



Brotherhood Railway Carmen Division

Transportation Communications International Union
AFL-CIO, CLC



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January 11, 2008

To All Duluth, Missabe and Iron Range Railroad Company Employees
represented by the Brotherhood Railway Carmen Division/TCU

Dear Sisters and Brothers:

After extensive meetings and an exhaustive efforts, your Negotiating Committee has reached a tentative Agreement with the Canadian National/Duluth, Missabe & Iron Range Railway Company subject to your approval and ratification. Should you ratify the attached Agreement, it settles all our outstanding Section Six Notices for wages, rules and health and welfare benefits. The term of the Agreement shall be January 1, 2004 through December 31, 2009 and contains a continuation of a cost-of-living allowance which is first effective July 1, 2010 and thereafter every six months until a new Agreement is reached.

The entire Agreement is attached hereto for your consideration. Should you have any questions, please do not hesitate in referring them to your officers for clarification.

The Agreement provides for yearly percentage pay raises that are applied on the dates as follows:

July 1, 2005 - 3%
July 1, 2006 - 3%
July 1, 2007 - 3%
July 1, 2008 - 4%
July 1, 2009 - 3%

The Agreement also includes a lump sum grievance resolution/bonus payment of \$1000.00 that will be paid within sixty days of ratification of the Agreement to eliminate all claims and grievances other than those of a disciplinary nature. In addition, a lump sum payment of \$5000.00 for those active individuals who do not reach 30 years of service by July 1, 2011 in the Bessemer Non-Contributory Pension Plan and payable shortly after the freeze date of July 1, 2011. The Agreement includes eligible participation in a 401K Plan that the Carrier will match \$.25 for each \$1.00 contributed up to the first 4% of an employee's salary contribution.

The Agreement brings the DM&IR Carmen under the National Health and Welfare Plan but restricts the cost sharing to \$100 until the next round of negotiations. Although no one likes to have to change providers and policies or having to share in the cost of health and welfare premiums, it is now the standard in the industry and acknowledged as inevitable.

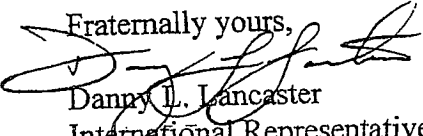
This Agreement, however, caps the amount of employees cost sharing for the National Health and Welfare Plan, effective January 1, 2008, at one hundred dollars (\$100) per month (less than other Class 1 Railroad Employees are currently paying and now less than many of you are paying for the existing coverage) for the duration of this Agreement and continuing until the next agreement is reached. You additionally gain paid coverage after retirement from the 60/30 provisions until you are 65 years of age (with coverage cap limits) with optional supplemental policies available.

This Agreement includes an improvement in Bereavement Leave rules and replaces the previous antiquated rules. This agreement also makes improvements in the vacation rules and allows two (2) weeks to be utilized in single day increments and maintains the existing practice of allowing single days to be scheduled January 1 through December 31 as operations requirements permit.

The Organization has worked diligently to reach this Agreement. We have made every effort to speak with each of you individually and respond to your concerns. No one understands the sacrifices being made during this time of transition more that you and your designated Officers. There are improvements and incentives built into the Agreement. Real wage increases will be in place for the term of the Agreement. Improvements are made to the working rules and a reasonable cap placed on the health and welfare cost sharing. We ask that you give proper consideration of the attached Agreement and what it means to you individually and as a group. Your approved determination is requested. Your ballot should be returned in the enclosed self-addressed envelope so as to be received by January 28, 2008.

D&MIR Employees
January 11, 2008
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With best wishes, I remain

Fraternally yours,

Danny L. Lancaster
International Representative BRC/TCU

DLL/glf
enclosures

cc: R.A. Johnson
Unit Officers
Jimmy Fernandez