



**INTERNATIONAL
BROTHERHOOD
OF ELECTRICAL
WORKERS®**

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December 2, 2011

To: All Railroad Members Working for Railroads Covered Under National Bargaining

Dear Sisters and Brothers:

On November 15, 2011, the IBEW reached a tentative agreement with the National Carriers Conference Committee (NCCC), the bargaining group of the nation's freight railroads. This agreement, covering all IBEW members working on railroads involved in national bargaining (see Exhibit "A" of the agreement for a list of the railroads), is effective retroactively from January 1, 2010, and runs through December 31, 2014, with General Wage increases through 2015. It was reached in a cooperative effort with our bargaining coalition, the Coalition of Rail Unions (CRU). To date, 10 of the 13 rail unions have reached agreements with the Carriers, the terms of which are similar to those in our agreement. Enclosed for your review and action you will find a complete copy of the tentative agreement, a brief agreement summary, a ratification ballot, voting instructions, and two envelopes in which to return your ballot.

Our agreement followed the November 5, 2011, White House release of the report and recommendations of the Presidential Emergency Board (PEB) 243. Once released, negotiations were scheduled between our coalition and the railroads in an attempt to reach an agreement based on the PEB's recommendations, and the agreement now before you reflects those recommendations.

Providing for 18.6 percent (20.08 percent compounded) in general wage increases over its six-year term, the average basic rate of pay for an IBEW member will go from \$25.10 per hour to \$30.14 per hour. Our average member will realize a net gain over the life of the contract of approximately \$29,910, which includes the 1 percent lump sum payment of approximately \$546.00. This average income gain is significantly higher than those realized in past national agreements. Additionally, retroactive pay from July 1, 2010 through January 31, 2012, based on straight time hours alone, will average approximately \$2,423.00.

Over the term of the last contract, the ratio of our Supplemental Sickness Benefit to our wages has slowly eroded. This is an issue that had to be renegotiated at the end of every agreement. We took the position before the PEB that not only should the original benefit to wage ratio be restored, but that the benefit should increase and the ratio remain the same with every subsequent general wage increase. On this issue, the Board agreed with us - the original ratio will be restored and future GWIs will trigger automatic increases to the Supplemental Sick Benefit amount.

As to the Health and Welfare (H&W) plan, some changes have been made. First and foremost, I must advise that we were able to maintain your employee monthly cost share at \$200.00 per month through June 2016, at which time it will increase to \$230.00 per month and will remain there until another agreement is negotiated. It is estimated that with the 15 percent cost share rate now in place the monthly employee cost could rise to anywhere between \$280.00 per month to \$355.00 per month, depending on plan experience and inflation. Benefit changes, to be effective July 1, 2012, will be phased in over a period of time. Changes were also made to the prescription plan, with some copays increasing and others decreasing. The aforementioned changes are outlined in our enclosed agreement synopsis, and a more detailed analysis can be found on the IBEW website, Railroad Department section.

This agreement was difficult, and took some time to attain. Initially, the carriers refused to discuss wage increases, and only wanted to talk about dramatic cost shifting in benefit costs from them to you, something we were not about to allow happen. Early on in the bargaining process we realized that they were not going to move off of this position, and we





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requested mediation. Following a brief time in mediation, and still realizing that the Carriers were not going to budge, we requested, and were granted over the Carriers' strenuous objections, a release from mediation at the end of August. And this brings us to where we are today – a tentative agreement, based on the recommendations of the PEB report, and eight months ahead of where we were when our last agreement expired.

It has been our position all along to remain steadfast in our conviction not to give in to the unreasonable demands of the railroads as to Health and Welfare, demands that during negotiations and mediation were much more serious than what they finally presented to the PEB, their position before the Board being what they agreed to with the UTU. The Rail Labor Organizations stood together as one before this PEB, and while the recommendations fall short of what we argued for in the area of Health and Welfare, in the area of wages the recommendations far exceed what the Carriers were proposing. The entire PEB Report, including their reasoning for their recommendations, can be found on the IBEW website, Railroad Department section.

At this point the options are limited, and I believe you should know what the options are and just what the potential consequences could be. If the agreement is rejected, that would most likely lead to a strike vote. If you vote to strike, the President and Congress, especially in light of today's economy, would most likely intervene to prevent it, and final resolution of the dispute would then be in the hands of Congress. In view of the anti-labor sentiment in Congress today, an agreement could be imposed upon you with terms less favorable than those in the tentative agreement.

While we strived for something better, we believe that in today's economy and in view of our options, the recommendations of the PEB are acceptable. Accordingly, I and your negotiating committee recommend ratification of this agreement. I would like to thank the negotiating committee for attaining this agreement for our members. The committee, led by Railroad Department Director Bill Bohné, consisted of your System Council General Chairmen: System Council 2 Jim Wisniski, System Council 6 Andy Fiery, System Council 7 Arthur J. Davidson, System Council 9 Glen Heinz, and System Council 16 Dale Doyle.

Thank you for your patience, cooperation and solidarity during these trying times. If you have any questions pertaining to the agreement, please feel free to contact your General Chairman or Railroad Department Director Bill Bohné at Bill_Bohne@IBEW.org.

Season's Greetings!

Fraternally yours,

Edwin D. Hill
International President

EDH:plj
Enclosures
Copy to All International Vice Presidents (w/enclosures)
All General Chairmen (w/enclosures)