

**TO ALL PERSONS CURRENTLY
RECEIVING A TERRITORIAL COST-OF-
LIVING ALLOWANCE (“COLA”) AS AN
EMPLOYEE OF THE UNITED STATES,
THE U.S. POSTAL SERVICE, OR
ANOTHER FEDERAL ENTITY
and
ALL PERSONS WHO RECEIVED A
COLA SINCE OCTOBER 1, 1990**

Your rights may be affected by the proposed settlement of a class action lawsuit entitled *Caraballo v. United States*, Civil Action No. 1997/27, pending in the District Court of the Virgin Islands of the United States, Division of St. Croix. The lawsuit challenged the Government’s administration of the COLA program since 1990. Under the settlement, the Government will change the methodology for setting COLA rates in the future, establish interim COLA rates (until the new methodology is fully implemented in 2003 or 2004) that are at least as high as current rates, and pay an amount of money into a trust for purposes of making payments of back pay and interest to eligible class members. In exchange, class members will waive past claims and future claims regarding the general administration of the COLA program. The proposed settlement will be considered for final approval by the Court on August 17, 2000.

To obtain a copy of the settlement notice (which explains how to participate in the approval process), call (toll-free) 1-877-480-2652. The settlement notice is also posted on the Internet at www.colasettlement.com.

**PLEASE DO NOT CONTACT THE COURT
EXCEPT AS STATED IN THE NOTICE**