Brotherhood of Maintenance of Way Employes Division
of the International Brotherhood of Teamsters

Freddie N. Simpson
President

Perry K. Geller, Sr.
Secretary-Treasurer

November 6, 2009

ALL GENERAL CHAIRMEN
AND SYSTEM OFFICERS

Dear Sirs and Brothers:

The National Carriers' Conference Committee (NCCC) served the enclosed set of "national" Section 6 notices on us by letter dated November 2, 2009. The railroads participating in national handling this round include a newcomer, the Canadian Pacific's Soo Line subsidiary.

This round's Section 6 notices read like most Carrier notices in the past, a recounting of a "doom and gloom" scenario where the nation's railroads appear to be at death's door economically. Here are some excerpts from the Carriers' Section 6 notice:

> *Substantial and sustained traffic declines have forced railroads to reduce their workforces and cut back spending on infrastructure and equipment acquisitions. The legal and economic regulatory environment governing railroad industry pricing and service is being actively reexamined by Congress, raising concerns and uncertainty as to the potential effects on our business model and future prosperity.*

Unfortunately, for the scrivener of that dour prose, reality intervened the following day when Warren Buffett's Berkshire Hathaway company made an offer to acquire all the outstanding common stock of Burlington Northern Santa Fe (BNSF) for a premium of 31.5% over the current trading value of BNSF stock. Additionally, Berkshire Hathaway will assume $10 billion of BNSF debt, making the total deal worth $44 billion. Longbow Research analyst Lee Klaskow said, *"Buffett has always stated that he likes the longer-term viability of the rails . . . This is shining a spotlight on this group bringing more investors into the fold."*

As you well know, no Carrier will allow itself to be upstaged by another. Today, Union Pacific CEO Jim Young circulated a letter to his "Fellow Employees" stating the Berkshire Hathaway acquisition *"is a vote of confidence in the future of American railroads. Warren Buffett sees the tremendous value that rails bring to the economy . . ."* Young added, *"this will create even more interest in our company by savvy investors. Union Pacific has the greatest upside of any railroad . . . Our service is at record levels . . . We still have the industry's largest number of legacy contracts, which means we have very strong upside pricing as these agreements move to market rates."*

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Oh well, as they said in World War II, "loose lips, sink ships." I guess Jim Young and Warren Buffett just couldn't control themselves as they revealed the strong economic condition of this nation's railroads. These actions, coupled with CSXT's recent agreement with the BLET providing 16% pay raises in 2010-14, and the possibility of bonuses amounting to 12% of annual earnings speaks volumes about the true economic state of the railroads. You can rest assured that in this round of bargaining we will focus on the facts and figures demonstrating the vibrancy of the railroads and ignore the "gloom and doom" fiction spun by the Carriers' labor relations departments.

Fraternally yours,

Freddie N. Simpson

President

Enclosure

cc: Mr. Perry K. Geller, Sr.
National Division Vice Presidents
and Appointees

NATIONAL RAILWAY LABOR CONFERENCE

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VIA FEDERAL EXPRESS

November 2, 2009

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

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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. Kenneth Gradia

A. Kenneth Gradia

Attachments

cc: All NCCC-represented carriers

ATTACHMENT A

CARRIERS REPRESENTED BY NATIONAL CARRIERS' CONFERENCE COMMITTEE WITH RESPECT TO BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES

Alton & Southern Railway Company
The Belt Railway Company of Chicago
BNSF Railway Company
Central California Traction Company
Consolidated Rail Corporation
CSX Transportation, Inc.
Indiana Harbor Belt Railroad Company
The Kansas City Southern Railway Company
- Kansas City Southern Railway
- Louisiana and Arkansas Railway
- MidSouth Rail Corporation
- Gateway Western Railway
- SouthRail Corporation
- The Texas Mexican Railway Company
- Joint Agency

Los Angeles Junction Railway Company
Manufacturers Railway Company 1
New Orleans Public Belt Railroad
Norfolk & Portsmouth Belt Line Railroad Company
Norfolk Southern Railway Company
- The Alabama Great Southern Railroad Company
- Central of Georgia Railroad Company
- The Cincinnati, New Orleans & Texas Pacific Railway Company
- Georgia Southern and Florida Railway Company
- Interstate Railroad Company

Port Terminal Railroad Association
Portland Terminal Railroad Company
Soo Line Railroad Company d.b.a. Canadian Pacific
- Milwaukee District
- Soo District

Terminal Railroad Association of St. Louis
Texas City Terminal Railway Company
Union Pacific Railroad Company
Wichita Terminal Association

* * * * * *

Notes:

1 - Wages & Rules and Health & Welfare only

As served 11/2/09

ATTACHMENT B

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 turmoil. 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 norms, (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 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 staffing 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.