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June 27, 2005

Chairpersons
General Committees of Adjustment
Railroads in the United States

Re: Cost-of-Living Adjustment and
Health Care Cost Sharing

Dear Chairpersons:

Pursuant to the cost-of-living provisions contained in the November 6, 2003 UTU National Agreement, basic daily rates of pay will be increased effective July 1, 2005 by \$.15 per hour, \$1.20 per day. This cost-of-living adjustment will be "rolled-in" to the applicable rates of pay on the effective date.

This COLA increase will be applied to trip rates, where trip rates are currently in effect, consistent with the past practice of COLA application and in accordance with understandings that may have been reached on the property in the development of such trip rates.

Further, the current employee monthly cost sharing contribution for health care coverage will be increased by \$6.11 per month. This amount was determined by application of the formula provided for in Article IV, Part B, 1(c) of the 2003 Agreement. That formula provides for the employee cost sharing contribution to be increased by the lesser of one-half of the increase in the carrier's monthly payment rate, the composite of which equaled \$6.11, as compared to one-half of the COLA increase (\$.075) times the average straight time hours.

The \$6.11 cost sharing increase will be applied uniformly to all employees who belong to organizations that have collective bargaining agreements containing provisions for employee health care cost sharing.

I trust this information will be helpful in answering any questions you may receive from your members and with kind regards, I remain

Fraternaly yours,

A handwritten signature in black ink that reads "Paul C. Thompson". The signature is written in a cursive, flowing style.

Paul C. Thompson
International President

cc: R. L. Marceau, Assistant President
D. L. Hakey, Vice President – Administration
International Officers
State Legislative Directors
Field Supervisors

