

## Explanation of the Amtrak Agreement

The contract contains fair and reasonable annual general wage increases totaling 14% over five years, which on a compounded basis equals 14.96%.

We also succeeded in limiting increases on employee health insurance contributions by putting in fixed dollar caps, without any increase in the existing 15% formula. Except for an increase in the emergency room co-pay for non-admissions, all other deductibles and co-pays will remain as is. And, unlike last round, where Amtrak sought major changes in work rules, such as composite mechanic and expansion of contracting out, the few work rule changes in this contract are of a minor nature.

### WAGES

<u>Date of Increase</u>	<u>GW</u>	<u>Sample Rate</u>
		\$24.94
July 1, 2010:	1.5%	\$25.31
January 1, 2011:	1.5%	\$25.69
July 1, 2011:	1.5%	\$26.08
January 1, 2012:	1.0%	\$26.34
July 1, 2012:	1.5%	\$26.74
January 1, 2013:	1.5%	\$27.14
July 1, 2013:	1.5%	\$27.55
January 1, 2014:	1.0%	\$27.83
July 1, 2014:	1.5%	\$28.25
January 1, 2015:	1.5%	\$28.67

**On a starting wage of \$24.94, the contract produces \$17,128.80 in new straight time compensation over the five years. Any overtime worked would yield additional gains.**

**The nominal wage increases total 14%. Compounded, wages will increase 14.96%.**

**On the sample starting rate of \$24.94, the wage gain from beginning to end is \$3.73 per hour.**

We can serve notices to increase wages and other items effective January 2, 2015.

### HEALTH INSURANCE

**There will be no increase to the current formula for determining employee monthly contributions: they will remain at 15% to be calculated every July 1 based on previous year plan costs.**

**However, we succeeded in adding dollar caps each year, so that if plan costs significantly increase in a given year or years, employees will pay no more than the negotiated dollar caps even if the 15% formula would have otherwise produced a higher contribution.**

The current monthly contribution is \$166.69.

On July 1, 2010, it will rise to \$177.54, under the 15% formula now in place. That amount, of course, is well under the \$200 cap ratified in the last contract.

Under the new contract, monthly contributions going forward cannot exceed the following caps:

Beginning July, 2011:	\$190 per month
Beginning July, 2012:	\$210 per month
Beginning July, 2013:	\$230 per month

Contributions will be capped at \$230 per month until a new agreement is reached. Section Six Notices can be served to make changes to this and other health and welfare issues effective July 1, 2014, but no changes can be implemented except by mutual agreement. Absent such agreement, the \$230 cap will remain in place until a new contract is reached in the 2015 round.

**Keep in mind that these caps are just that – maximum amounts. If the 15% formula produces amounts less than the caps, you will pay the lesser amount.** That's what's occurring today – you're subject to a \$200 cap, but are paying \$166.39, \$33.61 less than the cap.

Under this agreement, the cap is actually reduced from \$200 to \$190 for the year beginning July 2011.

**Assuming that the caps are reached each year – that is, monthly contributions reach the maximum allowable limit – the net straight time compensation produced by the contract on a starting wage of \$24.94 will be \$15,059.58.**

That amount represents the minimum amount you will actually pocket over the life of the agreement after paying health insurance contributions. That's on a straight time basis. All overtime would add to the net gain on a dollar for dollar basis. And if the contributions generated by the 15% formula come in less than the dollar caps, the net gains will even be higher.

**With one minor exception, there will be no increase to any deductible or co-pays, including for prescription drugs, during the life of the agreement.**

The exception is emergency room visits that do not result in hospitalization. That co-pay will go from \$50 to \$75. This is to discourage using the emergency room in place of a regular doctor, as emergency room costs are exorbitant, driving up overall plan costs, which are then passed on to all employees through the monthly contribution.

### INCENTIVE PLAN

Amtrak may implement an incentive plan tied to statutory and corporate performance targets. Amtrak anticipates the first payment, if any, will be in 2012 for the measurement year beginning January 2011. Payments, if any, will continue in the succeeding years of the contract, including the measurement year 2014.

The plan can pay out up to 5% of the measurement year's straight time earnings.

Because Amtrak can solely determine whether to implement the plan in the first place, whether to continue the program once started, what the target criteria will be, and therefore what the payouts will be, if any, we did not credit any compensation value to it. However, it is possible that if targets are fully or partially met, you can receive additional compensation to that negotiated in the general wage increases, of up to twenty percent of straight time earnings.

### RULE CHANGES

Employees shall receive their pay bi-weekly, by direct deposit into an account with a bank, credit union, financial-services organization, or similar institution.

With the transition to biweekly pay, if an employee's pay is short the equivalent of eight (8) hours pay or more, the amount short will be issued to the employee by either check or direct deposit within two (2) business days of notification.

For the purposes of Payroll calculation, the workweek will be a period of seven consecutive days beginning with Monday.

Investigation hearings will be eliminated for employees who signed a drug and alcohol waiver and subsequently test dirty or otherwise violate the waiver provisions. Instead of a hearing, the discipline will be directly appealed to the highest level at Amtrak, with Amtrak having the burden of proof. If not settled there, the case may be arbitrated. This will not apply to initial drug and alcohol alleged violations, which will still require a formal investigation at the first level.

The Bank Time rule will be modified to limit compensatory time taken to no more than forty (40) hours in a calendar year.

For holiday pay qualification, bank time will be considered the same as vacation and that the first workday preceding or following the employee's Bank Time, as the case may be, will be considered as the qualifying day for holiday purposes.

Employees will be permitted to use a maximum of one week of earned vacation in the form of five one-day vacations. Where employees currently get more than one week of one-day vacations, that practice will continue.

### WHY THIS AGREEMENT SHOULD BE RATIFIED

Last bargaining round was the darkest in Amtrak's history. Because of Amtrak's insistence on no back pay and its non-negotiable demands for sweeping work rule concessions, you suffered for eight years without a contract. Even then, it took a Presidential Emergency Board to make an agreement possible.

This time we and other unions were determined that history not repeat itself. Amtrak had new leadership, a friend in the White House, and majority congressional support. We approached Amtrak's President and urged that the scars of the last contract be put behind us, that our members deserved quick and fair treatment. And so negotiations were launched.

And we are proud to say that this time there will be no eight-year wait. There will not even be a one year wait. For the first time in history, we and other unions have reached a contract in record time, four months of bargaining. You will not have to wait for retroactive pay, because your first raise will be this July 1.

**The compounded wage increases of 14.9% will stand up to any contract now being reached in the United States.** If you doubt that, look around at other major industry contracts.

**Holding the line on health insurance contributions is a major achievement.** As you recall, the Presidential Emergency Board recommended that the Amtrak contract follow the provisions of the national freight agreement. That agreement had a \$200 cap beginning January 1, 2010. Employees under that agreement saw their actual contributions jump to the maximum allowed \$200 in January of this year. We will be at \$177.54 this July, about \$270 less for the ensuing year than what the cap permits. Then, for the year beginning July 2011, we succeeded in reducing the cap from the \$200 agreed to and ratified in the last contract, to \$190, which is unprecedented. With the new negotiated dollar caps, employees have the certainty that monthly contributions cannot exceed certain amounts, which was not true in the past. But they can be lower, depending on actual plan cost.

**Holding the line on co-pays and deductibles for the next five years is also a tremendous achievement, one that in and of itself is a major reason to ratify this agreement.** If you doubt it, look around at other health plans, and ask where they will be five years from now.

**The net money produced by this agreement is excellent, especially in this economic climate.**

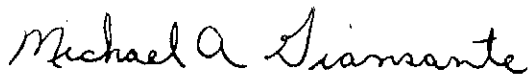
The rule changes, both positive and negative, are minor when weighed against the economic gains of this historic agreement.

There was a window of opportunity to make this deal. It may not be there in November, if political support for Amtrak changes in Congress.

I strongly urge a yes vote.

**Ballots must be received in the Philadelphia office by Tuesday, May 25<sup>th</sup> in the self-addressed stamped envelope provided. Please provide your Local Union number in the space provided on the return address label on the self-addressed stamped envelope that is enclosed.**

Fraternally yours,

A handwritten signature in cursive script that reads "Michael A. Giansante".

Michael A. Giansante  
General Chairman

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Enclosures