agree that the said rosters are subject to revision as necessary to include any employees to be added or deleted from said rosters between the effective date of this Agreement and the date the corporate merger is consummated.

Section 3.

(a) In consideration of the foregoing employee benefits the Merged Company shall, subject to compliance with the provisions of Appendix F attached hereto, be entitled to transfer the work of the employees protected hereunder throughout the merged or consolidated system and the labor organizations will, subject to provisions contained in the Memorandum of Understanding attached hereto as Appendix G, enter into implementing agreements providing for the transfer and use of employees and allocation or rearrangement of forces made necessary by changes for which protection is herein provided and the employees, their organizations and the Carriers will cooperate to that end. The implementing agreements to be negotiated with respect to the transfer and use of employees and allocation or rearrangement of forces shall enable the Merged Company to transfer such employees and rearrange forces without liability to furloughed employees who may be affected by such transfer. Employees who are unable to secure employment in their own craft or class may be transferred on a temporary basis to other reasonably comparable employment for which they are physically and mentally qualified which does not require a change in their place of residence, if such transfer does not infringe upon the employment rights of other employees under existing schedule agreements. Any employee so transferred on a temporary basis shall retain the option of returning to his craft or class as employment opportunities in such craft or class become available.

(b) The Merged Company will take over and assume all contracts, schedules and agreements between Seaboard, Coast Line, and the labor organizations signatory hereto concerning rates of pay, rules and working conditions and fringe

benefits in effect at the time of consummation of the said merger and will be bound by the terms and provisions thereof, and such agreements will be merged into new agreements through negotiations covering all employees of the Merged Company in each craft with consolidation of seniority rosters and seniority districts for each class and craft of employees.

(c) If after the merger there remains a surplus of employees, any present employee 60 years of age or over may at the option of the Merged Company be offered in seniority order the opportunity to resign and accept a retirement allowance based upon the age of such employee as of his nearest birthday on the date such allowance is offered. The amount of such allowance shall be:

Age at Nearest Birthday	Allowance
64 and under	12 months' pay
65	10 months' pay
66	8 months' pay
67	6 months' pay
68 and over	4 months' pay

The acceptance of the retirement allowance shall be at the option of the employee. Acceptance shall be in writing, shall be irrevocable and shall be received by the Supervisor offering the allowance within fifteen calendar days of receipt of such offer.

An employee who elects to accept and is awarded such allowance thereupon terminates his employment relationship with the Merged Company, and the effective date of such termination shall be that date specified in the offer by the Merged Company. A minimum of fifteen calendar days' advance notice of the date of termination of employment shall be given the employee offered the retirement allowance.

The retirement allowance herein provided will be in addition to any vacation allowance to which such employee is entitled as of the date of his retirement but shall be in lieu

of all other benefits and protections to which such employee may be entitled under this Agreement.

Section 4.

In event any dispute or controversy arises between Seaboard, Coast Line, or the Merged Company and any labor organization signatory to this Agreement with respect to the interpretation or application of any provisions of this Agreement, or of any implementing agreement entered into between the Merged Company and individual labor organizations which are parties hereto pertaining to the said merger or related transactions, which cannot be settled by said Carriers and the labor organization or organizations involved within thirty days after the dispute arises, such dispute may be referred by either party to an arbitration committee for consideration and determination. Upon notice in writing served by one party on the other of intent by that party to refer the dispute or controversy to an arbitration committee, each party shall, within ten days, select a member of the arbitration committee and the members thus chosen shall, if they cannot agree on the disposition of the dispute within ten days, endeavor to select a neutral member who shall serve as Chairman, in which event the compensation and expenses of the Chairman shall be borne equally by the parties to the proceeding. All other expenses shall be borne by the party incurring them. Should the members designated by the parties be unable to agree upon the appointment of the neutral member within ten days, either party may request the National Mediation Board to appoint the neutral member, whose compensation and expenses shall then be paid in accordance with existing law. If any party fails to select its member of the arbitration committee within the prescribed time limit, the representative of such party signatory to this Agreement or his designated representative shall be deemed to be the selected member and the committee shall then function and its decision shall have the same force and effect as though all parties had selected their members. The decision of the majority of the arbitration committee shall be rendered

within thirty days after selection of the committee, unless the parties mutually agree to a further extension and shall be final and binding, except that in any case in which there is an unequal number of carrier and organization members on the arbitration committee, the decision of the neutral member shall be final and binding.

Section 5.

In the event merger or control of other carriers not now involved in the aforesaid merger proceedings shall be ordered by the Commission, this Agreement shall be subject to amendment by the parties so as to provide the employee benefits set forth in Sections 1 through 4 hereof to the employees of any such carrier controlled by or merged into the Merged Company.

Section 6.

Except as specifically provided herein, this Agreement supersedes the employee protective conditions prescribed by the Interstate Commerce Commission in Finance Docket 21215 with respect to the merger of the Seaboard and the Coast Line and supersedes the application of the Washington Job Protection Agreement, except that a Seaboard or Coast Line employee not entitled to preservation of employment under this Agreement and affected by the merger who ordinarily would be provided protection under the Washington Job Protection Agreement will be covered by the Washington Job Protection Agreement.

Section 7.

(a) The foregoing represents an agreed settlement of protection of the interests of the employees of the Seaboard and Coast Line in the said merger. Said agreed settlement of protective benefits is made on behalf of said employees by their authorized and recognized bargaining representatives signatory hereto pursuant to Section 5(2)(f) of the Interstate Commerce Act and applicable provisions of the Railway Labor Act, as amended, and shall become applicable only in

the event of the proposed merger and consummation thereof. It shall be considered and construed as a separate agreement between the Seaboard, Coast Line and each of the labor organizations signatory hereto.

(b) In the event the Commission's approval of the merger of the Seaboard and the Coast Line is before a court on appeal at the time this Agreement is executed, the Railway Labor Executives' Association will inform such court that any differences as to employee protection between the Carriers and the employees represented by the Railway Labor Executives' Association have been resolved.

Section 8.

It is understood and agreed that the provisions of this Agreement shall be for the benefit only of the employees of the Seaboard and Coast Line represented by the labor organizations parties hereto.

Section 9.

The effective date of this Agreement shall be August 1, 1966.

APPENDIX A

SUMMARY OF APPENDICES

- *Appendix B — Rosters of all employees entitled to preservation of employment, compensation and fringe benefits.
- *Appendix C — Rosters of all employees on furlough or leave-of-absence, setting forth the Carrier by which the employees are employed and the labor organization representing such employees.
- Appendix D — Memorandum of Understanding regarding employment information to be furnished upon request and computations respecting compensation due non-operating employees under this agreement.
- Appendix E — Memorandum of Understanding regarding employment information to be furnished upon request and computations respecting compensation due operating employees under this agreement.
- Appendix F — Memorandum of Understanding regarding notices of changes under this agreement.
- Appendix G — Memorandum of Understanding regarding moving expenses and lump sum separation allowances.
- Appendix H — Memorandum of Understanding regarding effect of this agreement on negotiation of national agreements.
- Appendix I — Memorandum of Understanding regarding supervisory, excepted personnel, and union organization representatives.
- Appendix J — Letter of Intent.
- *Not included in this booklet.

APPENDIX D

MEMORANDUM OF UNDERSTANDING RE EMPLOYMENT INFORMATION TO BE FURNISHED UPON REQUEST AND COMPUTATIONS RESPECT- ING COMPENSATION DUE NON-OPERATING EMPLOYEES UNDER THIS AGREEMENT

This Memorandum of Understanding is attached to and made a part of the Agreement for Protection of Employees in Event of Merger of Seaboard and Coast Line Railroads, effective August 1, 1966, hereinafter called the Agreement.

Upon request, the Merged Company will furnish the non-operating signatory organizations, for any employee appearing on the rosters in Appendices B and C, information respecting his current rate of pay, compensation paid and hours worked in a base period as set forth hereunder. All elements of compensation received from the Merged Company (including vacation pay, arbitraries, pay for time lost and so forth), but excluding payments made on account of personal injuries and penalty time claims when such payments are for reasons other than time lost, will be included in determining compensation referred to below.

Employees entitled to preservation of employment who, on the effective date of the Agreement, hold regularly assigned positions shall not be placed in a worse position with respect to compensation than the normal rate of compensation for said regularly assigned position on the effective date of the Agreement, provided, however, that in addition thereto such compensation shall be adjusted to include subsequent general wage increases.

All other employees entitled to preservation of employment shall not be placed in a worse position with respect to compensation than that earned during a base period comprised of the last twelve calendar months in which they performed

compensated service immediately preceding the month in which the corporate merger is consummated. For purposes of determining whether, or to what extent, such an employee has been placed in a worse position with respect to his compensation, his total compensation and total time paid for during the base period will be separately divided by twelve. If his compensation in his current position is less in any month (commencing with the first month following the date of consummation of the merger) than his average base period compensation (adjusted to include subsequent general wage increases), he shall be paid the difference less compensation for any time lost on account of voluntary absences to the extent that he is not available for service equivalent to his average time paid for during the base period, but he shall be compensated in addition thereto at the rate of the position filled for any time worked in excess of the time paid for during the base period; provided, however, that in determining compensation in his current position the employee shall be treated as occupying the position producing the highest rate of pay and compensation to which his seniority entitles him under the working agreement and which does not require a change in his place of residence.

Employees not entitled to preservation of employment but entitled to the benefits of the Washington Job Protection Agreement pursuant to the provisions of Section 6 of this Agreement shall be entitled to compensation computed in accordance with the provisions of the said Washington Agreement.

APPENDIX E

MEMORANDUM OF UNDERSTANDING RE EMPLOYMENT INFORMATION TO BE FURNISHED UPON REQUEST AND COMPUTATIONS RESPECT- ING COMPENSATION DUE OPERATING EMPLOY- EES UNDER THIS AGREEMENT

This Memorandum of Understanding is attached to and made a part of the Agreement for Protection of Employees in Event of Merger of Seaboard and Coast Line Railroads, effective August 1, 1966, hereinafter called the Agreement.

Upon request the Merged Company will furnish the operating signatory organizations, for any employee appearing on the rosters in Appendices B and C, information respecting his current rate of pay, compensation paid and hours worked during a base period comprised of the last twelve (12) calendar months in which he performed compensated service immediately preceding the month in which the corporate merger is consummated. All elements of compensation received from the Merged Company (including vacation pay, arbitraries, pay for time lost and so forth), but excluding payments made on account of personal injuries and penalty time claims when such payments are for reasons other than time lost, will be included in determining compensation referred to below.

For purposes of determining whether, or to what extent, such an employee has been placed in a worse position with respect to his compensation, his total compensation and total time paid for during the base period will be separately divided by twelve. If his compensation in his current position is less in any month (commencing with the first month following the date of consummation of the corporate merger) than his average base period compensation (adjusted to include subsequent general wage increases), he shall be paid the difference

less compensation for any time lost on account of voluntary absences to the extent that he is not available for service equivalent to his average time paid for during the base period, but he shall be compensated in addition thereto at the rate of the position filled for any time worked in excess of the time paid for during the base period; provided, however, that in determining compensation in his current position the employee shall be treated as occupying the position producing the highest rate of pay and compensation to which his seniority entitles him under the working agreement and which does not require a change in his place of residence.

Employees not entitled to preservation of employment but entitled to the benefits of the Washington Job Protection Agreement pursuant to the provisions of Section 6 of this Agreement shall be entitled to compensation computed in accordance with the provisions of the said Washington Agreement.

APPENDIX F

MEMORANDUM OF UNDERSTANDING

RE

NOTICES OF CHANGES UNDER THIS AGREEMENT

This Memorandum of Understanding is attached to and made a part of the Agreement for Protection of Employees in Event of Merger of Seaboard and Coast Line Railroads, effective August 1, 1966, hereinafter called the Agreement.

The Carriers shall give at least ninety (90) days written notice of intended changes contemplated because of the merger of the Seaboard and Coast Line by posting a notice on bulletin boards convenient to interested employees of each carrier or of the Merged Company and by sending registered or certified mail notice to the General Chairmen representing the interested employees. Such notice shall contain a full and adequate statement of the proposed changes, including an estimate of the number of employees of each class that will be affected by such intended changes. The date and place of a conference between carrier and employee representatives for the purpose of reaching agreements with respect to the application thereto of the terms and conditions of the Agreement to which this Appendix is a part, shall be agreed upon within ten (10) days after the receipt of said notice, and conferences shall commence within thirty (30) days from date of such notice. In event of failure to reach an agreement within sixty (60) days from commencement of such conferences, the dispute may be submitted by either party for a final decision in accordance with Section 4 of the Agreement to which this Appendix is a part. The issues submitted for determination shall not include any question as to the right of the carrier to make operational changes but shall be confined to the manner of implementing the contemplated operational changes with respect to the transfer and use of employees and the allocation or rearrangement of forces made necessary by the contemplated change.

APPENDIX G

MEMORANDUM OF UNDERSTANDING RE MOVING EXPENSES AND LUMP SUM SEPARATION ALLOWANCES

This Memorandum of Understanding is attached to and made a part of the Agreement for Protection of Employees in Event of Merger of Seaboard and Coast Line Railroads, effective August 1, 1966, hereinafter called the Agreement.

In case of any transfers or rearrangement of forces for which an implementing agreement has been made, any employee who is required by the Merged Company pursuant to said implementing agreement to transfer to a new point of employment requiring him to move his residence shall be entitled to the benefits provided in Sections 10 and 11 of the Washington Job Protection Agreement, notwithstanding anything to the contrary contained in said sections, and in addition to such benefits shall receive a transfer allowance of \$400.00 and five working days instead of the "two working days" provided by Section 10(a) of said Washington Agreement.

Such employee with 15 years of service or more may elect to resign in lieu of making the required transfer as aforesaid, and his resignation shall be effective as of the date the transfer would have been made. He shall be given (in lieu of all other benefits and protections to which he may have been entitled under the Agreement) a lump sum separation allowance which shall be computed in accordance with the schedule set forth in Section 9 of the Washington Job Protection Agreement.

This Memorandum of Understanding is applicable to the Seaboard and Coast Line employees represented by the organizations signatory to the Agreement of which it is a part and supersedes all existing agreements which may be in conflict herewith.

APPENDIX H

MEMORANDUM OF UNDERSTANDING

RE

EFFECT OF THIS AGREEMENT

ON

NEGOTIATION OF NATIONAL AGREEMENTS

This Memorandum of Understanding is attached to and made a part of the Agreement for Protection of Employees in Event of Merger of Seaboard and Coast Line Railroads, effective August 1, 1966, hereinafter called the Agreement.

Said Agreement shall not be construed or used to prohibit or in any way limit the rights or obligations of the parties to modify or make changes in agreements affecting rates of pay, rules or working conditions to which the Seaboard or Coast Line are parties and which may be effectuated through concerted or national handling in the railroad industry.

APPENDIX I

MEMORANDUM OF UNDERSTANDING

RE

SUPERVISORY, EXCEPTED PERSONNEL AND

UNION ORGANIZATION REPRESENTATIVES

This Memorandum of Understanding is attached to and made a part of the Agreement for Protection of Employees in Event of Merger of Seaboard and Coast Line Railroads, effective August 1, 1966, hereinafter called the Agreement.

If, subsequent to the effective date of the Agreement, officials, supervisory or fully excepted personnel or union organization representatives are forced to exercise seniority rights in a craft or class of employees protected under said Agreement, then, during the period such seniority is exercised, such officials, supervisory or fully excepted personnel or union organization representatives shall be entitled to the same protection afforded by the said Agreement to employees in the craft or class in which such seniority is exercised, and no employee subject to said Agreement shall be deprived of employment or adversely affected with respect to compensation, rules, working conditions, fringe benefits, or rights and privileges pertaining thereto, by the return of the official, supervisory, or fully excepted employee or union organization representative to work under the schedule agreement.

APPENDIX J

LETTER OF INTENT

This Letter of Intent is attached to and made a part of the Agreement for Protection of Employees in Event of Merger of Seaboard and Coast Line Railroads, effective August 1, 1966.

Employees who are unable to secure employment in their own craft or class and who are offered transfer to other reasonably comparable employment as provided for in Section 3(a) and who decline to move their place of residence will have the compensation due them as prescribed in Appendices D and E reduced to the extent of all earnings from other employment.

