

RLBC Rejects Notion That NCCC/UTU Tentative Agreement Sets A Pattern for the Freight Rail Industry

The Rail Labor Bargaining Coalition (“RLBC”) was created by six rail labor organizations: Brotherhood of Locomotive Engineers and Trainmen, IBT; Brotherhood of Maintenance of Way Employees Division, IBT; Brotherhood of Railroad Signalmen, AFL-CIO; International Brotherhood of Boilermakers, AFL-CIO; National Conference of Firemen & Oilers, SEIU; and the Sheet Metal Workers International Association, AFL-CIO. The RLBC’s mission is to bargain on behalf of its member organizations with the National Carrier’s Conference Committee, which represents the Class I rail carriers in negotiations for a modified national labor agreement. In the last bargaining round, true multi-union, multi-employer bargaining was very successful. The RLBC’s agreement with the Carriers led to industry-wide voluntary agreements between all organizations with the NCCC. The wage and health benefit provisions of those agreements were both highly favorable for employees and realistic for the Carriers in light of the industry’s financial and operating successes which continue today.

Recent developments in the current bargaining round, unfortunately, have demonstrated that a voluntary agreement with the NCCC cannot occur. Last week, therefore, the RLBC requested the National Mediation Board to end mediation and allow our dispute with the NCCC to enter the final dispute–resolution process under the Railway Labor Act. An end to mediation was earlier requested by five other rail labor organizations – the Transportation Communications Union (TCU), American Train Dispatchers Association (ATDA), International Association of Machinists (IAM), International Brotherhood of Electrical Workers (IBEW) and the Transport Workers Union – which bargain together as an informal coalition.

What has unified nearly all of rail labor is the Carriers’ assertion that the NCCC’s June 2 tentative agreement with the United Transportation Union (UTU) sets the pattern for an industry-wide agreement. Along with the rest of rail labor, other than the UTU, the RLBC rejects categorically the notion our members should accept a smaller wage package than we negotiated in the last bargaining round when the Carriers’ profits have more than doubled since then. We are even more troubled by the prospect of concessionary changes in our health plan.

The facts underlying our disagreement with the wage and health benefit provisions of the NCCC/UTU tentative agreement are straight-forward. The current National Agreement negotiated during the last round provided for wage increases totaling 17 percent (18.2% compounded) over five years. From 2000 to 2004, the period leading up to the negotiations that resulted in the 2007-09 National Agreements, railroad profits were \$15.9 billion in 2009 constant dollars. In a comparable period preceding the current negotiations, 2005-2009, railroad profits were \$32.7 billion in 2009 constant dollars. The profits of the four largest freight railroads, NS, CSX, BNSF and UP soared to \$8.5 billion in 2010. Despite record profitability, the NCCC/UTU tentative agreement provides for wage increases totaling 14 percent over five years. Another 3 percent will be added during what effectively becomes, in wage terms, the

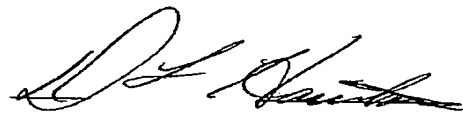
sixth year of the agreement. This tentative wage settlement is far short of what the RLBC achieved last time.

The most objectionable changes in the NCCC/UTU tentative agreement are to the health care provisions of the UTU Health and Welfare Plan. Those changes shift insurance costs to the most vulnerable employees, those who are sick or have sick family members and actually have to use their insurance. While the current managed care plan pays 100 percent of hospital and medical costs, the UTU tentative agreement will require employees to pay deductibles and 5% co-insurance. In the drug plan, members will get zero reimbursement for drugs not authorized by Medco (the insurance company) and could pay up to \$90.00 for a three month supply of non-generic drugs. If the NCCC/UTU tentative agreement is applied to all crafts, it is estimated that health care savings to the railroads will exceed a half billion dollars over five years. Almost all of the savings will come from increased costs to employees who need to access health care for themselves or their sick family members. The prosperity of our industry and fairness to our most vulnerable members require rejection of this thoroughly bad idea.

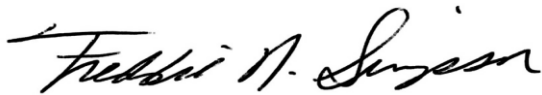
The freight railroads say the NCCC/UTU tentative agreement constitutes a "pattern." We say a union that represents only 25 percent of the workforce and has its own healthcare plan cannot and does not set a pattern for any other union. The RLBC and the TCU-led Coalition will continue to fight for a fair contract, one that gains for members a fair share of the immense profits the railroads continue to reap and one that protects those who fall ill or are injured from the economic burdens of their health conditions. If we do not stand together on this point, we can look forward to additional burdens being put on those of us who are least able to shoulder them, while the railroads continue to obtain record profits. Brothers and Sisters, the RLBC will resist that result with all of its collective might and with the assistance of every union in the coalition led by the TCU. United, we cannot be defeated.



Brotherhood of Locomotive Engineers & Trainmen, A Division of the Rail Conference, IBT



International Brotherhood of Boilermakers, Blacksmiths, Iron Ship Builders, Forgers and Helpers



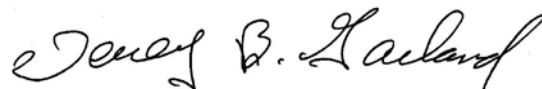
Brotherhood of Maintenance of Way Employees, A Division of the Rail Conference, IBT



National Conference of Firemen and Oilers, District of Local 32BJ, SEIU



Brotherhood of Railroad Signalmen



Sheet Metal Workers International Association