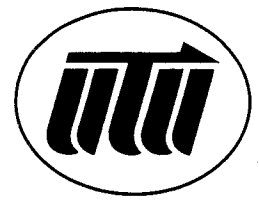


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June 25, 2003

Chairpersons
General Committees of Adjustment
Railroads in the United States
United Transportation Union

Re: Health & Welfare Continuation for
furloughed employees

Dear Chairpersons:

In early 2002, a dispute arose with the NCCC regarding the continuation of health and welfare coverage for furloughed employees when those employees rendered compensated service for the carrier during the period of furlough.

UTU took the position that when the furloughed employee accepted a call and rendered compensated service, the employee was effectively recalled from furlough and returned to furlough status upon completion of the trip or tour of duty. As a result, the employee and dependant health and welfare coverage would extend four (4) months from the month in which the compensated service was last rendered in accordance with the existing provisions of the NRC/UTU and Railroad Employees' National Health and Welfare Plans.

It was the position of the NCCC that in these circumstances, the employees furlough status never ended, regardless of the number of trips or tours of duty worked in a particular month or months during the furlough. As such, there was no extension of coverage beyond the initial four (4) month period for furloughed employees as provided in the Plan.

After negotiations with the NCCC, the carriers agreed with the position of UTU, as stated in the second paragraph of this letter.

If this has been a problem on your railroad, we suggest you discuss this matter with the appropriate labor relations personnel so as to re-establish eligibility for the individual(s) involved. Should you continue to experience problems in this regard, please contact this office so that we may resolve the matter with representatives of the NCCC.

With kind regards, I am

Fraternally yours,

Byron A. Boyd, Jr.
International President

cc: Paul C. Thompson, Assistant President
David L. Hakey, Vice President-Administration
International Officers