



United Electrical, Radio and Machine Workers of America

FOR RELEASE:

Can Wabtec Hit Its Post-Merger Targets If It Isn't Making Locomotives?

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ERIE, PA: Yesterday, for the first time in 50 years, members of UE Locals 506 and 618 at GE Transportation in Erie, PA voted to authorize an open-ended strike. The vote is a response to Wabtec's demand for drastic concessions despite GE Transportation's superior margins in recent years. Bargaining continues today, and a mediator from the Federal Mediation and Conciliation Service has joined the negotiations.

Wabtec's moves to provoke a strike call its pre-merger forecasts into question. A work stoppage and corresponding earnings decline would make its estimated \$8 billion revenue target almost impossible to achieve. Negative cash flow during and after a strike will hurt Wabtec's ability to reach its targeted gross leverage ratio of 2.5x or less. Post-strike, it may take a significant amount of time for the factory to reach pre-merger productivity levels. The long ramp up in the wake of a sustained strike would put its estimate of \$250 million in run-rate operating synergies at serious risk.

"We are eager to work with Wabtec to ensure that this plant remains highly profitable," said UE Local 506 President Scott Slawson. "But if Wabtec insists on imposing mandatory overtime, a lower wage scale for new hires, and bringing in temporary workers, they will be destroying a proven effective and profitable model that made General Electric the most successful locomotive builder in the world."

If Wabtec's present negotiating stance continues, the merged company may start Day 1 facing a picket line. Such a misfire could devastate shareholder value and call other elements of its post-merger integration plan into question.

About UE: "UE" is the abbreviation for United Electrical, Radio and Machine Workers of America, a democratic national union representing some 35,000 workers in a wide variety of sectors. UE has represented GE workers since 1937.

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