



UTILITY WORKERS UNION OF AMERICA

LOCAL 1-2, Affiliated with AFL-CIO

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July 14, 2008

Dear Brothers and Sisters,

As you know, the recently completed negotiations with Con Edison were extremely contentious, difficult and sometimes volatile. It is the considered opinion of seasoned Negotiators and our National President Mike Langford, who literally has done scores of contracts, that Con Edison did all in its power to provoke a strike or a lock-out. At 11:45 p.m. on Saturday June 28, 2008, when Governor Paterson intervened to ask the parties to have a 72 hour cooling off period, the Company's Negotiators were livid. I spoke personally to the Governor and agreed to the cooling off period which he requested. While the Governor's Office was trying to locate Kevin Burke, reports came to the Union that our members were being removed from the Edison properties. I then asked the Company's Chief Negotiator, Claude Trahan, "Claude, are you locking us out?" Trahan did not answer. Another similar report came in from the field and I again asked Trahan "Claude, are you locking us out?" Trahan again refused to answer.

Obviously, Con Edison was prepared to go to any lengths to implement a new Cash Balance Pension. That was Con Edison's main goal in negotiations, together with minimal wage increases. You may think the introduction of a Cash Balance Pension, with the creation of a Two Tier Pension System, only affects new hires and has little to do with incumbent employees. That is not the case. Con Edison is in this for the long term. They do things systematically. The 1st step is to implement a Cash Balance Pension for some employees even if it takes a labor dispute, i.e. strike or lock-out. (They were going to try to keep us out for months. Both of the strikes in 1968 and 1983 resulted in our coming back for less than what was originally on the table.) The 2nd step is to convert all incumbents to a Cash Balance Pension. There has been a change in the law that now allows companies to do this. All they need is agreement from the union. The 3rd step is known as reversion, because then only retirees are in the "old" pension plan. There would not be any new entrants into the plan and as retirees expire, the plan has less and less liabilities. In Con Edison's case, the existing pension plan has \$10 billion in it. The Company could petition the I.R.S. to declare the plan overfunded and grab the excess money for itself.

Our strategy was to use the good Offices of the Governor and to turn up the heat on Con Edison through the media. At 11:45 Tuesday night, Con Edison blinked and removed the Cash Balance Pension from the table, but even then only on condition that we reached agreement on all other subjects. We then ran the clock to hammer out other crucially important items. As you know from the newspapers, the wages the Company had proposed were ½%, 1%, 1% and 1%. The eventual wage increases are not what we wanted, but the Company dug in its heels and it was only with our negotiating team's persuasive abilities, backed by your willingness to engage in a work action, which

got it to budge. The eventual wage agreement will get you about 15.4% over the term of the contract, with compounding.

There is a \$2.00 per week increase in what you will pay for medical in 2009. However, there is no increase (zero) for the next 3 years of the contract. In other words, there is only one \$2.00 increase in medical for the life of the 4 year agreement. Con Edison had wanted to increase your contribution by almost 50% for individual coverage and over 67% for family coverage, but we successfully fought off that effort.

Con Edison is self-insured for its Workers Compensation. Right now, any Workers Compensation Award to injured members is paid in full by Con Edison. They wanted to shift that cost to you by deducting any Compensation Award from your pension. We strongly opposed that proposal and the Company finally removed it from the table late in the day.

Con Edison proposed that any employee with under 10 years would not be eligible for the C-6 program if ill or injured, i.e. 9 and a little more and out the door. That proposal was also defeated late in the day.

The contract was signed off shortly before noon on Wednesday July 2, 2008. It is important to note that, traditionally, no matter how difficult or acrimonious the negotiations have been, the parties shake hands at the end, when all that has been agreed to has been signed. Some Company Negotiators refused to shake hands with some of your Union's Representatives at the end of the process. This confirms to us that the Company did not achieve its Number 1 goal of a Cash Balance Pension. They were willing to put you out of work for months, one way or the other, to achieve that very lucrative goal.

Even the press and electronic media are calling this a great win for your Union. When was the last time you heard that? Your Union strongly recommends you vote to accept this contract. If this contract is rejected, we go back to square one and the Cash Balance Pension is back on the table. The deduction of any Workers Compensation Award from your Pension is back on the table. The proposal that the employee who is injured with under 10 years is not eligible for the C-6 program is back on the table. The almost-invisible wage increases are back on the table; and furthermore the rejection of this contract could result in a strike. Again we strongly recommend you vote to accept this contract.

Fraternally,

A handwritten signature in cursive script that reads "Harry J. Farrell".

Harry J. Farrell
President