

June 29, 2009

Re: TransCanada Tentative Agreement

Dear Brothers and Sisters:

We are pleased to advise you that after long, very contentious negotiations, we reached a tentative, four-year agreement with TransCanada shortly after midnight on Thursday, June 25. That tentative agreement is subject to your ratification. A ratification vote is being planned for July 10 at 10-40 Jackson Ave., Long Island City. Your Negotiating Committee recommends that you vote to ratify this agreement.

We could not, of course, get everything we wanted from the Company, but we were successful in obtaining a wage increase for you. The Company's "offer" before we entered into sequestered negotiations was zero for each year of the contract. Its negotiators said that they would have an economic offer when we began sequestered negotiations. They didn't. Eventually, with only about 36 hours to go before contract expiration, they offered 1%, 1%, 1% and 1%. They would not budge off those numbers - or discuss any other economic terms in anything approaching a meaningful manner - until after we contacted the federal mediator and he joined the discussions Wednesday morning. TransCanada's unprofessional and/or anti-union behavior transformed what were supposed to be 72 hours of calm, rational discussions into a 14 hour marathon.

We were, however, able to extract decent wage increases in that time-frame. Your wages will increase by more than 15%, with compounding, over the course of the four years of the new collective bargaining agreement. That increase will be at the rate of 3.5% each year, plus an additional 10 cents (as your Union was able to maintain the "inequity wage increase" over strong efforts by management to end it) which goes into effect before each of the annual 3.5% wage boosts. The first increase

will be retroactive to June 25, 2009, once you ratify the agreement.

These general wage increases are guaranteed for all TransCanada unit employees and are not dependent on any company evaluation of "merit." In addition, you continue to receive your adjustments under the Wage Progression Plan, which remains unchanged.

We were able to obtain significant improvements in the vacation schedule. Effective January 1, 2010, the new schedule will be:

0-3 years	10 days
4-12 years	15 days
13-19 years	20 days
20-29 years	25 days
30+ years	30 days.

In other words, the years needed to reach 3 weeks (i.e., 15 days), 4 weeks (20 days) and 5 weeks (25 days) have all been reduced; and now, for the first time, those of you with 30 or more years of service will be getting 30 days of vacation each year. As you will note, vacation entitlements no longer increase a day or two at a time. However, under the agreement, no current employee will lose any vacation which you would otherwise get under the present schedule. The new contract will contain a "grandfather" clause, guaranteeing that you will get the better of the new schedule or the old schedule until you reach the next "plateau" under the new schedule. For example, an employee under the old schedule with 15 to 19 years of service would get 21 days (4 weeks plus one day) of vacation. If you will have 17 years of service on your anniversary date of, say, February 15, 2010, under the "grandfather" clause, you would still get 21 days of vacation in 2010, 21 days in 2011 and 21 days in 2012. You would then jump to 25 days in 2013 when you reach 20 years of service.

The Company match to your 401(k) has been increased to 5/9ths of the first \$63 which you invest (up from 5/9ths of the first \$45). Also, the maximum Accidental Death & Dismemberment Insurance which you can purchase has been increased from \$500,000 to \$1,000,000. For the first time, there will be

reimbursement, up to \$1000 per year, under the medical plan for hearing aids.

We were able to improve your bereavement leave benefit by getting TransCanada to agree to add step-parents, step-children, grandchildren and same sex domestic partners to the list of family members for whom a member would get four days of leave in the event of a death. The Union fought very hard to improve this benefit, but hopes it is one which none of us ever has to use.

The Union and Company will be setting up a committee which will (a) develop a chart of job titles and associated job functions; (b) formalize the 12-hour shift agreement, but **with the return of the re-scheduled day off**, to which the Company has already agreed; (c) review the possibility of getting you paid for hours worked when your hours are rotating week to week, including overtime for hours 41 through 48 in the 48-hour week; and (d) investigate whether there should be a component of the wage progression system based on successful completion of training and testing.

Although your share of the medical premium will increase \$2 per week each January 1 of the contract for family coverage (and \$1 per week each year for individual coverage), your negotiating team successfully fought off TransCanada's demands which would have increased your medical benefit costs by more than twice those amounts. We also successfully fought off management's demand to increase your cost for dental coverage, which will remain unchanged throughout the period of this contract. There will not be any increases in your co-pays or deductibles for medical or dental.

TransCanada would not agree to a contract without a provision which would allow it to change the lag-time between the end of the payroll period and your payday. As you know all too well, TransCanada's payroll system cannot handle the processing of your overtime and premium pay under the current time constraints without getting too much far too wrong. After giving you at least four weeks notice, TransCanada will be instituting a payday which will be the second Friday following the pay period which ends at midnight Saturday. We pointed out to TransCanada's negotiators that this proposal would leave you without any pay for one week while the delay went into effect.

In order to alleviate that problem, the Company agreed that it would pay you 40 times your hourly pay rate during that transitional week, \$400 of which would be a "grant" and the balance of which you will have to pay back, interest free, through equal deductions until the end of the year. This means that TransCanada will be paying you \$400 for the delay. You will, of course, receive your full wages, including overtime and premium time, throughout the rest of your employment, with your final pay-check on that second Friday after your last workweek.

Among the Company's demands was the elimination of the midnight shift attendance bonus. Your Union negotiators made it very clear that there would be no agreement unless that bonus remained intact. TransCanada did not take this demand off the table until the last hour before contract expiration.

TransCanada had also sought to eviscerate your sick time and your short-term disability benefits. Your Union vociferously rejected that effort and, as a result, your sick and disability benefits remain unchanged.

TransCanada proudly proclaims that one of its "Guiding Principles" is that it "works to maintain or increase management rights in its bargaining relationship." We think it has learned that this shameful "principle" has no place in its relationship with your Union, UWUA Local 1-2.

Finally, we ran some samples of what weekly wages would look like for a few, selected job titles. These should provide you with some idea of the improvements you have gained through these negotiations.

New Pay Scale*	June 2009	June 2010	June 2011	June 2012
Control Operator "A" - New Weekly Salary*	1,745.60	1,810.80	1,878.40	1,948.40
IC & O Technician - New Weekly Salary*	1,672.00	1,734.80	1,799.60	1,866.80
"A" Mechanic - New Weekly Salary*	1,588.80	1,648.40	1,710.40	1,774.40
Plant Operator *New Title*	1,683.20	1,746.40	1,811.60	1,879.20
Safety Inspector *New Title*	1,683.20	1,746.40	1,811.60	1,879.20

* Weekly salary does not include premium time

As we believe you will agree after your review of the results of the negotiations, Local 1-2 has significantly improved your wage-benefit package. We could not have obtained this excellent package without your support and solidarity. With your willingness to stand up and fight for better wages and benefits, combined with the tremendous external pressure which we were also able to exert against TransCanada, we were able, finally, to get the Company take your needs seriously. They did not know what had hit them.

We urge you to vote to **APPROVE** the agreement on July 10. Please contact us if you have any questions after your review.

Fraternally yours,
The Local 1-2 TransCanada
Negotiating Team

by
Harry J. Farrell
President