

Mac A. Fleming
President



Freddie N. Simpson
Secretary-Treasurer

Brotherhood of Maintenance of Way Employees

Affiliated with the A.F.L.-C.I.O. and C.L.C.

May 6, 2003

C-O-L

BMW E

MAY 12 2003

RECEIVED

ALL GRAND LODGE OFFICERS AND
GENERAL CHAIRMEN IN THE U.S.
WITH MEMBERS COVERED BY THE
MAY 31, 2001 NATIONAL AGREEMENT

Re: Wage Increase for July 1, 2003

Dear Sirs and Brothers:

The July 1, 2003 wage increase for members covered by the May 31, 2001 National Agreement will be \$.47 per hour. The amount diverted to cost sharing will be \$.09 per hour.

Under the May 31, 2001 National Agreement, BMW E members received a 3.5% general wage increase effective January 1, 2001 and increases every July 1st thereafter equal to the full increase in the Consumer Price Index - Clerical and Professional Workers (1967=100) ("CPI-W") minus up to 50% of that increase to cover increases in GA-23000 premiums from one year to the next. The measuring period in the CPI-W for the July 1, 2003 wage increase was March 2002 through March 2003. The amount of the GA-23000 premiums that can be covered by a diversion of wages otherwise owed as a result in an increase in the CPI-W was 35% in July 2001 and increases in increments of 5% in each succeeding year with a cap of 50% for July 2004. For the wage increase due July 1, 2003, the carriers could use up to 50% of the increase in the CPI-W to offset 45% of the increase in the of GA-23000 premiums. Because of continuing efforts on the part of BMW E and the Carriers to reduce costs and limit the amount of increase of medical insurance costs, the amount diverted to medical insurance cost sharing was only 9 cents per hour. Therefore, we were able to retain 47 cents of the cost of living adjustment to wages.

Since settlement and ratification of the National Agreement on May 31, 2001, members who were receiving \$17.00 per hour on June 30, 2000 will have received salary increases of \$1.47 per hour as of July 1, 2003 and will have contributed \$.35 per hour for increases in GA-23000 premiums.

Obviously, if an employee's rate exceeded \$17.00 per hour on June 30, 2000, the amounts of increase have been greater. Conversely, an employee with a rate lower than \$17.00 per hour on June 30, 2000 will have received lesser increases. However, all of the cost of living adjustments have been in cents per hour and are, therefore, uniform for all covered employees.

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May 6, 2003

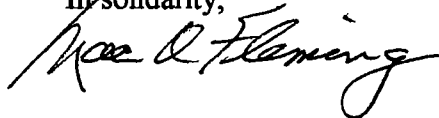
As you undoubtedly remember, the cost of living adjustment effective last year was considerably smaller. The CPI-W tracks the cost of living for "Urban Wage Earners and Clerical Workers," and is affected by both national and international developments. The CPI-W took a rapid spike upwards as war with Iraq approached and the cost of oil also increased dramatically. Given the unpredictable nature of current world politics and the depressed state of the U.S. economy one cannot predict that the next adjustment on July 1, 2004 will be greater than or lesser than the one effective on July 1, 2003.

The Bureau of Labor Standards maintains many data bases relevant to American workers. The Bureau can be accessed through its website www.bls.gov. For those interested in tracking the CPI-W, please follow these steps:

1. Go to the Bureau of Labor Standards at www.bls.gov;
2. Click on Consumer Price Index (under heading "Inflation and Consumer Spending");
3. Click on Consumer Price Index - Urban Wage Earners and Clerical Workers (Current Series) (under heading "Get Detailed Statistics");
4. Check box "U.S. All Items 1967=100" and click "Retrieve Data" at bottom of page;
5. The next page will be the monthly breakdown since 1993.

If you have any questions regarding this circular, please contact Don Griffin (wages) or Bill Hildenbrand (health insurance).

In solidarity,



President

cc: Mr. F. N. Simpson
Mr. R. Bowden
Mr. J. Kruk
Chicago Office
Washington Office
All Grand Lodge Appointees

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