



CSX Retirement Tax Distribution Administrator
P.O. Box 6389
Portland, OR 97228-6389

FROM:
CSX Rail Payroll Services, Inc.
500 Water Street
Jacksonville, FL 32202
EIN: 59-3455047

Re: Eligibility for a Refund of RRTA Taxes Paid on Employee Stock Transactions

This is a follow-up communication. You are receiving this letter because CSX has not received your signed consent. If you believe you provided signed consent, please visit www.CSXRetirementTaxRefund.com for information on contacting the CSX Retirement Tax Distribution Administrator. Please reference your unique Employee Consent Reference Number (ECRN) identified at the top of this letter when you contact the CSX Retirement Tax Distribution Administrator.

Our records indicate that you are covered by the Railroad Retirement Tax Act (RRTA), and have paid taxes under the RRTA in connection with employee stock transactions. On June 21, 2018, the United States Supreme Court ruled in *Wisconsin Central Ltd. v. United States* that railroads and railroad employees do not owe RRTA taxes on employee stock transactions. For that reason, you may be entitled to an RRTA refund.

CSX Rail Payroll Services, Inc. ("CSX") already has filed refund claims with the IRS on behalf of all subsidiaries of CSX Corporation that are covered by the RRTA, and on behalf of their current and former employees, including you. The refund claim process is ongoing, and at this time, CSX cannot guarantee that you will receive a refund. To the extent the IRS refunds any of your RRTA taxes, CSX will remit your share to you (plus any applicable interest) in accordance with IRS procedures developed for this purpose.

Before the IRS refunds any RRTA taxes, federal tax regulations require CSX to ask you for your signed consent to obtain your refund. (For more information about the IRS's requirements, please see Treasury Regulation § 31.6402(a)-2 and Revenue Procedure 2017-28.)

In order to be eligible to receive a refund, you must complete and return the following documents:

- Consent for Railroad Retirement Tax Refund (enclosed),
- If a beneficiary, supporting documentation authorizing you to complete these forms on behalf of the above-named individual (if applicable)

** If you do not provide all required information the IRS may deny or delay your refund. **

You can help CSX satisfy the employee consent requirements by signing, dating, and returning all required documents to CSX in any of the following ways:

- Fill out and submit your signed consent statement online at www.CSXRetirementTaxRefund.com
- Fax a copy of your **signed** consent statement to 1-855-605-0209 (ATTENTION: CSX Retirement Tax Distribution Administrator)
- Mail your **signed** consent statement to:

CSX Retirement Tax Distribution Administrator
P.O. Box 6389
Portland OR, 97228-6389

****Please do not mail your consent form to CSX Payroll or CSX headquarters, as it may become lost****

The IRS will not refund RRTA taxes that you may be entitled to until CSX has collected your signed consent, so your prompt response to this letter is requested. **Please respond by February 11, 2019.** If CSX does not receive your signed consent within this time period, CSX may presume that you have refused to provide consent, and CSX will not take additional steps to collect your consent.

IRS rules prohibit you from authorizing CSX to claim a refund on your behalf for any overpaid Additional Medicare Tax, and therefore CSX's claims for refund do not include a claim for Additional Medicare Tax withheld from employees. Additional Medicare Tax (0.9%) applies to FICA wages, RRTA compensation, and self-employment income (together with that of your spouse if filing a joint return) for tax years since 2013 that exceed: \$125,000 if married filing separately, \$250,000 if married filing jointly, or \$200,000 for any other filing status. If CSX's refund claims result in an adjustment to your compensation, you may be able to claim a refund for Additional Medicare Tax. ***If you believe you overpaid Additional Medicare taxes, please contact your tax advisor to determine whether you should or are able to file a claim for refund with the IRS.*** For more information on the Additional Medicare Tax, see IRS Topic 560 and the IRS Form 8959 instructions.

Finally, the *Wisconsin Central* decision dealt with the taxability of stock compensation, but it did not address whether stock compensation should be excluded from creditable compensation for determining Railroad Retirement benefits. As of today, the Railroad Retirement Board has not provided guidance regarding any potential impact on the determination of retirement benefits, except that the Board has advised that if an individual's refund consists only of Medicare tax (i.e., the individual's taxable and creditable earnings equal or exceed both the Tier 1 and Tier 2 caps before including stock compensation), his or her Tier 1 and Tier 2 retirement benefits will not be affected by the RRTA refund. Beyond that exception, it remains unknown whether and to what extent retirement benefits may be impacted by the *Wisconsin Central* decision or by an individual's decision to consent and participate in the RRTA refunds. You should monitor the Railroad Retirement Board website at www.RRB.gov for further updates.

Additional information about CSX's refund claims, the refund process, frequently asked questions, and about the status of your refund claim can be found on the CSX Retirement Tax Distribution Settlement Website at www.CSXRetirementTaxRefund.com, or by contacting the CSX Retirement Tax Distribution Administrator by telephone at 1-888-724-0290 or by email at info@CSXRetirementTaxRefund.com. Please reference your unique Employee Consent Reference Number (ECRN) identified at the top of this letter when you contact the CSX Retirement Tax Distribution Administrator.

The IRS will accept consents through **February 11, 2019**. If you do not submit a consent by **February 11, 2019**, CSX will be unable to obtain your refund.

****Please do not mail your consent form to CSX Payroll or CSX headquarters, as it may become lost****

Thank you,

CSX Retirement Tax Distribution Administrator