

COLLECTIVE AGREEMENT

Between

CANADIAN NATIONAL TRANSPORTATION LIMITED

and

**THE NATIONAL AUTOMOBILE, AEROSPACE, TRANSPORTATION AND
GENERAL WORKERS UNION OF CANADA (CAW-CANADA)**

**Governing the Services of
Owner-Operators**

Effective January 1, 1998

Except as otherwise indicated herein

TABLE OF CONTENTS

ARTICLE	SUBJECT	PAGE
1.	Recognition and Representation	3
2.	Union Dues	5
3.	Management Rights	8
4.	Strikes and Lockouts..	9
5.	Grievance and Arbitration Procedures	10
	Grievance Procedure	10
	Step 1	10
	Step 2	11
	Arbitration	11
	General	12
6.	Probationary Period.	14
7.	Seniority	15
	Seniority Groupings	15
	Seniority Lists	15
	Establishment of Seniority	15
	Corrections to Seniority Lists	16
	Purpose of Seniority	16
	Loss of Seniority	17
8.	Progressive Disciplinary Measures	20
9.	Allocation of Work	21
10.	Replacement Drivers.	23
11.	Sub-contracting.	25
12.	Payment for Services and Equipment	26
13.	Bereavement Leave	29
14.	Duration of Agreement	30

APPENDICES

1.	Application of Article 11 in respect of Contract Trucking	31
2.	Wait time letter of August 22, 1998	34

ARTICLE 1

RECOGNITION AND REPRESENTATION

Recognition

1.1 **CANADIAN NATIONAL TRANSPORTATION LIMITED**, herein referred to as "*the Company*", recognizes the **NATIONAL AUTOMOBILE, AEROSPACE, TRANSPORTATION AND GENERAL WORKERS UNION OF CANADA (CAW-CANADA)**, herein referred to as "*the Union*", as the sole collective bargaining agent for all owner-operators engaged under a standard contract by the Company.

1.2 In this agreement, "*owner-operator*" shall mean a person who is contracted to the Company to provide transportation service and to make available for this purpose a single highway tractor and related equipment, all under the terms and conditions set out in a standard contract between the Company and the individual owner-operator. For the purposes of this agreement, an owner-operator shall be deemed to be a dependent contractor of **CANADIAN NATIONAL TRANSPORTATION LIMITED** within the meaning of that term as found in Part I of the *Canada Labour Code*.

1.3 The Company agrees not to enter into any agreement or contract with owner-operators, individually or collectively, which in any way conflicts with the terms and provisions of this agreement without the express consent of the Union. Any such agreement or contract will be null and void.

1.4 The standard contract shall require that all owner-operators covered by paragraph 1.1 of this article become and remain members of the Union during the continuance of this agreement.

1.5 Upon engaging a new owner-operator, the Company

shall have such new owner-operator sign a Union membership card and forward it to the chief shop steward. The Union shall furnish a supply of blank Union membership cards.

1.6 The Company shall furnish the Union with a list of new owner-operators contracted by the Company within 14 days of their being engaged. Owner-operators will be responsible for furnishing a list of replacement drivers to both the Company and the Union.

Representation

1.7 Officers and committee persons of the Union shall be recognized by the Company as representatives of owner-operators contracted by the Company in all matters covered by and concerning this agreement.

1.8 The Union agrees that there will be no Union activities carried out during working hours except those necessary in connection with the administration of this agreement.

1.9 Accredited representatives of the Union shall have access to the Company's premises during working hours for the purpose of adjusting disputes, investigating working conditions and ascertaining that this agreement is being adhered to, provided that there is no interruption of the Company's operations.

ARTICLE 2

UNION DUES

2.1 The Company shall deduct from the compensation paid during the period containing the twenty-fourth day of the calendar month, from compensation due and payable, an amount equivalent to the monthly union dues of the Union subject to the conditions and exceptions set forth hereunder. Union dues in respect of replacement drivers employed by owner-operators will also be deducted from compensation due and payable to owner-operators for the same period.

2.2 The amount to be deducted shall be equivalent to the regular dues payment of the Union and shall not include initiation fees or special assessments. The amount to be deducted shall not be changed during the term of this agreement excepting to conform with a change in the amount of regular dues of the Union in accordance with its constitutional provisions. The provisions of this article shall be applicable to the Union on receipt by the Company of notice in writing from the Union of the amount of regular monthly dues.

2.3 If compensation due for the period containing the twenty-fourth calendar day of any month is insufficient to permit the deduction of the full amount of dues, no such deduction shall be made from compensation payable to the owner-operator by the Company in such month. The Company shall not, because the owner-operator did not have sufficient compensation payable, carry forward and deduct from any subsequent compensation the dues not deducted in an earlier month. Only deductions now or hereafter required by law and deductions of monies due or owing the Company shall be made from compensation prior to the deduction of dues.

2.4 The amounts of dues so deducted from compensation, accompanied by a statement of such deductions from owner-operators, shall be remitted by the Company to the designated officer or officers of the Union not later than 40 calendar days after deductions are made.

2.5 The Company shall not be responsible, financially or otherwise, either to the Union or any owner-operator for any failure to make deductions or for making improper or inaccurate deductions or remittances. However, in any instance in which an error occurs in the amount of any deduction of dues from an owner-operator's compensation, the Company shall adjust it directly with the owner-operator. In the event of any mistake by the Company in the amount of its remittance to the Union, the Company shall adjust the amount in a subsequent remittance. The Company's liability for any and all amounts deducted pursuant to the provisions of this article shall terminate at the time it remits the amounts to the designated officer or officers of the Union.

2.6 In the event of any action at law against either or both of the parties resulting from any deduction or deductions made or to be made from compensation by the Company pursuant to paragraph 2.1, both parties shall cooperate fully in the defense of such action. Each party shall bear its own cost of such defense except that if, at the request of the Union, counsel fees are incurred, these shall be borne by the Union. Save as aforesaid, the Union shall indemnify and save harmless the Company from any losses, damages, costs, liability or expenses suffered or sustained by it as a result of any such deduction or deductions from compensation.

ARTICLE 3

MANAGEMENT RIGHTS

3.1 Except to the extent that management's rights have been otherwise limited or modified by the specific terms and conditions of this collective agreement, the Union recognizes the exclusive right and authority of the Company to manage the affairs of its business and to direct its owner-operators subject always to the terms of this collective agreement. Management's rights include:

- (a)** The right to engage, direct, assign, and adjust the number of owner-operators.
- (b)** The right to determine schedules of work; type of equipment; service, work and operational standards.
- (c)** The right to maintain order and to discipline for just cause.
- (d)** The right to make and enforce rules, regulations and policy.

3.2 The exercise of the foregoing rights shall in no way violate this agreement nor shall it deprive owner-operators of the right to exercise the grievance procedure where it is alleged that one or more of the provisions of this agreement have been violated.

ARTICLE 4
STRIKES AND LOCKOUTS

4.1 During the term of this collective agreement, there shall be no lockout by the Company nor any strike or work stoppage by owner-operators covered by this agreement.

ARTICLE 5

GRIEVANCE AND ARBITRATION PROCEDURES

Grievance Procedure

5.1 The Company and the Union recognize and agree that the prompt resolution of differences concerning the interpretation, application, administration or alleged contravention of this agreement is of the utmost importance.

5.2 A grievance concerning the interpretation, application, administration or alleged contravention of this agreement or alleging that an owner-operator has been unjustly disciplined or discharged shall be dealt with in the manner set out in this article.

5.3 The Company and the Union recognize that open and frank discussions will promote the resolution of grievances. Therefore, subsequent to submission of a grievance at step 1 or step 2 of the grievance procedure, each grievance will be examined in a meeting as set out in paragraph 5.5 and paragraph 5.8 and within the time frames set out therein before a decision is rendered at either of the steps of the grievance procedure.

Step 1:

5.4 Within ten (10) calendar days from the cause of grievance, the owner-operator and/or the chief shop steward will present the grievance to the Manager Road Operations. The grievance shall consist of a written statement explaining the cause of grievance.

5.5 The meeting referred to in paragraph 5.3 will be held between the owner-operator and/or chief shop steward of the Union and the Manager Road Operations (or delegate), at a mutually convenient time, no later than ten (10) calendar days following the receipt of the grievance.

5.6 Within seven (7) calendar days of such meeting, the Manager Road Operations (or delegate) will render a decision in writing.

Step 2:

5.7 Within twenty-one (21) calendar days of receiving the Manager Road Operations' decision under step 1, the National Representative of the Union may present the grievance to the Director Retail Operations. The grievance shall consist of a written statement outlining the Union's contentions and identify the specific provision or provisions of the collective agreement which the grievance concerns.

5.8 The meeting referred to in paragraph 5.3 will be held between the National Representative of the Union (or delegate) and the Director Retail Operations (or delegate) no later than twenty-one (21) calendar days following the receipt of the grievance.

5.9 Within seven (7) calendar days of such meeting, the Director Retail Operations (or delegate) will render a decision in writing.

Arbitration

5.10 A grievance concerning the interpretation, application, administration or alleged contravention of this agreement or alleging that an owner-operator has been unjustly disciplined or discharged which is not settled at step 2 may be referred by either party to the Canadian Railway Office of Arbitration for final and binding settlement in accordance with the regulations of that Office.

5.11 The request for arbitration must be filed with the Canadian Railway Office of Arbitration, in accordance with the regulations of that Office, within 60 days following receipt of the decision rendered at step 2 of the grievance procedure.

General

5.12 The settlement of a grievance shall not under any circumstance involve retroactive compensation beyond a period of 60 calendar days prior to the date that such grievance was submitted at step 1 of the grievance procedure.

5.13 When a grievance is not progressed by the Union within the prescribed limits, it will be considered as withdrawn.

5.14

(a) When a decision other than one concerning a claim for unpaid compensation is not rendered by the applicable officer of the Company within the prescribed time limits, the grievance may be progressed by the Union to the next step of the grievance procedure.

(b) When a decision concerning a claim for unpaid compensation is not rendered by the applicable officer of the Company within the prescribed time limits, the claim will be paid.

(c) The application of this paragraph 5.14 shall not constitute an interpretation of the collective agreement.

5.15 It is understood that the resolution of a grievance in favor of an owner-operator will not take into account standard variable costs, such as fuel and maintenance costs, not actually incurred by the owner-operator. In the application of this article, compensation claimed will be considered to include standard variable costs of 40% in respect of mileage related claims and 25% in respect of zone related claims.

5.16 The time limits set out in this article may be extended by mutual agreement between the Company and Union officer concerned.

5.17 The Company officers designated herein may be altered consistent with the organizational structure upon written notification to the appropriate National Representative(s) of the Union.

ARTICLE 6
PROBATIONARY PERIOD

6.1 Owner-operators shall be considered as on probation until they have completed sixty (60) days of actual service under contract to the Company. If found unsuitable during such period, the owner-operator will not be retained. This shall not deny an owner-operator of the right to appeal the matter in the grievance procedure.

ARTICLE 7

SENIORITY

Seniority Groupings

7.1 For the purpose of seniority, owner-operators will be grouped by terminal including outlying points.

Seniority Lists

7.2 Seniority lists will be maintained for each seniority group as defined in paragraph 7.1 showing seniority number, names, location and seniority date from which date seniority will accumulate.

7.3 Seniority lists shall be updated and posted at the headquarters locations of all owner-operators concerned (including outlying points) on or before March 31 of each year. A copy of the applicable seniority list shall be furnished to chief shop stewards and the National Representative of the Union. The date on which the seniority list is posted at each location will be shown on the seniority list.

Establishment of Seniority

7.4 The name of an owner-operator shall be placed on the applicable seniority list immediately upon commencing actual service under contract to the Company. In instances where owner-operators have been previously contracted to the Company and the contract was terminated for any reason, such time previously under contract will not be taken into account in the determination of seniority.

7.5 When two or more owner-operators commence service in the same seniority group on the same day, the procedure for establishing their relative seniority standing shall be as follows:

(a) The owner-operator who commenced service at the earlier hour of the day shall be senior.

(b) When owner-operators commenced service at the same hour of the day, the owner-operator who signed the standard contract first shall be senior.

Corrections to Seniority Lists

7.6 Protests respecting seniority status must be submitted, in writing, within 60 calendar days from the date the seniority list is posted. When proof of error is presented by an owner-operator or representative, such error will be corrected. Seniority standing shall become established by being shown on the posted seniority list for 60 calendar days without written protest. Thereafter, seniority standing will not be changed except by mutual agreement between the National Representative of the Union and the proper officer of the Company.

7.7 No change shall be made in the seniority date accorded an owner-operator which has appeared on two consecutive seniority lists unless the seniority date appearing on such lists was protested, in writing, within the 60 calendar day period allowed for correctional purposes.

Purpose of Seniority

7.8 The purpose of seniority is to establish a mechanism to govern layoff, recall to service and, where in effect, entitlement to permanent runs and dispatch start times.

7.9 Notwithstanding the provisions of paragraph 7.8, in the event of layoff, the Company will take into account:

(a) The type of equipment, licenses and permits necessary for the service required;

(b) The seniority of the owner-operator;

(c) Where two or more owner-operators possess the type of equipment,

licenses or permits necessary for the service required, seniority shall be the determinant factor and the junior owner-operator(s) shall be laid off first.

(d) In the application of this paragraph, senior owner-operators who would otherwise be laid off will have the option to secure the type of equipment, licenses or permits necessary for the service required. Owner-operators who wish to exercise this option must provide the Company with proper notice of intent within 48 hours of being advised of layoff and secure such equipment, licenses or permits within 21 days thereafter.

Loss of Seniority

7.10 Owner-operators will forfeit their seniority and their services will be dispensed with for any of the following reasons:

(a) If an owner-operator fails to complete the probationary period.

(b) If an owner-operator is discharged for just cause as a disciplinary measure.

(c) If an owner-operator is absent without authorization for more than three (3) consecutive working days and fails to supply transportation services with an approved replacement driver. Authorization will be given in case of bona-fide illness or injury or other reason acceptable to the Company.

(d) If an owner-operator has been laid off and has subsequently refused to resume provision of transportation services within seven (7) calendar days after being personally advised to do so. When owner-operators cannot be contacted personally, they will be advised of recall to service by registered mail to their last known address on record with the Company upon which they will then be allowed a maximum of seven (7) calendar days to report for service calculated from the date the notice is mailed.

(e) If an owner-operator is laid off and is not recalled to service within one year from the date of layoff.

(f) Forfeiture of any permits, licenses or certificates required under federal or provincial regulations that renders the owner-operator ineligible or unable to fulfill the requirements of the standard contract. However, if an owner-operator should have his permit, license or certificate required

by federal or provincial authorities suspended or revoked, such owner-operator will be allowed to designate a replacement driver as defined in Article 10 pending the final outcome of the legal case. If the owner-operator is found guilty, his contract will be immediately terminated. Should the owner-operator be found legally not guilty of the charge(s), then such owner-operator will be allowed to return to work without forfeiting his seniority.

(g) If the standard contract between the owner-operator and the Company is terminated for any bona-fide reason.

ARTICLE 8

PROGRESSIVE DISCIPLINARY MEASURES

8.1 Pursuant to the terms of their standard contract, owner-operators are required to fulfill the duties and responsibilities connected with the provision of transportation services in a safe, proficient and lawful manner. In circumstances where an owner-operator fails to fulfill such duties and responsibilities or provides unsatisfactory service or engages in misconduct, the Company may take the following measures:

(a) First occurrence: a written warning to the owner-operator that the standard contract is liable to suspension or termination.

(b) Second occurrence: a temporary suspension of the standard contract for a period of one to five working days depending on the nature of the second occurrence of failure, unsatisfactory service or misconduct.

(c) Third occurrence: immediate termination of the standard contract.

8.2 Serious acts of misconduct or gross violations of the terms and conditions of the standard contract may warrant by-passing certain steps in the disciplinary process set out in paragraph 8.1.

ARTICLE 9

ALLOCATION OF WORK

9.1 As a general principle and to the extent possible, work will be allotted to available owner-operators on the basis of first-in, first-out with reasonable exceptions which may include:

- (a)** The type of equipment, licenses or permits requirements necessary for the service required.
- (b)** The return of owner-operators from a foreign terminal point towards their home terminal.
- (c)** Where there is the opportunity to equalize work or miles and other owner-operators have been allotted reasonable work or run reasonable miles in the week.

NOTE: In circumstances where it is advantageous to do so, the first-in, first-out principle may be altered by local agreement between the terminal manager and the chief shop steward.

9.2 Where in effect, assignment of starting time blocks and permanent runs will be bid for and allotted on the basis of seniority. Where in effect, starting time blocks and permanent runs will be bulletined at the terminal each January for a period of five calendar days and will be awarded to the senior owner-operator possessing the requisite equipment, licenses and permits who submits a written bid prior to the closing date of the bulletin.

9.3 Nothing in this article or in any other article of this agreement shall be construed as requiring an owner-operators to work in violation of the applicable federal or provincial regulations governing hours of work.

ARTICLE 10

REPLACEMENT DRIVERS

10.1 A replacement driver is a person engaged and employed by an owner-operator to perform service for the Company in lieu and on behalf of the owner-operator, using such owner-operator's equipment. For the purposes of this agreement, a replacement driver is deemed to be an employee of the owner-operator. On any day while replacing the owner-operator, the replacement driver shall be assigned the same or similar work assignments and work hours as the owner-operator would have received that day provided the replacement driver is qualified in accordance with Company standards to perform the work being assigned.

10.2 Individual owner-operators will be required to designate a replacement driver(s) to perform service for the Company on behalf of the owner-operator using the owner-operator's equipment when the owner-operator is absent for any reason. Owner-operators remain responsible to act as the principal driver of their own tractor unless a special exception is made in writing between the Company and the Union to exempt them from this requirement because of special circumstances for a temporary period.

10.3 The replacement driver must be approved in advance by the Company. Such approval will not be unreasonably withheld. When the company requires replacement drivers to take a road test for any reason, on the first two occasions the fee of the instructor performing that test shall be paid by the Company and thereafter the fees shall be paid by the owner-operator.

10.4 The owner-operator shall be responsible for the replacement driver's on-duty conduct and standard of performance.

ARTICLE 11

SUB-CONTRACTING

11.1 The Company may, from time to time, sub-contract work to other parties as required. No permanent reduction in the number of owner-operators shall be made as a direct result of sub-contracting work.

NOTE: Appendix I to this agreement will govern the manner in which trucking services may be sub-contracted.

11.2

- (a)** At the request of either party, a meeting will be held, from time to time, for the purpose of discussing possible ways and means of having sub-contracted work performed by owner-operators.
- (b)** Where mutually agreed, the parties may amend the terms and conditions of this agreement to facilitate the performance of such work by owner-operators.

11.3 In the application of this article, the use of employees employed by the Company or its subsidiaries and represented by the Union shall not constitute sub-contracting.

ARTICLE 12

PAYMENT FOR SERVICES AND EQUIPMENT

12.1 The rates of compensation for owner-operators and their equipment shall be established in the manner set out in this article.

12.2 Current rates of compensation, as set at each terminal, take into account the Company's competitive position and industry standards at the location. Rates of compensation shall be reviewed between the Company and the Union in June of each year. Such review will take into account compensation paid by major competitors and industry standards and will include all elements of compensation of the total compensation package.

12.3 In the event agreement cannot be reached, the matter of adjustment to the compensation package will be referred, within 30 days, to an independent third party, as may be mutually agreed upon, whose decision will be non-binding upon the parties. In the event that the parties cannot agree upon an independent third party, application will be made to the Minister of Labour to appoint one.

12.4 It is recognized that neither the rate review process as set out herein nor any rate adjustments made as a result thereof affects the duration of this agreement as specified in Article 13.

12.5 The Company shall calculate, from trip sheets, logs, mileage and other operating records of the Company, the monies due and payable to the owner-operator and remit such monies to the owner-operator less any deductions as provided for in the standard contract between the owner-operator and the Company. Monies due and payable shall be calculated twice each calendar month, for the period covering the first to the fifteenth day, inclusive, and for the period covering the sixteenth day to the last day, inclusive, of the month. Remittances will be made within ten days of the end of each

such period.

The Company shall be entitled to hold back or retain from any monies due the owner-operator for thirty days following the termination of the owner-operator's standard contract such monetary amounts as may be deemed sufficient to cover any deductions, assessments, accounts, claims or other demands whatsoever for which the owner-operator may be accountable to the Company or for which the Company may be held accountable therefor.

12.6 At terminals where the Company introduces a new communication system for owner-operators the following will apply:

(a) The Company will pay owner-operators at the wait time rate for time spent in Company initiated training on the new system and attendance shall be compulsory for owner-operators and replacement drivers.

(b) The choice of communication devices, the supplier of the communication service, and the method of payment shall be determined by the Company. Owner-operators provided communication devices and communication services will be responsible for their care and maintenance from the date of installation in the truck in accordance with the conditions of the supplier and the Company.

(c) The Company will pay for the lease cost or purchase cost of the communication equipment to be used by the owner-operator. The Company will be responsible for paying qualified persons for installation and normal maintenance of the communication equipment in the owner-operator's truck and for paying for its removal from the truck.

(d) The use of the communication equipment in their truck shall be mandatory upon owner-operators. The Company shall retain ownership of the communication equipment but the owner-operator shall be required to utilize the equipment in accordance with company instructions and suppliers specifications and conditions.

(e) The owner-operator shall be responsible for paying the first \$100 per calendar month of communication charges incurred by the new

communication system and the Company will pay these costs above \$100 per calendar month.

ARTICLE 13

BEREAVEMENT LEAVE

13.1 Upon the death of their spouse, child, grandchild, parent, brother, sister, step-brother, step-sister, step-parent, father-in-law, mother-in-law or grandparent, owner-operators shall be entitled to three working days' bereavement leave provided they have not less than three months' continuous contractual relationship as an owner-operator contracted with CNTL.

13.2 It is the intent of this article to provide for the granting of leave on the occasion of a death, as aforesaid, and for the payment of the regular wages of the replacement driver operating the truck during that period for which bereavement leave is granted to the owner-operator.

13.3 "Spouse" is defined as the person who is legally married to the eligible employee and who is residing with or supported by the eligible employee, provided that, if there is no legally married spouse that is eligible, it means the person who qualifies as a spouse under the definition of that word in Section 2(1) of the Canadian Human Rights Benefit Regulations, so long as such person is residing with the eligible employee.

ARTICLE 14

DURATION OF AGREEMENT

14.1 This agreement shall remain in force until December 31, 2000 and shall continue in force thereafter subject to 90 days' notice in writing from either party to revise, amend or terminate it. Such notice may be served at any time subsequent to September 30, 2000.

Signed at Montreal, Quebec, this day of January, 1999.

FOR THE COMPANY

FOR THE UNION

R.J. Dixon
Assistant Vice-President
Labour Relations and
Employment Legislation

R. Johnston
President, Council 4000

Ian Kelland
Director Retail Operations

APPENDIX 1

APPLICATION OF ARTICLE 11 IN RESPECT OF CONTRACTED TRUCKING

1. For the purpose of this Appendix 1, Union represented drivers include owner-operators and Company employed tractor trailer operators operating Company owned or leased tractors governed by a collective agreement between the Company and the Union.

2. For the purpose of this Appendix 1, the term "paid moves" refers to loads and empties in respect of which the Company is required to provide bobtail moves, or pick-up and/or delivery service either on a local or extended basis under the Company's current Intermodal marketing contracts. All other traffic is excluded from the application of this Appendix 1.

3. The purpose of this Appendix 1 is to ensure that union represented drivers handle a minimum of 70% of the paid moves handled over the course of each calendar year as defined herein, as calculated on the basis of all terminal together in total. At each terminal, drivers will handle a minimum of 60% of the paid moves handled over the course of each calendar year as defined herein.

4. For the purpose of this Appendix 1, the calendar year will extend from March to February, inclusive. It shall be divided into four quarters beginning in March of each year:

- First Quarter – March to May
- Second Quarter – June to August
- Third Quarter – September to November
- Fourth Quarter – December to February

5. In each quarter, the Company will, on an on going basis, keep record of the number of the paid moves handled by union represented drivers and the number of paid moves sub-contracted out to contractors on the basis of all terminals together in total, and on an individual terminal basis.

6. The first quarter of each calendar year is the quarter when

traffic volumes will, normally, be highest. At the end of the first quarter, the Company will compare the number of paid moves handled by union represented drivers to the total number of paid moves handled. If the percentage handled by union represented drivers is below 70% on a national basis or below 60% on a terminal basis, additional owner-operators or tractor trailer operators will be engaged to bring the total complement of union represented drivers up to the number that would have been required to handle a minimum of 70% of the total first quarter paid moves on the basis of all terminals together in total or to handle 60% on a terminal basis..

7. In each subsequent quarter of the calendar year, the number of union represented drivers will be maintained at the level established at the end of the first quarter except in cases of a decline in traffic volumes substantially affecting the number of paid moves handled. In such cases, reductions will be accomplished in a manner that will best allow the 70% minimum to be met for the remainder of the calendar year and a 60% minimum on a terminal basis.

8. The provisions of this Appendix 1 will be applied on the basis of all terminals together in total for the purposes of calculating the 70%, and calculated on an individual terminal basis for the purposes of calculating the 60%.

9. Upon request, quarterly and calendar year-end results will be made available to the President of Council 4000 of the Union or his/her delegate.

10. It is recognized that traffic patterns may change in which case the parties may, by mutual agreement, alter the calendar year so that the quarter with the highest volume of paid moves becomes the first quarter.

11. It is expected that the administration of this Appendix 1, in the manner set out herein, will ensure that the number of paid

moves handled by union represented drivers over the course of each subsequent quarter and over the course of the calendar year will meet or exceed 70% of the total number of paid moves handled.

12. It is recognized and understood that the 70% referred to herein is a minimum and not a maximum. Nothing contained herein shall be construed to limit the right of the Company to engage owner-operators or tractor trailer operators in excess of this minimum.

APPENDIX 2

August 22, 1998

Mr. Rick Johnston
President Council 4000
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW - Canada)
545 Crémazie Boulevard East, 15th Floor
Montreal, Quebec H2M 2V1

Dear Mr. Johnston:

During discussions at national negotiations, the Company and the Union reviewed the use of CNTL owner-operators to preload for other CNTL owner-operators at the terminal in order to reduce wait time for CNTL owner-operators. While no specific arrangement was entered into, the parties did agree that matters such as this would best be handled locally. Both parties recognized that reducing wait time for CNTL owner-operators was in the interest of everyone and we discussed how best to approach the problem.

Where the parties agree on a terminal basis to establish a mandated committee, it is understood that the purpose of such committee(s) is to jointly attempt to find genuine solutions to the wait time problem.

Yours truly,

Ian Kelland
Director Road Operations