

**VIA EMAIL AND U.S. MAIL**

March 26, 2008

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RE: *Contract Settlement Update*

Gentleman:

As you know, Amtrak's Human Resources, Payroll and Information Technology Departments have been working on establishing the new rates of pay and calculating the retroactive wage adjustments for represented employees. This is to provide an update on these issues.

The new rates of pay for positions in your crafts will be placed into effect on April 1, 2008 and be included in the paycheck to be issued on April 25, 2008. Because the April 25, 2008, paycheck will be the first to contain the rate increases the initial employee medical plan contribution will be made in a single deduction from that April 25, 2008 paycheck. However, based on our discussions and your agreement, following that initial deduction in April, contributions for the medical plan in future months will be divided between the first and second checks of each month.



Additionally, the contract settlement provides employees that have alternate insurance coverage with the ability to "opt out" of future health care coverage and avoid the monthly health and welfare contributions beginning May 1, 2008. A separate mailing will be sent to employees detailing the Health Care coverage changes and includes the required form that must be submitted if employees wish to opt out of Health Care coverage. A copy of the mailing is attached for your information. The opt out form must be returned as soon as possible. Forms will not be accepted after April 30, 2008.

Finally, we anticipate the first installment (40%) of the retroactive wage adjustment will be paid through normal direct deposit or as a separate check on May 9, 2008. A summary report that shows the major components of the total retroactive adjustment will be furnished with the check/direct deposit stub. In addition, a list of frequently asked questions, with answers, will be provided. Information on whom to contact with specific disputes regarding the payment will also be included.

If you have any questions, please feel free to contact my staff.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe M. Bress". The signature is fluid and cursive, with a long horizontal stroke at the end.

Joseph M. Bress
Vice President- Labor Relations

Attachments

Benefits NEWS

March 2008

Dear Amtrak Employee:

Attached is a brief summary of the changes to your health and welfare benefits based on the recent ratification of your labor agreement. These benefit changes will go into effect on May 1, 2008.

One of the provisions of the recent agreement allows you to opt-out of the Amtrak medical plan if you certify in writing that you have medical coverage under another group health plan or health insurance policy. If you elect to opt-out of the medical plan, you will not be required to contribute monthly payments to the plan.

If you exercise the opt-out election, you will no longer have medical coverage provided through Amtrak (which includes medical, prescription drug, and mental health/substance abuse benefits). You will retain coverage under other negotiated benefit plans provided through Amtrak including the dental and vision plans as long as you satisfy the eligibility requirements of those plans. You will be allowed to re-enroll in the medical plan during Annual Enrollment in the fall or if you lose your medical coverage under your other health plan and provide proof of the loss of this coverage to Amtrak.

Please note, you may also elect to opt-out of the medical plan if you are covered by your spouse under an Amtrak medical plan.

If you wish to opt-out of the Amtrak medical plan, please complete the enclosed Opt-Out of Medical Coverage Form and fax it to the Amtrak Benefits Service Center at 515-875-0599. Please return the form by April 15, 2008 to ensure your request is processed before the first May paycheck. Opt-out forms will not be accepted after April 30, 2008.

If you have any questions about the changes to your benefits, please contact the Amtrak Benefits Service Center at 800-481-4887.

Amtrak Benefits Department

Health & Welfare Plan Changes

The recent agreements contain numerous changes to negotiated health and welfare plans provided by Amtrak. Some changes represent improvements in benefits while others are aimed at containing rising health care costs. Below is a summary description of all of the changes. Changes will take effect May 1, 2008.

Prescription Drug Program

Prescription drug co-pays for up to a 21 day supply at retail pharmacies will change to \$10 generic; \$20 brand name; and \$30 non-formulary brand. A 90-day mail order supply will cost \$20 generic; \$30 brand name; and \$60 non-formulary brand (a non-formulary drug is a brand drug that is not on the formulary list maintained by Caremark, the company administering the plan). The change to a 3-tiered co-pay approach with non-formulary brand drugs is new to Amtrak, although it is common to many other plans.

The patient also pays the difference between the costs of the generic, brand name or non-formulary brand name drugs unless the physician specifies the brand by writing "Dispense as Written" on the prescription.

Caremark's formulary list is extensive and includes a brand drug for each therapeutic drug category. Because the 3-tier design is so common, many doctors already know how to access and check the Caremark formulary list and will do so for the members. However, members themselves can obtain the formulary list on the Caremark web site at www.Caremark.com or they can call the Customer Service number, 1-800-378-0182, to ask about a particular drug.

Medical Plan: Managed Medical Care Program (MMCP)

Most agreement employees are enrolled in the Managed Medical Care Program (MMCP). Under MMCP, there is no deductible for in-network services. For out-of-network services the Agreement provides for an increase in yearly deductibles to \$300 per individual and \$900 per family. Annual out-of-pocket maximums for out-of-network services will also rise to \$2,000 per individual and \$4,000 per family.

MMCP co-pays for office visits to in-network doctors (General Practice, Family Practice, Internal Medicine, Pediatrics or OB-GYN) will change from \$15 to \$20 and to \$35 for visits to specialists. Co-pays for in-network visits to an Urgent Care Center will be \$25. Emergency room co-pays are \$50, but the co-pay is waived if the patient is admitted to the hospital.

No co-pays will be required when a participant visits a doctor solely for the purpose of receiving an allergy shot.

Medical Plan: Comprehensive Health Care Benefit (CHCB)

The Comprehensive Health Care Benefit (CHCB) coinsurance will be reduced from 85% to 75% for those employees who choose CHCB even though they live in areas served by MMCP networks. Employees who wish to change from CHCB to MMCP may do so at any time by contacting the Amtrak Benefits Service Center at 800-481-4887.

The CHCB individual deductible will change from \$100 to \$200 and the family deductible will change from \$300 to \$400. The CHCB annual out-of-pocket maximums will change from \$1,500 per person to \$2,000 per person with a maximum of \$4,000 per family.

Preventive care benefits under CHCB are improved by adding one routine physical exam (including diagnostic testing and immunizations) each calendar year, payable at 100% up to \$150, and 75% for any excess up to the applicable fee schedule.

New Hearing Benefit

A new hearing benefit will be provided up to a maximum of \$600 per calendar year to cover tests and examinations to diagnose hearing loss, and for charges for a hearing aid.

Vision Care Plan

The Vision Care plan networks will include more optometrists in existing networks.

Credit for Deductibles Already Paid

For both CHCB and MMCP out-of-network charges, any amounts members may have already paid in 2008 towards deductibles and/or out-of-pocket maximums will be credited and applied towards the new maximums.

Other Medical Plan Improvements

Coverage will be added for phenylketonurial (PKU) blood tests for infants under the age of one under both MMCP and CHCB. Similarly, cochlear ear implants will now be a covered benefit under both programs. Speech therapy benefits are also expanded for children under age 3 when given for treatment of infantile autism, developmental delay, cerebral palsy, hearing impairment or congenital anomalies that affect speech.

Eligible Dependents

The definition of children who are considered eligible dependents under the medical, dental and vision plans is restricted to include: natural children, stepchildren, legally adopted children (including children placed with you for adoption), your grandchildren who live with you and are primarily dependent on you.

Payroll Deductions

The employee monthly benefits contribution is \$166.25 per month. The first payroll deduction will be taken on the April 25, 2008 paycheck in the amount of \$166.25. Beginning in May and going forward, the monthly deduction of \$166.25 will be split between the first two paychecks of the month with \$83.12 deducted from each of these checks.

The contribution amounts will continue through June 2008 and then may increase or decrease in July 2008. Employee contributions will be set at 15% of Amtrak's insurance costs for medical, dental, vision, life and AD&D coverage. The 15% formula will be applied to determine if cost-sharing contributions will increase each July through 2010. The Agreement also provides a cap so that cost-sharing contributions cannot exceed \$200 in 2010, unless they exceeded that amount in 2009 in which case the 2009 rates will continue in 2010. Cost sharing contributions will be frozen after July 2010 until changed in the next agreement.

In general, employees will be required to make a monthly contribution only when they are in active service. Employee health and welfare contributions will be deducted from their pay on a pre-tax basis which means that you do not pay federal or state income taxes or Railroad Retirement taxes on the amount of your cost-sharing contributions.

Life Insurance and Accidental Death and Dismemberment Insurance

The life insurance benefit for active employees increases from \$10,000 to \$20,000. Accidental Death and Dismemberment benefits increase from \$8,000 to \$16,000.

Off-Track Vehicle Insurance

For employees riding in vehicles while on company business, the Off-Track Vehicle Insurance doubles to \$300,000 for loss of life or limb.

Changing your Healthcare Flexible Spending Account

As some of the changes described above will impact the amount you pay for medical care, you are permitted to make changes to your current benefit elections such as your healthcare flexible spending account (FSA). (Please note that the monthly benefit contribution of \$166.25 will be deducted from your pay on a pre-tax basis; therefore it is not eligible for reimbursement under the healthcare FSA.) To make any changes or obtain more information, you must contact the Amtrak Benefits Service Center at 800-481-4887. Changes will not be accepted after April 30, 2008.



Opt-Out (waiver) of Medical Coverage Form

I am currently covered under Amtrak's medical plan for agreement covered employees. My union agreement allows me to opt-out of the medical plan if I have medical coverage elsewhere. By opting out of the medical plan, I will not be required to contribute monthly payments to the Plan. Also, I will continue to be covered under Amtrak's dental and vision plans so long as I satisfy eligibility requirements of those plans.

Therefore I am requesting to opt-out of Amtrak's medical plan as I have medical coverage under the following medical plan:

_____ (insurance company name)
_____ (policy or group #)
_____ (name of primary subscriber under this plan)

My signature below indicates my authorization to cancel medical benefits for me and eligible family members. I understand that I can only re-enroll in the Amtrak health plan within 31 days after loss of coverage through the insurance company named above or during Amtrak's annual benefits open enrollment.

Employee Name: _____ Employee I.D. # _____
(please print)

Signature Date

Please fax the completed form to the Amtrak Benefits Service Center, (515) 875-0599 or mail to Amtrak Benefits Service Center, P.O. Box 9183, Des Moines, IA 50306