

NATIONAL SECTION 6 NOTICE

America's freight railroads are the backbone of the U.S. economy, and railroaders can take pride in the essential role they play moving the goods and raw materials that make modern-day America possible. By combining a talented work force, ongoing innovation, enormous capital investment, and an unwavering commitment to safety and service, the freight rail industry has adapted for generations to meet our country's changing needs while at the same time offering some of the best and most rewarding careers in industrial America.

Today, average compensation in the rail industry is higher than in industries that employ 92% of all other workers. In addition to strong wages, railroaders have access to world-class health and welfare benefits, advanced training opportunities, and substantial paid time off. The most recent round of national collective bargaining yielded historic pay increases and stronger benefits for rail employees and, in the period since those agreements were reached, individual carriers and unions have collaborated extensively to address railroaders' quality-of-life concerns.

Just as freight rail jobs must continue to deliver for employees and their families, rail carriers must be positioned to deliver for customers. To compete in today's dynamic transportation environment, freight railroads must have the operational and financial flexibility needed to provide timely, reliable, and affordable service. This flexibility allows railroads to respond to fluctuations in demand and take advantage of opportunities for growth.

Reaching prompt collective bargaining agreements provides freight rail employees with certainty about their compensation and carriers with certainty about their business plans. In recent months, Class I freight railroads and unions have, through voluntary non-Section 6 bargaining, reached multiple agreements that provide for an early resolution of the bargaining round. These agreements, the terms of which are materially identical, increase pay by 18.8% over five years,

and, based on the latest inflation projections, will result in significant real wage growth for the railroaders that they cover. They also include several enhancements to vacation entitlements and healthcare benefits, all with no offsetting increase in the existing structure for employee contributions to health care costs or material changes in plan design. With thousands of unionized railroaders now covered by their terms, these agreements constitute a pattern for resolution of the round by the remainder of the industry.

The railroads propose to promptly adopt agreements consistent with that existing pattern. Should an agreement on the pattern terms not be promptly reached, and without prejudice to their right to rely on the pattern principle in any appropriate forum, the railroads reserve the right to offer proposals in any or all of the following areas:

1. **Compensation.** Adjust compensation to ensure fair and competitive compensation packages that account for existing benchmarks, current economic conditions, the general labor market, and the competitive nature of the transportation marketplace. Where appropriate, align compensation with work actually performed and the needs and goals of railroad operations.

2. **Health and Welfare.** Continue to modernize all aspects of the health care plans to ensure consistency with mainstream and benchmark norms. Additionally, ensure that plans are structured so that member utilization choices and decisions reflect a heightened awareness of treatment efficiencies and cost-effective and clinically appropriate alternatives that are designed to foster improved health.

3. **Improve Service and Productivity.** Revise work rules that impact or inhibit the railroads' ability to provide customers with timely, reliable, and affordable service, impede productive utilization of employees, and/or prevent the railroads from utilizing efficient means of safely accomplishing necessary work. Additionally, simplify and modernize agreements to ensure

greater alignment with mainstream business practices and standards in American transportation industries.

4. **Additional Work Rules.** Revise work rules to enhance employee quality of life, improve retention, increase safety, promote efficiency, and ensure railroads' ability to meet customer service and operational requirements. Additionally, make all necessary changes in contracts, rules, and practices to improve operational efficiency and productivity, simplify and streamline existing contracts and contract language, enhance safety, advance the use of technology, and otherwise reflect the competitive and financial needs of the industry while balancing the mutual interest of the carriers and their employees in responsible, stable, enduring and fair rules, rates of pay, and working conditions.

5. **Duration and moratorium.** Ensure that any agreement is of sufficient duration to facilitate labor stability and predictability during the moratorium period.