AMTRAK CONTRACT SUMMARY FOR ARASA M of E SUPERVISORS

After eight long years of standing strong at the bargaining table, ARASA-TCU has succeeded in achieving a tentative contract for our Amtrak M of E Supervisors that delivers significant wage increases, back pay, and no work rule concessions.

The contract covers the ten year period January 1, 2000 through December 31, 2009. It adopts the recommendations of Presidential Emergency Board (PEB) 242, which recommended that the National Freight Railroad Agreements reached by almost every other rail union for the same period should serve as the pattern for Amtrak.

A LONG HARD ROAD

For eight years negotiations with Amtrak went nowhere. Amtrak insisted from day one that it would never sign an agreement that had back pay. Amtrak also demanded a wide range of major work rule concessions, including the unlimited right to contract out shop craft work, the elimination of bank time, limiting successful bids to two a year, restrictions on holiday qualifying, and a long list of other givebacks.

Amtrak's demand for unrestricted contracting out would have been especially devastating. Amtrak testified to the PEB that one of its top priorities if it achieved the rule change it wanted was to contract out as much shop craft work as possible. There would be no need for Supervisors where Amtrak succeeded in contracting out that work.

For eight years Amtrak said it would never sign an agreement without these and other work rule concessions.

In the face of Amtrak's unacceptable, take-it-or-leave it demands, TCU ARASA negotiators remained steadfast. We repeatedly demanded that the National Mediation Board (NMB) move the process by releasing us from mediation. Finally, in late 2007, the NMB did just that. President Bush followed with the appointment of a five member Presidential Emergency Board to make non-binding recommendations to settle the disputes.

In early December 2007, the PEB held hearings. We worked closely with all the other unions to present a common position to the PEB. We argued that Amtrak workers deserved comparable pay with other rail workers, and the fact that Amtrak was subsidized didn't mean that Amtrak workers should have to work for less. Amtrak argued that it absolutely could not afford any back pay settlement beyond its offer of $4,500. According to Amtrak, anything more than that would force it to slash routes and cut jobs, since its funding for FY 2008 was already set.

The PEB issued its Report on December 30, 2007. The Report for the most part endorsed the unions' positions. It rejected Amtrak's argument that Amtrak workers were not entitled to back pay. It resoundingly rejected Amtrak's argument that it needed major work rule changes to function efficiently. It endorsed the unions' wage proposals, which were higher than Amtrak's.

The PEB did favor Amtrak in one major area. Because it agreed that Amtrak funding was effectively set in stone for this fiscal year, it recommended that the back pay be split into two payments, an initial 40% payment to be paid within 60 days of ratification, and a second and final payment of 60% one year later. To further reduce the initial payment, the Board limited retroactive pay to employees on the payroll on December 1, 2007, excluding anyone who retired before that date. (The Board agreed with the unions, however, that Amtrak's proposal for retirees to begin paying for health insurance be rejected.)

The Board's report set a thirty day clock in motion toward a strike. Congressional leaders contacted both the unions and Amtrak. Their message was simple: settle the contract on the terms of the PEB report. When Amtrak protested that it would need more than $150 million more in appropriations to pay the second back pay installment, Congressional leaders responded that the settlement should include contingency language, similar to what was found in the last contract we had with Amtrak, that said if Amtrak was not appropriated sufficient funding to pay the second back pay installment, the unions would be able to strike when the payment was due.

All the unions and Amtrak then sat back down to negotiate. The unions requested that retirees be included in the back pay settlement. Amtrak refused, saying it would only consider it if the unions agreed to pay for it either through work rule concessions or lower pay for current employees. Amtrak's position was unacceptable.

The contract before you restores Amtrak workers to essentially the same economic status as our brothers and sisters who work for the profitable freight railroads. The wage increases are the same. The health and welfare contributions and benefit changes are essentially the same. Retroactive pay will vary widely depending on rates of pay and hours worked. (We have attached an "Illustration" chart that shows sample retroactive calculations based on average rates and straight time hours.) There are no concessionary work rule changes.

This contract is a major achievement. It will cost Amtrak over $150 million more than it was willing to offer. That's over $150 million more directly into union members' pockets. Retroactive pay will on average be significantly higher than Amtrak was offering. The wage increases will produce significant immediate increases in take home pay, even after health and welfare contributions are deducted.

And, most importantly, existing job security provisions are preserved. Amtrak will not be able to contract out any work if it results in a furlough and other craft prohibitions against contracting out remain in place. Amtrak said it would

never sign without achieving this and other concessions. The contract before you has no rule concessions.

CONTRACT HIGHLIGHTS

WAGES

The contract provides for General Wage Increases over the ten year contract period, as follows:

June 30, 2002:	Roll-in then-in-effect $0.27 COLA into existing rates of pay.
July 1, 2002:	6.087% General Wage Increase
July 1, 2003:	3.0% General Wage Increase
July 1, 2004:	3.25% General Wage Increase
July 1, 2005:	2.5% General Wage Increase
July 1, 2006:	3.0% General Wage Increase
July 1, 2007:	3.0% General Wage Increase
July 1, 2008:	4.0% General Wage Increase
July 1, 2009:	4.5% General Wage Increase

All COLAs that were paid after the initial 27 cent 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 enclosed Illustration Chart shows the actual impact of the wage increases on sample ARASA-M of E rates. The average total net gain over the life of the contract for each member ranges from about $46,000 to $54,000 even after all employee health and welfare contributions are deducted. The numbers shown are based on an employee working straight time hours only. If you worked any overtime, the wage value over the life of the agreement will be higher.

The wage increases follow the national wage pattern. Amtrak's offer was for less, with no wage increase of 4% or higher. Amtrak also proposed that the contract last another nine months until September 30, 2010 with no additional wage increases.

RETROACTIVE PAY

The wage increases described above are fully retroactive to 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 Illustration Chart shows the average net retroactive pay, after COLAs and employee contributions are deducted. The average payments for employees who worked the entire retroactive period vary from about $12,800 to $17,200, depending on your wage category. The numbers shown are based on an employee working straight time hours only. If you worked any overtime, the retroactive payment will be higher.

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 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
January 1, 2006:	$123.28
January 1, 2007:	$166.25
January 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 go 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 copays 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 $2,000 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.

CONCLUSION

The tentative agreement achieves most of our bargaining goals: decent wage increases, back pay, and no work rule concessions. It tracks contracts reached with the freight railroads, which are some of the most profitable corporations in the world.

We could not have achieved anything better with a strike. At best, a strike would have led Congress to impose a contract based on the PEB Report, which is what this contract represents. At worst, Congress could have ended the strike by sending us to binding arbitration, where Amtrak would have another bite at the apple for its work rule concession demands, lower back pay offer, and lower wage offer.

This contract is as significant for what it doesn't contain as for what it does. From day one Amtrak said it would never sign an agreement without a long list of devastating work rule concessions, concessions that would have decimated our ranks and made our working conditions deplorable. This contract does not contain a single work rule concession.

We know how frustrating these eight years without a contract have been. But our perseverance and steadfast refusal to cave in to Amtrak's take-it-or-leave it demands resulted in a contract we can be proud of. Amtrak argued to the PEB that as a subsidized railroad, how could it be compared to the profitable freight railroads. We overcame that argument, and every other argument Amtrak advanced.

You have waited long enough. As do all the unions who were at the Presidential Emergency Board, we strongly urge ratification.

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Illustration of ARASA-ME Tentative Amtrak Agreement
Retroactivity and Total Value Over Term

Based on Straight-Time Monthly Pay Hours of 173.3 and Retro Wage Payment on April 1, 2008

Date	Wage Increases		Foreman I Rate	Foreman II Rate	Foreman III Rate
Jan 1, 2000			$19.15	$21.35	$22.04
Jun 30, 2002	Roll-in	$0.27	$19.42	$21.62	$22.31
July 1, 2002	GWI	6.087%	$20.60	$22.94	$23.67
July 1, 2003	GWI	3.00%	$21.22	$23.63	$24.38
July 1, 2004	GWI	3.25%	$21.91	$24.40	$25.17
July 1, 2005	GWI	2.50%	$22.46	$25.01	$25.80
July 1, 2006	GWI	3.00%	$23.13	$25.76	$26.57
July 1, 2007	GWI	3.00%	$23.82	$26.53	$27.37
July 1, 2008	GWI	4.00%	$24.77	$27.59	$28.46
July 1, 2009	GWI	4.50%	$25.88	$28.83	$29.74
Jan 1, 2010	Amendable				
Wage Value Over Agreement:					
Gross Wage Gain =			$57,792	$63,875	$65,622
Employee H&W Contributions =			($11,676)	($11,676)	($11,676)
Net Wage Gain =			**$46,116**	**$52,199**	**$53,946**
Wage Retroactivity to 4/1/08:					
Wage Retroactivity =			$20,775	$24,259	$25,246
Employee H&W Contributions =			($7,985)	($7,985)	($7,985)
Net Retroactive Payment =			**$12,790**	**$16,273**	**$17,261**

Notes: (1) Wage values and retroactive payment will vary by actual hours worked, including overtime.
(2) Value over Agreement assumes employee contribution increases 10 percent in 2009.