



Brotherhood Railway Carmen Division

Transportation Communications International Union



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October 2, 2007

To All Carmen Division Members on the Fruit Growers Express Company

Dear Sisters and Brothers:

The Fruit Growers Express Company is agreeable to accept the terms of the National Agreement that was ratified by our members August 31, 2007. This letter summarizes the agreement. Also included in this packet is an exact copy of the agreement and a ballot for your vote. Returned ballots must be received no later than October 19, 2007.

CONTRACT SUMMARY

WAGES and RULES:

The tentative agreement provides for 17% in general wage increases over the five year contract period - January 1, 2005 through December 31, 2009. On a compounded basis, the wage increases total 18.2%.

Wage increases are as follows:

July 1, 2005: 2.5%
July 1, 2006: 3.0%
July 1, 2007: 3.0%
July 1, 2008: 4.0%
July 1, 2009: 4.5%

The average hourly Carmen wage at the beginning of the contract period of \$21.25 will rise to \$25.10 by July 1, 2009. Over the life of the contract the agreement will generate on average an additional \$18,500 per member, even after the increases in employee health and welfare contributions are subtracted out.

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Employee health and welfare contributions will be set at 15% of the carriers' insurance costs. The 2007 employee monthly contribution will be \$166.25, retroactive to January 1, 2007. Based on current medical plan inflation trends, the employee monthly contribution is estimated to be \$177 in 2008 and \$192 in 2009. It can rise no higher than \$200 in 2010, and it will stay there unless changed by the next agreement.

COLAs previously paid since January 1, 2005 will be deducted from retroactive pay. There will be no post-contract COLAs beginning in 2010; as a result, there will be no increases in employee health and welfare contributions beginning in 2010.

There are no concessions on work rules.

HEALTH & WELFARE CHANGES:

- The Managed Medical Care Program (MMCP) will be expanded to new areas so that the vast majority of our members will have access to the richer benefits of the MMCP plan. Members currently residing in MMCP network areas will be required to enroll in MMCP.
- Co-pays for office visits to in-network doctors (General Practice, Family Practice, Internal Medicine, Pediatrics or OB-GYN) will change from \$15 to \$20 and to \$35 for visits to specialists. Co-pays for in-network urgent care will be \$25. Emergency room co-pays are \$50, but the participant will be reimbursed \$25 for genuine emergencies.
- Under the MMCP, the individual out-of-network deductible will change from \$200 to \$300 per year. The family out-of-network deductible will change from \$600 to \$900. Under the Comprehensive Health Care Benefit (CHCB), the individual deductible will change from \$100 to \$200 and the family deductible will change from \$300 to \$400.
- Under both the MMCP (out-of-network) and the CHCB, the out-of-pocket maximums will change from \$1,500 per person per year to \$2,000. The family out-of-pocket maximum will change from \$3,000 to \$4,000. Any amounts already applied towards the deductible and/or out of-pocket maximums in 2007 will be applied towards the new maximums.
- Prescription drug co-pays will change to \$10 generic; \$20 brand name; and \$30 nonformulary brand at retail pharmacies. A 90-day mail order supply will cost \$20 generic; \$30 brand name; and \$60 non-formulary brand.
- Life insurance benefits increase from \$10,000 to \$20,000. Accidental Death and Dismemberment benefits increase from \$8,000 to \$16,000.

- Vision Care plan networks will be expanded significantly.
- Hearing benefits up to a maximum of \$600 per calendar year are added for tests and examinations to diagnose hearing loss, and charges for a hearing aid.
- The medical plan will cover cochlear implants for treatment of hearing loss.
- Supplemental sickness benefits will be adjusted upward, and the time limit for submitting benefit claims will be extended to sixty days from twenty.

CONCLUSION

This contract produces solid wage increases and income gains. The net money generated by this agreement is significantly higher than what's been produced by recent national contracts, and compares favorably to union contracts being reached today in other industries.

The average member will realize about \$18,500 over the life of the agreement, even after allowing for the higher monthly health and welfare contributions.

It's also important that the rate of employee health and welfare contribution is fixed at 15%. Under the existing agreement, the rate of employee contribution rose every time there was a cost of living allowance. If no new agreement had been reached, it is estimated that employees would be paying 21% of carrier costs, or \$282 per month, by July, 2009.

Also on the positive side is the expansion of the managed care benefit to members who live in areas where it was previously unavailable. And this contract contains no work rule concessions, despite carrier demands during two years of bargaining for sweeping rollbacks in employee protection and expansion of contracting out.

Nor do I see the elimination of COLAs in the post-contract period as a negative. There is now a longstanding precedent that the COLAs are intended as an advance on future wage increases, so they are offset against retroactive pay when a new contract is reached. And even worse, with half the COLAs going toward increased employee contributions, we have seen the percentage of health care cost borne by employees rise readily under the last agreement, from 9% to 15% today. This tentative agreement succeeds in capping employee contributions at 15% - we don't need to see that percentage go up in the post-contract period because of COLAs that we'd have to give back anyway when a new agreement was reached.

Please return your ballot as soon as possible. To be counted it must be received no later than October 19, 2007.

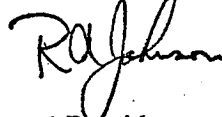
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All in all, this contract delivers significant economic gains. I recommend its ratification.

With best wishes, I remain

Fraternally yours,

A handwritten signature in cursive script, appearing to read "Raj Johnson".

General President

RAJ/sjm
enclosures