THE CARRIERS' "RAIL FACTS" ARE "ALTERNATIVE FACTS"

The recent political season saw many references to "fake news" and "alternative facts." Whatever your political persuasion, the prime provider of "fake news" and "alternative facts" regarding this round of national bargaining is railroad management. Every so often, rail management puts out a statement on the employee web portal trying to explain how well paid you are and what nice guys railroad management really are. They pride themselves on the wage settlements from the last two rounds as "the right thing to do" as though Union solidarity had nothing to do with it. However, in this round, management says you "make too much" and you must tighten your belts so that CEO's and stockholders can continue to rake in the record profits made by railroads over the past 10 years. Well, there's a good place for rail management's "fake news" – it's called a trashcan.

WAGES

Management's Fake News: the last two contracts increased wages 42% but we can't afford that this time and anyway, you still make good wages.

The Union's Real News:

- The 2007 National Agreement increased wages on average 1.2% per year above inflation; the 2012 National Agreement increased wages on average 1.6% per year above inflation. Those real wage gains simply made up for the lost wages under PEB 211 and PEB 219 over 20 years ago. The truth is that rail workers today are stuck at the same standard-of-living as their brothers enjoyed 40 years ago!

- Our current proposal has a net annual wage increase of 3.2%. The annual inflation rate is trending at around 2.5%. The Union's wage increase is reasonable, promotes real wage gain and is in line with rail management's ability to pay. Rail management's wage proposal provides no back pay and a net annual wage increase of 1.5%. Under that proposal, rail workers would be worse off at the end of the contract than they were 40 years ago in real wage terms.

- Railroad management states that wages in the railroad industry are higher than average. Of course they are; and this has been the case forever. Rail workers make more than other workers in retail and many other industries which have a higher percentage of unskilled workers. The level of pay in our industry is purely a function of the mix of the high level skills it takes to run a railroad.

- According to management, the minute we get our heads above water, we should be pushed down again. Won't happen this time.

THE FINANCIAL HEALTH OF THE RAIL INDUSTRY

Management's Fake News: we are in a "prolonged" industrial recession and car loadings in 2016 dropped from 2015. We're poor and hungry, please donate some of your wages to help us out.

The Union's Real News:

- Total car loadings for the "Big 4" (UP, BNSF, CSX & NS) are up 5% comparing February 2016 to February 2017. Coal is up 20% in that period.

- The composite operating ratio for the Big 4 was 66.1 in the 2016; in 2014, it was 67.7, a drop of 1.6%. That drop was worth $1.1 billion per year to the railroads. In 2005, the composite ratio was 80.9 and in 2010 it was 71.8. The financial position of the railroads is much stronger now than in the years preceding the last two rounds of bargaining.

- Railroad profits in 2005 were $4.9 billion; in 2015 it was $14.5 billion - the best year in the history of the railroads Labor expense as a percentage of total freight revenue fell from 29.5% in 2005 to 24.2% in 2015 with a similar sized workforce. By any reasonable measure, the railroads are doing well and the last two agreements did nothing to impede their improving financial performance.

- In 2005, the average dividend per share of CSX, UP and NS stock was 22 cents. (BNSF is part of Berkshire Hathaway and not reported separately – however if Warren Buffet owns you, that means you are valuable as well.) In 2016 it was $1.57. Railroads have been buying back shares from shareholders as well. These 3 railroads alone have spent over $30 billion in stock repurchase programs over the past 10 years. The total return to shareholders from 2004 to 2015 increased 271.5%, far outpacing the performance of the S&P 500.

HEALTHCARE

Management's Fake News: Your benefits are much better than the average workers, including Walmart workers. You should pay more for your healthcare and have some "skin" in the game. Oh, and it was the Affordable Care Act's (ACA) fault.

The Union's Real News:

- The ACA increased costs a total of $438.1 million from 2011 to 2016. 79% of that amount went towards the coverage of your kids until age 26 and expansions of preventive care outside of cost-sharing. We think providing good insurance for rail worker's kids is important, but apparently management doesn't. Despite these costs, railroad workers' health plan costs have increased less than the average worker's. In fact, the railroads' health care costs have risen 55.5% over the past 16 years, while other employers' generally absorbed an increase of 81.8%. Compared to others industries, railroads' healthcare cost have risen modestly.

- In 1984, healthcare cost the railroads $.0014 per ton mile. In 2015, that figure was $.00156 per ton mile. Healthcare costs per ton-mile have been stable for over 30 years. There is no looming crisis.

- The 2012 National Agreement provided the railroads $90 million in <u>annual</u> healthcare savings. The Union's proposal this time, which includes putting the networks out to competitive bid for the first time in 20 years, provides over $130 million in <u>annual</u> savings, most of which comes from the medical vendors not the railroad workers' pockets. Ours is a "mainstream" proposal that will reduce costs without creating financial hardship to rail workers.

THE BOTTOM LINE – YOUR UNION FIGHTS FOR GOOD HEALTHCARE AND REAL WAGE GAINS – IT'S WHAT WE DO AND WHAT YOU DESERVE