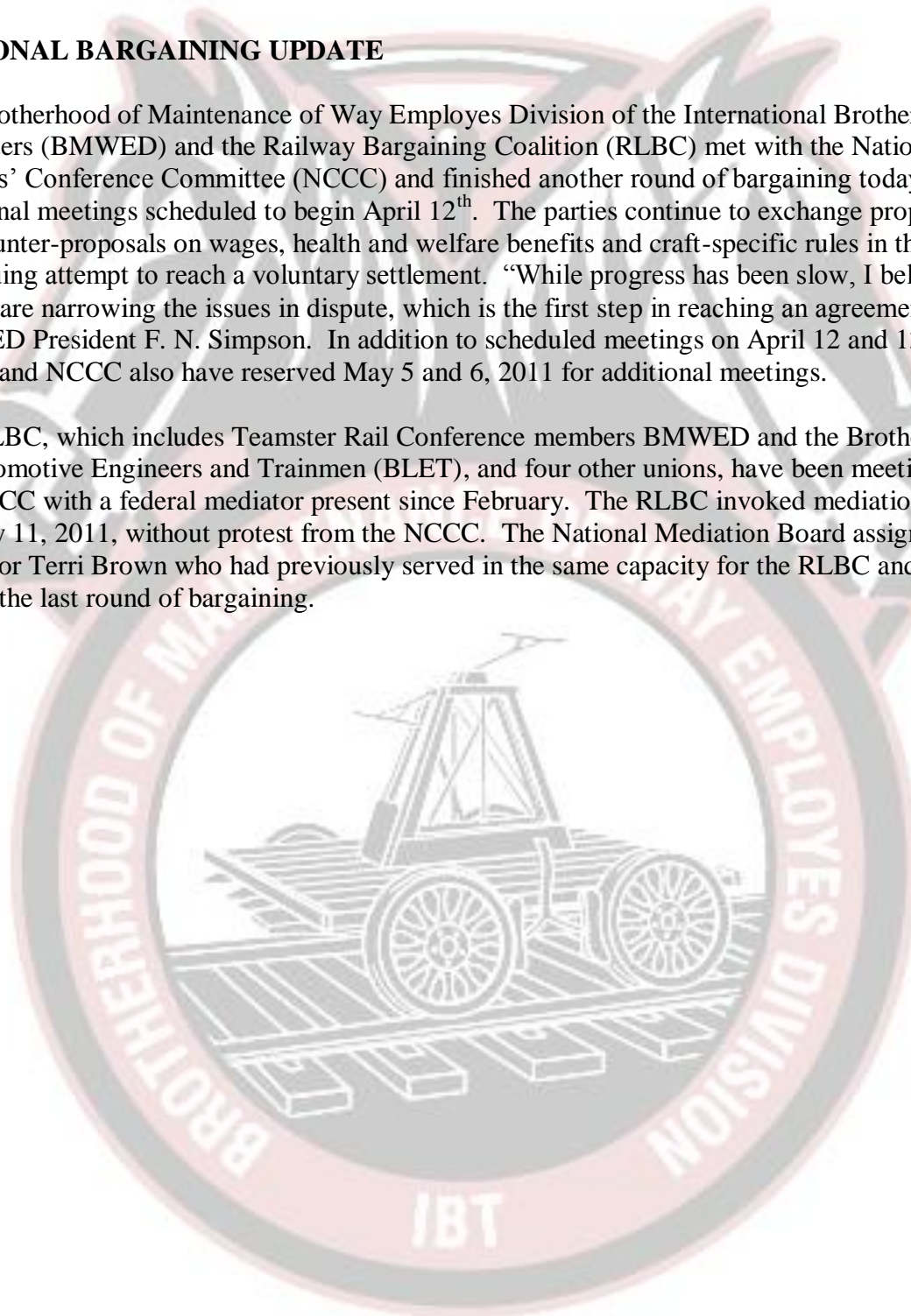


Washington, DC – March 30, 2011

NATIONAL BARGAINING UPDATE

The Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters (BMWED) and the Railway Bargaining Coalition (RLBC) met with the National Carriers' Conference Committee (NCCC) and finished another round of bargaining today, with additional meetings scheduled to begin April 12th. The parties continue to exchange proposals and counter-proposals on wages, health and welfare benefits and craft-specific rules in their continuing attempt to reach a voluntary settlement. "While progress has been slow, I believe the parties are narrowing the issues in dispute, which is the first step in reaching an agreement," said BMWED President F. N. Simpson. In addition to scheduled meetings on April 12 and 13, the RLBC and NCCC also have reserved May 5 and 6, 2011 for additional meetings.

The RLBC, which includes Teamster Rail Conference members BMWED and the Brotherhood of Locomotive Engineers and Trainmen (BLET), and four other unions, have been meeting with the NCCC with a federal mediator present since February. The RLBC invoked mediation on January 11, 2011, without protest from the NCCC. The National Mediation Board assigned Mediator Terri Brown who had previously served in the same capacity for the RLBC and NCCC during the last round of bargaining.



RLBC COMPREHENSIVE PROPOSAL

2/10/11

DURATION: 5 years (1/1/10 – 12/31/14)

GWI:

1/1/10 – 4%
1/1/11 – 3.5%
1/1/12 – 4%
1/1/13 – 3.5%
1/1/14 – 4%

Incorporated into all basic rates of pay for all purposes and elements.

WAGE RESPONSIBILITY ADJUSTMENT:

A wage increase effective January 1, 2010, in an amount to be negotiated for maintenance employees and those employees directly responsible for or signatory to FRA – required safety-critical repairs, test, and inspections.

PAID TIME OFF:

Non-operating crafts:

40 hours unrestricted personal leave each calendar year for employees with one or more years of service

Retention of "longevity leave" consistent with the 1982 National Agreement

Vacation accrual:

Amend National Agreement to afford additional paid vacation as follows:

Years of Service	Vacation
1 through 4	2 weeks
5 through 7	3 weeks
8 through 14	4 weeks
15 through 19	5 weeks
20 or more	6 weeks

add MLK Holiday

Operating Crafts:

5 days of unrestricted personal leave each calendar year for employees with one or more years of service

Vacation accrual:

Amend National Agreement to afford additional paid vacation as follows:

Years of Service Vacation

1 through 4	2 weeks
5 through 7	3 weeks
8 through 14	4 weeks
15 through 19	5 weeks
20 or more	6 weeks

add MLK Holiday

INFORMATION REQUESTS:

Upon request, the Carrier shall provide the Organization with information reasonably necessary to administer and negotiate the collective bargaining agreement.

SAVINGS CLAUSE (APPLIES TO ENTIRE PROPOSAL)

All proposals contained herein, or any part of them, or any part of them shall not apply on any property where they are already in effect, or where more beneficial provisions are already in effect. Any request for changes herein is not an admission, expressed and/or implied, directly and/or indirectly, that those changes requested are not already contained within the terms and conditions in any existing collective bargaining agreement and/or established practice.

HEALTH AND WELFARE

No change to existing Plan (retain status quo except as provided in BLET Proposal 7 below)

CRAFT SPECIFIC PROPOSALS:

BLET

1. Compensation/Benefits:
 - a. Eliminate all service entry rates and two-tiered pay systems.
 - b. Provide for alternative compensation system on a property basis.
 - c. Increase carrier contributions to short term disability plan.

2. Shift differential:
 - a. Establish weekend shift differential of 25% applicable to all classes of service.

3. Away from home terminal payments:
 - a. Adopt CSX Single System Agreement meal allowance schedule as national agreement standard.

- b. Adopt HAHT payments accruing continuously after 14 hours off duty as the national agreement standard.
- 4. Scope Rule:
 - a. Modify and update national agreement locomotive engineer scope rules.
- 5. Certification pay:
 - a. Increase current allowance to reflect additional certification requirements and adopt an escalator for the allowance.
- 6. Locomotive cab working conditions:
 - a. Implement improved and enforceable minimum locomotive cab standards.
- 7. Protect employees performing military service:
 - a. Protect earnings, guarantees and benefits for all time spent in military service.
 - b. Credit all days in military service toward vacation qualification and any other benefit that is based on workdays.
- 8. Standardize operating employee protections:
 - a. Automatic WJPA certification as adversely affected for all employees affected by an interdivisional service transaction, with benefits for a period equal to length of service (see 10/31/85 UTU-NCCC National Agreement at Art. IX, Sec, 7, citing 01/27/72 UTU-NCCC National Agreement).
 - b. Extend Article VII of the May 31, 1996 "Core" National Agreement to cover transactions involving States, which are exempt from coverage under 49 U.S.C. § 10901 because the Surface Transportation Board disclaims jurisdiction.

BMWED

EXPENSES AWAY FROM HOME (4/28/10 PROPOSAL)

Section 1 - First Adjustment and Amendment

Articles I and II of the Award of Arbitration Board No. 298 (rendered September 30, 1967), as adjusted in various subsequent national agreements, shall be further adjusted and amended as follows effective July 1, 2010:

I. The railroad company shall provide for employes who are employed in mobile service without fixed headquarters and those employes assigned to positions with fixed headquarters located more than 50 miles from their homes as follows:

A. Lodging

1. If lodging is furnished by the railroad company, it shall be in a single occupancy motel or hotel room with a bed, mattress, pillow, bed linen, blanket, towels, soap and private washing and toilet facilities.

2. Lodging facilities furnished by the railroad company shall be adequate for the purpose and maintained in a clean, healthful and sanitary condition.

3. If lodging is not furnished by the railroad company, the employee shall be reimbursed for the actual reasonable expense thereof not in excess of \$70.00 per day.

B. Meals

1. Each employee shall be paid a meal allowance of \$46.00 per day. The foregoing per diem meal allowance shall be paid for each day of the calendar week, including rest days and holidays, except that it shall not be payable for work days on which the employee is voluntarily absent from service, and it shall not be payable for rest days or holidays if the employee is voluntarily absent from service when work was available to him on the work day preceding or the work day following said rest days or holiday.

C. Travel from one work point to another

1. Time spent in traveling from one work point to another outside of regularly assigned hours or on a rest day or holiday shall be paid for at the time and one-half rate.

2. An employee who is not furnished means of transportation by the railroad company from one work point to another and who uses other forms of transportation for this purpose shall be reimbursed for the cost of such other transportation. If the employee elects to use his personal automobile for this purpose, he shall be reimbursed at the standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes business purposes as promulgated by the Internal Revenue Service (i.e., \$0.50 per mile effective 1/1/2010). If an employee's work point is changed during his absence from the work point on a rest day or holiday, this paragraph shall apply to any mileage he is required to travel to the new work point in excess of that required to return to the former work point.

II. Employees (other than those referred to in Section I above and other than dining car employees) who are required in the course of their employment to be away from their headquarters point as designated by the carrier, including

employees filling relief assignments or performing extra or temporary service, shall be compensated as follows:

A. The carrier shall designate a headquarters point for each regular position and each regular assigned relief position. For employees, other than those serving in regular positions or in regular assigned relief positions, the carrier shall designate a headquarters point for each employee. No designated headquarters point may be changed more frequently than once each 60 days and only after at least 15 days' written notice to the employee affected.

B. When employees are unable to return to their headquarters point on any day, they shall be reimbursed for the actual reasonable cost of meals and lodging away from their headquarters point not in excess of \$116.00 per day.

C. An employee in such service shall be furnished with free transportation by the railroad company in traveling from his headquarters point to another point, and return, or from one point to another. If such transportation is not furnished, he will be reimbursed for the cost of rail fare if he travels on other rail lines, or the cost of other public transportation used in making the trip. If the employee elects to use his personal automobile for this purpose, he shall be reimbursed at the standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes business purposes as promulgated by the Internal Revenue Service (i.e., \$0.50 per mile effective 1/1/2010) for each mile in traveling from his headquarters point to the work point, and return, or from one work point to another.

D. If the time consumed in actual travel, including waiting time en route, from the headquarters point to the work location, together with necessary time spent waiting for the employee's shift to start, exceeds one hour, or if on completion of his shift necessary time spent waiting for transportation plus the time of travel, including waiting time en route, necessary to return to his headquarters point or to the next work location exceeds one hour, then the excess over one hour in each case shall be paid for as working time at the straight time rate of the job to which traveled. When employees are traveling by private automobile, time shall be computed at the rate of two minutes per mile traveled.

Section 2 - Second Adjustment

Effective July 1, 2011, the daily allowances specified in Articles I and II shall be further adjusted as follows:

(a) The maximum reimbursement for actual reasonable lodging expense provided for in Article I, Section A(3) is increased from \$70.00 to the amount of the standard CONUS daily lodging rate established by the General Services Administration for Federal government employees traveling in the continental United States in effect for the 2011 fiscal year.

(b) The daily meal allowance provided for in Article I, Section B(1) is increased from \$46.00 to the amount of the standard CONUS daily meals and

incidental expenses rate established by the General Services Administration for Federal government employees traveling in the continental United States in effect for the 2011 fiscal year.

(c) The maximum reimbursement for actual meals and lodging costs provided for in Article II, Section B is increased from \$116.00 per day to a per day amount equal to the sum total of the standard daily meal and incidental rate added to the standard daily CONUS lodging rate established by the General Services Administration for Federal government employees traveling in the continental United States in effect for the 2011 fiscal year.

Section 3 - Subsequent Annual Adjustments Effective July 1, 2012 and on July 1st of each year thereafter, the daily allowances specified in Articles I and II shall be further adjusted as follows:

(a) The maximum reimbursement for actual reasonable lodging expenses provided for in Article I, Section A(3) is increased to the amount of the standard daily lodging CONUS rate established by the General Service Administration for Federal government employees traveling in the continental United States for the applicable fiscal year.

(b) The daily meal allowance provided for in Article I, Section B(1) is increased to the amount of the standard daily meal and incidentals rate established by the General Services Administration for Federal government employees traveling in the continental United States for the applicable fiscal year.

(c) The maximum reimbursement for actual meals and lodging costs provided for in Article II, Section B is increased to a per day amount equal to the sum total of the standard daily meal and incidental rate added to the standard daily CONUS lodging rate established by the General Services Administration for Federal government employees traveling in the continental United States for the applicable fiscal year.

Section 4 - Minimum Allowances and Lodging Standards

(a) On carriers where expenses away from home are not determined by the allowances made pursuant to the Award of Arbitration Board No. 298, such allowances will not be less than those provided for in this Article.

(b) On carriers where local rules permit employees to provide their own lodging through the use of personal campers, such employees will be provided a daily meal and lodging allowance not less than those provided for in this Article.

(c) On carriers where lodging standards are not determined by the Award of Arbitration Board No. 298, such lodging standards shall not be less favorable to the employees than those provided for in this Article. The use of camp cars and trailers to lodge employees shall be discontinued and they shall be replaced by single occupancy motel or hotel lodging.

TRAVEL EXPENSES:

Provide mileage reimbursement and pay at the applicable straight time or overtime rates for all time expended traveling between home and away from home lodging locations or work locations and from one work point to another.

For employees who cannot drive home due to distance, carrier provides round trip airfare and pays employee at the applicable straight time or overtime rates for all time expended traveling between home and away from home lodging locations or work locations and from one work point to another.

UNIFIED RATE OF PAY:

Unified rate of pay on all carriers under common control – highest rate applicable to a position on such carriers paid to all employees performing that work.

PROHIBITION ON SUBCONTRACTING:

All work in connection with the construction, maintenance and repair of tracks, bridges, buildings and the right-of-way shall be performed by BMWED represented employees and shall not be contracted out without the written concurrence of the General Chairman.

IBB

ENTRY RATES:

Eliminate all service entry rates and two-tier pay systems

UNIFIED RATE OF PAY:

Unified rate of pay on all carriers under common control – highest rate applicable to a position on such carriers paid to all employees performing that work.

PROHIBITION ON SUBCONTRACTING:

All work in connection with work set forth in the classification of work rules and scope rules of the craft, and all other work historically performed and generally recognized as work of the craft pursuant to such classification of work rules or scope rules shall be performed by IBB represented employees shall not be contracted out without the written concurrence of the Designated Representative.

MOVING LOCOMOTIVES DIFFERENTIAL:

Employees required to move locomotives shall receive \$1.50 per hour differential subject to FRA Hours of Service regulations, with a minimum payment of four (4) hours per each eight (8) hour shift.

TRAINING AND NEW TECHNOLOGY:

Establish a rule that guarantees the IBB represented members the right to receive training for and to operate any equipment or machines using a new technology applicable to any and all work covered by the classification of work rules of the craft or the scope rule, and all other work historically performed and generally recognized as work of the craft pursuant to such classification of work rules or scope rules.

Establish a rule that guarantees the IBB represented members the right to receive training for any new process used for, or in connection with, any and all work covered by the classification of work rules of the craft or the scope rule, and all other work historically performed and generally recognized as work of the craft pursuant to such classification of work rules or scope rules.

Establish a rule that provides a process to resolve disputes between the parties regarding rates of pay, rules and working conditions whenever the Carrier introduces equipment or machines using new technology or introduces a new process applicable to any and all work covered by the classifications of work rules of the craft or the scope rule, and all other work historically performed and generally recognized as work of the craft pursuant to such classification of work rules or scope rules.

EXPENSES AWAY FROM HOME AND TRAVEL ALLOWANCE:

Apply settlement of BMWED proposal to IBB represented employees working in the Engineering Department.

NCF&O

ENTRY RATES:

Eliminate all service entry rates and two-tier pay systems

UNIFIED RATE OF PAY:

Unified rate of pay on all carriers under common control – highest rate applicable to a position on such carriers paid to all employees performing that work.

PROHIBITION ON SUBCONTRACTING:

All work in connection with work set forth in the classification of work rules and scope rules of the craft, and all other work historically performed and generally recognized as work of the craft pursuant to such classification of work rules or scope rules shall be performed by NCF&O represented employees shall not be contracted out without the written concurrence of the Designated Representative.

MOVING LOCOMOTIVES DIFFERENTIAL:

Employees required to move locomotives shall receive \$1.50 per hour differential subject to FRA Hours of Service regulations, with a minimum payment of four (4) hours per each eight (8) hour shift.

TRAINING AND NEW TECHNOLOGY:

Establish a rule that guarantees the NCF&O represented members the right to receive training for and to operate any equipment or machines using a new technology applicable to any and all work covered by the classification of work rules of the craft or the scope rule, and all other work historically performed and generally recognized as work of the craft pursuant to such classification of work rules or scope rules.

Establish a rule that guarantees the NCF&O represented members the right to receive training for any new process used for, or in connection with, any and all work covered by the classification of work rules of the craft or the scope rule, and all other work historically performed and generally recognized as work of the craft pursuant to such classification of work rules or scope rules.

Establish a rule that provides a process to resolve disputes between the parties regarding rates of pay, rules and working conditions whenever the Carrier introduces equipment or machines using new technology or introduces a new process applicable to any and all work covered by the classifications of work rules of the craft or the scope rule, and all other work historically performed and generally recognized as work of the craft pursuant to such classification of work rules or scope rules.

SMWIA

ENTRY RATES:

Eliminate all service entry rates and two-tier pay systems

UNIFIED RATE OF PAY:

Unified rate of pay on all carriers under common control – highest rate applicable to a position on such carriers paid to all employees performing that work.

SIMPLE TASK RULES:

Eliminate incidental/simple task rules.

TRAINING AND NEW TECHNOLOGY:

Establish a rule that guarantees the SMWIA represented members the right to receive training for and to operate any equipment or machines using a new technology applicable to any and all work covered by the classification of work rules

of the craft or the scope rule, and all other work historically performed and generally recognized as work of the craft pursuant to such classification of work rules or scope rules.

Establish a rule that guarantees the SMWIA represented members the right to receive training for any new process used for, or in connection with, any and all work covered by the classification of work rules of the craft or the scope rule, and all other work historically performed and generally recognized as work of the craft pursuant to such classification of work rules or scope rules.

Establish a rule that provides a process to resolve disputes between the parties regarding rates of pay, rules and working conditions whenever the Carrier introduces equipment or machines using new technology or introduces a new process applicable to any and all work covered by the classifications of work rules of the craft or the scope rule, and all other work historically performed and generally recognized as work of the craft pursuant to such classification of work rules or scope rules.

EXPENSES AWAY FROM HOME AND TRAVEL ALLOWANCE:

Apply settlement of BMWED proposal to SMWIA represented employees working in the Engineering Department.

For the NCCC: _____

For the RLBC: _____

NATIONAL RAILWAY LABOR CONFERENCE

1901 L STREET, N.W., WASHINGTON, D.C. 20036/ AREA CODE: 202-862-7200 FAX: 202-467-5892

A. KENNETH GRADIA
Chairman

JEFFREY F. RODGERS
Vice Chairman

JOANNA L. MOORHEAD
General Counsel

JOHN F. HENNECKE
Director of Labor Relations

VIA FEDERAL EXPRESS

November 2, 2009

Mr. Freddie N. Simpson
President
Brotherhood of Maintenance of Way Employees Division--
IBT 20300 Civic Center Drive, Suite 320
Southfield, MI 48076-4169

Dear Mr. Simpson:

The rail freight carriers represented by the National Carriers' Conference Committee (NCCC) for the 2010 wage, rules and benefits round of collective bargaining intend to bargain on a concerted national basis with respect to their employees represented by your organization; as has been the case generally in all past bargaining rounds since the 1930's. Those carriers have authorized NCCC representation by duly executed powers of attorney and are listed in Attachment A hereto. That list will be supplemented from time to time as additional carriers authorize representation by the NCCC in national handling with respect to your organization.

Attachment B comprises a notice served nationally on your organization on behalf of these carriers pursuant to Section 6 of the Railway Labor Act. It is served upon you as the national representative of your organization and the carriers propose it be handled nationally and concurrently with any Section 6 proposals that may be served by your organization.

We believe that national handling represents the best opportunity for your organization and the freight railroads to manage our way to and through the next round of collective bargaining in a manner that serves the mutual interests of 'our respective constituents and their separate interests as well.

For convenience and expedition, we propose that initial conferences be waived on our notice and any notices that may be served by your organization. Please contact me so that we can schedule a date and time to meet.

Yours very truly,

A stylized handwritten signature in black ink, appearing to read 'A. Kenneth Gradia'.

A. Kenneth Gradia

Attachments

cc: All NCCC-represented carriers

ENCLOSURE TWO

SECTION 6 NOTICE

As the railroad industry enters the 2010 round of national bargaining, the nation continues to endure the most severe economic downturn in many decades. The railroads and their employees have not been spared from the effects of that economic tunnel. Substantial and sustained traffic declines have forced railroads to reduce their workforces and cut back spending on infrastructure and equipment acquisitions. The industry is also confronted with other significant and pressing challenges. The legal and economic regulatory environment governing railroad industry pricing and services is being actively reexamined by Congress, raising concerns and uncertainty as to the potential effects on our business model and future prosperity. Recent legislative mandates like Positive Train Control and new locomotive emissions controls will require massive additional investments in the coming years.

The significant impact of these Issues underscores and reinforces the more fundamental and persistent challenges we can and must mutually address at the bargaining table to help ensure that the railroad industry not only survives, but prospers in the years ahead. Our focus must be external-what must we do to ensure that our customers receive excellent service at competitive prices. To obtain and retain business, we must consistently deliver value. Our compensation and benefit costs must match the marketplace-pay at above-market rates or for unproductive time makes us less competitive. We must be able to utilize our employees and our assets as flexibly and efficiently as possible. Anachronistic work rules and practices that hinder our ability to

give customers high quality, cost-effective service or which add unnecessary costs must be reformed.

To meet increased demands for rail freight service, the industry will need to invest tens of billions of dollars in new track, signals, bridges, tunnels and service facilities. The funds needed for those massive capital investments will not flow into the industry, however, unless railroads consistently deliver excellent financial results. Investors demand competitive returns, and will take their money elsewhere if we cannot meet their expectations.

In the end, the security and prosperity of the entire rail community-labor and management employees, their families, and our retirees-rests squarely on sustained success in the marketplace. A more secure future in an industry that can provide stable employment and attractive pay and benefits is within our grasp if we join in doing whatever it takes to be competitive. This new bargaining round presents us with a fresh opportunity to lay the foundation for the industry's continued success for many years to come.

Set forth below are the railroads' bargaining proposals.

Compensation and Wages: Provide for a compensation package that fairly reflects economic conditions, the general labor market, and the competitive transportation marketplace, taking into account existing wage and benefit levels. Adjust wages and pay as necessary to achieve a fair and competitive cost structure. Develop compensation arrangements that reflect the risks and rewards of the business enterprise, while linking pay to productivity and performance.

Health and Welfare: Modify Plan design and funding responsibilities so that employees (a) bear a share of the ever-increasing cost of healthcare for employees and their dependents that is more representative of comparable U.S. industry nonns, (b) tailor their use of Plan benefits and programs to optimize receipt of efficient, clinically appropriate, and cost-effective treatment, and (c) are encouraged (along with their dependents) to adopt a healthier lifestyle.

Work Rule Reform: Eliminate or revise as necessary work rules that interfere with or inhibit the railroads' ability to provide customers with high quality, cost-effective service, which impede productive utilization of employees, or which prevent the railroads from utilizing the most efficient and cost-effective way to perform necessary work.

Employee Availability: Implement measures reflecting mutual commitment to ensure railroads' ability to meet customer service and operational requirements and provide equitable distribution of time off for the entire employee population, while reducing the amount of time employees are unavailable for service.

Workforce Stability: Institute processes and structures that will effectively provide for more predictable work/rest schedules and systematic movement to and from assignments (including a more orderly and efficient means of effectuating the exercise of employees' seniority rights), improve retention, and enhance employee quality of life while increasing safety and efficiency.

Staffing and Consolidation: Explore opportunities for mutually beneficial alternatives to existing staffmg models that enhance safety and productivity, fairly

address employee interests and concerns, and recognize the unique opportunities still available to the parties to negotiate meaningful changes.

Miscellaneous Proposals. Reach mutual understanding on an agreement of sufficient duration to facilitate labor stability and predictability that includes provisions assuring complete labor peace during the moratorium period.

The railroads will provide more specific and detailed proposals on these and related changes as discussions proceed during this round of bargaining.