

NEWS RELEASE

FOR IMMEDIATE RELEASE

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Pipe Line Contractors Association (PLCA) contends Teamsters Union Misstates Facts

DALLAS, TX, January 9, 2012 – On January 3, 2012, the International Brotherhood of Teamsters (IBT) published a news release in Washington, D.C. claiming that more than “700 Teamsters pipeline construction workers across the country are preparing to strike after negotiations failed with the Pipe Line Contractors Association over unreasonable contract demands by the profitable industry that would gut workers’ retirement security.”

The PLCA contends that the IBT misstates the facts of the current dispute between the PLCA and IBT.

The PLCA and IBT have a working relationship that dates back to 1948. They have been negotiating a revised contract for more than a year and every issue except one has been successfully negotiated between the two parties.

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This issue is where to place the pension contributions for the pipeline Teamsters that were previously made to the Central States Pension Fund. Both parties recognize that this Fund is no longer acceptable for these contributions due to the impending insolvency of this Fund. The issue is locating or developing a Fund that will provide and guarantee our Teamsters a retirement.

The IBT states that the PLCA wants to force the Teamsters into a 401(k) savings plan and ultimately eliminate all traditional defined benefit pensions. This is not true. The PLCA had requested that the IBT and PLCA establish a defined benefit plan for our pipeline Teamsters. The PLCA has a similar Fund with one other craft in our industry. Close control of this Fund has ensured that this pension Fund is currently funded in excess of 100%. The PLCA proposed defined benefit plan would reduce the stock market risk in the retirement plan for the Teamsters.

The PLCA did offer the existing Teamster 401(k) as an option. This was done after the PLCA had reviewed the publication of the Teamster 401(k) Plan on its website. The IBT online publication states that “Enrolling in the Teamsters-National 401(k) Savings Plan is one of the best things you can do to help prepare yourself for tomorrow. The Teamsters-National 401 (k) Savings Plan is an example of Teamsters using their combined buying power to negotiate valuable programs and services for members.”

The IBT has countered with the demand that the PLCA make the pension contributions for pipeline Teamsters into The Minnesota Teamsters Construction Division Pension Fund or face a strike that would cripple our industry. The PLCA did a due diligence review and found many

issues that eliminated this Fund as an option for the pipeline industry. These issues include unfunded liability which would put our Teamsters retirement at risk again, inflexibility in making the hard changes that must be made to keep a Pension Plan funded, and the requirement that the PLCA pay excess funds for the retirement of individuals that never worked in our industry.

The Teamsters failed to point out that they attempted to force the PLCA Contractors to remain in the failing Central States Pension Fund which in 2010 spent \$2.9 billion in pensions and administrative costs while receiving only \$675 million in revenue from active employees. This information was provided directly from the Central States Pension Fund Internal Pension Fund reports. The Fund currently has 220,000 retirees and only 55,000 active participants. Teamster Fund Executive Director Thomas Nyhan substantiated the failing condition of the Fund when in congressional testimony in 2010 he conceded that it is doubtful the Fund would survive without a government rescue. As a result of the condition of the Central States Pension Fund, PLCA companies could be liable for nearly \$300 million dollars in unfunded liability charges. If the PLCA Members continue contributions to this Fund after 2011 the withdrawal liability could increase 40% or more every year. This means that the estimated \$300 million potential liability that PLCA member contractors face from Central States would increase to over \$400 million in 2012. The PLCA is concerned about its Teamsters employees and the possibility that they may never receive a retirement check from Central States if contributions continue to be made to the failing Central States Plan or some other underfunded Teamster defined plan.

The Pipe Line Contractors Association was established in 1948 and negotiates and administers labor contracts with four International Unions that represented the crafts in the pipeline construction industry. These unions are the IBT, United Association, International Union of Operating Engineers and Laborers International Union. The PLCA, which comprises essentially all the of nation's pipeline contractors that employ union labor has renewed National Pipe line Agreements with all the unions in the pipeline industry (United Association, International Union of Operating Engineers and the Laborers International Union) except the Teamsters.

According to the PLCA, the IBT has rebuffed both the option to use the Teamster 401(k) Savings Plan or develop a separate PLCA Teamster defined benefit plan for pipeline Teamster employees whose contributions were previously made to the Central States Pension Fund. The Teamsters have now started a work stoppage to force the PLCA to accept yet another Teamster underfunded pension plan. The work stoppage is likely to put pipeline projects and associated jobs at risk and is also likely to have a negative impact which could hamper the ability of pipeline contractors to repair or replace damaged and/or aging pipelines and increase safety concerns for communities along various individual pipeline routes. The PLCA plans to continue its long term relationship with the United Association, International Union of Operating Engineers and Laborers International Union thorough its negotiated pipeline agreements and to preserve the unionized sector of the pipeline industry.

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