



Brotherhood Railway Carmen Division

Transportation Communications International Union



Richard A. Johnson
General President

3 Research Place
Rockville, Maryland 20850
Phone: 301-948-4910
Fax: 301-948-1369
Website: www.tcunion.org

June 11, 2008

To All Carmen Members on the Soo Line

Dear Sisters and Brothers:

On May 29, 2008, your negotiating committee reached a tentative agreement with the Soo Line. That agreement is now before you for ratification.

This letter summarizes the agreement. Also included in this packet is an exact copy of the agreement and a ballot for your vote. Returned ballots must be received no later than June 25, 2008.

This agreement is virtually identical to the agreement ratified by other crafts and the general wage increases are identical to those contained in the 2007 Carmen National Freight Agreement. In addition, this agreement brings Soo Line employees under the railroad national health and welfare plans.

CONTRACT SUMMARY

WAGES & RULES:

The tentative agreement provides for 17% in general wage increases over the five year contract period — January 1, 2005 through December 31, 2009. On a compounded basis, the wage increases total 18.2%.

Wage increases are as follows:

- July 1, 2005 - 2.5%
- July 1, 2006 - 3.0%
- July 1, 2007 - 3.0%
- July 1, 2008 - 4.0%
- July 1, 2009 - 4.5%

You will receive retroactive pay from July 1, 2005 to the effective date of the agreement. The retro amount will be offset by the COLAs you received during the retroactive period. (COLAs in the railroad industry are considered to be advances on future wage increases.)

There will be no post-contract COLAs beginning in 2010; as a result, there will be no increases in employee health and welfare contributions beginning in 2010.

Employee health and welfare contributions under the National Plans are set at 15% of the carriers' insurance costs. The 2007 and 2008 employee monthly contribution amounts are \$166.25. Retroactive health and welfare contributions will be deducted from retroactive pay from January 1, 2007 to the effective date of the agreement. The retroactive health and welfare contribution amount will be offset by the health and welfare contributions you already made beginning January 1, 2007.

There are no concessions on work rules.

HEALTH & WELFARE CHANGES:

- The National Health and Welfare Plan includes a Managed Medical Care Program (MMCP) which was recently expanded to new areas so that the vast majority of our members have access to the richer benefits of the MMCP plan. Members currently residing in MMCP network areas will be required to enroll in MMCP.
- Co-pays for office visits to in-network doctors (General Practice, Family Practice, Internal Medicine, Pediatrics or OB-GYN) are \$20 and \$35 for visits to specialists. Co-pays for in-network urgent care are \$25. Emergency room co-pays are \$50, but the participant will be reimbursed \$25 for genuine emergencies.
- Under the MMCP, the individual out-of-network deductible is \$300 per year. The family out-of-network deductible is \$900. Under the Comprehensive Health Care Benefit (CHCB), the individual deductible is \$200 and the family deductible is \$400.
- Under both the MMCP (out-of-network) and the CHCB, the out-of-pocket maximum is \$2,000 per person. The family out-of-pocket maximum is \$4,000. Any amounts already applied towards the deductible and/or out-of-pocket maximums in 2008 will be applied towards the new maximums.

- Prescription drug co-pays are \$10 generic; \$20 brand name; and \$30 non-formulary brand at retail pharmacies. A 90-day mail order supply is \$20 generic; \$30 brand name; and \$60 non-formulary brand.
- Life insurance benefits are \$20,000. Accidental Death and Dismemberment benefits are \$16,000.
- Vision Care plan under the National Plans is virtually identical to the Soo Line Plan.
- Hearing benefits up to a maximum of \$600 per calendar year are included for tests and examinations to diagnose hearing loss, and charges for a hearing aid.
- The medical plan covers cochlear implants for treatment of hearing loss.
- Supplemental sickness benefits are adjusted upward and the time limit for submitting benefit claims is extended to sixty days.

CONCLUSION

This contract produces solid wage increases and income gains and compares favorably to the Carmen National Agreement. The average member will realize a significant wage gain over the life of the agreement, even after allowing for the higher monthly health and welfare contributions.

In addition, this contract contains no work rule concessions.

It's also important that the rate of employee health and welfare contribution is fixed at 15%. Under our previous agreement, the rate of employee contribution rose every time there was a cost of living allowance.

I do not see the elimination of COLAs in the post-contract period as a negative. There is now a longstanding precedent that the COLAs are intended as an advance on future wage increases, so they are offset against retroactive pay when a new contract is reached. And even worse, in the past employee contributions have been tied to COLAs. With every COLA employee contributions increased to the 15% we have today. This tentative agreement succeeds in capping employee contributions at 15% — we don't need to see that percentage go up in the post-contract period because of COLAs that we'd have to give back anyway when a new agreement was reached.

We will be holding meetings at various locations to answer your questions about the contract. Your local chairman will advise you of the meetings in your area.

June 11, 2008

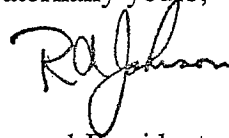
Page 4

Please review the ratification materials carefully and vote. To be counted your ballot must be received no later than June 25, 2008.

All in all, this contract delivers significant economic gains. I recommend its ratification.

With best wishes, I remain

Fraternally yours,

A handwritten signature in black ink, appearing to read "R. A. Johnson". The signature is written in a cursive style with a large, prominent initial "R".

General President

RAJ/sjm

cc: R. H. Grygiel
W. A. Raia

MEMORANDUM OF AGREEMENT
BETWEEN THE
SOO LINE RAILROAD COMPANY
AND THE
BROTHERHOOD OF RAILWAY CARMEN – DIVISION OF TCIU

In consideration of the National Settlement reached with the National Carriers Conference Committee (NCCC)/Brotherhood of Railway Carmen – Division of TCIU (BRC) on July 21, 2007, and BRC's cooperation in facilitating the return of Soo Line Railroad Company's (Soo) BRC represented employees to The Railroad Employee's National Health & Welfare Plans, the parties have agreed:

ARTICLE I – WAGES

Section 1 – First General Wage Increase

On July 1, 2005, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two-and-one-half (2 ½) percent applied so as to give effect to the increase in pay irrespective of the method of payment.

Section 2 - General Wage Increase Effective July 1, 2006

On July 1, 2006, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in amount of three (3) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 3 - General Wage Increase Effective July 1, 2007

On July 1, 2007, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of three (3) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 4 - General Wage Increase Effective July 1, 2008

On July 1, 2008, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of four (4) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 5 - General Wage Increase Effective July 1, 2009

On July 1, 2009, all daily rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of four and one-half (4-1/2) percent applied so as to give effect to this increase in pay irrespective of the method of payment.

Section 6 - Application of Wage Increases

(a) Daily Rates

Add the appropriate percent to the existing daily rates of pay.

(b) Disposition of Fractions

Rates of pay resulting from the application of General Wage Increases under this Agreement, which end in fractions of a cent shall be rounded to the nearest whole cent, fractions less than one-half shall be dropped, and fractions of one-half cent or more shall be increased to the nearest full cent.

(c) Application of Wage Increase

The increase in wages provided for in this Agreement shall be applied in accordance with the wages or working conditions in effect between Soo and BRC. Special allowances not included in rates of pay for all services rendered, will not be increased. Overtime hours will be computed in accordance with Soo schedules for all overtime hours paid.

Section 7 - COLA Payments

Any cost of living allowance amounts rolled in to basic rates of pay on or after July 1, 2005 pursuant to Article II, Part B of the November 1, 2004, Soo/BRC Agreement shall be excluded before application of the general wage increase provided for in this Section 1 and eliminated from basic rates of pay after application of such increases.

ARTICLE II – COST OF LIVING ALLOWANCE PAYMENTS

Article II, Part B of the November 1, 2004, Soo/BRC Agreement shall be eliminated effective on the date of this settlement. All cost of living allowance payments made under that Agreement to employees for periods on and after July 1, 2005 shall be recovered from any retroactive wage increase payments made under Article I of this Agreement.

ARTICLE III – HEALTH AND WELFARE

Section 1 - Transition from Soo Plan to National Plan

(a) Effective August 1, 2008, or as soon thereafter as administratively practicable, Soo employees represented by BRC will be covered by The Railroad Employees National Health & Welfare Plan (including Life and AD&D), the Railroad Employee's National Dental Plan, and the Railroad Employees National Vision Plan (collectively referred to herein as the National Plan), plus the Railroad Employee's National Early Retirement Benefit Plan, as modified by Article IV, Part A of the NCCC/BRC July 21, 2007 Agreement.



(b) It is understood that this National Plan will be modified to include all subsequent amendments, and applicable cost sharing adjustments that are negotiated by NCCC/BRC.

Section 2 – Employee Cost Sharing of Cost of H&W Plan

(a) Effective January 1, 2007, each employee covered by this Agreement shall contribute to the cost of the National Plan in the amount of \$166.25 Per Employee Per Month (PEPM). This amount will be adjusted in accord with the NCCC/BRC Agreement of July 21, 2007.

(b) Employee cost sharing contributions already paid in 2007 and 2008 will offset the above PEPM amounts.

(c) Once the Soo Carmen are in the National Plan, all subsequent employee contributions will be based on National Plan costs and calculated in accord with the NCCC/BRC Agreement of July 21, 2007.

Section 3 – Pre-Tax Contributions

Employee cost-sharing contributions made pursuant to this Article shall be made on a pre-tax basis pursuant to the existing Section 125 cafeteria plan, to the extent applicable.

Section 4 – Retroactive Contributions

Retroactive employee cost-sharing contributions payable for the period on or after January 1, 2007, shall be offset against any retroactive wage payments provided to the affected employee under Article I of this Agreement, provided, however, there shall be no such offset for any month for which the affected employee was not obligated to make a cost-sharing contribution

Section 5 – Prospective Contributions

For months subsequent to the retroactive period covered by Section 4, employee cost-sharing contributions will be made for the employee by Soo. Soo shall deduct the amount of such employee contribution from the employee's wages and retain the amounts deducted as reimbursement for the employee contributions that the employer had made for the employee.



ARTICLE IV – SUPPLEMENTAL SICKNESS

Article V – Supplemental Sickness of the NCCC/BRC Agreement of July 21, 2007 will apply.

ARTICLE V – General Provisions

- (a) This Agreement will remain in effect through the moratorium period stipulated in the NCCC/BRC July 21, 2007 Agreement effective July 21, 2007.
- (b) This Agreement constitutes full and final resolution of BRC's November 1, 2004 Section 6 Notice and Soo's letter of November 10, 2004, related to wages and benefits for this contract term January 1, 2005 through December 31, 2009.
- (c) No party to this Agreement shall serve nor progress any notice or proposal prior to November 1, 2009 (not to become effective before January 1, 2010).
- (d) This Article will not bar the parties from discussing or reaching agreements on any subject of mutual interest.

For the
 BROTHERHOOD OF RAILWAY
 CARMEN – DIVISION TCIU

For the
 SOO LINE RAILROAD COMPANY

 Raymond Grygiel
 International Representative

 Cathryn S. Frankenberg
 AVP Labor Relations & Human Resources-US

Approved:

 Richard Johnson
 President

 Bjarne Henderson
 Asst. Director Employee and Labor Relations

Effective Date: _____

Ray *CSF*

May 29, 2008

Mr. Raymond Grygiel, Int'l Representative
Brotherhood of Railway Carmen – Division TCIU
8501 W. Edelweiss Drive
Palos Park, IL 60464

Dear Mr. Grygiel:

This confirms our understanding with respect to the general wage increases provided for in Sections 1, 2 and 3 of Article I of the Agreement of this date.

It is understood that the retroactive portion of those wage increases shall be applied only to employees who have an employment relationship with Soo on the date of this Agreement or who retired or died subsequent to June 30, 2005.

Please indicate your concurrence by signing in the space provided below.

Sincerely,

Cathryn S. Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Raymond Grygiel, Int'l Representative, BRC

Dated: _____



May 29, 2008

Mr. Raymond Grygiel, Int'l Representative
Brotherhood of Railway Carmen – Division TCIU
8501 W. Edelweiss Drive
Palos Park, IL 60464

Dear Mr. Grygiel:

This confirms our understanding with respect to the General Wage Increases provided in Sections 1, 2 and 3 of Article I of this Agreement.

Soo will make all reasonable efforts to pay the retroactive portion of such GWIs as soon as possible and no later than sixty (60) days after the date of the Agreement.

If Soo finds it impossible to make such payments by this date, it shall notify BRC in writing explaining why such payments have not been made and indicating when the payments will be made.

Please indicate your concurrence by signing in the space provided below.

Sincerely,

Cathryn S. Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Raymond Grygiel, Int'l Representative, BRC

Dated: _____



May 29, 2008

Mr. Raymond Grygiel, Int'l Representative
Brotherhood of Railway Carmen – Division TCIU
8501 W. Edelweiss Drive
Palos Park, IL 60464

Dear Mr. Grygiel:

In our discussion on transitioning Soo's BRC represented employees from the Soo Plan to the National Plan, the question arose as to how pre-existing medical conditions for employees and their eligible dependents would be handled.

It is our understanding that pre-existing conditions will be covered by the National Plan provided that Soo's Carmen and their dependents were eligible for coverage under the Soo Plan on the day immediately preceding the effective date of coverage under the National Plan.

Please acknowledge by signing below that this is consistent with your understanding.

Sincerely,

Cathryn S. Frankenberg
AVP Labor Relations & Human Resources - US

I concur:

Raymond Grygiel, Int'l Representative, BRC

Dated: _____



May 29, 2008

Mr. Raymond Grygiel, Int'l Representative
Brotherhood of Railway Carmen – Division TCIU
8501 W. Edelweiss Drive
Palos Park, IL 60464

Dear Mr. Grygiel:

During our discussions on the transitioning of Soo's Carmen from the Soo Plan to the National Plan the question arose as to how Deductibles and Out-of-Pocket Maximums (OOPMs) already paid for 2008 under the Soo Plan would be handled under the National Plan.

It is recognized by both Soo and BRC that some Carmen currently enrolled in the Comprehensive Option under the Soo Plan may have paid all or part of required deductibles and/or OOPMs for 2008. As a result, a geo-access analysis of Soo's Carmen was completed to determine how many of these Carmen would not have access to a United Healthcare, Aetna or Blue Cross Blue Shield (BCBS) network under the revised National Plan. The result is most of Soo's Carmen have access to the expanded National Plan network that was implemented on July 21, 2007, and, therefore, will not have deductibles nor OOPMs to satisfy.

Nevertheless, Soo and BRC jointly commit to work with the Plan sponsors of the National Plan to credit any deductible or OOPM paid in 2008 under the Soo High Option Comprehensive Plan to any required deductible and/or OOPM required under the National Plan. This only applies to Soo Carmen and their dependents who enroll in the Comprehensive Health Care Benefit (CHCB) under the National Plan.

Furthermore, if an alternative arrangement on this issue is agreed upon by any other union representing employees covered by the Soo Plan (High-Low Options), Soo commits that it will make the same arrangement available to BRC represented employees who are in the same situation.

Please indicate your concurrence by signing in the space provided below.

Sincerely,

Cathryn Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Raymond Grygiel, Int'l Representative, BRC

Dated: _____

May 29, 2008

Mr. Raymond Grygiel, Int'l Representative
Brotherhood of Railway Carmen – Division TCIU
8501 W. Edelweiss Drive
Palos Park, IL 60464

Dear Mr. Grygiel:

It is our understanding that employees who are covered under the Soo Plan who have elected to continue coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA), whose "COBRA Qualifying Event" occurred prior to the effective date of the transition to the National Plan, and who have made the required COBRA payments, will continue to be covered under the Soo Plan until such time as their COBRA continuation coverage ends.

If the participant, after the effective date of the transition to the National Plan, works the Requisite Amount of Service to become eligible for health & welfare coverage, this coverage will be provided by the National Plan provided the participant meets the eligibility requirements of the National Plan.

Please indicate your concurrence by signing in the space provided below.

Sincerely,

Cathryn Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Raymond Grygiel, Int'l Representative, BRC

Dated: _____

Handwritten signature/initials

May 29, 2008

Mr. Raymond Grygiel, Int'l Representative
Brotherhood of Railway Carmen – Division TCIU
8501 W. Edelweiss Drive
Palos Park, IL 60464

Dear Mr. Grygiel:

It is our understanding that employees who have retired prior to the effective date of the transition from the Soo Plan to the National Plan and who are eligible for coverage under the Soo Line Early Retirement Major Medical Plan for Union Represented Employees will continue to be covered under this Plan until their coverage ends. Employees who retire after the effective date of the transition to the National Plan and who meet the eligibility requirements of the Railroad Employees National Early Retirement Major Medical Benefit Plan will have coverage under that National Plan.

Please indicate your concurrence by signing in the space provided below.

Sincerely,

Cathryn Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Raymond Grygiel, Int'l Representative, BRC

Dated: _____

Raymond Grygiel

Side Letter No. 7

May 29, 2008

Mr. Raymond Grygiel, Int'l Representative
Brotherhood of Railway Carmen – Division TCIU
8501 W. Edelweiss Drive
Palos Park, IL 60464

Dear Mr. Grygiel:

This will confirm that, prior to the effective date of the transition from the Soo Plan to the National Plan, Soo's Carmen will have an opportunity to elect a plan option under the National Plan consistent with the terms and conditions of the National Plan. It is understood that the process, the materials presented and the timeline for making the election will be determined by the sponsor of the National Plan in consultation with the Plan Administrator, United Health Care.

Please indicate your concurrence by signing in the space provided below.

Sincerely,

Cathryn Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Raymond Grygiel, Int'l Representative, BRC

Dated: _____

May 29, 2009

Mr. Raymond Grygiel, Int'l Representative
Brotherhood of Railway Carmen – Division TCIU
8501 W. Edelweiss Drive
Palos Park, IL 60464

Dear Mr. Grygiel:

A BRC represented employee in an inactive status (including disabled status) who is receiving benefits under the Soo Plan on the effective date of the transition to the National Plan will continue to be covered under the Soo Plan until either of the following occurs:

- eligibility for such coverage under the Soo Plan ends; or
- the employee meets the eligibility requirements for coverage under the National Plan at which time he will be enrolled in that Plan.

A BRC represented employee in an inactive status who has not elected or is not eligible for COBRA coverage and who is not receiving benefits under the Soo Plan will be enrolled in the National Plan when he meets the necessary eligibility requirements.

Please indicate your concurrence by signing below.


Sincerely,

Cathryn S. Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Raymond Grygiel, Int'l Representative, BRC

Dated: _____



May 29, 2008

Side Letter No. 9

Mr. Raymond Grygiel, Int'l Representative
Brotherhood of Railway Carmen – Division TCIU
8501 W. Edelweiss Drive
Palos Park, IL 60464

Re: Revisions & Update to Collective Bargaining Agreement

Dear Mr. Grygiel:

This confirms our mutual commitments to update and revise the BRC labor agreement dated August 1, 1988, including all appendices, amendments, and side letters. The parties will meet to revise and update existing rules to reflect existing agreed working conditions and practices on the property. The parties will meet every sixty (60) days, or more frequently by mutual agreement, with the intent of completing this process by December 31, 2008.

The parties also agree, as of the Effective Date of this Agreement, that Soo is permitted to use persons other than Carmen for the performance of shifted load adjustments and load transfers without the presence of Carmen and without additional notice to, or claim by, the BRC. The parties also agree that the appropriate rules in the current working agreement will be revised to reflect the change in the preceding sentence.

In consideration for these changes, which should result in improved productivity, the Soo will agree to an increase of \$.37 per hour to the journeyman rate of pay as of the effective date of this Agreement.

Sincerely,

Cathryn S. Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Raymond Grygiel, Int'l Representative, BRC

Effective Date: _____

May 29, 2008

Mr. Raymond Grygiel, Int'l Representative
Brotherhood of Railway Carmen – Division TCIU
8501 W. Edelweiss Drive
Palos Park, IL 60464

Dear Mr. Grygiel

Gainsharing

BRC and Soo hereby commit to design and implement an incentive performance based compensation program, Gainsharing. The fundamental premise of this program is that productivity in the workplace is enhanced by employees who are informed and knowledgeable about the business and understand the impact they can have on productivity and the achievement of defined, measurable improvements or goals.

This is an opportunity for employees to share in Soo's success by achieving jointly developed business targets and goals. The following guidelines will frame the program:

- (1) BRC representatives and Soo management will jointly develop annual gainsharing goals, with gains measured from agreed upon baselines or the attainment of specific targets which the parties establish at the beginning of each calendar year; the first program will be for July 1, 2008 through December 31, 2008 with the specific targets established by the parties by July 31, 2008.
- (2) Goals and targets are to be aligned with Soo's corporate and departmental business plans and objectives – both annual and 4 year plan – People, Safety, Service, Productivity, and Financial. Agreed upon goals and targets may be systemwide, location specific or a combination thereof.
- (3) Measurable savings generated by achieving the established goals or targets will be shared with employees on a 70/30 (Soo/employee) basis with annual payouts capped at 4% of each employees previous years straight time compensation for service rendered. For 2008 the payout will be prorated, based on straight time compensation for service rendered from July 1, 2008 through December 31, 2008.

- (4) Employees will be eligible for a payout for that year if they have performed sufficient service to earn a vacation the following year.
- (5) BRC and Soo will jointly communicate to employees the agreed upon goals and targets at the beginning of each plan year. Employees will receive ongoing feedback as to results and will be informed and educated as to what they need to do to achieve identified goals or targets.
- (6) Gainsharing payouts will be made by the end of the first quarter of the following year.
- (7) A mechanism will be established whereby employees may suggest ideas for gainsharing goals and/or targets
- (8) Except for 2008, it is agreed that this performance based compensation arrangement may be terminated by either party upon written notice to the other party no later than September 30th. Such termination will apply to the following calendar year and every year thereafter unless otherwise mutually agreed by the parties.

Please acknowledge your agreement by signing your name in the space provided below.

Please indicate your concurrence by signing below.

Sincerely,

Cathryn S. Frankenberg
AVP Labor Relations & Human Resources – US

I concur:

Raymond Grygiel, Int'l Representative, BRC

Dated: _____

CSF
RG

St. Paul Performance Incentive (SAMPLE)

**MECHANICAL SERVICES
SOO – BRC
PERFORMANCE CRITERIA MEASUREMENT AND TARGETS FOR 2008**

SAFETY MEASUREMENT - Weight = 45%

BRC	TARGET	ACTUAL	PERCENT
5 Alive Violations	0		20
FRA Reportable Injuries Service Area	1.53 Freq		20
Non-FRA Reportable injury frequency	9.50 Freq.		5

SERVICE - Weight = 5%

BRC	TARGET	ACTUAL	PERCENT
Effectiveness (CIM)	75%		5

PRODUCTIVITY MEASUREMENT - Weight = 50%

BRC	TARGET	ACTUAL	PERCENT
B/O cycle repair time (loads)	1.0 days		15
B/O cycle repair time (empties)	1.0 days		15
B/O constraint (monthly)	120		20

asf
Raf