

NATIONAL CARRIERS' CONFERENCE COMMITTEE

1901 L STREET, NW., WASHINGTON, D.C. 20036-3514

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April 1, 2006

Dear Transportation Supervisor:

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We have received numerous questions from our March 28 update on national negotiations with the rail labor operating craft unions. *Yccc*

At the beginning of the current national bargaining round, the railroads said their goal is to reach agreements with rail unions that will give freight railroads the flexibility to become safer, more efficient and provide even more transportation services to the nation. Achieving this goal will lead to new job opportunities in the long run and greater job security for rail employees, and a stronger, more balanced national transportation system.

Railroad employees are well paid and receive generous benefits. The average rail employee's compensation puts them in the top five percent of all wage earners in the United States. Unionized employees pay only a small fraction of the total cost of healthcare, about \$1,410 per year in 2006 while the railroads pay 90 percent of the cost. In comparison, the average U.S. worker pays \$2,713 toward premiums while their companies pay \$8,167 or about 75 percent of the total for family coverage. Railroads are seeking reasonable increases in employee contributions to health and welfare benefits.

The railroads seek changes to antiquated work rules and staffing requirements that will enable managers to utilize employees more efficiently and provide customers and the public with safer and more efficient transportation services. The railroads' need more flexibility in work assignments and job classifications. The following changes will facilitate the railroads' ability to continue substantial investments in technology and infrastructure that are essential to the entire industry's future health and success.

- . **Abolish** all reduced crew allowances and productivity fund payments.
- . Establishment of **new utility positions** paid at conductor rates of pay.
- . **Generous voluntary separations payments** for surplus employees who want to retire or otherwise leave service.
- . Eliminate all Conductor and Brakeman positions in road service.
- . A **paid voluntary reserve** board arrangement for surplus employees.
- . **Transfer** all traditional Conductor/Brakeman/Yardman duties to other employees.
- . **Determine the make-up of yard crews** at the discretion of management.
- . **Eliminate any restriction** preventing Engineers from performing duties previously performed by other train, yard, or mechanical department employees.

The railroads seek reforms to existing health care arrangements that will bring the costs and benefit designs of those plans more into line with comparable plans in place in other mainstream American Business, which include a greater level of employee participation in the cost of health care.

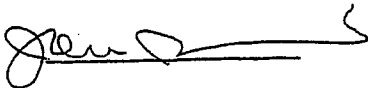
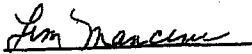
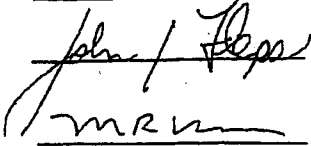
New technology for train control and handling brings with it the opportunity for an even safer and more efficient U.S. freight rail system, if the railroads can achieve greater flexibility in work rules. The introductions of 21st century technology will require changes to work rules negotiated many years before these technological advances. The railroads believe staffing decisions ought to be based on safety and operational needs, not dictated by antiquated work rules that mandate rigid staffing levels without regard to such considerations.

Some labor agreements negotiated in past years require that certain types of work be performed by the railroad, work that is not central to the running of the railroad or serving its customers, and could be better performed by companies other than the railroad itself. The railroads are seeking grater flexibility with respect to contracting out noncore activities.

The union charges that safety and security will be lessened if there are fewer people on the trains. The railroads are committed to safety. They are prepared to make substantial capital investments in new technology because of the technology's proven ability to improve safety and efficiency of operations. New train control technology will help prevent collisions by reducing accidents caused by **human error, the most common cause of train accidents**. It also will meet all of the safety requirements of the U.S. Federal Railroad Administration.

Fore more information about the current bargaining round, we encourage you to take a look at our new Web site at www.RailLaborFacts.org.

Sincerely,



THE NATIONAL CARRIERS' CONFERENCE COMMITTEE

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John J. Fleps
BNSF

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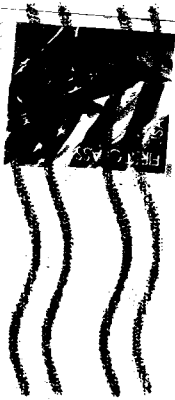
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