

MEMORANDUM OF SETTLEMENT

Dated

May 18, 2005

Between

CANADIAN NATIONAL RAILWAY COMPANY

And

TEAMSTERS CANADA RAIL CONFERENCE (TCRC)
Locomotive Engineers

Revisions to: Collective Agreements 1.1 and 1.2

RE:

Application of Wage Increases and Other Changes Covering the
Years 2004, 2005, 2006, 2007 and 2008

Rates of Pay effective as Indicated

Rules and Benefits effective the 1st of the month following ratification,
or as otherwise indicated

1. Term of Contract

Collective Agreements 1.1 and 1.2 covering employees represented by the Teamsters Canada Rail Conference, will be renewed for a period of five (5) years commencing January 1, 2004.

2. Wages

- a. Effective January 1, 2004, a wage increase of 3% on all basic hourly, daily, weekly, bi-weekly, monthly, mileage and flat rates of pay in effect on December 31, 2003.
- b. Effective January 1, 2005, a wage increase of 3% on all basic hourly, daily, weekly, bi-weekly, monthly, mileage and flat rates of pay in effect on December 31, 2004.
- c. Effective January 1, 2006, a wage increase of 3% on all basic hourly, daily, weekly, bi-weekly, monthly, mileage and flat rates of pay in effect on December 31, 2005.
- d. Effective January 1, 2007, a wage increase of 4% on all basic hourly, daily, weekly, bi-weekly, monthly, mileage and flat rates of pay in effect on December 31, 2006.
- e. Effective January 1, 2008, a wage increase of 4% on all basic hourly, daily, weekly, bi-weekly, monthly, mileage and flat rates of pay in effect on December 31, 2007.
- f. In addition to the above, employees in Yard, Road Switcher and CSA service shall receive a one-time increase of 50 cents per hour on the basic hourly rates of pay in effect on December 31, 2003.

3. Lump Sum/Signing Bonus

Provision for a Lump Sum bonus for locomotive engineers who are in active service under Agreement 1.1 or Agreement 1.2 on the dates specified below, will be paid as follows on each of the dates specified below:

- \$1,500.00 to be paid, within 30 days of ratification
- \$500.00 to be paid on January 1, 2006
- \$1,000.00 to be paid January 1, 2007

Note: Such individual payments will be made to locomotive engineers provided they have not received such payment under any other collective agreement.

4. Shift Differentials

Amend the Article 30.3 of Agreement 1.1 and Article 36.3 of Agreement 1.2 to reflect the following:

Employees in Yard, Road Switcher (Agreements 1.1 and 1.2) and CSA (Agreement 1.1) who commence a tour of duty between 1400 and 2159 hours shall receive a shift differential of seventy-five cents (\$0.75) per hour, and employees who commence a tour of duty between 2200 and 0559 hours shall receive a shift differential of eighty cents (\$0.80) per hour.

Effective January 1, 2005, employees who commence a tour of duty between 2200 and 0559 hours shall receive a shift differential of one dollar (\$1.00) per hour.

Overtime shall not be calculated on the shift differential nor shall the shift differential be paid for paid absences from duty such as vacations, general holidays, etc.

5. Employee Share Investment Plan

The Company Employee Share Investment Plan will continue to be made available to eligible employees in accordance with the terms of the Plan. The Company may, at its discretion, alter, amend, revise or discontinue the Plan, in any manner, in whole or in part provided thirty days notice in writing is given to the Union. This provision will not form part of any Collective Agreement.

6. Extended Health Care Plan

Effective the first day of the month following ratification, increase the maximum lifetime benefit from \$43,000 to \$45,000.

Effective January 1, 2006, increase the maximum lifetime benefit from \$45,000 to \$46,000.

Effective January 1, 2007, increase the maximum lifetime benefit from \$46,000 to \$47,000.

Effective January 1, 2008, increase the maximum lifetime benefit from \$47,000 to \$48,000.

7. Short Term Disability (STD) - Sickness and Maternity Leave Benefits

Effective the first month following ratification, increase maximum from \$560 to \$580.

Effective January 1, 2006, increase maximum to \$590.

Effective January 1, 2007, increase maximum to \$600.

Effective January 1, 2008, increase maximum to \$610.

Drug or alcohol related disabilities will no longer be treated differently than other disabilities under CN's Short Term Disability policy. In the past, STD was limited to fifteen (15) weeks for drug or alcohol related disabilities. In the past, the waiting period for a reoccurrence was ninety (90) days.

The requirements of being treated by a licensed medical doctor and being declared unable to perform the duties of the employee's job remain as they do for any disability.

8. Dental Plan

The maximum annual benefit for the Dental Plan will be moved from \$1325 to \$1425 for treatment commencing on or after the first day of the month following ratification.

Effective with treatment commencing on or after the first of the month following ratification, covered expenses will be defined as the amounts in effect on the day of such treatment, as specified in the relevant provincial Dental Association Fee Guides for the year 2005.

Effective with treatment commencing on or after January 1, 2006, covered expenses will be defined as the amounts in effect on the day of such treatment, as specified in the relevant provincial Dental Association Fee Guidelines for the year 2006. The maximum annual benefit for the Dental Plan will be \$1525 for treatment commencing on or after January 1, 2006.

Sun Life produces an annual Dental Reimbursement Guide for Alberta with the Canadian Life and Health Insurance Association of Canada (CLHIA) and other Canadian insurers. This guide reflects the fees accepted by most dental offices across Alberta.

9. Basic Life Insurance

Effective the first of the month following ratification, continuation of basic life insurance coverage will be possible for employees becoming disabled (off-duty) following their 60th birthday. In the past this provision was restricted to employees whose disability occurred prior to their 60th birthday.

All employees must apply to Great-West Life to have a portion of their basic life insurance maintained in force on account of total disability without payment of premium. Employees have one year from their date last worked to make an application under the waiver of premium provision.

The full amount of basic life insurance will be maintained in force at no cost to the employee for a maximum of twelve (12) months from the end of the month in which the employee ceased active work due to the disability, provided they are receiving Employment Insurance Sickness Benefits or Short Term Disability Benefits.

The full amount of the employee's basic life insurance will be maintained in force for the first twelve (12) months from the last day of the month in which they worked, provided they have followed the instructions above and have maintained employee status.

The basic life insurance will reduce to \$7,000 either after twelve (12) months from the end of the month in which the employee last worked or on the first day of the month following their retirement date, whichever occurs first (provided the employee has applied under the waiver of premium provision and has been making direct payment of premiums). The life insurance, under the waiver of premium provision, will terminate if the employee retires and is eligible for post-retirement benefits.

10. Orthodontic Treatment (braces and corrective devices)

Effective with treatment commencing on or after the first of the month following ratification, orthodontic treatment will be covered for employees and their eligible dependents. The definition of an eligible dependent will be the same as for other dental benefits. The plan will reimburse 50% of the charges for treatment up to a lifetime maximum of \$500 per covered individual. Eligibility, termination of coverage, continuation of coverage and coordination of benefit rules will be the same as for other dental benefits. The same fee guides applicable for other dental benefits will apply for this benefit.

11. Vision Care

Effective the first day of the month following ratification, increase the maximum reimbursement from \$150 to \$250 per person. For greater clarity, expenses covered under the Vision Care Plan will be reimbursed as follows: one claim in any 12 month period for a person under age 18 or in any 24 month period for any other person up to a maximum reimbursement of \$250.

12. Employment Equity – New Article for Agreements 1.1 and 1.2

As a matter of principle and in compliance with the Employment Equity Act, the Company and the Union are fully committed, consistent with the application of the legislation, to achieving equality in the workplace so that no person shall be denied employment opportunities or benefits based on any of the prohibited grounds of discrimination. Employment Equity means treating people the same way despite their differences, and respecting their differences to allow them to participate equally.

13. Train Passes

The Union's proposal concerning passes is resolved on the basis of the letter attached hereto as Side Letter 1. This letter will not form part of the Collective Agreement.

14. Seniority

Amend Article 45.10 of Agreement 1.1 and Article 77.6 of Agreement 1.2 to reflect the following:

All Company officers currently on the seniority roster and holding management positions on December 31, 2006 will be permanently removed from the TCRC seniority list(s).

- a) Any TCRC member who accepts a management position after the date of ratification will continue to accumulate seniority for up to one calendar year. Upon completion of one calendar year such employee will be permanently removed from the TCRC seniority list(s).
- b) In the application of sub-paragraph a) herein, any Company Officer who returns to the ranks and subsequently accepts a management position will be immediately and permanently removed from the TCRC seniority list(s).

NOTE: Any individual occupying an accommodated position in management may, at the Union's discretion, apply to have his/her seniority protected. The decision will be at the Union's discretion, and is not subject to appeal.

15. Investigation/Discipline/Grievance Procedure.

Amend Article 71.1 of Agreement 1.1 and Article 86.1 of Agreement 1.2 to include that investigations will only be scheduled to start between 0800 and 1700 hours, at the employees home terminal, or otherwise if mutually agreed upon between the Local Chairman and the Company.

16. Incumbency

Amend Article 78.13 (a) of Agreement 1.1 and Article 89.13 (a) of Agreement 1.2 – Maintenance of Earnings, to reflect that the calculation of an employee's incumbency will be based on 1/52 of the total earnings of such employee during the previous twenty-six (26) full pay periods preceding his or her displacement or lay-off.

17. Meals in Road Service

In addition to the provisions presently contained within Collective Agreement Article 28.2 and Addendum 71 of Agreement 1.1 and Article 55.2 and Addendum 77 of 1.2, the Union accepts the following commitments of the Company:

1. All train consists with CN Locomotive Power will contain an operational Microwave in the lead unit;
2. A cross border train consist without CN power will obtain a properly equipped lead locomotive at the first locomotive power facility (Toronto, Montreal, Chicago (Woodcrest), Winnipeg and Vancouver.) All other trains will contain an operational Microwave in the lead unit.
3. The Parties understand that the Company has the right to return the foreign power from the above-recognized terminals, without microwaves.
4. The parties commit to continue discussions regarding the integration of BC Rail power.
5. The Company will advise locomotive engineers at the time of call that a cross border train is not equipped with a microwave unit in the locomotive consist.

18. Medical Appointments

Amend the provisions of Article 69 of Agreement 1.1 Article 74 of Agreement 1.2, to reflect the following:

Employees will be required to advise their respective Crew Management Center sixty (60) days in advance of the date of their scheduled periodic medical. An employee will not be required to change their periodic medical and if it results in the employee having to lose time in order to undergo the examination, such employee will be paid pursuant to Article 69 of Agreement 1.1 and Article 75 of Agreement 1.2. If an employee voluntarily exercises his seniority within the sixty (60) days, and misses work due to the medical appointment, payment will be made pursuant to Article 69 of Agreement 1.1 and Article 74 of Agreement 1.2. This will not affect the requirement of Addendum 98 of Agreement 1.2.

19. Annual Vacation

Add the following new paragraph to the Annual Vacation provisions contained in Article 77 of Agreement 1.1 and Article 80 of Agreement 1.2:

- a) Time off due to layoff, bona fide injury or illness, maternity or paternity leave, or attendance to organization business shall be credited with such time as days worked and/or available for service during the preceding year when calculating vacation allotment.
- b) When employees bid for Annual Vacation they shall choose between the vacation allotment reflective of their time worked/compensated in the previous calendar year or their vacation entitlement, without reduction.

20. Mileage

Amend Article 63.6 of Agreement 1.1 and Article 67.8 of Agreement 1.2 to read 30 cents per kilometre.

21. Printing of Agreement

Company shall provide revised and translated collective agreements to the Union within sixty (60) days of ratification for review and approval. The Company shall provide a sufficient number of copies of each collective agreement to the appropriate local Chairmen for distribution within sixty (60) days of the Union's final approval.

22. General

The foregoing changes are in full and final settlement of all requests served by and upon the Company and the Union referred to on the cover page of the Memorandum of Settlement before, on, or subsequent to September 1, 2003.

This Memorandum of Settlement supersedes all previous agreements, rulings or interpretations which are in conflict therewith and shall remain in full force and effect until December 31st, 2008, and thereafter, subject to 120 days notice in writing by either party to this agreement of its desire to revise, amend or terminate it. Such notice may be served any time subsequent to August 31st, 2008.

Employees who have performed service subsequent to December 31, 2003 up to the date of ratification of this agreement, including employees who have retired during the specified period or have transferred to VIA, shall be entitled to any amount of retroactive compensation that may be due them as a result of the signing of this Memorandum of Agreement.

The Collective Agreements as referenced herein and as modified by this Memorandum of Settlement are subject to ratification by the Union and the provisions herein shall become effective on the first day of the month following such ratification by the Union.

Signed at Montreal, Quebec, this 18th of May, 2005.

FOR THE COMPANY

FOR THE UNION

Kim Madigan
Vice-President, Labour Relations
North America

Gilles Hallé
President
Teamsters Canada Rail Conference

Ed Harris
Executive Vice President
Operations

Dan J. Shewchuk
General Chairman

Keith Creel
Senior Vice President
Eastern Division

Paul Vickers
General Chairman

Myron W. Becker
Director, Labour Relations
North America

René Leclerc
General Chairman

Joe T. Torchia
Senior Manager, Labour Relations

Dave Brummund
Senior Vice-General Chairman

Doug Van Cauwenbergh
Senior Manager, Labour Relations

Chris Smith
Senior Vice-General Chairman

Christine Joanis
Manager Labour Relations

Randy Caldwell
Senior Vice-General Chairman

George Broda
General Secretary Treasurer

Bruce Willows
Vice-General Chairman



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May 18, 2005

Dan J. Shewchuk
General Chairman
Teamsters Canada Rail Conference
Whitemud Business Park
9622 – 42 Avenue, Suite 310, Bldg, No. 2
Edmonton, Alberta T6E 5Y4

Paul Vickers
General Chairman
Teamsters Canada Rail Conference
560 Exmouth Street, Suite 111
Sarnia, Ontario N7T 5P5

René Leclerc
General Chairman
Teamsters Canada Rail Conference
602 6th Avenue, suite 360
Grand-mere, Que. G9T 2H5

Gentlemen:

This has reference to the matter of pass transportation benefits presently applicable to employees of Canadian National Railway Company (CN) represented by your respective organization, and the status of this benefit as to its future application on trains operated now and in the future by VIA Rail Canada Inc.

This will confirm that the matter of pass transportation benefits has been resolved on the basis that, subject to the demands of the traveling public, the present pass policies on CN will be maintained for employees represented by you who were in the service of CN on or prior to March 13, 1979, until the time notices are served on or subsequent to August 31, 2008, and thereafter until the provisions of Section 89 of part I of the Canada Labour Code have been complied with or until some other mutually satisfactory resolution of this matter is agreed.

Employees are required to return unused VIA Rail tickets to avoid unnecessary costs to CN. Employees who do not return unused tickets, will be notified their transportation privileges will be subject to suspension pending the return of unused tickets to the Company, within 30 days. Where timely notification is not received by CN, individual transportation privileges will be suspended and the respective General Chairman will be notified.

For the purpose of this letter, the word "employees" includes pensioners.

Yours truly,

Kim Madigan
Vice-President Labour Relations - North America

**ITEMS AND LETTERS IDENTIFIED IN ATTACHMENT "A" APPLY TO
WESTERN CANADA EMPLOYEES
COVERED BY AGREEMENT 1.2**

WESTERN CANADA - ATTACHMENT "A-1"

ITEM 1- Time off

Add a new provision to Agreement 1.2 to reflect:

1. Employees in unassigned Road Service (including a spareboard) shall be entitled, without restriction, upon going off duty to book a minimum of 6 hours and a maximum of 48 hours time off at the home terminal, excluding call time, for each 1075 miles of compensated service.
2. Employees shall give notice of their intent to exercise this right upon the commencement of each reset cycle of 1075 miles.

NOTE 1: Compensated service in the application of item 1 herein shall mean those miles which are considered as "chargeable miles" in the application of Article 64 of Agreement 1.2.

NOTE 2: For purposes of time off, the calculation of miles shall be reset to zero on the employee's mileage date and/ or upon reaching a minimum of 1075 miles.

NOTE 3: Locomotives engineers' mileage banks will continue to be used in the calculation of monthly personal miles as prescribed by Article 64.14.

3. Employees who desire not to exercise the right to book time off in the application of item 1 above will not again be entitled to book time off under this provision until a further 1075 miles of compensated service has been accumulated.
4. Employee's in unassigned service (including a spareboard) who perform service paid on an hourly basis (e.g.: road switchers, yard service) will convert their time as follows for the application of this provision.

Hours to Miles

5 minutes	2.24 Miles
1 hour	26.87 Miles
8 hours	215 Miles

NOTE 1: For the purposes of this provision, overtime will be counted as straight time.

NOTE 2: Where miles or hours are applicable, under the terms and conditions of the Collective Agreement, such miles or hours, which ever is greater (as converted herein) shall apply.

5. In the application of this provision, unassigned service is defined as service that does not incorporate scheduled service or assigned days off.

Note: Notwithstanding the above provisions of this Article, the provision of Addendum 115 are still in effect

Item 2- Held away

Modify the provisions of Addendum No. 112 as follows:

1. Remove the words "THE BC NORTH LINE" from the heading of page 449 of Agreement 1.2. and add to the heading of page 448 "INCLUDING THE BC NORTH LINE (JASPER TO PRINCE RUPERT)
2. Locomotive engineers called for duty whose initial terminal detention time exceeds 1 hour waiting the arrival of the train for which called will submit their time as an "exception". Such exceptions will not be used in the application of Addendum No. 88.
3. Modify item No. 1 of the General Provisions of Addendum No. 112 by adding "Employees will be provided the option of booking rest should the planned connection at the AFHT exceed 3 hours."
4. Remove all references to "in the class of service last performed" from Addendum No. 112.

Item 3 - Grievance procedure

Add to paragraph 91.1(c) (ii), "Should the Union consider that a meeting on a particular grievance is not required, they will so advise the Company who will render their decision in writing within 60 calendar days of the date of appeal.

Item 4 - Banking of General Holidays/ Personal Leave days (PLD)

This is in reference to our discussions concerning Addendum No. 93 of Agreement 1.2 (Banking of General Holidays).

This will confirm that the parties will meet to conclude the terms and conditions to allow for the banking of general holidays in keeping with the intent of Addendum No. 93.

And;

Add new provision to Agreement 1.2.

1. Locomotive engineers will, at their discretion, be entitled to take up to and including a maximum of 12 cumulative unpaid personal leave days per calendar year as provided herein. Personal leave days will be recognized, under this agreement, as active cumulative compensated service. However, personal leave days, when taken will not be used in the calculation of Guarantees and/or Maintenance of Earnings. Locomotive engineers may, at their discretion, activate their entitlement to leave days, jointly or severally up to the cumulative maximum.
2. Notice in respect of this leave will be given as follows:
 - i. One day (24 hours) – upon four hours notification prior to the commencement of such leave time;
 - ii. Two or three consecutive calendar days – upon three calendar days notification prior to the commencement of the leave days;
 - iii. Four consecutive calendar days but less than seven consecutive calendar days – upon seven calendar days notification prior to the commencement of leave days;
 - iv. Seven consecutive calendar days or more – upon twenty-one days notification prior to the commencement of leave days.

NOTE 1: In the application of this provision locomotive engineer(s) shall not be entitled to activate personal leave days between and including December 20th and December 31st.

NOTE 2: Personal Leave Days (allotments) shall be established at each terminal utilizing the following exemplified criteria:

Terminal X – 100 (Employees) X 12 (PLD)/353 (days) = 3.4 daily allotments.

In such calculations, numbers shall be rounded upward.

3. It is understood that upon the implementation of banking of general holidays, employees will not be permitted a combination more than 12 Personal Leave Days or Banking of General Holidays per calendar year.

Note: Notwithstanding the above provisions of this Article, the provision of Addendum 115 are still in effect

Item 5 – Modified duties

Add a new provision in Agreement 1.2 to read as follows:

Payment for Modified duties will be established as follows:

- a) A period of 30 days immediately prior to the date of injury or illness will be identified. Any days off for miles, annual vacation, authorized leave of absence (including personal leave days) or bona fide illness will be excluded from the sampling period.
- b) The earnings during the above 30-day period will be identified and will be used in calculating a daily rate.
- c) To establish a daily rate, the earnings calculated in b) above, will be divided by 30 or prorated if reduced by a) above.
- d) The daily rate will be paid to employees based on a 7 days per week basis.
- e) Employees on modified duties will protect their work on a 5 days per week basis.

Item 6 - No Scoop Rule

This will confirm our discussions that the Company is prepared to enter into local agreements that provide for a no scoop rule. At the union's option, the no scoop rule will apply at the away from home terminal and/or home terminal at specified locations as determined by the General Chairman, taking into consideration the Company's concerns regarding the held away agreement.

WESTERN CANADA - ATTACHMENT "A-2"



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May 18, 2005

Dan J. Shewchuk
General Chairman
Teamsters Canada Rail Conference
Whitemud Business Park
9622 – 42 Avenue, Suite 310, Bldg, No. 2
Edmonton, Alberta T6E 5Y4

Dear Mr. Shewchuk:

During the recent round of Collective Bargaining, the Union raised the issue regarding lunch periods and breaks for yard service employees. You indicated that there have been problems where employees did not have sufficient time to have their lunch, and at times, employees were not permitted the opportunity to have a coffee break(s) when the operation permitted.

In view of this concern raised by the Union, this will confirm that employees will be provided the opportunity to have their lunch break in a designated facility as discussed. I also advised that subject to the requirements of service, they will be afforded the opportunity for breaks during their shift.

I further informed you, that we have made a commitment that this will happen and will ensure all officers of the Company are made aware of this commitment. If, in the future, you believe we are not living up to this assurance, then I ask you to bring such circumstance to the immediate attention of the Senior Vice President in charge of the region.

In addition to the above, and as mutually agreed between us, we will conduct a thorough and complete review of this matter commencing no later than 60 days following ratification / implementation of the Memorandum of Agreement. Further reviews will be undertaken every 90 days thereafter. These reviews will be conducted by the Senior Vice Presidents of the Company, Labour Relations and the respective General Chairmen and the Vice General Chairman of the Union.

I trust this commitment and assurance will satisfactorily resolve the Union's concern.

Yours Truly,

Kim Madigan
Vice-President Labour Relations - North America

WESTERN CANADA - ATTACHMENT "A-3"



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May 18, 2005

Dan J. Shewchuk
General Chairman
Teamsters Canada Rail Conference
Whitemud Business Park
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Edmonton, Alberta T6E 5Y4

Dear Mr. Shewchuk,

In this round of negotiations the parties discussed the application of the rest articles as they apply to rest enroute. During these discussions the Company reaffirmed that when employees provide notice of rest enroute in accordance with Article 28 of Agreement 1.2 the intent is to have employees either at the place where accommodations are provided enroute or at their objective terminal by the time rest booked is due to commence, excepting circumstances beyond Company control.

As discussed, I have committed to work with you with a view of eliminating rest disputes. In addition, the Senior Vice-President Western Canada, Labour Relations and your office will continue closely to monitor the reasons why violations are occurring and the actions taken by the Company to address the matter.

I also committed to you that it is my intention to significantly reduce the number of occurrences within a six (6) month period. Should the number of occurrences not be significantly reduced during this time frame, the Company will review the situation with the union in accordance with the last paragraph of Addendum 105.

Should the parties not agree on a more effective means for managing these occurrences as outlined in the last paragraph of Addendum 105, the matter will be progressed to final and binding arbitration.

The matter in dispute will be limited to the application of the last paragraph of Addendum 105 and will not be used to alter any provision within the collective agreement

Yours Truly,

For: Ed Harris

Executive Vice-President Operations

**ITEMS AND LETTERS IDENTIFIED IN ATTACHMENT "B" APPLY TO
EASTERN CANADA EMPLOYEES COVERED BY
AGREEMENT 1.1**

EASTERN CANADA - ATTACHMENT "B-1"

Item 1 - Scheduling (Eastern)

The principles currently in effect in Atlantic Canada concerning the establishment of assignments are extended to include the operations between Joffre and Montreal and between Montreal and Garneau.

Item 2 - Time Pools/Scheduling (Central)

Add a provision to Agreement 1.1 to provide time pool scheduling at terminals, which meet the criteria attached in Attachment B-2.

Item 3 - Travel Allowance (Eastern and Central)

Amend the provisions of Addendum 26A paragraph 5 and Addendum 26B paragraph 6 to provide full payment of automobile expense allowance and amend Addendum 26 A, 26 B and 26 C to include Engineers assigned to the Spare Board or from the Spare or Extra work list at the locations specified in these Addendum.

Item 4 - Grievance Procedure (Central and Eastern)

Modify the provisions of Paragraph 73.1 (b) of Article 73 of the 1.1 Agreement to provide 60 instead of 28 days for an appeal at Step 2 of the Grievance procedure as follows:

Step 2 - Appeal to District Superintendent (Transportation)

Within 60 calendar days of the date of the decision under Step 1, or in the case of an appeal against discipline imposed, within 60 calendar days of the date on which the employee was notified of the discipline assessed, the Local Chairman may appeal the decision in writing to the District Superintendent (Transportation).

The appeal shall include a written statement of the grievance as it concerns the interpretation or alleged violation of the agreement, and identify the article and paragraph(s) of the article involved. The written statement in the case of an appeal against discipline imposed shall outline the Brotherhood's contention as to why the discipline should be reduced or removed.

The decision will be rendered in writing within 60 calendar days of receipt of the appeal. In case of declination, the decision will contain the Company's reason(s) in relation to the written statement of the grievance submitted.

Item 5 - Runarounds (Central and Eastern)

Modify the provisions of Paragraph 61.1 (b), and the note for runs 225 pay miles or more, of Article 61 of the 1.1 Agreement to define actual lost time consistent with the application of the make whole principle for the round trip, as follows:

61.1 Locomotive engineers first out in unassigned service who are available and are run-around avoidably will be paid as outlined below and hold their turn out:

(a) Runs under 225 pay miles	50 miles at the minimum through freight rate for each run-around
(b) Runs 225 pay miles or more	Actual time lost

NOTE: In the application of paragraph 61.1 "actual time lost" will be the difference between what the locomotive engineer would have earned on the complete round trip and the actual earnings made during that same time period (Make Whole Principle). Such difference, if any, will be charged against their total mileage in the month claim is paid.

Item 6 – Time off – unassigned service (Central)

Modify Addendum 96 of Agreement 1.1 to allow employees on spareboards and on unassigned pools that do not have defined days off, the ability to book a minimum of 6 hours and a maximum of 48 hours rest, 3 times during their mileage month, upon accumulating 1300 miles.

Item 7 – Personal Leave Days (PLD) (Central and Eastern)

Add new provision to Agreement 1.1.

1. Locomotive engineers will, at their discretion, be entitled to take up to and including a maximum of 12 cumulative unpaid personal leave days per calendar year as provided herein. Personal leave days will be recognized, under this agreement, as active cumulative compensated service. However, personal leave days, when taken will not be used in the calculation of Guarantees and/or Maintenance of Earnings. Locomotive engineers may, at their discretion, activate their entitlement to leave days, jointly or severally up to the cumulative maximum.

2. Notice in respect of this leave will be given as follows:

- i. One day (24 hours) – upon four hours notification prior to the commencement of such leave time;
- ii. Two or three consecutive calendar days – upon three calendar days notification prior to the commencement of the leave days;
- iii. Four consecutive calendar days but less than seven consecutive calendar days – upon seven calendar days notification prior to the commencement of leave days;
- iv. Seven consecutive calendar days or more – upon twenty-one days notification prior to the commencement of leave days.

NOTE 1: In the application of this provision locomotive engineer(s) shall not be entitled to activate personal leave days between and including December 20th and December 31st.

NOTE 2: Personal Leave Days (allotments) shall be established at each terminal utilizing the following exemplified criteria:

Terminal X – 100 (locomotive engineers) X 12 (PLD)/353 (days) = 3.4 daily allotments.

In such calculations, numbers shall be rounded upward.

Item 8 - Locomotive Engineer Spareboards – Districts 1 and 2 (eastern)

Amend the provisions of item 5 of Addendum 80, of the 1.1 Agreement concerning Locomotive Engineer's Spareboards applicable to Atlantic Canada, to include the terminals of Joffre West, Montreal East, and Garneau, with the exception of any reference to a minimum number of spareboard positions at these locations. In addition, the parties have agreed to provide for 14 days spareboard adjustments and payment of guarantees on a 14-day basis.

Item 9 – Held for Investigation, attending court and attending Company meetings (eastern and central)

Clarify the language under Article 70.12 to read as follows:

When held under the provisions of Article 70, locomotive engineers may, as locally arranged, hold their turn on the working board and be afforded the opportunity to book up to eight (8) hours rest upon completion.

Item 10 – Labour Management Committee

Add a new provision to Agreement 1.1 to read as follows:

Committee(s) consisting of the TCRC General Chairmen (or his or her delegate), a TCRC Member appointed by the General Chairmen and the Company's General Manager Operations and Director Labour Relations or their respective designates, two from each party, will be established. This committee will be known as the Labour / Management Committee, and may (at each party's option) meet monthly, unless otherwise agreed, to review the application of the respective Collective Agreement.

CENTRAL CANADA - ATTACHMENT "B-2"

MEMORANDUM OF AGREEMENT between the Teamsters Canada Rail Conference and the Canadian National Railway Company with respect to the establishment and operation of time pools at various terminals on the Central Region.

It is agreed the following will apply:

1. The Company agrees to set up additional time pools, through the office of the general chairman, at terminals where the establishment of such new time pools can be supported through the criteria contained in paragraph 2 below.
2. Such new time pools shall be established using the following criteria:
 - As many locomotive engineers as possible will be scheduled in regular time pool service at each terminal.
 - Only trains operating consistently within any eight (8) hour window are eligible to be utilized in the establishment of a time pool.
 - Time pools will be established using the train match-ups at each terminal pursuant to paragraph 3.
3. When establishing time pools or when necessary to change time pool schedules, a draft schedule will be prepared by the CMC using the established time pool criteria. The affected Local Chairmen will be supplied with the draft train match-up proposal and may propose alternate scenarios. If the union proposal is superior or equivalent to the Company proposal it will be implemented.

Note: A superior or equivalent proposal is one that is operationally practical (i.e. has sufficient flexibility to ensure that match-ups operate as planned), schedules as many locomotive engineers as possible (while generating 3800 miles per month) and is constructed in an economically reasonable manner (addresses deadheads, held away, layover time, etc.)

Should a dispute arise concerning the practicality of any alternate proposed match up plan, which can't be resolved between the General Chairman and the CMC, the CMC proposal will apply in the interim. The matter will then be elevated by the General Chairman to the Vice-President Eastern Region for resolution. If still no agreement reached, the Company match up plan will prevail.

4. The new time pools shall be established utilizing the principles contained in appendix "A", dated March 16, 2004.

5. The following provisions will apply to the new time pools and also supersede the related conflicting principles of established time pools.
 - Vacant turns in one time pool can be filled by a locomotive engineer assigned to a subsequent overlapping time pool provided such overlapping time pool is active.
 - A locomotive engineer who has booked eight (8) hours personal rest or less at the home terminal will be paid constructive miles if his turn operates without him as a result of such personal rest.
6. This agreement shall remain in effect for the life of the current contract.
7. Should this agreement not be renewed beyond the life of the current contract, the modifications made to the previously existing time pools pursuant to Paragraph 5 above will be cancelled, and the former principles re-established.