

MEMORANDUM OF SETTLEMENT

RECEIVED
FEB 01 2005

Dated

February 12, 2005

Between

CANADIAN NATIONAL RAILWAY COMPANY

And

UNITED TRANSPORTATION UNION

Revisions to: Collective Agreements 4.16, 4.3 and 4.2

RE:

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

Rates of Pay effective as Indicated

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

12844(012)

1. Term of Contract

Collective Agreements 4.16, 4.3 and 4.2 covering employees represented by the United Transportation Union, will be renewed for a period of three years commencing January 1, 2004.

2. Wages

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

3. Shift Differentials

Amend the applicable articles in Agreements 4.2, 4.3, and 4.16 to reflect the following:

Employees, in Yard, Road Switcher (Agreement 4.16) and CSA Service that commence a tour of duty between 1400 and 2159 hours shall receive a shift differential of seventy-five cents (\$0.75) per hour, and employees who commence a tour of duty between 2200 and 0559 hours shall receive a shift differential of eighty cents (\$0.80) per hour.

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

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

4. Employee Share Investment Plan

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

5. Extended Health Care Plan

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

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

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

Effective the first month following ratification, increase maximum from \$560 to \$580. Effective January 1, 2006, increase maximum to \$590.

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

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

7. Dental Plan

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

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

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

maximum annual benefit for the Dental Plan will be \$1525 for treatment commencing on or after January 1, 2006.

Sun Life produces an annual Dental Reimbursement Guide for Alberta with the Canadian Life and Health Insurance Association of Canada (CLHIA) and other Canadian insurers. This guide reflects the fees accepted by most dental offices across Alberta. For employees residing in Alberta, if the Dental Association does not publish a Fee Guide, the average costs taken from the B.C. and Saskatchewan Dental Association Fee Guides will be used as a guide.

8. Basic Life Insurance

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

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

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

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

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

9. Medical Appointments

Amend the provisions of Article 125 of Agreement 4.3, Article 71 and Addendum 44 of Agreement 4.16 and Article 16 of Agreement 4.2, to reflect the following:

Employees will be required to advise their respective Crew Management Center sixty (60) days in advance of the date of their scheduled periodic medical. An employee will not be required to change their periodic medical and if it results in the employee having to lose time in order to undergo the examination, such employee will be paid pursuant

to Article 123 of Agreement 4.3, Article 71 and Addendum 44 of Agreement 4.16 and Article 16 of Agreement 4.2. If an employee voluntarily exercises his seniority within the **sixty** days, and misses work due to the medical appointment, payment will be made pursuant to Article 125 of Agreement 4.3, Article 71 of Agreement 4.16 and Article 16.1(a) of Agreement 4.2

10. Orthodontic Treatment (braces and corrective devices)

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

11. Vision Care

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

12. Labour Management Committee

Add a new provision to Agreement 4.3, 4.16 and Agreement 4.2

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

13. Employment Equity. – New Article for Agreements 4.16, 4.3 and 4.2

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

14. Work Week

Add the following new paragraph to the Work Week provisions contained in Article 3.6 of Agreement 4.2 and Article 79.2 of Agreement 4.3:

A work week shall consist of 5 consecutive 8 hour days. The work week shall commence at the starting time of the employee's first regular assigned shift.

15. Traffic Coordinators

Resolved as per Attachment "C"

16. Modified Duties

Add a new provision in Agreements 4.3 and 4.2(West) to read as follows:

Payment for Modified duties will be established as follows:

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

17. Seniority

Amend Agreements 4.2, 4.3 and 4.16, to reflect the following:

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

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

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

18. Workplace Environment

Add a new provision in Agreements 4.16, 4.2 & 4.3 to read as follows:

Management agrees it must exercise its rights reasonably. Management maintains it ensures a harassment free workplace environment.

An employee alleging harassment and intimidation by management may submit a grievance to the General Chairperson to be progressed by the General Chairperson at his or her discretion.

An employee subject to this agreement may, without prejudice, elect to submit a complaint under CN's Harassment Free Environment Policy.

19. Shortages

See attachment E

20. Investigation/Discipline/Grievance Procedure.

- (a) Amend Article 82.1 of Agreement 4.16, Article 30.2 of Agreement 4.2 and Article 117.1 of Agreement 4.3 to include that investigations will only be scheduled to start between 0800 and 1700 hours, at the employees home terminal, or otherwise if mutually agreed upon between the Local Chairperson and the Company.
- (b) Add new provision to Article 82 of Agreement 4.16, Article 30 of Agreement 4.2 and Article 117 of Agreement 4.3 to reflect that an Employee under Company Investigation or his/her accredited representative shall have the right to attend any Company Investigation, which may have a bearing on the employee's responsibilities. The employee or their accredited representative shall have a right to ask any questions of any witness/employee during such investigation relating to the employee's responsibilities.
- (c) Amend Article 82.4 of Agreement 4.16, Article 30.1 of Agreement 4.2, and Article 117.4 of Agreement 4.3 to include that in the case discipline or dismissal is found to be unjust, employees will be exonerated, reinstated if dismissed, and paid as follows:
 - (i) Employees who were assigned to a Traffic Coordinator/Yard/Road Switcher/CSA position(s) will be paid five (5) days per week (or six (6) days if applicable), or portions thereof – pro-rated, at the basic rate of the respective position held at the time the discipline or dismissal was assessed.
 - (ii) Employees in all other Road Service will be paid 4300 freight miles per month or portions thereof – pro-rated, at the basic rate of the respective position held at the time the discipline or dismissal was assessed.
- (d) Remedy provisions to be reproduced in reprinting of Agreements 4.3 and 4.2.
- (e) Brown System of Discipline, refer to Attachment "B"

21. Sabbatical

Allow for Sabbatical leave in Agreements 4.3 and 4.2(West)
Refer to Attachment "D"

22. Annual Vacation

Add the following new paragraph to the Annual Vacation provisions contained in Article 19 of Agreement 4.2, Article 127 of Agreement 4.3 and Article 78 of Agreement 4.16:

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

23. Meals/Coffee Breaks

Resolved as per attachment T"

24. Scheduling Agreement 4.3

The Union's issues regarding scheduling are resolved as per Attachment "F"

25. Time Off Agreements 4.16, 4.3 and 4.2

Add a new provision to Agreements 4.16, 4.3 and 4.2 to reflect:

- a) Employees in unassigned Road Service (including a joint spareboard) shall be entitled, without restriction, upon going off duty to book a minimum of 3 hours and a maximum of 48 hours time off, excluding call time, for each 1075 miles of compensated service.
 1. Employees who desire to exercise this right must do so upon going off duty after having accumulated a minimum of 1075 miles of compensated service.
 2. Employees who desire not to exercise the right to book time off in the application of item a) above will not again be entitled to book time off under this provision until a further 1075 miles of compensated service has been accumulated.
 3. Employees shall give notice of their intent to exercise this right upon the commencement of each reset cycle of 1075 miles.

NOTE 1: Compensated service in the application of item a) herein shall mean those miles which are considered as "chargeable miles" i., the application of Article 28 (4.16) and Article 44 (4.3).

NOTE 2: For purposes of time off, the calculation of miles shall be reset to zero on the employee's mileage date.

b) Employees in unassigned service other than as identified in item a) herein, shall be entitled, without restriction, upon going off duty to book a minimum of 3 hours and a maximum of 48 hours time off, excluding call time, for each 40 hours of compensated service as follows:

1. Employees who desire to exercise this right must do so upon going off duty after having accumulated a minimum of 40 hours of compensated service.
2. Employees who desire not to exercise the right to book time off in the application of item b) 1 herein will not again be entitled to book time off under this provision until a further minimum 40 hours of compensated service has been accumulated.
3. Employees shall give notice of their intent to exercise this right when called for the shift in which it is anticipated that they will achieve forty (40) hours.

NOTE 1: For the purposes of accumulating 40 hours, overtime shall be counted as straight time.

NOTE 2: For purposes of time off, the calculation of forty (40) hours shall be reset to zero on the employee's mileage date.

c) Employees on a joint spareboard, who work a tour of duty in Yard, Road Switcher, CSA or hourly rated commuter service or as a Traffic Coordinator will, in the sole application of this article, apply the following conversion rule in the computation of the 1075 miles:

Hours to Miles

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

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

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

26. Personal Leave Days (PLD)

Add new provision to Agreements 4.16, 4.3, 4.2.

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

NOTE 1: Employees in the application of this provision shall not be entitled to activate personal leave days between and including December 20th and December 31st.

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

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

In such calculations, numbers shall be rounded upward.

27. Meals in Road Service

In addition to the provisions presently contained within Collective Agreements 4.16 and 4.3, the Union accepts the following commitments of the Company:

1. All train consists with CN Locomotive Power will contain an operational Microwave in the lead unit;
2. A cross border train consist without CN power will obtain a properly equipped lead locomotive at the first locomotive power facility (Toronto, Montreal, Chicago (Woodcrest), Winnipeg and Vancouver.) All other trains will contain an operational Microwave in the lead unit.
3. The Parties understand that the Company has the right to return the foreign power from the above recognized terminals, without microwaves.
4. The parties commit to continue discussions regarding the integration of BC Rail power.

28. Train Passes

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

29. Lump Sum Bonus

Provision for a Lump Sum Bonus of \$1,000.00 per employee, to be paid within 30 days of ratification.

30. Two Terminals at One Location

In order to address the adverse effects to the Union resulting from the "Article 12 Arbitration Award - 4.16" (RE: June 19, 2004 letter, Attachment "G").

The Parties have resolved the issue as reflected in Attachment "J".

31. Surplus Employees Western Canada

The issue regarding surplus employees in Western Canada is resolved as per our discussions as referred to in Attachment "H".

32. Printing of Agreement

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

33. General

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

This Memorandum of Settlement supersedes all previous agreements, rulings or interpretations which are in conflict therewith and shall remain in full force and effect until December 31st, 2006, and thereafter, subject to 120 days notice in writing by either party to this agreement of its desire to revise, amend or terminate it. Such notice may be served any time subsequent to August 31st, 2006.

Employees who have performed service subsequent to December 31, 2003 shall be entitled to any amount of compensation that may be due them as a result of the signing of this Memorandum of Agreement.

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

Signed at Montreal, Quebec, this 12th day of February, 2005.

FOR THE COMPANY

Kim Madigan
Vice-president, Labour Relations
North America

Ed Harris
Senior Vice President
Operations

Keith Creel
Senior Vice President
Eastern Region

Myron W. Becker
Director, Labour Relations
North America

Joe T. Torchia
Senior Manager, Labour Relations

Doug VanCauwenbergh
Senior Manager, Labour Relations

Josée Ouellet
Senior Advisor

FOR THE UNION

John W. Armstrong
Vice-president

R. L. LeBel
General Chairperson

R. A. Beatty
General Chairperson

B. R. Boechler
General Chairperson

J. M. Robbins
Vice-General Chairperson

R.A. Hackl
Vice-General Chairperson



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ATTACHMENT "A"

February 12, 2005

Mr. John W. Armstrong
Vice-president
United Transportation Union
71 Bank Street, Floor 7
Ottawa, Ontario K1P 5N2

Mr. Raymond LeBel
General Chairperson
United Transportation Union
1026 St. Jean Street, Suite 200
Quebec, Quebec G1R 1R7

Mr. Rex Beatty
General Chairperson
United Transportation Union
421 Bay Street, Floor 2, Suite 207
Sault Ste. Marie, Ontario P6A 1X3

Mr. Bryan Boechler
General Chairperson
United Transportation Union
214 – 9622 – 42 Avenue NW
Edmonton, Alberta T6E 5Y4

Gentlemen:

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

This will confirm that the matter of pass transportation benefits has been resolved on the basis that, subject to the demands of the traveling public, the present pass policies on CN will be maintained for employees represented by you who were in the service of CN on or prior to March 13, 1979, until the time notices are served on or subsequent to August 31, 2006, and thereafter until the provisions of Section 89 of part I of the Canada Labour Code have been complied with or until some other mutually satisfactory resolution of this matter is agreed,

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

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

Yours truly,

Kim Madigan
Vice-president
Labour Relations - North America



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ATTACHMENT "B"

February 12, 2005

Mr. Rex Beatty
General Chairperson
United Transportation Union
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Sault Ste. Marie, Ontario P6A 1X3

Mr. Raymond LeBel
General Chairperson
United Transportation Union
1026 St. Jean Street, Suite 200
Quebec, Quebec G1R 1R7

Mr. Bryan Boechler
General Chairperson
United Transportation Union
214 - 9622 - 42 Avenue NW
Edmonton, Alberta T6E 5Y4

This letter will form an Addendum in the referenced Collective Agreement(s)

Gentlemen,

Re: Brown System of Discipline.

This will confirm discussions held during collective bargaining in 2004/2005 regarding the Company's approach to discipline.

To resolve the issue of discipline, for the life of the collective agreement(s) or until otherwise mutually agreed, the Company will utilize the Brown discipline system and standards in accordance with past practices and jurisprudence.

The Company and the Union agree that in the application of the Brown system of discipline, the Company may continue to issue discipline in the form of deferred suspensions (subject to Union appeal).

Grievances resulting from the issuance of deferred suspensions will be initiated at Step II of the Grievance procedure.

Kim Madigan
Vice-president, Labour Relations
North America



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February 12, 2005

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Mr. Bryan Boehler
General Chairperson
United Transportation Union
214 - 9622 - 42 Avenue NW
Edmonton, Alberta T6E 5Y4

Gentlemen:

During the recent round of collective bargaining there was discussion concerning the 2001 closed period commitment, and fulfilling the intent of that commitment, regarding implementation of the Tier system of pay. The following is the agreed upon criteria.

All criteria listed, while objective, still provide room for discretion and flexibility between the parties.

It is recognized that different shifts at the same location can be compensated at different Tier levels. For example, the workload on a midnight shift may be greater than the workload on the afternoon shift. The Traffic Coordinator working midnights would be compensated at a higher Tier level than the afternoon Traffic Coordinator. Similarly, Traffic Coordinators working at different locations within the same terminal may be compensated at different Tier levels, depending on workload.

It is further recognized that Tier levels may be adjusted, either upwards or downwards, based on operational changes. Such adjustments, however, will only be made as a result of a "long-term" operational change, such as: the opening or closure of a customer facility; the introduction or removal of a new or revised train service; or other similar type of operational change. Tier levels will not be adjusted on a day-to-day basis. Discussions will take place between the Vice-President (or his or her delegate) and the General Chairperson (or his or her delegate) prior to any change in Tier levels.

TIER 1 CRITERIA

- 30 inbound and 30 outbound trains
 - o Total trains per day
 - o Train 118 inbound and Train 118 outbound equal 1 train in and one train out.
- 30 Assignments
 - o Total number of assignments handled by Traffic Coordinator per shift.
 - o For example: Traffic Coordinator starts work at 0730. Interacts with 8 midnight crews, 12 day crews and 6 afternoon crews as well as 8 crews under the primary direction of another Traffic Coordinator. This Traffic Coordinator handled 34 crews
- Large Customers (i.e. Cargoflo, Freight Forwarders, Steel Centre)
 - o Also includes interchanges, chemical facilities, petroleum facilities or any other industry/operation that requires significant organization and communication/interaction between the Traffic Coordinator, customer and yard crews.

Again, these Criteria provide some discretion; they can be combined or reduced, as agreed by the parties. For example, a Traffic Coordinator handling several large customers, but less than 30 assignments or 30 inbound and outbound trains would still be entitled to a Tier 1 rate of pay. This is similar to the requirement listed in Tier 2.

TIER 2 CRITERIA

- 20 inbound and 20 outbound trains
 - o Total trains per day
 - o Train 118 inbound and Train 118 outbound equal 1 train in and one train out.
- 15 assignments or major customers
 - o Total number of assignments handled by a Traffic Coordinator per shift. "Handled" as described in Tier 1 Criteria.
 - o "Major Customers" as described under "Large Customers" in Tier 1 Criteria.

Complexity of operation, for example, limited yard space or plenty of coordination to be taken into consideration.

- o Locations where Traffic Coordinators are required to perform duties such as: participate in daily conference calls and implement daily operating plans; monitor and manage crew requirements; excessive data entry.

TIER 3 CRITERIA

- Activity less than Tier 2. May have a high number of Trains but not much work performed.
 - o Only a few crews and customers to address/handle on a regular basis.
 - o Would include smaller terminals (Regina, Calgary) or off shifts at larger terminals when not required to switch large customers and have fewer crews.

Yours truly,

Myron W. Becker
Director
Labour Relations - North America

We concur,

John W. Armstrong
Vice President

Raymond LeBel
General Chairperson

Rex Beatty
General Chairperson

Bryan Boechler
General Chairperson



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ATTACHMENT "D"

February 12, 2005

Mr. Bryan Boechler
General Chairperson
United Transportation Union
214 - 9622 - 42 Avenue NW
Edmonton, Alberta T6E 5Y4

Dear Mr. Boechler:

During this round of negotiations, the issue of sabbatical leave was discussed. The Parties have agreed to the introduction of sabbatical leave of absence with deferred salary.

Preamble:

Sabbatical leave of absence is to permit permanent employees, represented by the Union, the opportunity to take a leave of absence, which they personally finance through a deferral of salary. The Sabbatical leave may be for a period of not less than 3 months and not exceeding 9 months and will be awarded on the basis of seniority. The deferral years will not exceed 5 years. It is understood that Sabbatical leave of absence will not apply in situations where such requests are to go work elsewhere.

Definitions:

Sabbatical Leave of Absence:

Agreement between the Company and employees allowing such employees to defer a percentage of their basic Weekly Rate of pay for a period not exceeding 5 years to permit them to finance a leave of absence not exceeding nine months.

Deferral Years:

The year(s) during which employees are deferring their salary. The Sabbatical will be taken after the deferral years.

Sabbatical Leave:

Period during which the employee is on leave of absence. This 'Sabbatical' will be of not less than 3 months and cannot exceed 9 months and will be compensated at the percentage of the basic weekly rate of their permanent assignment,

Contract:

Contracted document between the Company and the employees covering the period of time including the deferral years and the Sabbatical.

General Application:

Sabbatical will be granted at the sole discretion of the Company. The Company decision will not be subject to appeal by the Employee nor by the Union. However, if the Sabbatical is refused, and upon request by the Union, the Company will supply a written confirmation of such refusal with an explanation of its decision.

It may be necessary in order to allot Sabbatical leave of absences that the normal manner in allotting vacations be modified to accommodate those wishing sabbatical leave. No Sabbatical leave will be taken between June 15 and September 15.

If the Sabbatical leave of absence is approved, it will be subject to the following conditions:

Any contract could not be for less than 1 year and cannot exceed 5 years and 9 months.

Example of contract:

If the deferral years are established at two years and the Sabbatical at 6 months, the contract will be for a period of 2 ½ years. During the two year deferral the applicants will be compensated at 80% of their basic weekly rate of pay. During their Sabbatical they will be compensated at 80%.

Hereunder, is a table explaining the various type of deferral years based on 9 months to 5 year periods and Sabbatical based on a Sabbatical of 3 to 9 months.

Deferral Period	Length of Sabbatical		
	3 Months	6 Months	9 Months
9 months	75%		
2 yrs	89%	80%	73%
3 yrs	92%	86%	80%
4 yrs		89%	84%
5 yrs		91%	87%

2. Except as provided below, employees under Contract will be afforded all work benefits normally afforded to other permanent employees including the accumulation of seniority and service.
3. Employees under Sabbatical will be paid through the Direct Deposit System.
4. General Holiday falling within the period of Sabbatical will be considered as making part of the Sabbatical and will not be reimbursed by the Company.
5. Employees on Sabbatical will count in the calculation of annual vacation for the following year and such time will count for Pension purposes.
6. Time spent on Sabbatical will count in the calculation of annual vacation for the following year and such time will count for Pension purposes.

7. At the completion of the Sabbatical, employees will be reinstated in accordance with terms and conditions of the Collective Agreement.
8. The concept of Sabbatical leave of absence should not be used as pre-retirement leave of absence nor should it be used as experience working for another employee.

Funding

9. Contributions retained by the Company, through payroll deduction will be held in trust in a Financial institution selected by the Company and any interest accumulated will be retained by the Company to offset any administrative fees or additional costs associated with payment of benefit premiums.

Withdrawal, Maternity Leave, Long Term Disability, Resignation, Dismissal, Jury Duty or Death:

Withdrawal

10. Employees who decide to withdraw from the Contract, during the deferral years, should advise the proper officer of the Company, in writing thirty (30) days prior to the effective date of their withdrawal.
11. Employees who decide to withdraw from the Contract, during the Sabbatical, should advise the proper officer of the Company at least ten (10) days prior to their return to work.

Maternity Leave

12. In cases of pregnancy where employees decide to request a maternity leave during the term of the Contract under this agreement, employees will have the following options:
 - postpone their Sabbatical leave until after their maternity leave, or
 - postpone their Sabbatical leave to another year. (This postponement can not exceed a period of five years and nine months from the date of signature of the Contract), or
 - abrogate their Contract under this agreement.

Long Term Disability

13. Should employees become disabled during the term of a Contract under this agreement, the agreement may be modified to cover the change, In cases where the employees decide to postpone their Sabbatical leave to another year, such postponement will not exceed a period of five years and nine months from the date of the signature of the Contract.

Resignation

14. Employees who decide to resign from the Company during the term of a Contract under this agreement, the Contract will terminate on the effective date of the resignation and all contributions will be reimbursed.

Dismissal or Death

15. In cases of dismissal of employees or the death of employees during the term of a Contract, the terms and conditions of the Contract will cease on the date of the event and all contributions will be reimbursed.
16. In situations covered in items 10 to 15 inclusive, the Company will have thirty (30) days to reimburse all moneys (without interest) due to employees.
17. Except in cases covered by items 12, 13, 14 or 15, employees under Sabbatical leave will not be permitted to terminate their Sabbatical leave.
18. It is understood that the terms of the Sabbatical leave program will not form part of the Collective Agreement.
19. The provisions of this agreement will override any other provisions in Agreement 4.3 to the contrary.

Yours Truly,

Myron W. Becker
Director
Labour Relations North America



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ATTACHMENT E

February 12, 2005

Mr. Rex Beatty
General Chairperson
United Transportation Union
421 Bay Street, Floor 2, Suite 207
Sault Ste. Marie, Ontario P6A 1X3

Mr. Raymond LeBel
General Chairperson
United Transportation Union
1026 St. Jean Street, Suite 200
Quebec, Quebec G1R 1R7

Gentlemen:

During the current round of negotiations the Union submitted a demand with respect to the forcing provisions of Collective Agreement 4.16. The Company has agreed to address the Union's demand in regards to forcing as follows:

1. Protected employees with a seniority date on or prior to March 29, 1992 but subsequent to March 17, 1982, can only be forced and exercise seniority within their respective seniority district (17th, 18th, 19th) after December 31, 2006.
2. Employees in the 17th seniority district with a seniority date subsequent to March 29, 1992, up to and including May 31, 2005 can only be forced and exercise seniority within the 17th seniority district after December 31, 2006.
3. Employees in the 18th seniority district with a seniority date subsequent to March 29, 1992, up to and including May 31, 2005 can only be forced and exercise seniority within the 18th seniority district including Montreal terminals (East and West) after December 31, 2006.
4. Employees in the 19th seniority district with a seniority date subsequent to March 29, 1992, up to and including May 31, 2005 can only be forced and exercise seniority within the 19th seniority district, including Joffre terminals (East and West) after December 31, 2006.
5. Employees hired subsequent to May 31, 2005, will **only** be allowed to exercise seniority in their respective hired seniority districts (17th, 18th or 19th) and can only be forced within that seniority district but can be forced in the 20th seniority district until December 31, 2006.
6. Employees as identified in items 1, 2, 3 and 4 herein who are unable to hold work on their respective seniority districts will be allowed, at their discretion, to exercise their seniority within the 20th seniority district, subject to recall.

NOTE 1: Employees forced as per paragraph 91.11 will also be entitled to the provisions contained in paragraph 49.39 of Article 49 of Agreement 4.16.

NOTE 2: An employee's seniority district as referred to herein shall be considered the seniority district where hired.

NOTE 3: Employees who have exercised their seniority outside of their respective seniority district (as identified herein) shall notify the company no later than December 31, 2006 of their intent to return to their respective seniority district.

NOTE 4: Employees forced out of their respective seniority district (as identified herein) or on a shortage "bid" outside of their respective seniority district (as identified herein, shall notify the company no later than December 31, 2006 of their intent to return to their respective seniority district.

The 17th, 18th and 19th districts are defined as follows based on provisions of Article 46:

- 17th seniority district as per Articles 46.14 to 46.16
- 18th seniority district as per Articles 46.12 to 46.13
- 19th seniority district as per Articles 46.1 to 46.11

Yours truly,

We concur,

Myron W. Becker
Director
Labour Relations - North America

Rex Beatty
General Chairperson

Raymond LeBel
General Chairperson



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ATTACHMENT "F"

February 12, 2005

Mr. Bryan Boechler
General Chairperson
United Transportation Union
214 – 9622 – 42 Avenue NW
Edmonton, Alberta T6E 5Y4

Dear Mr. Boechler :

During this round of negotiations, the issue of Assigned Service and Scheduling was discussed. The Parties have agreed to resolve the matter based on the following commitment.

Whereas the Union has several demands concerning time off and scheduling of runs to enhance the work environment and quality of life of its members;

And, further, the Union and the Company have entered into an agreement addressing time off

The Parties also commit to meet during the closed period to discuss the implementation of assigned service/runs where deemed operationally feasible and appropriate by the Company and the Union.

Nothing in this letter restricts the implementation of scheduled/assigned runs adhering to current guidelines, before said discussions take place.

The Senior Oversight Committee for this implementation will be comprised of the Senior Vice President of the Company and the General Chairperson (or their respective delegate).

Yours Truly,

For: Ed Harris
Senior Vice-president
Operations

R.A. BEATTY
General Chairperson

G.B. ANDERSON
Vice-General Chairperson

J.M. ROBBINS
Vice-General Chairperson

G. ETHIER
Secretary



united transportation union
travailleurs unis des transports

CENTRAL REGION - GCA - GO 105
CN RAIL - ECORAIL - NBECR - SLA- OCR - GEXR - ETR

ATTACHMENT "G"

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Fax: (705) 942-8020
email: unitedtransport@bellnet.ca

Our Files: CN Negotiations / 6112 / 6147

This letter will not form part of the Collective Agreement

July 19th, 2004
BY FAX AND MAIL

WITHOUT PREJUDICE

Mr. Myron Becker
CN Director of Labour Relations
935 de la Gauchetiere West
16th Floor
Montreal, PQ H3B 4G1

BY FAX

RE: ARBITRATION AWARD – ARTICLE 12 – ISSUED JUNE 24TH, 2004

Dear Mr. Becker,

We have recently received the Arbitrator's award with respect to the above referenced matter.

The Union is extremely disappointed in the decision of the Arbitrator. We are presently continuing our review of this decision. As you are aware the Union argued that this matter had previously been resolved between the parties (in favour of the Union).

This decision, if left standing, will have a significant negative material impact on the Union and its members.

This letter is to officially notify you that we reserve all of our rights to address this decision. We intend to address this decision during the current round of contract negotiations. We just now advise you of this position given that we have just recently received this arbitration decision.

We trust there is no misunderstanding as to the position of the Union in addressing this matter.

Sincerely yours,

Original signed by Rex Beatty
R. A. Beatty,
General Chairperson UTU

cc: J. Armstrong
R. Lebel
B. Boechler



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February 12, 2005

Mr. Bryan Boechler
General Chairperson
United Transportation Union
214 – 9622 – 42 Avenue NW
Edmonton, Alberta T6E 5Y4

Dear Mr. Boechler:

During the recent round of collective bargaining the Company committed that for a period of ~~two~~ (2) calendar years following ratification it will offer forty (40) Early Retirement Opportunities at surplus locations throughout Western Canada as determined between the General Chairperson and the Director of Labour Relations. These opportunities will be offered at each change of card or at such other intervals as may be agreed to by the parties. It is understood that these forty early retirement opportunities will be based on the Conductor Only formula. It is also understood that any unused early retirement opportunities will expire at the end of the two year period.

Yours truly,

I Concur,

Kim Madigan
Vice-president
Labour Relations - North America

Bryan Boechler
General Chairperson



E. Hunter Harrison
President and Chief
Executive Officer

Président-directeur general

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February 12, 2005

Mr. John W. Armstrong
Vice-president
United Transportation Union
71 Bank Street, Floor 7
Ottawa, Ontario K1P 5N2

Mr. Raymond LeBel
General Chairperson
United Transportation Union
1026 St. Jean Street, Suite 200
Quebec, Quebec G1R 1R7

Mr. Rex Beatty
General Chairperson
United Transportation Union
421 Bay Street, Floor 2, Suite 207
Sault Ste. Marie, Ontario P6A 1X3

Mr. Bryan Boechler
General Chairperson
United Transportation Union
214 - 9622 - 42 Avenue NW
Edmonton, Alberta T6E 5Y4

Gentlemen:

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

In view of this concern raised by the Union, this will confirm that employees will be provided the opportunity to have their lunch break in a designated facility as discussed among Messrs. Armstrong, Boechler, Harrison and Ms. Madigan. I also advised and committed that employees will be provided the opportunity for relief from the elements of weather and, subject to the requirements of service, they will be afforded the opportunity for breaks during their shift.

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

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

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

Yours Truly,

E. Hunter Harrison





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February 12, 2005

Mr. Rex Beatty
General Chairperson
United Transportation Union
421 Bay Street, Floor 2, Suite 207
Sault Ste. Marie, Ontario P6A 1X3

Mr. Raymond LeBel
General Chairperson
United Transportation Union
1026 St. Jean Street, Suite 200
Quebec, Quebec G1R 1R7

Gentlemen :

During the current round of negotiations the Union submitted a demand to reverse the decision of the Arbitrator (ref: Ad hoc Arbitration – Article 12 – Issued June 24, 2004) with respect to the decision regarding two terminals at one location (for example: Toronto North Terminal/Toronto South Terminal).

The parties agreed to restrict the award to only that portion that pertains to Road Switchers. Specifically, that Road Switchers are not restricted to terminal work jurisdiction at such locations. For clarification purposes and example, Toronto South Terminal Road Switcher(s) may operate on the jurisdictional territory of Toronto North Terminal and vice versa.

Yours truly,

We concur,

For: Keith Creel
Senior Vice-president

Raymond LeBel
General Chairperson
United Transportation Union

Rex A. Beatty
General Chairperson
United Transportation Union