

JANUARY 2008

TENTATIVE IBEW / AMTRAK AGREEMENT SUMMARY

WAGES & RULES:

NO WORK RULE CHANGES PROPOSED BY AMTRAK WERE RECOMMENDED OR ADOPTED! These Amtrak proposed rules changes included, but were not limited to; Employee Utilization Rule (Composite Mechanic), right to unilaterally contract out work, elimination of bank time, overtime after 40 hours, bi-weekly pay, etc.

This proposed agreement will provide for 30.81% increases in general wages over the ten year contract period – which runs from January 1, 2000 through December 31, 2009. When this rate is compounded (each subsequent raise calculated on top of all previous increases), the base wage increases a total of 35.2%. These wage increases, as listed below, follow the patterns of the last two National Agreements.

	<u>Percentage Increases</u>	<u>Wage Increases</u>
June 30, 2002:	1.47% - \$0.27 COLA Roll-In -----	\$18.70 (Rate as of 1-1-2000)
July 1, 2002:	6.087% General Wage Increase -----	\$19.84
July 1, 2003:	3.0% General Wage Increase -----	\$20.44
July 1, 2004:	3.25% General Wage Increase -----	\$21.10
July 1, 2005:	2.5% General Wage Increase -----	\$21.63
July 1, 2006:	3.0% General Wage Increase -----	\$22.28
July 1, 2007:	3.0% General Wage Increase -----	\$22.95
July 1, 2008:	4.0% General Wage Increase -----	\$23.87
July 1, 2009:	4.5% General Wage Increase -----	\$24.94

The above wage increases are based on the *Journeyman "E" rate of \$18.43 per hour* in effect at the end of last contract as of December 31, 1999. For calculations on other rates, please refer to the enclosed chart – Attachment "A."

All COLAs that were paid after the initial 27 cents COLA will be offset against the wage increases, as was done in the national freight agreements and in all previous Amtrak contracts. To calculate the impact on your current hourly rate of pay, including all COLAs, first deduct \$1.60 (\$1.87 - \$0.27) from what you are now receiving. Then apply the wage increases beginning in July 1, 2002 through July 1, 2007. To calculate your final rate under this agreement, then apply the 4% increase scheduled for July 1, 2008 and the 4.5% increase on July 1, 2009.

The average total net gain over the life of the contract for each member of our craft based on straight time hours at the Journeyman rate will be \$44,307, even after all employee health and welfare contributions are deducted. Calculations for other rates of pay are also found on Attachment "A."

RETROACTIVE PAY

The wage increases described above are fully retroactive in line with the increases in the national freight contracts.

COLA payments beginning July 1, 2002, the date of the first wage increase, will be deducted from the payments, as was done in all previous Amtrak contracts. COLA payments made before July 1, 2002 will not be deducted from retroactive pay.

The contract also adopts the employee health insurance contribution provisions from the national freight agreements on the same time schedule as they were implemented nationally. The actual contributions are described below. For the purpose of calculating retroactive pay, they total \$7,985.75, assuming the rate increases are implemented on April 1, 2008. The health insurance employee contribution will be deducted on a pre-tax basis.

Retroactive payments will vary depending on your rate of pay and how many hours you worked in the retroactive period. The enclosed chart shows the average net retroactive pay, after COLAs and employee contributions are deducted.

The retroactive payments will be made in two installments -- 40% within sixty days of ratification, and the remaining 60% on or before the one year anniversary of the first payment.

COLA and employee health insurance contributions will be applied on a 40% and 60% basis – that is, 100% of the deductions will **not** be applied against the first 40% retroactive payment.

At the time of the first retroactive payment, Amtrak will provide each employee with a statement of the full value of the total retroactive payment. There will be a review procedure for employees who dispute the accuracy of the retroactive calculation, and corrections will be made as soon as possible.

To qualify for a retroactive payment, you must have been on Amtrak's payroll as of December 1, 2007. That includes employees who on December 1, 2007 were on sick leave, disability leave, temporary suspension, furlough, or leave of absence. It excludes employees who retired before December 1, 2007, whether on an age or disability retirement. An employee in dismissed status on December 1, 2007 who is subsequently returned to service through the appeal process will be eligible for appropriate retroactive payments upon return to service. Employees promoted to non-union positions before December 1, 2007 will not be eligible for retroactive pay. Employees promoted to union positions will receive retroactive pay for the entire period, including work in the craft from which they were promoted.

Neither union dues nor 401(k) deductions will be made from either of the retroactive payments.

Even after the COLA and employee contribution amounts are deducted, the net retroactive payments to members of all unions will total **more than \$150 million dollars** more than Amtrak was offering.

CONTINGENCY PROVISION AND STRIKE DEFERRAL

The agreement provides that if Amtrak does not receive sufficient funding and revenue to pay the second retroactive payment by the one year anniversary, it will notify the unions. After such notice, if no agreement is reached within sixty days, the unions will be free to strike.

If Congress appropriates sufficient funds to pay for the second back pay installment before the one year anniversary, Amtrak will pay the second installment within ninety days of receipt of the funding.

Similar contingency provisions were contained in our last contract with Amtrak. Even though Congress did not appropriate additional funds, Amtrak paid all monies due, thereby avoiding a strike.

All Amtrak unions are already lobbying Congress to provide the necessary additional funding. Initial meetings with key House and Senate leaders have been very positive.

The contingency language only applies to the second back pay installment. Amtrak cannot walk away from subsequent wage increases, nor can it implement any work rule changes.

By agreeing to the contingency language on the second back pay installment only, we successfully provided that you will get all the wage increases and first back pay installment without a strike. We fully expect that Amtrak will make the second back pay installment. If they don't, though, we will be in the same position a year from now as we were today – free to strike. Since the second back pay installment is not due until a year from now, you lose nothing by this arrangement.

ELIMINATION OF HARRIS COLA

The agreement does not provide for the resumption of the Harris COLA in 2010 or thereafter, again following the pattern set by the National Freight Agreements. This was one area where we asked the PEB to depart from the National Freight Pattern – but the PEB rejected our argument. We do not view this as much of a loss, inasmuch as Harris COLAs have always been offset against retroactive pay, and can lead to automatic increases in employee health and welfare contributions.

HEALTH & WELFARE CHANGES

The Agreement contains numerous changes to our negotiated health and welfare plans, changes which mirror those contained in the last two national freight settlements. Some changes represent improvements in benefits while others are aimed at containing rising health care insurance costs. Below is a summary description of all of the changes. If the Agreement is ratified, changes will take effect May 1, 2008.

Employee Monthly Cost-Sharing Contributions

Employee health and welfare contributions will be set at 15% of Amtrak's insurance costs for medical, dental, vision, life and AD&D coverage. Based upon that formula, the employee monthly contribution is set at \$166.25, retroactive to January 1, 2007. The 15% formula will be applied to determine if cost-sharing contributions will increase each July in 2008, 2009 and 2010. The Agreement also provides a cap so that cost-sharing contributions cannot exceed \$200 in 2010, unless they exceeded that amount in 2009 in which case the 2009 rates will continue in 2010. Based upon medical cost inflation and AmPlan projections, it is unlikely that cost sharing will reach \$200 in either 2009 or 2010. Cost sharing contributions will be frozen after July, 2010 unless changed in the next agreement.

Past employee health and welfare monthly contributions contained in the National Freight Agreements will be applied against retroactive pay on the same timeline that they were implemented nationally, as follows:

July 1, 2001:	\$33.39
July 1, 2002:	\$81.18
July 1, 2003:	\$79.74
July 1, 2004:	\$91.32
July 1, 2005:	\$97.43
Jan. 1, 2006:	\$123.28
Jan. 1, 2007:	\$166.25 (based on 173.3 hours per month, this translates into \$.96 per hour).
Jan. 1, 2008:	\$166.25

Employee health and welfare contributions will be deducted from their pay on a pre-tax basis which means that you do not pay federal or state income taxes or Railroad Retirement taxes on the amount of your cost-sharing contributions.

In general, employees will be required to make a monthly contribution only when they are in active service, which will be determined by whether the employee renders seven days of compensated service or receives vacation pay in the previous month. Supplemental sickness benefits, holiday pay, jury duty, and bereavement leave do not count as compensated service, nor do Railroad Retirement sickness or unemployment payments count. For example, an employee on disability who has coverage under the health and welfare plan would not be responsible for making monthly cost-sharing contributions, unless he received at least seven days compensation in the previous month.

Life Insurance and Accidental Death and Dismemberment Insurance

The life insurance benefit for active employees increases from \$10,000 to \$20,000. Accidental Death and Dismemberment benefits increase from \$8,000 to \$16,000.

Off-Track Vehicle Insurance

For employees riding in vehicles while on company business, the Off-Track Vehicle Insurance doubles to \$300,000 for loss of life or limb.

New Hearing Benefit

A new hearing benefit will be provided up to a maximum of \$600 per calendar year to cover tests and examinations to diagnose hearing loss, and for charges for a hearing aid.

Vision Care Plan

The Vision Care plan networks will be expanded to new areas and will include more optometrists in existing networks.

Supplemental Sickness Plan

Supplemental sickness benefits will increase significantly by updating the ratio of benefits to new, higher hourly rates of pay. For the first time in years, Amtrak supplemental sickness benefits will be on a par with those of the freight railroads. In addition, the time limit for submitting a claim has been expanded from 20 to 60 days from onset of disability.

Medical Plan: Managed Medical Care Program (MMCP)

Most of our members are enrolled in the Managed Medical Care Program (MMCP). Under MMCP, there is no deductible for in-network services. For out-of-network services the Agreement provides for an increase in yearly deductibles to \$300 per individual and \$900 per family. Annual out-of-pocket maximums for out-of-network services will also rise to \$2,000 per individual and \$4,000 per family.

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. Co-pays for visits to specialists or any other provider will be \$35. Co-pays for visits to an Urgent Care Center will be \$25. Emergency room co-pays are \$50, but the co-pay is waived if the patient is admitted to the hospital.

No co-pays will be required when a participant visits a doctor solely for the purpose of receiving an allergy shot.

Medical Plan: Comprehensive Health Care Benefit (CHCB)

The Comprehensive Health Care Benefit (CHCB) coinsurance will be reduced from 85% to 75% for those employees who choose CHCB even though they live in areas served by MMCP networks. Employees who wish to change from CHCB to MMCP may do so at any time by contacting the AmPlan Help Line.

The CHCB individual deductible will change from \$100 to \$200 and the family deductible will change from \$300 to \$400.

The CHCB annual out-of-pocket maximums will change from \$1,500 per person to \$2000 per person with a maximum of \$4,000 per family.

Preventive care benefits under CHCB are improved by adding one routine physical exam (including diagnostic testing and immunizations) each calendar year, payable at 100% up to \$150, and 75% for any amount in excess of \$150.

Credit for Deductibles Already Paid

For both CHCB and MMCP out-of-network charges, any amounts members may have already paid in 2008 towards deductibles and/or out-of-pocket maximums will be credited and applied towards the new maximums.

Other Medical Plan Improvements

Coverage will be added for phenylketonurial (PKU) blood tests for infants under the age of one under both MMCP and CHCB. Similarly, cochlear ear implants will now be a covered benefit under both programs. Speech therapy benefits are also expanded for children under age 3 when given for treatment of infantile autism, developmental delay, cerebral palsy, hearing impairment or congenital anomalies that affect speech.

Prescription Drug Program

Prescription drug co-pays up to 21 days at retail pharmacies will change to \$10 generic; \$20 brand name; and \$30 non-formulary brand. A 90-day mail order supply will cost \$20 generic; \$30 brand name; and \$60 non-formulary brand.

The change to a 3-tiered prescription drug plan is new to Amtrak, although it is common to many other plans. The 3-tier structure includes generic drugs, formulary brand drugs (drugs on a covered drug list called a “formulary”) and non-formulary brand drugs (drugs not on the covered drug list). Caremark, the company administering the drug plan, maintains an extensive formulary list with a brand drug in each therapeutic drug category. Because the 3-tier design is so common, many doctors already know how to access and check the Caremark formulary list prior to writing a prescription and will do so for the members, although we recommend that you inform your physician of this change. In addition, AmPlan will be notifying members how they can access the up-to-date Caremark formulary list.

Eligible Dependents

The definition of children who are considered eligible dependents under the medical, dental and vision plans is restricted to include: natural children, stepchildren, legally adopted children (including children placed with you for adoption), your grandchildren who live with you and are primarily dependent on you.

Opting Out of AmPlan Medical Plan

Anytime during 2008, and during annual open enrollment periods, employees have the option to opt-out of medical care coverage for themselves and their dependents provided they certify that they have health care coverage under another group health plan or health insurance policy that includes medical, prescription drug, and mental health/substance abuse benefits. In the case of an employee whose spouse is also an Amtrak employee covered by AmPlan, one of them may opt-out and would thereafter be covered as a dependent of the other.

Employees who opt-out will not be obligated to pay monthly cost-sharing contributions. Employees who opt-out will continue to have on-duty injury medical coverage, dental, vision, and supplemental sickness coverage, as well as life and AD&D insurance and off-track vehicle insurance.

An employee who opts-out will be able to revoke that election if the employee subsequently loses eligibility under, or there is a termination of employer contributions toward, the other coverage that allowed the employee to make the opt-out election, or if COBRA was the source of such other coverage, that COBRA coverage is exhausted.