

MEMORANDUM OF AGREEMENT

Between

OTTAWA CENTRAL RAILWAY

AND

CANADIAN COUNCIL OF RAILWAYS OPERATING UNIONS

(CCROU)

CONSTITUTED BY

BROTHERHOOD OF LOCOMOTIVE ENGINEERS

(B.L.E)

UNITED TRANSPORTATION UNION

(UTU)

NOVEMBER 18, 1998

COLLECTIVE AGREEMENT

PREAMBLE

THE FOLLOWING COLLECTIVE AGREEMENT ("AGREEMENT") BETWEEN:

OTTAWA CENTRAL RAILWAY

(OCR)

(HEREINAFTER ALSO REFERRED TO AS "THE COMPANY")

AND

**THE CANADIAN COUNCIL OF RAILWAYS OPERATING UNIONS
(CCROU/COUNCIL)**

CONSTITUTED BY THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS (BLE)

THE UNITED TRANSPORTATION UNION

(UTU)

(hereinafter referred to as "the Union or Unions")

The Company recognizes that the Canadian Council of Railway Operating Unions is the sole and exclusive bargaining agent for all operating employees covered under the bargaining certificates issued to the Council by the Canada Labour Relations Board and this Collective Agreement.

Collective Agreement

Preamble

The following Collective Agreement ("Agreement") between the Ottawa Central Railway, (OCR),

And

The Canadian Council of Railway Operating Unions constituted by the Brotherhood of Locomotive Engineers ("BLE") and the United Transportation Union ("UTU"),

(The labour organizations may, from time to time, be referred to as the "Union" and collectively as the "Unions") recognizes the unusual principles and conditions existing within the short line railroad industry that are not applicable to the major railroads.

OCR and the Unions and the employees further recognize that they have a common interest in the railroad industry. Therefore, a working system of harmonious relationships is necessary to maintain a rapport among these parties and with customers, the public and other stakeholders. All concerned will benefit by continued peaceful and harmonious relationships, and any differences must be settled through rational common sense methods. The basis for the relationship between OCR and the Unions is one of co-operation for the benefit of all stakeholders in this Agreement as well as the customers and other stakeholders in the business of OCR.

In order to successfully promote these concepts, the parties have agreed to recognize and make provisions for an orderly system of collective bargaining relations between OCR and the Unions, the prompt and orderly resolution of grievances, the effective operation of OCR's business without interruptions or interference with work, the provision of the highest quality service to OCR's customers in the most efficient manner possible. OCR recognizes that the Unions are the sole and exclusive bargaining agents for all employees covered under the bargaining certificates issued to the Unions by the Canada Labour Relations Board.

TABLE OF CONTENTS

ARTICLE 1- DEFINITIONS

ARTICLE 2- RECOGNITION

ARTICLE 3- MANAGEMENT RIGHTS

ARTICLE 4- DEDUCTION OF DUES

ARTICLE 5- SENIORITY

ARTICLE 6- LAYOFFS AND RECALLS

ARTICLE 7- CREW CONSIST

ARTICLE 8- REPORTING PAY AND CALLING PROCEDURE

ARTICLE 9- WORK SCHEDULING AND WAGES

ARTICLE 10-TRAINING

ARTICLE 11- BULLETINING OF ASSIGNMENTS

ARTICLE 12- DISCIPLINE

ARTICLE 13- GRIEVANCE AND ARBITRATION PROCEDURE

ARTICLE 14- LEAVE OF ABSENCE

ARTICLE 15- PAY DAY

ARTICLE 16- OVERTIME

ARTICLE 17- COMPANY INITIATED MEETING

ARTICLE 18- VACATIONS

ARTICLE 19- GENERAL HOLIDAYS

ARTICLE 20- MEALS EXPENSE REIMBURSEMENT AND ACOMMODATIONS

TABLE OF CONTENTS

ARTICLE 21- HEALTH AND SAFETY

ARTICLE 22- SICK LEAVE

ARTICLE 23- BEREAVEMENT LEAVE

ARTICLE 24- JURY DUTY AND ATTENDING COURT

ARTICLE 25- INJURED ON DUTY

ARTICLE 26- EMPLOYEE HEALTH AND PHYSICAL FITNESS

ARTICLE 27- MEDICALLY RESTRICTED

ARTICLE 28- GROUP HEALTH AND OTHER BENEFITS

ARTICLE 29- SUPPLIES FOR LOCOMOTIVES

ARTICLE 30- LOCKER FACILITIES

ARTICLE 31- NOTICE BOARDS

ARTICLE 32- PAGERS AND CELLULAR TELEPHONES

ARTICLE 33- CERTIFICATE OF SERVICE

ARTICLE 34- MATERIAL CHANGES

ARTICLE 35- PRINTING OF COLLECTIVE AGREEMENT

ARTICLE 36- PROFIT SHARING

ARTICLE 37- NO STRIKES OR LOCK-OUTS

ARTICLE 38- NO DISCRIMINATION

ARTICLE 39- TERM OF AGREEMENT

ARTICLE 40- APPLICATION AND INTERPRETATION OF AGREEMENT

TABLE OF CONTENTS

APPENDIX "A"

APPENDIX "B"

APPENDIX "C"

APPENDIX "D"

ARTICLE 1

DEFINITIONS

1.1 The term Union or Union shall mean the duly elected or appointed officers of the Canadian Council

of Railway Operating Unions (the "Council").

1.2 The term "representative" of the operating employee or employees shall mean the duly accredited representative designated by the Council.

1.3 The term "OCR" shall mean the Ottawa Central Railway.

1.4 Definition of emergency: An emergency is where a casualty or unavoidable accident occurs, an Act of God or where a delay is a result of a cause not known to the railway or its officers at the time the employee left the terminal and which could not have foreseen.

1.5 In this Agreement, words importing the singular shall include the plural and vice versa where the context requires. The use of such words as "he", "his" and "him" as they may appear in the Agreement are not intended to restrict the application of the Agreement or a particular rule to a particular gender, but are used solely for the purpose of grammatical convenience and clarity. Accordingly, words importing the masculine gender shall include the feminine gender where the context requires.

ARTICLE 2

RECOGNITION

2.1 The Company recognizes the following Unions as the particular sole bargaining agent for those operating employees covered under their bargaining certificate which include the following job classifications:

CCROU (BLE) - Locomotive Engineer

CCROU (UTU) - Conductor.

1

ARTICLE 3

MANAGEMENT RIGHTS

3.1 It is recognized that the management of the business is vested in the Company whose discretion and judgment shall control the operations of the company, the selection and retention of employees, the work and duties to which operating employees are assigned, and the right to hire, transfer, promote, demote, suspend and discharge for just cause, provided that the rights granted in this Article are not in violation of the provisions of this Agreement or any applicable Federal or Provincial laws.

3.2 Company management shall be permitted to perform work normally performed by an operating employee in the event of the unavailability of employees or in the event of work of an urgent or emergency nature.

ARTICLE 4

DEDUCTION OF DUES

4.1 The Company shall, on the payroll for the pay period which contains the 1st day of each month,

deduct from the wages of each bargaining unit operating employee within the scope of this Agreement, an amount equal to the uniform monthly dues of the appropriate Union or such other authorized amounts as directed by the Union, subject to the exceptions contained in this Article. The Company shall remit the total amounts deducted to each Union once a month accompanied by a report showing the amount deducted. The Company shall not be responsible financially or otherwise, for any failure to make deductions or for making inaccurate or improper deductions or remittances.

4.2 The Company shall provide each new operating employee and each rehired operating employee a form letter outlining to the operating employee his responsibility regarding payment of union dues and initiation fees. Such forms shall be supplied to the Company by the Unions.

4.3 Operating employees filling positions of a confidential, supervisory or management nature and who are therefore not subject to any of the provisions of this agreement shall be exempted from the deduction of dues, except that the employee may request that said deductions be continued in order to maintain seniority.

2

ARTICLE 5

SENIORITY

5.1 Seniority shall mean an employee's length of continuous service with the Company. An employee shall maintain and accumulate seniority while he is in the employ of the Company after he has completed his probationary period. Unless otherwise expressed, seniority shall be applied on a classification basis. All seniority starts at day one (1) with the Company.

5.2 Seniority for employees (new hires) who enter service on the same date and in the same classification will be determined by lottery. For the purposes of rosters, the Company acknowledges CN seniority order for former CN employees who resigns from CN and are subsequently hired by the Company on the first day of its operations. These former CN employees shall be placed on rosters ahead of any new hiree on the first day of the OCR operations. The seniority these former CN employees will be established as per in Appendix C.

5.3 Once established, an employee's seniority shall be forfeited and his employment shall be terminated under the following conditions:

- a) if he voluntarily quits;
- b) if he is discharged and is not subsequently reinstated; or
- c) if he fails to report for duty after a lay-off in accordance with the provisions of this Agreement.
- d) if an employee is laid off for a period of twenty-four (24) consecutive months;

5.4 An employee who resigns from the service of the Company of his own accord shall forfeit his seniority rights and those rights shall not be reinstated. If he shall be re-employed by the Company, his seniority rights shall date from the date and time he first performs service for the Company after

reemployment.

5.5 Employees shall, unless otherwise provided in this Agreement or by subsequent mutual agreement between the Company and the Unions, hold and accumulate seniority in the particular classification in which they were hired.

5.6 Employees shall not be permitted to waive their seniority standing and promotional responsibilities except as provided herein.

3

5.7 For each seniority roster applicable hereunder, the Company's railroad system from Coteau, Quebec, to Pembroke, Ontario, as acquired from CN, shall constitute a single seniority district over which employees shall exercise their seniority to positions, subject to the provisions provided herein.

5.8 Seniority rosters will be prepared by the Company. A copy will be promptly forwarded to the Union concerned each year and will be posted at the home terminals of the employees concerned as of January 30 of each calendar year. An employee will have thirty (30) days from the date on which the roster is posted to appeal, in writing, his roster date or status. A note will be placed in each roster stating the time limit of appeal.

5.9 The seniority rosters will be established as follows:

a) **For Engineers**

i) former CN employees hired as Engineers at the beginning of operations will be placed at the top of the list, in the same seniority order they had at CN; then

ii) former CN employees hired as Conductors at the beginning of operations who are qualified engineers will be placed thereafter, in the same seniority order they had on CN engineer's seniority list; then

iii) former CN employees hired as Conductors at the beginning of operations who are not qualified engineers will be placed thereafter, in the same seniority order they had on CN conductor's seniority list, upon qualification; then all other employees,

iv) Notwithstanding the above, if an employee covered by Article 6.9a (iii) passes the opportunity to qualify as an Engineer, he will rank after any junior employee that has accepted such opportunity and did qualify;

b) **For Conductors**

i) former CN employees hired as Conductors at the beginning of operations will be placed at the top of the list, in the same seniority order they had on CN conductor's seniority list; then

ii) former CN employees hired as Engineers at the beginning of operations will be placed thereafter, in the same seniority order they had on CN engineer seniority list; then

4

iii) all other employees

5.10 A newly hired operating employee shall serve a probationary period of one hundred eighty (180) calendar days. During a newly hired operating employee's probationary period, the Company may terminate the employment relationship at any time and for any nondiscriminatory case. Qualified former operating employees of CN, hired by the Company, shall not be subject to a probationary period.

ARTICLE 6

LAYOFFS AND RECALLS

6.1 In cases of layoff, junior operating employees shall be demoted or laid off in reverse order of their seniority within their job classification as defined in Article 2. The Company shall make every effort to provide operating employees with as much notice as possible of layoff. In any event, the respective Union and the affected operating employee(s) shall be advised of at least ten (10) working days in advance of the date the layoff shall commence or receive the equivalent pay in lieu of the notice. Operating employees shall be recalled to service in seniority order within their classification and will retain their original seniority date and standing provided they report for duty within fourteen (14) days from the date they receive their notice of recall, unless relieved of such responsibility through the application of paragraph 6.2. Seniority shall accrue during periods of layoff up to a maximum of two (2) years.

6.2 The Company shall recall operating employees by written notice sent to the operating employee by registered mail at his last known address or hand delivered to him. It shall be the responsibility of the operating employee to provide in writing to the Company his current address. An operating employee must both notify the Company of his intent to return to work within seven (7) days of receiving the written notice and present himself for work within fourteen (14) days of the written notice.

6.3 Subject to the availability of junior operating employees, an operating employee may waive recall without the loss of seniority for vacancies with an expected duration of less than ninety (90) calendar days.

5

ARTICLE 7

CREW CONSIST

7.1 Unless otherwise provided in this Article, all assignments will have two operating employees - a Locomotive Engineer and a Conductor. Additional operating employees may be assigned as required.

ARTICLE 8

REPORTING PAY AND CALLING PROCEDURE

8.1 When an operating employee is called and reports for duty and is not required for service he shall be allowed pay at the applicable rates of pay with a minimum of three (3) hours. If he is held longer than three (3) hours, he shall be paid for all time held.

8.2 Except in an emergency, the Company shall provide as near as to two (2) hours prior to departure

time as conditions will permit. The Company shall not be required to call an employee who is in assigned service except to inform him if a train is delayed and to inform him of the new on-duty time.

ARTICLE 9

WORK SCHEDULING AND WAGES

9.1 All operating employees covered by this Agreement shall be paid on an hourly basis. The Company guarantees to each operating employee a minimum of 520 hours of work for the four consecutive thirteen (13) week period between January 1st and December 31st.

9.2 The hourly rate paid is the basic rate for which each operating employee is qualified as per attached Appendix B.

9.3 Operating employees required to work overtime will be paid for time worked in excess of forty (40) hours per week at one and one-half (1 1/2) times the basic hourly rate.

9.4 The Company will accumulate the time worked in excess of the regular forty (40) hour work week at the rate of one and one-half (1 1/2) times in a bank time account for each operating employee. The excess of 40 hours accumulated in the bank time account of an operating employee will be paid.

6

9.5 If an operating employee operating employee works less than forty (40) hours in a week, the Company will pay him forty (40) hours of work and deduct the difference between forty (40) hours and his actual hours worked from this bank time account.

9.6 Any balance in the bank time account due to an operating employee operating employee will be paid at the end of each thirteen (13) weeks period.

9.7 Any balance owed by an operating employee will be forgiven at the end of each thirteen week period referred to in Article 9.1, in such a manner that the total of the hours paid to an operating employee during the period and the hours forgiven will add to the minimum guaranteed hours of 520 hours. The excess of the 520 guaranteed hours will remain in the time bank account of the operating employee.

9.8 Employees may be required to work twelve (12) hours tours of duty depending on the requirements of the assignment. However, in case of emergencies such as: main line outage or blockage caused by derailment or act of God, employees may be required to work up to the number of hours allowed by law.

9.9 The Company will discuss the scheduling and implementation of assignments with the operating employees and their Union representatives. Where possible and wherever the requirements of service permit, assignments will be bulletined to work consecutive days and to provide a minimum of two consecutive rest days in a work week with a presumption that Saturday and Sunday are the preferred rest days.

9.10 An operating employee held at other than his home terminal shall be paid for his hourly rate of pay for the actual time so held after the expiration of twelve (12) hours from the time relieved from previous duty. Payments accruing under this Article shall be made separately from pay for subsequent service or deadheading.

9.11 The Company shall designate a home terminal for each assignment.

9.12 Employees must be in the final destination terminal and off duty prior to the expiration of twelve (12) hours. If employees are not in and off duty at the home/away from home terminal prior to the expiration of twelve (12) hours, such employees will be compensated one (1) hour for the first hour or any part thereof and, thereafter, on a half hour basis. Any payment made under the present paragraph will be over and above the weekly guarantee.

7

9.13 Operating employees who are required to deadhead will be paid for actual time occupied at the basic hourly rate. Such time will be used in the calculation of overtime and also will be used to make up the operating employee's guarantee.

9.14 Any employees who uses his private automobile with the Company's authorization will be reimbursed at the rate of thirty-two (0.32) cents per kilometer.

9.15 The Company will implement the work schedule in accordance with the maximum time on duty under Federal Regulations. Any operating employee will not be assigned if he has less than eight (8) hours rest between tours of duty.

ARTICLE 10

TRAINING

10.1 The Company shall establish training and qualification programs for each classification after consulting with the Unions. These programs are intended to assist an operating employee to gain better knowledge of his job and to learn new skills.

10.2 An operating employee who applies for or accepts training and then refuses to fulfill the requirements for qualifying for the position or withdraws his acceptance prior to meeting said qualifications, will be returned to his former position and be restricted from making application for the same position for one (1) year. In situations where extenuating circumstances are involved, the operating employee's case will be reviewed by the Company and the appropriate General Chairman.

10.3 An employee who is in training will be paid his regular rate of wages for the actual time spent in training and shall be reimbursed for his reasonable costs of travel. Employees will also receive their regular rate of wages for traveling to and from the training location if different from home terminal. In the event the classification being trained for is less than the employee's regular rate of wages, the higher amount will be paid.

10.4 An operating employee who fails in his first attempt to the position or classification for which he took training, will be given a second opportunity within a reasonable period of time, not to exceed one (1) year in which to qualify or meet the required qualifications of the position for which training was provided or pass any required examination for the job.

8

10.5 Any operating employee who twice fails to meet the required qualifications or pass the required examinations for the job, or if the operating employee accepts the position and then refuses to fulfill the

requirements of qualifying for the position or withdraws his acceptance prior to meeting said qualifications, will only be considered for further training at his own expense and on his own time, at the discretion of the Company.

ARTICLE 11

BULLETINING OF ASSIGNMENTS

11.1 There will be two (2) changes of time per year, one in the Spring and one in the Fall. At a change of time, all district assignments will be bulletined into the home terminal at least seven (7) days prior to the effective date and will be filled by order of seniority of the qualified applicants.

11.2 All new positions or vacancies that the Company knows will remain for more than seven (7) calendar days, will be bulletined for five (5) days and filled with the senior qualified applicant. The application must be in writing. If there is no applicant, the junior available qualified employee on the relevant spareboard will be assigned to the job: such assigned employee may request to be relieved from such assignment if a more junior employee becomes available on the relevant spareboard.

11.3 If a position is not filled from within the Company as provided for in this Article. The Company may externally advertise the position.

ARTICLE 12

DISCIPLINE

12.1 Employees who have successfully completed their probationary period shall not be disciplined or discharged without a fair and impartial fact-finding session, unless they accept discipline to be assessed (other than dismissal), in writing, and waive formal fact-finding. However, in cases management determines to be serious (such as theft, altercation, alcohol/drug violations, major accidents, serious misconduct, etc.), the employee may be held out of service pending fact-finding. If a decision is not rendered within the thirty (30) days, the employee will be considered to be exonerated. When a request for an extension in the time limit is made, concurrence will not be unreasonably withheld.

9

12.2 An employee charged with an offense shall be furnished with a written notice stating the charge or charges within fifteen (15) days following the date the information is received by the Company. Within fifteen (15) days of the employee's receipt of such notice, the Company shall conduct a fact-finding session. The fact-finding session will be conducted between a Company representative and the employee, and his Union representative if the employee so desires. The employee and the Union representative shall be informed of discipline imposed (or if none of the fact that no discipline is imposed) within thirty (30) days following the fact-finding session.

12.3 Discipline can be appealed through the grievance procedure stipulated in the present agreement as of the date the decision to impose the discipline under Article 12.2, hereabove is communicated to the employee.

12.4 If it is found that an employee has been unjustly disciplined or dismissed, such discipline

shall be set aside and removed from the employee's record. He shall be reinstated with his seniority rights unimpaired, and shall be compensated for loss of wages and/or benefits, if any, suffered by him, resulting from such discipline or suspension, less any amount earned during such period the disciplinary action was in effect.

ARTICLE 13

GRIEVANCE AND ARBITRATION PROCEDURE

13.1 If any differences arise between the Company and the Union representing an operating employee pertaining to the meaning, interpretation or application of this Agreement, except any matter arising out of or related to the suspension or discharge of an operating employee which shall be handled pursuant to Article 12 of this Agreement, it shall be disposed of in the following manner:

Step 1: The operating employee or the Union's Local representative shall present a written detailed grievance to his immediate supervisor within ten (10) calendar days of the dispute. The supervisor must respond in writing within ten (10) days stating the supervisor's decision regarding the grievance. These time limits may be extended only by mutual agreement of the Company and the Local Union representative.

10

Step 2: A grievance not resolved in Step 1 may be progressed by the operating employee's designated representative to the Company President in writing within thirty (30) days of receipt by the operating employee or of the supervisor's written decision requesting that the supervisor's decision be reviewed by the President or his delegate. A written decision must be rendered by the President or his delegate within fifteen (15) days of receipt by the President of the request for review. These time limits may be extended only by mutual agreement of the Union and the Company.

13.2 The settlement of a grievance shall not, under any circumstances, involve retroactive pay beyond thirty (30) days prior to the date the grievance was submitted at Step 1 of this grievance procedure.

13.3 Any grievance not advanced by the operating employee or his designated Union representative within the prescribed time limits shall be deemed to be abandoned. Where a written decision is not rendered by the appropriate officer of the Company within the prescribed time limits, the grievance will be allowed. Any grievance abandoned by the Union will not be considered as a precedent or waiver of the contention of the Union as to similar cases.

13.4 If a grievance concerning the interpretation or alleged violation of this Agreement has been processed in the procedural manner through each of the steps outlined in Article 13.1, or an appeal against the discipline imposed has been processed in the procedural manner and through each of the steps outlined in Article 12 and still has not been settled or disposed of, it may be referred to Arbitration by any of the signatories to this Agreement for final and binding settlement without a work stoppage. Proceedings for submitting the grievance to Arbitration must be instituted by the Union or the Company within forty-five (45) days of the President's decision. No dispute may be submitted to Arbitration until it has been processed through the grievance procedures set forth in the above Article 13 of this Agreement.

13.5 The grievance shall be referred to an Arbitrator who is mutually acceptable to the applicable parties. The cost of the Arbitrator shall be shared on an equal basis between the Union and the

Company.

13.6 As soon as the Arbitrator is selected, the applicable parties will contact the Arbitrator to set a hearing date. Prior to the hearing or at such other time as the parties may agree, the Company and the Union shall submit a joint submission of the issues containing a statement of the facts and a statement of the respective positions of the parties. If the parties cannot agree on the contents of the joint submission, each party may submit its separate statement of position.

11

13.7 At the hearing the parties may each present their case verbally or in writing to the Arbitrator. The Arbitrator shall consider only the dispute or question presented to him in the notice and the decision shall not add to, subtract from, modify, rescind, or disregard any provisions of this Agreement. The Arbitrator's decision shall be final and binding.

13.8 If Arbitration is not utilized, the President's decision shall be final and binding. In that case, the matter will be closed but will not be considered as a precedent or waiver of the contentions of the union as to similar cases.

13.9 Notwithstanding the grievance procedure set forth above, when there is a question regarding time to be paid, any portion in dispute will be paid and the Company will notify the operating employee within fifteen (15) days from its receipt of the time claim whether it is allowing or disallowing the claim. If the Company disallows the claim, it must state its reason(s) in writing for so doing. Any claim made pursuant to this Article not responded to by the Company within the specified time limits shall be deemed approved and shall be paid by the Company. The decision to disallow a time claim is immediately subject to the provisions of Step 2 of the grievance procedure. The parties recognize the right of the Union to file a Policy Grievance commencing at Step 2 of the Grievance Procedure.

13.10 No operating employee shall be disciplined or discriminated against for lawful union activities, for reporting an alleged violation of any provision of this Agreement to the Union, or for performing services on Union committees outside of working hours.

NOTE: The provisions of this Article will not prevent the parties from mutually agreeing to have a grievance resolved by a Federal Mediator/Arbitrator.

ARTICLE 14

LEAVE OF ABSENCE

14.1 An operating employee may be granted a leave of absence without pay of up to ninety (90) days at the discretion and upon approval of the Company. The period of leave may be extended at the discretion of the Company. An operating employee granted such a leave shall sign a copy of a written authorization of leave.

12

14.2 An operating employee on leave of absence from the Company may not work for another company unless the Union and the Company mutually agree to allow the operating employee to work for another company. Any operating employee who engages in such other employment without the consent of the Union and the Company shall be considered terminated.

14.3 The Company shall grant a leave of absence without pay to any operating employee elected or appointed to a Union office or as a Local or General Chairman or as a delegate to any union activity for the term of the office or until completing the activity, unless the activity unduly interferes with the operations of the Company.

ARTICLE 15

PAY DAY

15.1 All operating employees shall receive wages in accordance with Article 9 and Appendix "B" of this Agreement. Operating employees shall be paid bi-weekly.

15.2 Operating employees leaving the service of the Company shall be furnished with a payment covering all time due on the next pay period.

15.3 All overtime shall be shown as a separate item on the pay summary of operating employees.

15.4 Operating employees shall be paid by electronic funds transfer.

15.5 An operating employee who has been short paid will be issued a voucher to cover such shortage.

ARTICLE 16

OVERTIME

16.1 Overtime assigned by the Company shall be paid at the rate of one and one-half (1 1/2) times the operating employee's regular rate of wages for each hour of work in excess of forty (40) hours in each work week or in excess of the maximum hours of work permitted by the Minister of Labour.

16.2 Operating employees called in from home to work overtime which is not in conjunction with their shift will be paid an amount which is equivalent to at least three (3) hours of overtime work. Except in cases of emergencies the Company will endeavor to distribute overtime equitably to all employees.

13

ARTICLE 17

COMPANY INITIATED MEETINGS

17.1 When an operating employee and/or local Union officer or delegate who is not on duty is requested by a Company officer to attend a meeting on a matter initiated by the Company, such employee will be compensated as follows on account of such attendance:

a) where necessary reimburse for actual time lost, or a minimum of three (3) hours,

b) for time in excess of three (3) hours, actual time held, and

c) where necessary for any employee and/or official union representative to travel from another terminal or if such operating employees' assignments are located at other than the location of the meeting attended, they will be reimbursed for actual reasonable expenses for meals, traveling costs and

hotel/motel accommodation (in addition to payment outlined in sub-paragraphs (a) and (b) above. Expenses with receipts will be paid.

ARTICLE 18

VACATIONS

18.1 Operating employees who qualify will receive paid vacation time on the following schedule according to their Company service:

- a) One (1) year but less than five (5) years shall receive two (2) weeks at four percent (4%) of the previous year's earnings;
- b) Five (5) years or more but less than ten (10) years shall receive three (3) weeks at six percent (6%) of the previous year's earnings;
- c) Ten (10) years or more but less than (fifteen) 15 shall receive four (4) weeks at eight percent (8%) of the previous year's earnings;
- d) Fifteen (15) years or more shall receive five (5) weeks at 10 percent (10%) of the previous year's earnings.

14

18.2 Vacation time shall not be accumulated from one year to the next. The Company in its discretion, may allow an operating employee to carry over his vacation to the next year in circumstances where, due to illness or injury, the operating employee has not been reasonably able to take his vacation in the year it became available. There will be no pay for vacation instead of time off unless the Company cannot grant the employee his vacation during the calendar year.

18.3 To be counted as a year of service, an operating employee must have been continuously employed for a period of twelve (12) consecutive months. Time off for union business, time off on account of any authorized layoff, bona fide illness, injury and vacation days, shall count as continuous service for the purpose of this Article. An operating employee with less than twelve (12) continuous months of service with the Company, shall receive vacation pay in an amount equal to four percent (4%) of his total earnings. An operating employee who is hired pursuant to Article 5.1 and who has performed service in only a portion of a full month and is laid off, shall leave that portion of the month counted as a full month of continuous employment for the purposes of this Article.

18.4 Vacation requests must be submitted in writing to the operating employee's supervisor between December 1 and December 15 of each year. The Company will respond by no later than January 30 of each year. Those operating employees with the greater amount of Company service will have priority if duplicate requests for the same vacation times are received. When submitting requests, operating employees should include a sufficient number of choices in case of duplicate requests.

18.5 With the exception of floating vacation days, all vacations will commence on a Monday and continue as consecutive week(s), except for operating employees who have days off other than Saturday or Sunday in which circumstances their vacation would commence upon completion of the last day of work in their work week. Operating employees entitled to two (2) or more weeks of vacation may split their vacation into not less than one (1) week segments. Operating employees shall be allowed to take up

to five (5) of their vacation days as floating vacation days during the year, as long as the Company approves in advance of the day to be taken and as long as the day or days are not added to regularly scheduled vacations.

15

18.6 The Company reserves the right to grant or deny vacation request choices based on the needs of its operations. The maximum number of operating employees who may be on vacation at one time shall be limited to no more than ten percent (10%) of the number of operating employees in a classification. In its discretion, the Company may allow additional operating employees in a classification to be on vacation at the same time. Except in an emergency, once a vacation request is granted, the operating employee shall be allowed to take the assigned time. If the vacation must be rescheduled due to an emergency, the operating employee and the Company shall mutually agree to the rescheduled time. If the operating employee's vacation is rescheduled by the Company due to an emergency and the operating employee has prepaid for the vacation and cannot obtain a refund and/or cannot use the prepaid vacation at a later date, the Company shall reimburse the operating employee for out-of-pocket expenses.

18.7 If any of the general holidays listed in Article 19 occur during an operating employee's vacation or rest day, the operating employee may either be given a day of holiday in addition to his vacation pay or an additional day off at the end of his vacation and the holiday pay at his choice. The operating employee must notify the Company in advance of taking his vacation of which option he will choose.

18.8 If an operating employee ceases to be employed, the Company shall pay to the operating employee any vacation pay owed by the Company to the operating employee. In these circumstances, vacation pay shall be calculated at the rate of two percent (2%) per week of vacation to which the operating employee's service entitles him, multiplied by the regular wages of the operating employee for the period of service for which the operating employee has not already received vacation. Any accrued vacation pay in a year shall be paid to the estate of an operating employee who dies while in the employ of the Company.

16

ARTICLE 19

GENERAL HOLIDAYS

19.1 The Company recognizes the following days as paid holidays:

New Year's Day

January 2

Good Friday

Victoria Day

Canada Day

Civic Holiday in August

Labour Day

Thanksgiving Day

Remembrance Day

Christmas Day

Boxing Day.

19.2 An operating employee who is not required to work on a general holiday shall be paid at the equivalent of the wages he would have earned at his regular rate of wages for his normal hours of work. When a general holiday falls on an operating employee's rest day, such holiday will either be moved to the normal working day immediately following the operating employee's rest day or to such other time upon which the operating employee and the Company agree.

ARTICLE 20

MEALS EXPENSE REIMBURSEMENT AND ACCOMMODATIONS

20.1 Operating employees are entitled to a paid meal break of thirty (30) minutes. Operating employees who have been on duty over ten (10) hours will be entitled to a second thirty (30) minute paid meal break. Trains will not be delayed nor the train operations disrupted solely as a result of stopping train to eat. Operating employees will report for work suitably prepared for a tour of duty recognizing that the opportunity to take a meal will be governed by the practicability of train operations.

20.2 Operating employees required to terminate their tour of duty away from their home terminal or headquarters point, will be paid a meal allowance of twenty-five (\$25.00) dollars for every twenty-four (24) hour period from the start of their tour of duty such operating employees are away from their home terminal, unless meals are furnished by the Company.

17

20.3 When an operating employee is tied up for rest at points other than the designated home terminal of his assignment he shall be provided suitable lodging at the Company's expense. The Company shall consult with the Unions regarding the suitability of accommodations.

20.4 When an operating employee is required to work away from his headquarters point or is required to attend a Company meeting away from his home terminal, the Company shall either provide transportation or reimburse the operating employee for the necessary cost of transportation and meal expenses if necessary. If the operating employee is permitted by the Company to utilize his own automobile, the Company shall reimburse him at the rate of thirty-two cents per kilometer (0.32/km) for the kilometers traveled via the most direct highway route. The Company will review this rate on an annual basis.

ARTICLE 21

HEALTH AND SAFETY

21.1 The Company shall establish a Health and Safety Committee made up of at least one (1) member

from management and one (1) member from each of the Unions.

21.2 The Health and Safety Committee shall meet quarterly and shall consult and make recommendations to the Company concerning the furtherance of health and safety measures, including but not limited to the reduction of ergonomic hazards in the workplace and to conduct such other functions as required by the applicable Federal and/or Provincial legislation governing Occupational Health and Safety.

21.3 The Company shall furnish for those employees requiring the appropriate safety gear, hard hats, safety vests, safety glasses, gloves, welders' protective clothing, and an allowance for safety boots pursuant to the Company's safety boot program. Employees failing to wear and use proper safety equipment for their position shall be subject to the Discipline Policy of the Company.

ARTICLE 22

SICK LEAVE

22.1 Each operating employee will be allowed to take a maximum of six (6) sick leave days in one (1) year. The Company shall pay the operating employee for each unused sick leave day at the end of the end of the year. Sick leave days may not be used in conjunction with vacation and may not be accumulated from year to year.

18

ARTICLE 23

BEREAVEMENT LEAVE

23.1 All operating employees shall, upon the death of the operating employee's spouse, child, parent, grandparent, stepparent, mother-in-law, father-in-law, brother, sister, stepbrother or stepsister, be entitled to three (3) consecutive calendar days bereavement leave. An operating employee will be granted a paid leave of absence and compensated for actual time lost within such three (3) consecutive calendar days.

23.2 In the application of this Article, "operating employee's spouse" means the person who is legally married to the operating employee and who is residing with or supported by the operating employee, provided that, if there is no legally married spouse, it means the person who qualifies as spouse under the definition of that word in Section 2 (1) of the Canadian Human Rights Benefits Regulations, as long as such person is residing with the operating employee.

23.3 If the operating employee wishes to have the Company grant an exception to this policy, he must present his request to the President of the Company for consideration. The President may grant an exception in his sole discretion.

23.4 If an operating employee is bereaved while on vacation, bereavement leave days shall not be included as part of the vacation period. The vacation days not taken shall be rescheduled through mutual agreement between the Company and the operating employee.

ARTICLE 24

JURY DUTY AND ATTENDING COURT

24.1 An operating employee who is summoned or who serves on jury duty and is required to lose time from his assignment shall be paid the difference between the amount paid by the Court for such jury service and the amount of his regular base rate of wages for his regular tour of duty he would have otherwise worked, not including, however, reimbursement from the Courts for meals, lodging or transportation. If jury duty falls during a period of the operating employee's annual vacation, then the operating employee will have his vacation rescheduled to a time that is mutually agreeable to the Company and the operating employee. Hours paid under this provision shall not be considered as time worked when computing overtime.

19

24.2 An operating employee must furnish the Company with a statement from the Court of the jury allowance paid by the Court and the days on which jury duty was performed.

24.3 When attending Court as a witness for the Company or a medical examiner's inquest in cases where the Company is involved, or if he is subpoenaed by the Crown or government agencies in cases where the Company is involved, an operating employee shall receive pay for all time lost at his regular base rate of wages, or if the appearance falls on a rest day, he shall be paid actual time in attendance with a minimum of three (3) hours. This Article applies to an operating employee who is party to a civil or criminal suit brought against him while performing duties on behalf of the Company. The Company shall be entitled to a certificate for witness fees in all cases.

24.4 This Article does not apply if the operating employee is under criminal investigation.

ARTICLE 25

INJURED ON DUTY

25.1 Operating employees injured while at work will be not required to make accident reports before they are given medical attention, if required, but will make them as soon as practicable thereafter. Proper medical attention will be given at the earliest possible moment.

25.2 An operating employee prevented from completing a shift due to a bona fide injury sustained while on duty will be paid for that full shift at straight time rates of pay, unless the employee receives Worker's Compensation benefits for the day of the injury, in which case the operating employee will be paid the difference between such compensation and payment for their full shift.

ARTICLE 26

EMPLOYEE HEALTH AND PHYSICAL FITNESS

26.1 Annual medical and eye examinations will be arranged and paid for by the Company. The Company shall pay the operating employee his regular rate of wages for the time he spends traveling to and from the place of the examination, the time spent in the examination and for his reasonable costs of travel if the Company required the employee to travel for the examination.

20

ARTICLE 27**MEDICALLY RESTRICTED**

27.1 Situations may be encountered wherein operating employees with medical restrictions find their work opportunities severely limited. In such cases, it is agreed that both parties would work towards a mutually satisfactory solution based on the promise of reasonable accommodation.

27.2 If it is determined that the extent of the medical restriction prohibits the operating employee from retaining employment within this Agreement, every opportunity to provide alternate work within the Company will be explored. In some cases, this would require the operating employee to take training for alternate work opportunities providing the employee is deemed to be suitable and adaptable for such training as deemed by the Company and the Union.

ARTICLE 28**GROUP HEALTH AND OTHER BENEFITS**

28.1 The Company shall maintain the benefits as described in the attached benefits schedule. The cost of these benefits will be paid eight-five percent (85%) by the Company and fifteen percent (15%) by the operating employee.

28.2 The operating employees hired from CN shall be eligible to these benefits at their date of hire with the Company.

28.3 The Company and the Union agree to introduce a pension plan before December 31st, 2000. The Company and the Union will review the sharing of the cost of the benefits as per 28.1 after the Company has introduced a pension plan.

ARTICLE 29**SUPPLIES FOR LOCOMOTIVES**

29.1 The lead locomotive will be equipped with a working hot plate, working fridge, drinking water, a working toilet and suitable seats, acceptable to the parties within reason.

21**ARTICLE 30****LOCKER FACILITIES**

30.1 Locker facilities will be provided at the on duty location for each operating employee.

ARTICLE 31**NOTICE BOARDS**

31.1 Notice Boards will be provided for posting of notices by the Unions.

ARTICLE 32**PAGERS AND CELLULAR TELEPHONES**

32.1 When operating employees supply their own pagers and cellular telephones, the Company will supply to operating employees the proper documentation for income tax purposes.

ARTICLE 33**CERTIFICATE OF SERVICE**

33.1 When operating employees are dismissed or resign they will be given a certificate, upon request, stating time of service and in what capacities they were employed.

ARTICLE 34**MATERIAL CHANGES**

34.1 The parties hereto acknowledge that the relevant provisions of the Canada Labour Code pertaining to material changes apply.

22**ARTICLE 35****PRINTING OF COLLECTIVE AGREEMENT**

35.1 The Company undertakes the responsibility for the printing and translation of the Collective Agreement as may be required from time to time and will absorb the cost of such printing as well as the cost of delivery of sufficient copies to the Local Chairmen within sixty (60) days of the effective date of this Agreement. This will include the cost of printing and delivery of updated pages and the provision of a machine readable file (computer diskette) of the Collective Agreement to the General Chairmen.

ARTICLE 36**PROFIT SHARING**

36.1 All operating employees covered by this Agreement are eligible to participate in the profit sharing plan established by the Company.

36.2 The Company amount for distribution is determined as follows:

- a) Operating Income times eight percent (8%).
- b) The amount for distribution is shared among employees in the proportion of the number of work weeks completed by an employee during the period relative to the total number of work weeks completed by all eligible employees during the period.
- c) The Company will guarantee a profit-sharing amount of a minimum amount of ten percent (10%) of

the regular earnings of an operating employee for the year ending December 31st, 1998 and December 31st, 1999.

d) The Company will make available yearly to the Unions the details of the calculation at the end of each year, together with the audited financial statements of the Company.

23

ARTICLE 37

NO STRIKES OR LOCK-OUTS

37.1 The Company shall not lock out any operating employee covered by this Agreement and the Unions shall not authorize or take part in any work stoppage, slowdown, strike, or picketing of the Company during the life of this Agreement. The Company reserves the right to discipline, including the right to terminate the employment of any operating employees taking part in any violation of this provision of the Agreement.

ARTICLE 38

NO DISCRIMINATION

38.1 Neither the Company nor the Unions nor any operating employee shall permit discrimination, intimidation or coercion against any person by reason of sex, marital status, race, national origin, colour or religion.

ARTICLE 39

TERM OF AGREEMENT

39.1 This Agreement shall become effective on the commencement of operations by OCR and shall continue in effect until December 31st, 2001. Thereafter, this Agreement shall continue in effect from year to year unless either party gives notice to the other of its desire to revise or supersede this Agreement, such notice to be given not less than one hundred twenty (120) days prior to the date upon which this Agreement would otherwise expire.

39.2 The provisions of Article 39.1 shall not be construed so as to constrain the parties to this Agreement from making any changes to or from adding to the scope or application of or from extending the provisions of this Agreement during the term of this Agreement that are mutually acceptable.

39.3 Rules necessary to meet local conditions may be negotiated and made effective, subject in each case to the approval of the officer of the Company designated by OCR and of the Council and subject to either party having the right to cancel the rules on thirty (30) days written notice.

24

ARTICLE 40

APPLICATION AND INTERPRETATION OF AGREEMENT

40.1 Operating employees or their representatives will call the attention of the supervisory officers to any violation of the terms of this Agreement and if necessary, the General Chairmen will refer such matters to the proper officer of the Company.

40.2 Any question of interpretation which may arise will be adjusted by the General Chairmen with the proper officer of the Company.

40.3 No ruling will be made by an officer of the Company changing any generally accepted interpretation of any Article of this Agreement without first having discussed the matter with the General Chairmen. A copy of the ruling issued will be furnished to the General Chairmen.

40.4 No local arrangements which conflict with the generally accepted interpretation for the provisions of this Agreement will be entered into unless first approved by the General Chairmen affected and the proper officer of the Company.

Signed at Montreal, Quebec, this 18th day of November , 1998.

CANADIAN COUNCIL OF RAILWAY OPERATING UNIONS

General Chairperson UTU

Gen

OTTAWA CENTRAL RAILWAY

(signed)

Serge Belzile

APPENDIX "A"**BENEFITS****INSURANCE COMPANY:****SSQ-VIE****Policy Number 18360, effective January 26th, 1998****INSURANCE BROKER:****Dale-Parizeau L.M., Inc.****1440, St. Catherine Street West****Montreal, Quebec****H3G 2V3****Sylvain Maheu****Telephone (514) 282-1112 Watts: 1 800 361 8715 ext. #2871****1. LIFE INSURANCE AND ACCIDENTAL DEATH OR DISMEMBERMENT**

All employees have a life insurance amount equal to two (2) times their annual salary. The amount of insurance is reduced by fifty (50%) at the

age of sixty-five (65) and terminates at (70) seventy years old.

- a. Legal dependants: spouse \$5,000.00 (five thousand dollars),
- b. Child: \$2,500.00 (two thousand five hundred dollars) each.

2. MEDICAL BENEFITS

The program covers 100% of the items below after having satisfied a \$25.00 (Twenty-five dollars) deductible per individual and a \$50.00

(Fifty dollars) deductible per family. The deductibles and the eligible expenses are on a calendar year basis.

(a) Semi-private room in any hospital in Canada. Convalescent hospital: sixty (60) days;

26

(b) Private duty nurse: \$10,000.00 (Ten Thousand dollars) per year;

(c) Most medications that require a prescription are covered;

(d) Services obtained by a physiotherapist (\$35/visit), psychologist (\$65/visit), speech therapist, audiologist and massotherapist (\$40/visit) who are good members in good standing with their professional associations and that are prescribed by a doctor, are admissible to a maximum rate of \$400.00 (Four hundred dollars) per specialist per year;

a. Services rendered by a naturopath (\$35/visit), chiropractor (\$30/visit), podiatrist (\$35/visit), ergotherapist, acupuncturist (\$35/visit), and an osteopath (\$45/visit), who are in good standing with their professional association are admissible to a maximum rate of \$400.00 (Four hundred dollars) per specialist per year;

a. Custom-made orthopedic shoes approved by the insurer and

Prescribed by a podiatrist paid at \$400.00 (Four Hundred

dollars) per twelve (12) months. Orthodontics are covered at

\$100.00 (One Hundred dollars) per twelve (12) months. Special

elastic stockings are paid twice a year;

(g) Hearing aids: \$300 (Three hundred dollars) per 36 months;

(h) Emergency travel insurance and assistance program 24 hours a day;

(i) Laboratory expenses are payable;

(j) Eye exams are covered at \$50 (Fifty dollars) per twenty-four (24) months, glasses at \$100.00 (One hundred dollars) per twenty-four (24) months;

(k) Accident to natural teeth;

(l) Rental expenses;

27

3. DENTAL BENEFITS

After an annual deductible of twenty-five dollars (\$25.00) per individual or fifty dollars (\$50.00) per family, the program reimburses:

(a) One hundred percent (100%) of basic services according to the current dental fee guide of general practitioners;

- cleaning every six (6) months,
- complete oral exams every twenty-four (24) months,
- fillings,
- extraction of teeth,
- root canal treatment,
- gum surgery.

The maximum amount per year is \$1,500.00 (Fifteen hundred dollars).

4. WEEKLY INDEMNITY

This benefit replaces 66.67% of your gross weekly income without exceeding \$500.00 (Five hundred dollars) per week:

- (a) begins the first day following an accident or a twenty-four (24) hour hospitalization;
- (b) begins the eighth day following a sickness or illness.

This benefit will be paid up to a maximum of seventeen (17) weeks.

5. MONTHLY DISABILITY

This benefit replaces 66.67% of your GROSS MONTHLY SALARY without exceeding \$3,000.00 (Three thousand dollars) monthly and starts as soon as your weekly indemnity payments have expired. This benefit will be paid during twenty-four (24) months if you are incapable of performing several tasks of your daily duties, afterward the benefit will continue until age sixty-five (65) if you are incapable of working at any occupation.

APPENDIX "B"

RATES OF PAY

BLE - LOCOMOTIVE ENGINEER

Hourly Yearly Hourly Yearly Hourly Yearly

Basic Rate \$19.95 \$41 496 \$20.95 \$43 570 \$21.58 \$44 886

UTU - CONDUCTOR

Hourly Yearly Hourly Yearly Hourly Yearly

Basic Rate \$18.95 \$39 416 \$19.95 \$41 496 \$20.58 \$42 806

29

APPENDIX "C"**LETTER OF UNDERSTANDING**

November 12, 1998

During these negotiations which concluded with the signing of this Agreement on November 18th, 1998, an issue was raised regarding the seniority of several employees which may be hired by the Ottawa Central Railway.

The parties agree that the language specified in Article 5 of this Agreement referring to former CN Employee(s) refers only to employees who resigned from CN Rail and were hired by the Ottawa Central Railway to commence work on the first day of operation. Seniority in accordance with this paragraph refers to the 17th seniority district list for the UTU and the new consolidated list for the B.L.E.

Other former CN employees (those on bridging and pension) will establish their seniority by lottery and will be placed behind the employees referred to above and ahead of any other employee hired.

CANADIAN COUNCIL OF RAILWAY OPERATING UNIONS(signed)

General Chairman BLE

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(signed)

General Chairperson UTU

OTTAWA CENTRAL RAILWAY

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_(signed)

Serge Belzile

30

APPENDIX "D"

November 18, 1998

Richard Dyon

General Chairman

Brotherhood of

Locomotive Engineers

3610 Valiquette, suite # 200

Montreal, Quebec

H4S 1X8

During negotiations leading up to the signing of the memorandum of agreement, dated November 18, 1998, between the Brotherhood of Locomotive Engineers and Ottawa Central Railway; the Brotherhood had some concerns with the training of Locomotive Engineers and their qualifications.

Discussions were entertained and the Brotherhood suggested that the training be done at the B.L.E. training centre in Saskatoon which have high standards for qualifications. Talks were also held for training on different series of locomotives used by the O.C.R.

The Company replied that they would be very interested and would have a look at this possibility before using other training programs.

For the Company: For the Brotherhood:

Serge Belzile President, C.E.O
Transportation

Ottawa Central Railway

Richard Dyon

General Chairman B.L.E. Central Region

31