

EMPLOYMENT SECURITY

AND

INCOME MAINTENANCE AGREEMENT

BETWEEN

CANADIAN NATIONAL RAILWAY COMPANY

AND

UNIFOR COUNCIL 4000

5.1 CLERICAL AND INTERMODAL SUPPLEMENTAL AGREEMENTS

PREFACE

EMPLOYMENT SECURITY

AND

INCOME MAINTENANCE

PLAN

This reprint of the Employment Security and Income Maintenance Agreement Plan, unless otherwise specified herein, is effective April 1, 2002, and cancels and supersedes those Employment Security and Income Maintenance Plans dated April 21, 1989 and June 14, 1995.

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REGISTRATION OF SUPPLEMENTAL UNEMPLOYMENT BENEFIT PLAN

The parties agree that Supplemental Unemployment Benefits be paid only for periods of temporary layoff (the specific duration being set out in the provisions of this Agreement). Employees in receipt of SUB continue their employment relationship with the Company, retain seniority rights, and are required to accept temporary or permanent assignments as provided in this Agreement or become disentitled to SUB. Although an Article 8 notice reflects a permanent change, any layoff pursuant to this change may be temporary in nature.

DEFINITIONS

In this Agreement, the terms used herein will have the meanings as hereinafter provided:

- A. "Employment Security" means that an employee who has completed 8 years of Cumulative Compensated Service with the Company and hired prior to January 1, 1994 will have Employment Security as provided in Article 7.
- B. "Eligible Employees" mean employees of the Company represented by the Union signatory hereto who are eligible for benefits pursuant to the eligibility requirements of Articles 4, 5, 6, 7, 8 or 13.
- C. "Committee" means the Labour Adjustment Committee appointed pursuant to Article 2.
- D. "Basic Weekly Rate" means the Basic Weekly Rate of pay applicable to the position held at the time of change. (Hourly rated employees, 40 X the basic hourly rate; seasonal and spare employees, 80 per cent of average weekly earnings over the eight weeks preceding layoff.)
- E. "Basic Seniority Territory" means that Seniority District or Seniority Territory as defined in the Appendix B of this agreement.
- F. "The Plan" means the benefits and terms and conditions relating thereto as agreed for the employees of the Company, as defined herein, which benefits, terms and conditions appear in this Agreement.
- G. "Cumulative Compensated Service" means:
 - (i) one month of Cumulative Compensated Service which will consist of 21 days or major portion thereof.
 - (ii) Twelve months of Cumulative Compensated Service shall constitute one year of Cumulative Compensated Service calculated from the last date of entry into the Company's service as a new employee. For partial year credit, six or more months of Cumulative Compensated Service shall be considered as the major portion thereof and shall be counted as a year of credit towards computation of severance or layoff benefits.

Service of less than six months of Cumulative Compensated Service shall not be included in the computation.

- (iii) For an employee who renders compensated working service in any calendar year, time off duty, account bona fide illness, injury, authorized maternity leave, to attend committee meetings, called to court as a witness or for uncompensated jury duty, not exceeding a total of 120 days in any calendar year, shall be included in the computation of Cumulative Compensated Service.

H. "Admitted Group" means those groups which have been admitted to coverage under The Plan as provided in Article 3.

I. In addition to the provision of 8.7:

"Technological Change" means: the introduction by the employer into the employer's work, undertaking or business of equipment or material of a different nature or kind than that previously utilized by the employer in the operation of the work, undertaking or business;

or

"Operational or Organizational Change" means: a change in the manner, method, procedure or organizational structure by which the employer carries on the work, undertaking or business not directly related to the introduction of equipment or material provided that any such change is not brought about by:

- (i) a permanent decrease in the volume of traffic outside of the control of the company; or
- (ii) a normal reassignment of duties arising out of the nature of the work in which the employee is engaged; or
- (iii) a normal seasonal staff adjustment.

ARTICLE 1
THE TRUSTEE

1.1 The Trustee shall pay to Eligible Employees the benefits for which they are entitled in keeping with the provisions of The Plan.

ARTICLE 2
LABOUR ADJUSTMENT COMMITTEE

2.1 The Labour Adjustment Committee shall consist of up to six representatives of management and up to six representatives of the Union. The Committee shall be co-chaired by the appropriate senior Company Officer, or designate and the President Council 4000.

Part-time union officers participating in Labour Adjustment Committee meetings will not lose any pay.

The Company will reimburse union officers participating in Labour Adjustment Committee meetings for reasonable expenses incurred as per provisions of the Collective Agreement.

The Committee will meet quarterly or as often as is deemed appropriate by the Co-Chairpersons.

2.2 The role of the Committee will be to:

- (a) Review the status of surplus employees as well as any initiative which may impact employees represented by the Union.
- (b) Mediate the item(s) remaining in dispute following the discussions held in accordance with Paragraph 2.3.
- (c) Examine placement opportunities for surplus employees inside the Company system wide, as well as with external employers, where appropriate. The Committee will do everything reasonable to encourage surplus employees to accept employment opportunities identified by the Committee.
- (d) Provide, where it deems appropriate, tuition assistance of up to \$3,000 to surplus employees. This assistance will be provided for training or education which will assist the individual in accessing work opportunities inside the Company or with external employers. These expenditures may be advanced upon presentation of

appropriate receipts and documentation to the Committee.

Grievance Procedure and Final Dispositions of Disputes

2.3 Except as otherwise provided in the Plan, should any dispute arise respecting the meaning, interpretation, application, administration or alleged violation of the Plan, such dispute shall be progressed in accordance with the provisions of the collective agreement commencing at the authorized "designated officer" level.

2.4 Failing settlement of such dispute at the final step of the grievance procedure, should either party elect to progress the dispute it shall do so by referring it to the Labour Adjustment Committee, except that if the dispute is one involving the question of whether or not a change is one as contemplated under Article 8.1 of The Plan, then such dispute shall be progressed to arbitration under the provisions of the applicable collective agreement.

2.5 The request to have the Labour Adjustment Committee adjudicate upon a dispute must be submitted in writing within sixty days of the date a decision was rendered at the final step of the Grievance Procedure. The request shall be submitted in writing to the Co-Chairpersons of the Labour Adjustment Committee and shall be accompanied by a joint statement of issue and joint statement of facts. If the parties cannot agree upon such joint statement either or each, upon notice in writing to the other, may submit a separate statement to the Co-Chairpersons of the Labour Adjustment Committee.

2.6 Except as otherwise provided in The Plan, in the event the Labour Adjustment Committee is unable to agree on a decision on any question through mutual agreement, the Union or the Company may request that such question be referred to arbitration.

The Parties shall submit the joint statement of issue or issues to the Canadian Railway Office of Arbitration and Dispute Resolution.

The Company and the Union shall respectively bear any expenses each has incurred in the presentation of the case to the Arbitrator, but any general or common expenses, including the remuneration of the Arbitrator, shall be divided equally.

In the event that the parties do not agree upon a joint statement of issue, or issues, remaining in dispute, either or each may submit a separate statement to the Arbitrator in accordance with the procedure outlined above for the joint statement and the other party shall be provided with a copy thereof.

The Arbitrator shall hear the dispute within 30 days from date of the request for arbitration and shall render the decision together with reasons therefor in writing within 30 days of the completion of the hearing.

2.7 When a question has been referred to an Arbitrator as provided for in Article 2.6 hereof, the Arbitrator shall have all the powers of the Labour Adjustment Committee as set out in Article 3 hereof in respect of that question. The Arbitrator shall have no power to add to, subtract from, or modify any of the terms of The Plan or any other collective agreement. The decision of the Arbitrator shall be final and binding.

ARTICLE 3 SPECIAL CASES

3.1 Subject to the provisions of The Plan, the Labour Adjustment Committee shall have full and unrestricted power and authority and exclusive jurisdiction to deal with and adjudicate upon all matters relative to The Plan, which do not add to, subtract from, or modify any of the terms of The Plan or any other collective agreement. The Labour Adjustment Committee shall not have any power to deal with and adjudicate upon any benefits not specifically provided for in The Plan nor in any subsequent plan reached between the Company and the Union signatory hereto.

3.2

(a) Notwithstanding the provisions of Article 3.1, the following types of cases not specifically covered by The Plan may be submitted to the Labour Adjustment Committee for adjudication and payment of benefits, but such cases shall not be subject to arbitration:

(i) Special case(s) involving extenuating circumstances.

NOTE: If the extenuating circumstances involve the relocation of employees to the Metropolitan Toronto area, such employees, provided they are a homeowner and eligible for relocation benefits pursuant to the provisions of Articles 6.1 and 6.2 therein, will be allowed a special relocation allowance of \$20,000.

In the event that employees who are eligible for relocation benefits pursuant to the provisions of Articles 6.1 and 6.2 herein, relocate, the President Council 4000 may meet with the Vice-President,

Labour Relations and Employment Legislation to discuss whether or not there are extenuating circumstances to warrant a special relocation allowance. In the event that such discussions do not result in mutual agreement, the Union may, within 30 calendar days, refer the outstanding issue to the Labour Adjustment Committee.

- (ii) Special case(s) of temporary layoffs of not more than 16 weeks lending themselves to an orderly implementation of lay-off procedures based on the principle of inverse seniority. Where it is agreed that such special case(s) exists, this principle is to be applied at the work location where the layoffs are occurring, and on an optional basis, after all employees with less than two years service have been laid off.
- (iii) Special case(s) of permanent staff reductions lending themselves to special offers of optional early retirement separation allowances to employees eligible, or within one year of eligibility, to retire under Company pension rules so as to prevent the otherwise unavoidable relocation and permanent separation of employees with two or more years' service. The separation allowance to apply in each such special case of optional early retirement is to be a lump sum payment calculated on the basis of the following formula:

Years of Cumulative Compensated Service	Number of Weeks Salary Credited for Each Year of Service Remaining to Normal Retirement
35 or more	4.5
34	4.4
33	4.3
32	4.2
31	4.1
30	4.0
29	3.9
28	3.8
27	3.7
26	3.6
25 or less	3.5

NOTE:

- (a) A partial year of service remaining to normal retirement is to be expressed on a monthly basis,

e.g., 4 years and 1 month (or major portion thereof) equals 4-1/12 (4.083) years.

- (b) One week's salary shall be the employees' Basic Weekly Rate at the time of the change.

- (b) The Labour Adjustment Committee may only approve such special case(s) conditional upon the Labour Adjustment Committee's observance of the following governing principles:

- (i) approval of such special case(s) shall not involve increasing the existing benefit levels in The Plan.
- (ii) approval of such special case(s) shall not be incompatible with the terms of The Plan.
- (iii) approval of such special case(s) referred to in Article 3.2 (a) (ii) and (iii) above shall not involve costs higher than 90% of the costs which would otherwise have been incurred as a result of the standard application of The Plan.
- (iv) approval of any special case(s) under Article 3.2 (a) (ii) shall be contingent upon notification by Human Resources Development Canada that employees who avail themselves of such an inverse seniority layoff procedure will not be disqualified nor disentitled from employment insurance benefits for so doing.
- (v) approval of such special case(s) shall not involve the modification of any Company plan or agreements dealing with such matters as pensions, health and welfare, etc.
- (vi) approval of special case(s) involving special offers of optional early retirement separation allowances shall include the payment of money to the Pension Fund if it is demonstrated that such early retirements result in additional costs to the Pension Fund.

- (c) The foregoing procedures shall not alter the effective date of staff reductions.

3.3 The Labour Adjustment Committee shall have the power to admit to coverage under The Plan any applicant bargaining unit that

has a collective agreement with a railway, as defined herein, subject to such conditions as may be determined from time to time by the Labour Adjustment Committee. Unless otherwise agreed between the employer and the Union making application for admission, any admitted group can only be admitted under the same terms and conditions as apply to other employees in The Plan.

A union and employer who wish to seek admission to The Plan for an appropriate bargaining unit, must make a joint application addressed to the Co-Chairpersons of the Labour Adjustment Committee.

For the purpose of this Article, a railway is defined as Canadian National Railway Company and its subsidiaries and joint properties. It also includes an employer associated with Canadian National Railway Company, a group of whose employees has been admitted to The Plan as provided for in this Article.

ARTICLE 4 WEEKLY LAYOFF BENEFITS

Benefit Accumulation - Layoff Payments

4.1

- (a) For each year of Cumulative Compensated Service (or major portion thereof) an employee will be allowed a gross layoff benefit credit of five weeks for each such year.
- (b) Effective June 14, 1995, an employee with 8 years or more but less than 20 years of Cumulative Compensated Service (or major portion thereof), will be allowed a gross layoff benefit credit of six weeks for each such year.

NOTE: In arriving at net layoff benefits available for an employee, any previous layoff payments made under the provisions of previous Job Security Agreements and Article 4 of The Plan must be taken into account on a "weeks of benefits paid" basis. For example, if employees with 10 years Cumulative Compensated Service were laid off under the provisions of The Plan, they would be treated as follows:

Gross weeks of layoff benefits entitlement - 10 (years) X 6 (weeks)	60 weeks
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Less weeks of layoff benefits paid under the provisions of previous Job Security Agreements and Article 4 of The Plan	<u>10 weeks</u>
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Net Layoff Benefits available	50 weeks
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- (c) Except as provided in Article 4.3 of The Plan, Eligible Employees who are laid off, and whose layoff benefit credit is reduced due to weekly layoff benefit payment being made during the period of layoff in accordance with Article 4 of The Plan, will, on recall, accumulate layoff benefit credits in accordance with the above provisions.

4.2 The above layoff benefit will apply until such time as the employee has completed twenty (20) years of Cumulative Compensated Service, when the following maximum layoff benefit will apply:

Years of Cumulative Compensated Service	Maximum Period for which Weekly Benefits Payable for each Period of Layoff
20 years or more but less than 25 years	3 years
25 years or more but less than 30 years	4 years
30 years or more	5 years

4.3 Employees who, at the beginning of the calendar year, have completed 12 years of Cumulative Compensated Service and subsequently receive weekly benefits due to layoff, in accordance with the provisions of Article 4 of The Plan shall, upon return to service after termination of layoff, be credited with the accumulated layoff benefit weeks they had to their credit at the time of layoff.

4.4

- (a) Employees who are not disqualified under Clause (d) hereof, shall be eligible for a benefit payment in respect of each full week of seven consecutive calendar days of layoff (herein called "a claim week") provided they meet all of the following requirements:

- (i) They have two years or more of continuous employment relationship at the beginning of the calendar year in which the period of continuous layoff in which the claim week occurs began, (calendar year shall be deemed to run from January 1st to December 31st);

- (ii) For weekly layoff benefit payment, a continuous waiting period of seven days in the period of layoff has expired. Each period of layoff will require a new seven-day waiting period in order to establish eligibility for weekly layoff benefits, except that once employees have been on layoff for more than seven days, and are recalled to work for a period of less than ninety calendar days, such employees will immediately become eligible for weekly layoff benefits upon layoff within such ninety days;
 - (iii) They have made application for benefits in the prescribed form and in accordance with the procedures by the Labour Adjustment Committee;
 - (iv) They have exercised full seniority rights on their Basic Seniority Territory as provided for Appendix B of this agreement, except as otherwise expressly provided in Clause (d), paragraphs (ii) and (iii) of this Article 4.4;
 - (v) Employees who elect layoff benefits under this Article 4 will forfeit their entitlement to a severance payment under Article 13;
 - (vi) They have not applied for a severance payment under Article 13 within fourteen calendar days from the date of layoff.
- (b) Supplemental Unemployment Benefit (SUB) Plans provide that payments in respect of guaranteed annual remuneration or in respect of deferred remuneration or severance pay benefits are not reduced or increased by payments received under the SUB plan.
 - (c) Employees who, on being laid off, do not qualify under paragraph (i) of Article 4.4(a) shall, if still laid off in the next calendar year, qualify under said paragraph (i) if at the beginning of said next calendar year they have two years of continuous employment relationship. The seven-day waiting period provided for in paragraph (ii) of Article 4.4(a) shall commence from the 1st day of January of that year.
 - (d) Notwithstanding anything to the contrary in this Article, employees will not be regarded as laid off:

- (i) During any day or period in which employment is interrupted by leave of absence for any reason, sickness, injury, disciplinary action (including time held out of service pending investigation), failure to exercise seniority (except as otherwise expressly provided for in Clause (d) (ii) of this Article 4.4), retirement, Act of God, including but not limited to fire, flood, tempest or earthquake or a reduction or cessation of work due to legal strikes or legal lockout of employees of the Company;
- (ii) During any interval between the time that they are recalled to the service of the Company after a period of layoff, and the time at which they actually resume work during any waiting period provided for in the collective agreement; except that employees who do not, as a consequence of the foregoing, return to service on the day work is available shall be governed by the provisions of Article 4.6 of The Plan, on the same basis as if they had returned to work on the date such work became available.
- (iii) If they decline, for any reason, other than as expressly provided for in Clause (d) (ii) of this Article 4.4, recall to work on their Basic Seniority Territory in accordance with the seniority provisions of the collective agreement.
- (iv) If as provided in Article 4.12, they fail to accept either a temporary or permanent vacant position at their home location in their bargaining units represented by the Union signatory hereto for which the employee is qualified or could become qualified for in a reasonable period of time.
- (v) In respect of any period in which they are receiving other payments of any kind or nature directly from the Company, except as otherwise expressly provided in Article 4.6.
- (vi) During any recognized period of seasonal layoff as defined in Article 10.
- (vii) After their dismissal from the service of the Company.

NOTE: "Basic Seniority Territory" as referred to in Clause 4.4(a) paragraph (iv) and Clause 4.4 (d) paragraph (iii) above, shall be The Plan Eligibility territories as defined in Appendix "B" of The Plan together with the rules written pursuant thereto.

Claims Procedure

4.5 Eligible Employees, as defined in Article 4.4 may, at the expiration of the seven-day waiting period specified in paragraph (ii) of Clause (a) of said Article 4.4, make application to a designated officer in the form and manner prescribed by the Labour Adjustment Committee for a weekly layoff benefit as follows:

- (a) Employees with TWO or more years of continuous employment relationship and LESS THAN TWENTY YEARS' Cumulative Compensated Service:
 - (i) A weekly layoff benefit for each complete week of seven calendar days laid off following the seven-day waiting period referred to in Article 4.4 of an amount which, when added to employment insurance benefits and/or outside earnings in excess of those allowable under employment insurance for such week, will result in employees receiving 80 percent of their Basic Weekly Rate at time of layoff.
 - (ii) During any week following the seven-day waiting period referred to in Article 4.4, in which Eligible Employees are not eligible for employment insurance benefits account eligibility for such benefits having been exhausted or account such employees not being insured for employment insurance benefits, or account employment insurance waiting period, such employees may claim a weekly layoff benefit for each complete week of seven calendar days laid off of the maximum employment insurance weekly benefit currently in force or such lesser amount which, when added to the employees' outside earnings for such week, will result in the employees receiving 80 percent of their Basic Weekly Rate at time of layoff.
 - (iii) Weekly layoff benefits provided for under Article 4.5 shall cease when Eligible Employees have exhausted the benefit accumulation as specified in Article 4.1.

(b) Employees with TWENTY OR MORE YEARS' of Cumulative Compensated Service:

(i) A weekly layoff benefit for each complete week of seven calendar days laid off following the seven-day waiting period referred to in Article 4.4 of an amount which, when added to employment insurance benefits and/or outside earnings in excess of those allowable under employment insurance for such week, will result in the employees receiving 80 percent of their Basic Weekly Rate at time of layoff.

(ii) During any week following the seven-day waiting period referred to in Article 4.4, in which Eligible Employees are not eligible for employment insurance benefits account eligibility for such benefits having been exhausted or account such employees not being insured for employment insurance benefits, or account employment insurance waiting period, such employee may claim a weekly layoff benefit for each complete week of seven calendar days laid off of an amount which when added to the employees' outside earnings for such week, will result in the employees receiving 80 percent of their Basic Weekly Rate at time of layoff.

(c) It shall be the responsibility of the employees to report for each week for which they are claiming a weekly layoff benefit under The Plan any amounts received from the Human Resources Development Canada in respect of such week, as well as any wages earned during such week while employed outside the Company. In the event employees do not report all such outside earnings for any particular week, this will be interpreted as notice from them that their outside earnings for such week are the same as those for the previous week.

4.6 No weekly layoff benefit will be made for parts of a claim week as defined in Clause (a) of Article 4.4 except that:

(a) **Recall not covered by Article 4.6 (b) below**

Employees who have qualified for weekly layoff benefits in accordance with Clause (a) of Article 4.4 and who return to work for part of the last claim week and thereby receive earnings from the Company in that last claim week may make application for a partial weekly layoff benefit which, when added to the earnings received in that week and to employment insurance benefits and/or outside earnings in excess of those allowable under employment insurance for

such week will result in the employees receiving 80 percent of their Basic Weekly Rate at time of layoff.

(b) Temporary recall for less than five working days

Employees who have qualified for weekly layoff benefits in accordance with Clause (a) of Article 4.4 will not have their weekly benefit payment reduced for any claim week during which they returned to the service temporarily for less than five working days.

Example of Payment for Part Week on Recall

4.7 Assume that an employee with a rate of \$15 per hour (\$120 per day, \$600 per week) is laid off Friday, February 3, 1995, (last day worked February 2nd) and recalled to work Thursday, March 16, 1995. This is 41 days, or 5 weeks and 6 days.

For the purpose of this illustration, the employee's plan claim week is Friday to Thursday, and the employment insurance claim week is Sunday to Saturday.

In these circumstances the employee's benefit entitlement would be as follows:

Plan Claim Week 1 Nil (waiting period).	
Plan Claim Week 2	
(a) employee with less than 20 years of service employment insurance maximum	\$448 (from The Plan)
(b) employee with 20 or more years of service - 80% of Basic Weekly Rate at the time of layoff (80% X \$600)	\$480 (from The Plan)
Plan Claim Weeks 3, 4 and 5	
80% of Basic Weekly Rate at the time of layoff (80% X \$600)	\$480 (\$330 employment insurance and \$150 from The Plan).

Last Plan Claim Week (March 10 - March 16, 1995, inclusive)	
For employment insurance purposes, employee works 2 days, (March 16 and 17 - both of which days fall in one employment insurance claim week) - Earnings	\$240.00
Deduct employment insurance allowable earnings (25% of employee's employment insurance entitlement of \$330)	<u>\$82.50</u>
Net earnings for employment insurance purposes	\$157.50
Employment insurance entitlement during last plan claim week - (\$330 - \$157.50)	\$172.50
In order to make up the 80% of the Basic Weekly Rate during the last plan claim week- i.e., \$480, the employee would receive:	
One day's wages for Thursday, March 16, the last day of the plan claim week	\$120.00
Employment insurance entitlement	\$172.50
From The Plan	<u>\$187.50</u>
TOTAL	\$480.00

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Special Provisions for Employees with 20 Years or More of Cumulative Compensated Service

4.9

- (a) Employees with 20 years of Cumulative Compensated Service who, in any calendar year, are laid off and unable to hold work on their Basic Seniority Territory shall, upon return to work, count the period of layoff, up to a maximum of 120 days in any such calendar year from 1976 on, towards the qualifying period for vacation in the ensuing years; such period of layoff in one year shall, upon return to work, also count as service for determining the vacation entitlement in the following year. Layoff days credited for vacation purposes shall not be used in any other manner to obtain additional credit.
- (b) Employees with 20 years of Cumulative Compensated Service who are laid off and unable to hold work on their Basic Seniority Territory will have their group life insurance continued during the period of layoff, up to a maximum period of two years from date of layoff.

4.10 Any agreement reached between the parties will not be valid in respect of benefits under The Plan unless approved by Human Resources Development Canada on the basis that no deductions will be made from the Government employment insurance payments by reason of supplemental unemployment benefits. Notwithstanding anything contained in The Plan, no Eligible Employees will receive for any week a layoff payment under The Plan in excess of that which can be allowed the employee without any reduction in their employment insurance payment.

4.11 An employee who is on layoff on the effective date of The Plan and not receiving weekly layoff benefits but who now qualifies for benefit payments in accordance with the terms of The Plan, shall be entitled to claim weekly layoff benefit payments for the period of layoff subsequent to the date such claim is received by the designated Company officer providing such claim is submitted within sixty calendar days of the effective date of The Plan. The period of continuous layoff immediately prior to the date claim is received by the designated Company officer shall be applied to the waiting period defined in Article 4.4(a)(ii). Such employees who fail to file a claim within sixty calendar days of the effective date of The Plan will forfeit their right to any benefit payments unless subsequently returned to work and again laid off.

Work at Home Location

4.12 Employees in receipt of weekly layoff benefits and who wish to continue such entitlement must avail themselves of work at their home location in accordance with the following, or forfeit weekly layoff benefit entitlement.

- (a) No employee shall be required to take work in another bargaining unit which is not represented by the bargaining unit signatory hereto.
- (b) An employee will be required to accept permanent and temporary vacancies at their home location in the bargaining unit signatory hereto, subject to qualifications. These must be vacancies which occur after all bulletining and recall provisions of the relevant collective agreement have been exhausted. Failing to do so, their weekly layoff benefits will be forfeited for the duration of that vacancy, but all other rights will remain.

NOTE: For the purposes of this provision, a temporary vacancy is defined as one of at least 7 calendar days and less

than 90 calendar days' duration. A permanent vacancy is defined as one of at least 90 days in duration.

- (c) Employees accepting a vacancy in another classification within the bargaining unit signatory hereto, pursuant to this Article 4.12 will continue to accumulate seniority in the classification from which laid off. Such employees must accept recall to the first permanent vacancy in their original classification at their home location. Failure to do so will result in the loss of seniority in their original classification.
- (d) Should a permanent vacancy arise in the bargaining units at a time when several members of the bargaining units are on laid-off status and receiving benefits, the vacancy will be offered to the laid off employees in order of Cumulative Compensated Service (C.C.S.). Only the most "junior" (i.e. in years of C.C.S.) will be required to accept the vacancy pursuant to paragraph (b) above. The provisions of this paragraph (d) come into effect only after acknowledgment by Human Resources Development Canada that it will not invalidate registration of the Plan.
- (e) Employees who work outside their bargaining unit pursuant to paragraph (b) above will be governed by the terms and conditions of employment or of the collective agreement under which they are working except they will be compensated while so employed at 80 percent of their Basic Weekly Rate at time of layoff, or the established rate for the vacancy, whichever is the higher. In the application of this provision, if it is necessary to supplement the basic rate of the position concerned, each week so supplemented shall be deducted from the employees' weekly layoff benefits entitlement. Provided employees remain in a position to which a supplement applies, such supplement will be paid until such time as the amount expended for supplementary payments equals the amount of weekly layoff benefits they would have received had they not been required to fill a vacancy or, until the employees vacate the position, whichever date comes first. In determining the weekly layoff benefits they would have received if they had not been required to fill the vacancy, it will be assumed that the employees had no outside earnings.

If employees are laid off from a position occupied pursuant to paragraph (b) above and still eligible for weekly layoff benefits, their benefits will be calculated as if they had been laid off from their original classification.

- (f) Employees who accept a permanent vacancy in accordance with paragraph (b) above will, for purposes of bidding, establish a seniority date in their new classification based on the date of entry in the new bargaining unit. Ninety (90) calendar days after employees transfer to a permanent vacancy in accordance with paragraph (b) above, they will, for purposes of protection against layoff, establish a seniority date in their new classification based on the seniority date in the classification from which laid off. In such circumstances, i.e. to protect against layoff, the employee shall displace the junior employee at the location in the classification to which transferred. An employee who transfers to a temporary vacancy in accordance with paragraph (b) above will, for all purposes, establish a seniority date in the new classification based on the date of entry in the new bargaining unit.
- (g) Employees will be required to accept recall to vacancies of expected duration of at least 7 calendar days and less than 90 calendar days in their classification at their home location. Failing to do so, the employee's weekly layoff benefits will be forfeited for the duration of that vacancy, but all other rights will remain. Notice of recall shall be provided as per the collective agreement, except when waived by the employee.
- (h) These provisions shall operate over any clause in a collective agreement to the contrary.

ARTICLE 5 TRAINING OF EMPLOYEES

5.1 Employees who have Employment Security under the provisions of Article 7 of The Plan who have their position abolished and are unable to hold work due to a lack of qualifications, will be trained for another position within their seniority group and, failing that, will be trained (if necessary) in order to fill a position in keeping with the provisions of Article 7. Training (if necessary) will be provided for positions for which they have the suitability and adaptability to perform the duties of that position. Such employees will receive the 40-hour straight time pay associated with their last railway classification during their period of training (hourly rated employees, 40 x the basic hourly rate; seasonal and spare employees, 40 x the average hourly earnings over the eight weeks preceding layoff).

5.2 Employees who do not have Employment Security under the provisions of Article 7 and have two or more years of Cumulative Compensated Service and:

- (a) have been laid off or who have been advised that they may be laid off and who are, or will be, unable to hold other work in the Company because of lack of qualifications, or,
- (b) will be adversely affected by a notice served pursuant to Article 8 of The Plan requiring employees to relocate or suffer a substantial reduction in their rate of pay,

will be considered for training for another position within or without their seniority group, providing they have the suitability and adaptability to perform the duties of that position and provided they have indicated a willingness to work in the job for which they may be trained whenever vacancies exist.

5.3

- (a) At the option of the Company training provided under the provisions of either Article 5.1 or 5.2 may be:
 - at training classes conducted by qualified Company personnel;
 - at classes conducted by an approved training agency.
- (b) The type of training for which an employee may apply must:
 - qualify the employee for a recognized Company position;
 - offer a likelihood of employment in the Company on completion of the training period in a position for which the employee has been qualified; or
 - in the case of employees with 20 or more years of Cumulative Compensated Service, include the possibility of qualifying the employee for employment within or without the railway industry.

5.4 Employees covered by the provisions of Article 5.2 will receive 80 per cent of the Basic Weekly Rate of their last job classification during their period of training. In addition, they will be provided for the training period with books, equipment, tools and allowed other necessary supplementary expenses associated with the training program.

5.5 Should an employee covered by the provisions of Article 5.2 be recalled from layoff before the scheduled completion of training, the employee will be allowed to complete the program without forfeiture of pay or seniority rights.

5.6 Notwithstanding any agreement to the contrary, the Company may require an employee who has completed a training program to take a position for which trained.

5.7 In addition, the Company, where necessary and after discussion with the Union signatory to The Plan, will provide classes (after work or as arranged) to prepare present Company employees for upgrading, adaptation to technological change and anticipated new types of employment in the Company. The cost of such retraining will be borne by the Company.

5.8 Upon request, the subject of training of an employee or groups of employees under any of the above provisions will be discussed by the President Council 4000 or delegate and the appropriate officer of the Company either prior to or at the time of layoff or at the time of the serving of the notice pursuant to Article 8 or as retraining under Article 5.7 is considered. Any unresolved differences between the parties concerning the usefulness of training for future Company service, the necessity for retraining, or the suitability and adaptability of an employee for training, may be progressed to arbitration in keeping with Article 2.6 of The Plan.

ARTICLE 6 RELOCATION EXPENSES

Eligibility

6.1 To be eligible for relocation expenses an employee:

- (a) must have been laid off or displaced, under conditions where such layoff or displacement is likely to be of a permanent nature, with the result that no work is available at the home location and, in order to hold other work in the Company, such employee is required to relocate; or
- (b) must be engaged in work which has been transferred to a new location and the employee moves at the instance of the Company; or
- (c) must be affected by a notice which has been issued under Article 8 of The Plan and chooses to relocate as a result of receiving an appointment on a bulletined permanent vacancy which at the time is not subject to notice of abolishment under Article 8 of The Plan and such relocation takes place in advance of the date of the change, provided this will not result in additional moves being made; or

- (d) must have Employment Security under the provisions of Article 7 and be required to relocate to hold work under the provisions of Article 7 of The Plan.

6.2 In addition to fulfilling at least one of the conditions set forth above, the employee:

- (a) must have two years' Cumulative Compensated Service; and
- (b) must be a householder, i.e., one who owns or occupies unfurnished living accommodation. This requirement does not apply to Articles 6.5, 6.6, 6.7 and 6.10; and
- (c) must be required to travel an additional 25 miles to the new work location and the employee changes their principal place of residence. The requirement to change their principal place of residence does not apply to Articles 6.5, 6.6, 6.7 and 6.10.

NOTE: The commuting allowance benefit will apply if employees have not changed their principal place of residence but are required to travel an additional 15 miles to the new work location.

Relocation Benefits

6.3 Payment will be made for door-to-door moving expenses for Eligible Employees' household goods and their automobile including packing and unpacking, insurance and up to one month's storage; the mode of transportation to be determined by the Company.

6.4 Eligible Employees, will receive an allowance of up to \$825 for incidental expenses actually incurred as a result of relocation.

6.5 Eligible Employees will receive reasonable transportation expenses from their former location to their new location by rail, or if authorized, by bus or employee-owned automobile, and up to \$210 for an employee without dependents, and that an additional amount of \$100 will be paid for each dependent for meals and temporary living accommodation. Receipts will be required for rail and bus transportation.

6.6 Upon authorization, employees may drive their automobile to their new location at the allowance per kilometer specified in the current collective agreement.

6.7 In order to seek accommodation in the new location and/or to move to the new location, employees will be allowed a continuous period of leave up to one week (seven consecutive calendar days). Payment for such leave shall not exceed one week's pay at their Basic Weekly Rate.

6.8

- (a) Except as otherwise provided in Article 6.8 (c), reimbursement of up to \$ 14,000 for loss sustained on the sale of a relocating employee's private home which the employee occupied as a year-round residence. Loss sustained is determined as the difference between the value determined at the outset plus any real estate agent fees, legal fees, including those legal fees on purchase of a home at the new location, and any mortgage closure penalties, and the amount established as the selling price in the deed of sale.
- (b) The procedure to be followed in respect of determining the loss, if any, on the sale of a home is described in Article 6.12.
- (c) Notwithstanding the provisions of Article 6.8 (a):
 - (i) should a change take place involving relocation of Company employees whereby the number of homes being listed for sale by such Company employees represent 15 per cent or more of the residential homes in the municipality, the employees required to relocate shall be reimbursed for the full loss on such homes, which loss shall be determined by the procedures described in Article 6.12 of The Plan. The number of Company employees' homes referred to above shall, for the purpose of establishing the 15 per cent, include the homes of all Company employees which are being offered for sale as a result of and at the time of the change; or
 - (ii) should a change occur involving relocation of Company employees covered by The Plan as well as Company employees covered by other collective agreements, the maximum amount of \$14,000 in Article 6.8(a) shall be adjusted upward to equal the maximum amount paid account loss on sale of home to any employee covered by such other collective agreement.
- (d) Eligible Employees who desire to sell their house and receive any benefit to which they may be entitled under Article 6.8

must advise the Company's officer concerned accordingly within twelve months of the date the initial change takes place. No employee shall be entitled to any claim under Article 6.8 if the house is not listed for sale within sixty days of the date of the final determination of value and thereafter the house continues to be listed for sale. Any claim for reimbursement under Article 6.8 must be made within twelve months of the final determination of value.

NOTE: Notwithstanding other provisions of Article 6.8, special cases of loss on sale of homes may be submitted to the Labour Adjustment Committee for adjudication, but such special cases will not be subject to arbitration.

6.9 Payment will be made for the cost of moving a wheeled mobile home which the employee occupies as a year-round residence. The selection of the mover and the cost of moving the mobile home shall require the prior approval of the Company and shall not, in any event, exceed a total cost of \$7,000. Receipts shall be required.

A mobile home will be considered not moveable if it is on a fixed foundation and on land owned by the employee. In such cases, homeowner provisions will apply.

6.10 If employees, who are eligible for moving expenses do not wish to move their household to the new location they may opt for a monthly allowance of \$215 which will be payable for a maximum of 12 months from the date of transfer to the new location. Should employees elect to transfer to other locations during such twelve-month period following the date of transfer, they shall continue to receive the monthly allowance referred to above, but subject to the aforesaid 12-month limitation. Employees who elect to move their household effects to a new location during the twelve-month period following the date of their initial transfer will only be eligible for relocation expenses under this Article for one such move and payment of the monthly allowance referred to above shall terminate as of the date of their relocation.

6.11

(a) Alternatively to Article 6.8, the cost of terminating an unexpired lease and legal costs connected therewith up to a value of three months' rent where the relocating employee was renting a dwelling, will be paid. Should the law require payment of more than three months' rent in order to terminate a lease, such additional amount will be paid providing the employee first secures the Company's approval to pay in excess of the three months' rent.

- (b) Where a lease was entered into following the notice of the change without prior approval of the Company, no benefit will be provided. Such prior approval will not be unreasonably withheld.

Appraisal Procedure

6.12 When Eligible Employees desire to sell their home, under the provisions of Article 6.8(b), the following procedure will apply:

- (a) In advising the Company officer concerned of the desire to sell their house, the employees shall include pertinent particulars as outlined in Article 6.12(i), including their opinion as to the fair market value of their house.
- (b) This fair market price of the house shall be the price determined as of a date sufficiently prior to the date of the change in order that the fair value will be unaffected thereby.
- (c) Within 15 working days from date of receipt of employee's advice of the desire to make a claim, the Company officer shall advise the employee concerned whether the suggested fair market value is satisfactory and, if so, such price shall be the fair market value as contemplated by Article 6.8(a).
- (d) If, however, the officer concerned is not satisfied that the price requested by the employee is the fair market value, then an effort shall be made to resolve the matter through joint conference of the officer and employee concerned and the appropriate Union representative if so desired by the employee; such joint conference to be held within 5 working days from date of advice to employee concerned as referred to in Article 6.12(c).
- (e) If such joint conference does not resolve the matter then within 5 days from the date of the final joint conference, arrangements shall be made for an impartial appraisal to be undertaken as soon as possible by an independent real estate appraiser. The fair market price established by such appraiser shall become the fair market value for the purpose of The Plan, and such price shall be binding on both parties.
- (f) The employee and Company officer concerned shall endeavour to mutually agree upon the independent appraiser referred to in Article 6.12(e). If they are unable to agree, then the Minister of Labour shall be requested to appoint such an independent appraiser.

- (g) The residence shall not have been listed for sale with any appraiser appointed pursuant to the provisions of this Article, nor with such appraiser's employee, fellow employee or partner.
- (h) The fees and expenses of any appraiser appointed in accordance with Article 6.12 (e) or (f) shall be paid by the Company.

NOTE: In the event employees desire to sell their home at a price which is less than the fair market value as determined by the provisions of this Article, the Company will be given the right in priority to everyone else to purchase the home.

(I) **Particulars of House to be Sold**

Name of Owner.....

Address.....

No. Street City-Town

Type of House, i.e., Cottage _____

Bungalow _____

Split Level _____

Year Built.....

No. of Rooms.....Bathrooms.....

Type of Construction, i.e., brick, veneer, stucco, clapboard

Finished Basement: Yes..... No.....

Type of Heating, i.e., oil, coal, gas, electricity.....

Garage: Yes..... No.....

Size of Lot

Fair Market Value: \$.....

Other Comments.....

.....

Date.....

Signature.....

ARTICLE 7

EMPLOYMENT SECURITY AND ENHANCED SUB AND OTHER ALTERNATIVES

Section A) Employment Security

7.1 When an employee who has eight or more years of cumulative compensated service, and commenced service prior to January 1, 1994, is affected by a change pursuant to Article 8 of this Plan, such employee is required to do the following in order to become and remain eligible for the benefits contained in Article 7 of Section A) of this Plan:

- (a) fully exhaust seniority in their own classification at their location; if unable to hold work,
- (b) fully exhaust seniority, including consolidated seniority, in their own bargaining unit at their location; if unable to hold work,
- (c) fully exhaust seniority, including consolidated seniority, in their own bargaining unit on their Basic Seniority Territory; if unable to hold work,
- (d) fully exhaust seniority, including consolidated seniority, in their own bargaining unit on their Region; if unable to hold work,
- (e) accept work outside of CN at the location as determined by the Labour Adjustment Committee; if unable to hold work,
- (f) fully exhaust seniority, including consolidated seniority, in their own bargaining unit on the System; if unable to hold work,
- (g) fill unfilled permanent vacancies in other bargaining units, non-schedule or management positions at the location, Region, System;

NOTE: The principle of Article 7.1 is that, after exercising bargaining unit consolidated seniority but before going to the Basic Seniority Territory, employees will have the right to accept permanent unfilled vacancies in other bargaining units, non-schedule or management positions or work outside CN Rail (as determined by the Labour Adjustment Committee) at the location.

If employees have displaced to the Region or System, they will have these same rights at the new location after exercising bargaining unit consolidated seniority on the Region and System.

Employees have the right to exercise consolidated bargaining unit seniority at the location, on the Basic Seniority Territory, Region and System before accepting work outside CN or their bargaining unit, but must accept this work if no positions are available within their bargaining unit up to and including on the System.

7.2

- (a) Prior to an employee being required to fill a permanent vacancy or displace beyond the Region pursuant to Article 7.1, the Labour Adjustment Committee will meet and review whether any alternatives are available.
- (b) When displacing beyond the Region, the employee must displace a junior employee holding a permanent position at the location where the junior employee holding a position is located.
- (c) Relocation benefits will be triggered only when permanent vacancies are filled or when an employee displaces onto a permanent position.
- (d) Consolidated seniority (earliest date of entry into the bargaining unit) will apply, pursuant to Article 7.1 (b), (c), (d) and (f), only in a displacement situation, including protection against displacement. Employees cannot use consolidated seniority to bid on positions. A new seniority date will be established on the regional seniority list to which the employees displace/transfer. The Labour Adjustment Committee will meet to develop the rules in regard to the application of this provision.
- (e) Employees will continue to hold and accumulate seniority on the list from which they have displaced or transferred.
- (f) Employees collecting benefits under Article 7.4 must accept temporary vacancies within the Basic Seniority Territory/Region in accordance with existing rules in their collective agreement including expenses where such provisions exist.
- (g) Any outside earnings an employee was receiving prior to the date of the notice of permanent job abolishment will not be deducted from benefits received under this Article. In all other cases, outside earnings will be deducted.

7.3 If unable to hold a permanent position pursuant to Article 7.1, an employee shall receive the employment security benefits contained in Article 7.4, at their home location for up to 6 years or until a permanent position becomes available under the provisions of Article 7.1(a) through 7.1 (g). At such time, the employee will be required to obtain a permanent position in accordance with the above-stated obligations and, if required to relocate, shall be eligible for relocation benefits.

7.4 The Employment Security Benefit entitlement under Article 7 Section A) of this Agreement is as follows:

6 years at 90% of the employee's salary of the last permanent position held.

Employees will be paid, through the Direct Deposit System, on the same bi-weekly basis as they were paid while at work. Employees will be eligible for all applicable benefits. Employees will accumulate credit for pension eligibility purposes. Employment Security Benefits are subject to future general wage increases. All applicable deductions will be made, in the usual manner, including union dues, pension, employment insurance, etc.

7.5 Should an employee in receipt of Employment Security Benefits be required to fill a permanent position in accordance with the above-stated obligations, the employee's Employment Security benefit entitlement shall be re-instated with no reduction for benefits already taken.

7.6 Employees required to relocate, that is, when they must travel an additional 25 miles from their principal place of residence to their new work location, pursuant to Article 7 Section A) and who actually relocate, will be entitled to the relocation benefits pursuant to Article 6 or, in lieu, may choose a lump sum relocation benefit as follows:

Homeowner / Non-Homeowner (Appendix L)

Within the Region	\$25,000 /	\$14,000
Beyond the Region	\$50,000 /	\$29,000

NOTE 1: These lump sums are taxable.

NOTE 2: Employees will be required to pay back one-half of the lump sum relocation benefit if they voluntarily cease their employment relationship with the Company within two years of receiving the lump sum relocation benefit.

7.7 Employees electing to be covered by the benefits contained in Article 7 Section A), who fail to fully exhaust their seniority in their Basic Seniority Territory as defined in Appendix "B" of this agreement, shall forfeit their seniority and will forever forfeit entitlement to benefits under this Agreement.

7.8 Employees electing to be covered by the benefits contained in this Article 7 Section A), who at any time, fail to meet the requirements outlined in Article 7.1 (d), (e), (f) or (g) will forever forfeit entitlement to benefits under Article 7 Section A) of The Plan. Such employees may, however, at that time, opt to receive the benefits contained in Section B) of this Article. Article 7 Section B) benefits will be reduced by any wages and by the period of time benefits were received under Article 7 Section A).

7.9 Any employee who chooses to be covered by Article 7 Section B) prior to being affected by an Article 8 notice will continue to be eligible for Article 7 Section A) coverage if at a future date such employee obtains a permanent position and is again affected by a change pursuant to Article 8.1.

7.10 Employees affected by a change pursuant to Article 8.1, must decide, prior to the implementation date of that change, whether they wish to be governed by the rights and obligations of either Article 7 Section A) or Article 7 Section B) of this Plan.

7.11 INTENTIONALLY LEFT BLANK

7.12 Employees eligible for early retirement are not entitled to the benefits contained in this Section 7A); however, such employees will be entitled to Article 6 relocation benefits if required to relocate in order to hold a permanent position.

Section B) Enhanced Supplementary Unemployment Benefit and Alternative Options

7.13 Employees who have completed eight or more years of CCS and commenced service prior to January 1, 1994, and are affected by a change pursuant to Article 8.1 of The Plan and elect not to fulfill the obligations under Article 7 Section A) of The Plan, will be required to do the following in order to become and remain eligible for the benefits contained in this Article 7 Section B) of The Plan.

- (a) fully exhaust seniority in their own classification at their location, if unable to hold work;

- (b) fully exhaust seniority in their own bargaining unit at their location; if unable to hold work;
- (c) fully exhaust seniority in their own bargaining unit on their Basic Seniority Territory; if unable to hold work,

NOTE 1: Relocation benefits will be triggered only when permanent vacancies are filled or when an employee displaces onto a permanent position.

NOTE 2: Any employee may choose Options 1, 2 or 3 prior to accepting work outside their bargaining unit.

- (d) fill vacancies in other bargaining units, non-schedule or management positions at their home location; if unable to hold work;

NOTE: Any employee may choose Options 1, 2, 3 or 4 prior to accepting work outside CN.

- (e) accept work outside of CN Rail at the home location as determined by the Labour Adjustment Committee; if unable to hold work.
- (f) After exhausting (a) through (e), the employee, if eligible, will be required to exercise one of the following options:

7.14

- (a) **Option One (Enhanced Early Retirement Separation Allowance)**

Employees who are eligible for early retirement under the CN Pension Plans rules and who have 85 points, may elect to take early retirement with a separation allowance in accordance with the VIA formula (including Group Life Insurance and Extended Health and Vision Care coverage until normal retirement). At normal retirement, these employees will be entitled to a post-retirement death benefit of \$6,000 paid for by the Company.

Employees who retire from the service of the Company subsequent to January 1, 2003, upon retirement, will be entitled to a post-retirement death benefit of \$7,000 paid for by the Company.

Employees shall receive a monthly separation allowance until the age of 65 which, when added to their company pension,

will give them an amount equal to a percentage of their average annual earnings over their best five year period, as defined under the 1959 pension rules, in accordance with the following formula:

Years of Service at Time Employee elects Retirement	Percentage Amount as Defined Above
35 and over	80
34	78
33	76
32	74
31	72
30	70
29	68
28	66
27	64
26	62
25 or less	60

The separation allowance shall cease upon the death of the employee.

Employees entitled to the separation allowance hereinabove set out may elect to receive in its stead a lump sum payment equal to the present value of their monthly separation payments calculated on the basis of a discount rate of ten (10) per centum per annum.

In all cases, this separation allowance will be calculated assuming that the employees were members of the CN 1959 Pension Plan for their entire career for pension calculation purposes.

(b) Option Two (Bridging)

Employees who are at least 50 years of age and who will be eligible for early retirement under the CN Pension Plan(s) within 5 years, may elect to take a bridging package at 65% of the employees' salary continued benefit plan coverage (Dental, Extended Health and Vision Care, and Group Life Insurance) until eligible for early retirement, at which time the employee will be given a separation allowance in accordance with Option One above.

If an employee is at least 48 years of age and within 6 or 7 years of early retirement under the Pension Plan(s) rules, the employee may elect to take a bridging package at 65% of the

employees salary with continued benefit coverage until retirement, at which time the employee will be given a separation allowance in accordance with the formula provided in Article 3.2 (a) iii of the current Plan. (Dental continued until early retirement - Extended Health and Vision Care and Group Life Insurance continued until normal retirement).

Bridging is subject to the employee's normal applicable deductions. Employees will be paid, through the Direct Deposit System, on the same basis as they were paid at work. Employees will accumulate credit for pension eligibility purposes. For these employees, active employment is severed and the employees will not be entitled to future wage adjustment.

(c) Option Three (Severance Payment)

Employees may elect to take a lump sum severance payment of \$ 65,000. Such employees shall be entitled to Group Life Insurance and Extended Health and Vision Care benefits fully paid by the Company for one year. Employees eligible under Article 14, Option 1, will not be entitled to elect a severance payment under this Option 3.

(d) Option Four (Educational Leave)

Employees will be entitled to a leave of absence for educational purposes, with full pay for a period of up to three (3) years while attending an educational training program. The program must be approved by the Labour Adjustment Committee. Employees will be subject to be called to work while not attending courses. All outside earnings during this period of leave will be deducted from the employees' pay. Upon completion, the employee is to resign from the Company's service unless there is a permanent position available for which the employee is the qualified successful candidate. Such employee forfeits any future entitlement to Article 7 Section A) or Section B) benefits.

Such employee will be treated as a new employee for the purposes of receiving benefits under this Plan and shall forfeit all seniority. However, the employee's prior service shall be recognized for the purposes of pension and vacations.

(e) Option Five (Enhanced Supplemental Unemployment Benefit)

Employees may elect to receive the following enhanced SUB provided the employee has fully exercised seniority on the basic seniority territory.

8 years or more but less than 23 years CCS	3 years
23 years or more but less than 30 years CCS	4 years
30 years or more CCS	5 years

BENEFIT LEVEL:

Year 1	90% of the Salary of the last permanent position held;
Year 2	85% of the Salary of the last permanent position held;
Year 3	80% of the Salary of the last permanent position held;
Year 4	80% of the Salary of the last permanent position held;
Year 5	80% of the Salary of the last permanent position held.

Employees electing Option 5 may elect, at the same time, to continue to be covered by the current benefits (Dental, Extended Health and Vision Care and/or Group Life Insurance) at their expense. The employee will be required to make direct payment to the benefit Carriers.

7.15 Employees required to relocate pursuant to Article 7.13 (c) and who actually relocate, will be entitled to the relocation benefits provided in Article 6 or, in lieu, may choose a lump sum relocation benefit of \$25,000 for homeowners, or \$ 14,000 for non-homeowners.

NOTE 1: These lump sums are taxable.

NOTE 2: Employees will be required to pay back one-half of the lump sum relocation benefit if they voluntarily cease their employment relationship with the Company within two years of receiving the lump sum relocation benefit.

7.16 Where more than one relocation results from an employee with more than 8 years Cumulative Compensated Service, who commenced work prior to January 1, 1994, being affected by a change pursuant to Article 8.1 of the Plan, being required to relocate, lump sum relocation benefits as per Article 7.6 and 7.15 will be made available once on the Region and once on the System. Any additional relocations beyond that will be governed by Article 6 of the Plan.

Transfer of Benefits

7.17 Where employees with 8 or more years of CCS and who commenced service prior to January 1, 1994, are affected by a change pursuant to Article 8.1 of this Agreement and are unable to hold a permanent position in their bargaining unit or are required to relocate in order to hold a permanent position in their bargaining unit, Article 7.14, Options 1, 2 or 3 will be offered to senior employees in their bargaining unit in seniority order on the affected seniority list at the location of the affected employee.

7.18 Should a senior employee at the location referred to in Article 7.17 above, choose not to elect to receive the benefits contained in Article 7.14, Options 1, 2 or 3, the benefits contained in Article 7.14, Options 1, 2 or 3 will be offered to senior employees in the bargaining unit in seniority order on the affected seniority list on the Basic Seniority Territory where the affected employee elects to displace, provided that the employee ultimately displaced and unable to hold a permanent position has 8 or more years of CCS and commenced service prior to January 1, 1994.

7.19 Should a senior employee at the location referred to in Article 7.18 above, choose not to elect to receive the benefits contained in Article 7.14, Option 1, 2 or 3, the benefits contained in Article 7.14, Option 1, 2 or 3 will be offered to senior employees in the bargaining unit in seniority order on the affected seniority list at the location on the Region the affected employee elects to displace, provided that the employee ultimately displaced and unable to hold a permanent position, has 8 or more years of CCS and commenced service prior to January 1, 1994.

7.20 Should a senior employee at the location referred to in Article 7.19 above, choose not to elect to receive the benefits contained in Article 7.14, Option 1, 2 or 3, the displaced employee will not be required to displace beyond the Region, if this would result in a junior employee with eight or more years' CCS and who commenced service prior to January 1, 1994 being unable to hold a permanent position. However, should employees elect to displace under such circumstances, they shall be required to displace an employee in the bargaining unit at the location where the junior employee in the bargaining unit is located. At this time, the benefits contained in Article 7.14, Options 1, 2 or 3 will be offered to senior employees in the bargaining unit in seniority order on the affected seniority list at the location on the System where the affected employee elects to displace under Article 7.1 (f), provided that the employee ultimately displaced and unable to hold a permanent position has 8 or more years of CCS and commenced service prior to January 1, 1994.

7.21 In accordance with the agreement on “white on white, blue on blue”, it is agreed that in the application of these transfers of benefits provisions found in Articles 7.17 through 7.20 inclusive, the benefits contained in Article 7.14, Options 1,2 or 3, will be offered to senior employees in the bargaining unit in clerical classifications, or to senior employees in the bargaining unit in other classifications, whichever is applicable to the occupation of the surplus employee ultimately affected and unable to hold a permanent position. Exceptions to this rule will be permitted by mutual agreement where surplus employees have expressed the desire to move between clerical and other classification or vice versa, and where such employees can demonstrate the suitability and adaptability to be qualified within a reasonable period of time. The parties agree that such mutual agreement shall not be unreasonable withheld. Provided that these employees have sufficient seniority to hold, the transfer of benefits will be offered in seniority order to the occupation group (clerical or other) of employees absorbing the surplus.

Article 7.21 does not apply to employees governed by the Intermodal Supplemental Agreement.

ARTICLE 8

TECHNOLOGICAL, OPERATIONAL AND ORGANIZATIONAL CHANGES

8.1

- (a) The Company will not put into effect any Technological, Operational or Organizational change of a permanent nature which will have adverse effects on employees holding permanent positions without giving as much advance notice as possible to the President Council 4000 or such other officer as may be named by the Union concerned to receive such notices. In any event, not less than 120 days’ notice shall be given, with a full description thereof and with appropriate details as to the consequent changes in working conditions and the expected number of employees who would be adversely affected. In cases which involve 5 or fewer employees, no less than 90 days’ notice shall be given.
- (b) Prior to implementing any other permanent change of a known duration of one year or more, which will have adverse effects on employees holding permanent positions, the company will provide the Union with as much advance notification as possible. The notification will contain a description of the change and the expected number of employees who will be adversely affected.

- (c) In situations where supervisors or employees holding excepted or excluded positions, return to the bargaining unit and displace schedule employees occupying permanent positions, the employees so displaced will be entitled, if eligible, to the same benefits as employees affected in (a) and (b) above.

NOTE: The expiration of a temporary vacancy does not constitute a change under Article 8.1 of this Plan.

8.2 When a notice is issued under Article 8.1 and it becomes known to the Company that the change will be delayed for reasons over which the Company has no control, advice will be issued to the President Council 4000, or such other officer as may be named by the Union, explaining the situation and revising the implementation dates. If the Technological, Organizational or Operational change is delayed, or is to be delayed, in excess of thirty days, a new notice will be issued.

8.3 All benefits under the Plan will be suspended in the event of a legal strike or legal lockout at CN save and except for individuals who are in receipt of benefits under Options 1, 2, or 4 of Article 7.14 prior to the commencement of a legal strike or lockout at CN.

8.4 Upon request the parties shall negotiate on items, other than those specifically dealt with in The Plan, with a view to further minimizing the adverse effects on employees. Such measures, for example, may be related to exercise of seniority rights, or such other matters as may be appropriate in the circumstances, but shall not include any item already provided for in The Plan.

8.5 If the above negotiations do not result in mutual agreement within thirty calendar days of the commencement of such negotiations, or such other period of time as may be agreed upon by the parties, the matters in dispute may be referred for mediation to a Board of Review composed of an equal number of senior officers of the Company and of the Union.

8.6 If the Board of Review is unable to resolve the differences within a fixed period of time to be determined at the commencement of its meetings, or some mutually agreed extension thereof, the matters in dispute may be referred for final and binding settlement to an Arbitrator as set out in Article 2.6 of The Plan. The matters to be decided by the Arbitrator shall not include any question as to the right of the Company to make the change, which right the Union acknowledges, and shall be confined to items not otherwise dealt with in The Plan.

8.7 The terms Operational and Organizational change shall not include normal reassignment of duties arising out of the nature of the work in which the employees are engaged nor to changes brought about by fluctuation of traffic or normal seasonal staff adjustments. Any permanent shutdown or permanent partial shutdown of an operation, facility or installation, shall be considered as a Technological, Operational or Organizational change. Any permanent Company-initiated changes, (excluding changes which are brought about by general economic conditions) which result from the reduction or elimination of excess plant capacity shall also be considered as Technological, Operational or Organizational changes.

8.8 In addition to all other benefits contained in The Plan which are applicable to all Eligible Employees, the additional benefits specified in Article 8.9 are available to employees who are materially and adversely affected by Article 8.1 changes.

Maintenance of Basic Rates

8.9 Employees whose rate of pay is reduced by \$11.00 or more per week, by reason of being displaced due to an Article 8.1 change, will continue to be paid at the basic weekly or hourly rate applicable to the position permanently held at the time of the change providing that, in the exercise of seniority, they;

- (a) first accept the highest-rated position at their location to which their seniority and qualifications entitle them; or
- (b) if no position is available at their seniority terminal , they accept the highest-rated position on their Basic Seniority Territory to which their seniority and qualifications entitle them.

The maintenance of basic rates will continue until:

- (i) the dollar value of the incumbency above the prevailing job rate has been maintained for a period of three years, and thereafter until subsequent general wage increases applied on the basic rate of the position they are holding erase the incumbency differential; or
- (ii) the employee's services are terminated by discharge, resignation, death or retirement.

An example of the application of Article 8.9(b)(i) follows:

<u>Date</u>		<u>Basic Rate</u>	<u>Incumbency Level</u>
October 1, 1988		\$500.00	\$550.00
January 1, 1989	(4.5%)	522.50	572.50
January 1, 1990	(4%)	543.40	593.40
January 1, 1991	(4.5%)	567.85	617.85
January 1, 1992	(3%)	584.89	617.85
January 1, 1993	(3%)	602.44	617.85
January 1, 1994	(3%)	620.51	Incumbency disappears

ARTICLE 9

GOVERNMENT ASSISTANCE PROGRAM

9.1 All payments under The Plan are to be reduced in whole, or in part, in each case by any amount payable for the same purpose under a Government Assistance Program.

ARTICLE 10

SEASONAL EMPLOYEES

10.1 Seasonal employees are defined as those who are employed regularly by the Company but who normally only work for the Company during certain seasons of the year. Articles 4 and 8 of The Plan shall apply to these employees except that payment may not be claimed by any seasonal employee during or in respect of any period or part of a period of layoff falling within the recognized seasonal layoff period for such group. In respect of seasonal employees laid off during the recognized seasonal working period, the seven day waiting period provided for in Article 4.4(a)(ii) will apply, except that in the case of a seasonal employee who is not recalled to work at the commencement of the recognized seasonal working period, the seven day waiting period will begin on the commencement date of the recognized seasonal working period. Seasonal employees and recognized seasonal working periods shall be as defined in Memoranda of Agreement signed between the Company and the Union.

ARTICLE 11

CASUAL AND PART TIME EMPLOYEES

11.1 Casual and part time employees are those who work casually on an as-required basis from day to day, including those who work part days as distinguished from employees who work on regular or regular seasonal positions.

11.2 Casual and part time employees are entirely excluded from the provision of The Plan.

ARTICLE 12

NON-APPLICABILITY OF SECTIONS 52, 54 AND 55, PART I, AND SECTIONS 214 TO 226 INCLUSIVE OF PART III OF THE CANADA LABOUR CODE

12.1 The provisions of The Plan are intended to assist employees affected by any technological change to adjust to the effects of the technological change and Sections 52, 54 and 55, Part I, of the Canada Labour Code do not apply.

12.2 The provisions of The Plan are intended to minimize the impact of termination of employment on the employees represented by the Union party to The Plan and are intended to assist those employees in obtaining other employment and Sections 214 to 226 of Part III of the Canada Labour Code do not apply.

ARTICLE 13

SEVERANCE PAYMENT

13.1 For each year of Cumulative Compensated Service or major portion thereof, an employee will be allowed credit weeks as follows:

Employees with less than eight years Cumulative Compensated Service:	- One week's basic weekly pay for each year of Cumulative Compensated Service
Employees with eight or more years of Cumulative Compensated Service:	- Two and one-quarter week's basic weekly pay for all years of Cumulative Compensative Service

13.2 Employees eligible for a severance payment and who resign and who at a later date will become eligible for early retirement pension under the Company Pension Rules shall be entitled to receive the lesser of:

- (i) their severance payment entitlement under The Plan; or
- (ii) a lump sum amount equal to the basic pay they would had earned had they worked until eligible for an early retirement pension. The basic pay is to be calculated at the employee's Basic Weekly Rate in effect at the time of resignation.

13.3 In cases of permanent staff reductions, an employee who has two years or more of continuous employment relationship at the beginning of the calendar year in which the permanent reduction occurs may, upon submission of formal resignation from the Company's service, claim a severance payment as set forth above but such severance payment will not in any event exceed the value of one and one-half years' salary at the Basic Weekly Rate of the position held at the time of abolishment or displacement (calendar year may be deemed to run from January 1 to December 31).

13.4 An employee will have fourteen calendar days from the date of layoff to decide to claim a severance payment under this Article.

13.5 Notwithstanding any other provision in The Plan, if upon the effective date of resignation from the Company's service, employees are eligible for early retirement pension, they will not be eligible for a severance payment under this Article.

ARTICLE 14 AMENDMENTS

14.1 The parties hereto may at any time during continuance of The Plan amend its provisions in any respect by mutual agreement.

ARTICLE 15 COMMENCEMENT

15.1 Payments of benefits under The Plan shall commence on April 1, 2002.

ARTICLE 16 DURATION

16.1 The Plan cancels and supersedes for the signatory Union hereto, as specified in Appendix "A" to The Plan, the Employment Security and Income Maintenance Plan dated April 21, 1989 and July 1, 1992 between the Canadian National Railway Company and the Union signatory thereto.

16.2 The Plan will remain in effect until revised in the manner and at the time provided for in respect of the revision of the collective agreement which is current from time to time.

IN WITNESS WHEREOF the parties hereto have caused The Plan to be executed as of April 1, 2002, at Montreal, Quebec.

FOR THE COMPANY:

FOR THE EMPLOYEES:

(Sgd) Doug Fisher
for: Vice-President
Labour Relations and
Employment Legislation
Canadian National Railway
Company

(Sgd) R. Fitzgerald
President, Council 4000
National Automobile,
Aerospace, Transportation and
General Workers Union of
Canada, CAW - Canada

APPENDICES

APPENDIX "A"

**LISTING OF COLLECTIVE AGREEMENTS COVERED BY
THE PLAN**

ORGANIZATION	AGREEMENT #	CLASSIFICATION/ EMPLOYEES	LOCATION
UNIFOR COUNCIL 4000	5.1	Clerks and other classes	CN
	5.4	Excavating Machine Operators	Prairie and Mountain Regions
	5.5	Supplemental Intermodal Agreement	CN

APPENDIX "B"

THE PLAN'S ELIGIBILITY TERRITORIES

The following are The Plan's Eligibility Territories on the Canadian National Railway Company for purposes of application of Articles 4, 7B and 13 (Weekly Layoff Benefits, Enhanced SUB, and Severance Payments), and 8.9 (Maintenance of Basic Rates) of the Plan.

1. All lines east of Grand Falls in the province of Newfoundland including Grand Falls.
2. All lines west of Grand Falls in the province of Newfoundland.
3. Sydney to Truro; St. Peters Jct. to St. Peters; Port Hastings Jct. to Inverness; Stellarton to Oxford Jct.; Truro to Amherst; including Amherst.
4. All lines south of Truro and Upper Musquodoboit in the province of Nova Scotia including Truro and Upper Musquodoboit.
5. All lines in the province of Prince Edward Island. Amherst to St. John; Sackville to Cape Tormentine; Painsec Jct. to Point du Chene; Salisbury to Hillsboro; Odlum to Pacific Jct.; St. John to McGivney; Valley to Centreville.

NOTE: This District will also include the territory of District No. 6.

6. Moncton comprising the territory bounded by Fundy, Odlum and Humphrey and including those three stations.
7. Pacific Jct. to Diamond; Pacific Jct. to Mont Joli; McGivney to Derby Jct.; Nelson Jct. to Loggieville; Kent Jct. to Richibucto; Bartibog to Heath Steels; Gloucester Jct. to Tracadie; Nepisiguit to Brunswick Mines; Dalhousie Jct. to Dalhousie; I.N.R. Jct. to Tide Head; Matapedia to Gaspé; Fraser Jct. to Rivière du Loup; including Pacific Jct. and McGivney.
8. Matane to Chaudière; Clermont to Joffre; St. Charles to West Jct. via Joffre; Quebec to Rivière-à-Pierre; Garneau to Chicoutimi; Chambord to Dolbeau; Cap-Rouge to Sanmaur; including Matane, Rivière du Loup, Diamond, Triquete and Garneau.
9. Sanmaur to Cochrane; Senneterre to Taschereau via Noranda; Triquete to Barraute; Faribault to Chibougamau; Franquet to Matagami; including Sanmaur.

10. Chaudière to Cape (Montreal) via Richmond; Chaudière to Montbec Jct.; Dixville to Richmond; Aston Jct. to Bruno Jct.; St.-Hyacinthe to Bellevue Jct.; Waterloo to Castle Gardens; Claugh to Farnham; Rouses Point to Cannon; Cantic to Coteau; Brossard to St. Agnes; Cedars to Coteau West; including Coteau and Chaudière and excluding the territory of the Montreal Urban Community.

11. Territory of the Montreal Urban Community.

12. Ste-Dorothée to St. Jérôme; Fresnière to Grenville; St. Paul-l'Ermite to Garneau.

NOTE: This District will also include the territory of District No. 11.

13. Coteau to Whitney; Glen Robertson to Hawkesbury; Federal to Smith Falls; including Nepean, Ottawa and Smith Falls.

14. Coteau West to Napanee West; Mile 36.0 Smith Falls Subdivision to Napanee West; including Napanee West.

15. Napanee West to Oshawa East; Picton to Maynooth; Belleville to Haliburton; Lindsay to Stouffville; including Stouffville.

16. Metropolitan Toronto; MacMillan Yard; Malport Carload Centre; Brampton Intermodal Terminal.

17. Toronto comprising the territory bounded by Oshawa East, Stouffville, Mile 22.5 Bala Subdivision, Mile 43.0 Newmarket Subdivision, Silver, Mile 5.9 Dundas Subdivision, Mile 6.0 Hagersville Subdivision, and Mile 34.5 Grimsby Subdivision, including Oshawa East, and Silver.

NOTE: This District will also include the territory of District No. 16.

18. Mile 34.5 Grimsby Subdivision to Suspension Bridge; Mile h.O Hagersville Subdivision to Nanticoke; Clifton to Black Rock; Yager to Nickel; Robins to Windsor Yard; Feeder West to Thorold; Port Robinson to Merriton; Fort Erie Yard to Simpson; Mile 5.9 Dundas Subdivision to Port Huron; Brant Jct. to Tillsonburg Jct.; Port Stanley to London; Komoka to Glencoe; including Sarnia Jct., London, Hyde Park, Paris Jct. and Lynden.

19. Silver to London Jct. via Stratford; St. Mary's Jct. to Sarnia Jct.; Paris Jct. to Goderich; Lynden to Owen Sound; Hyde Park to Clinton Jct.; Stratford to Palmerston Jct.; Listowel to Kincardine; and Harriston Jct. to Southampton.

20. Brent to Capreol; Mile 22.5 Bala Subdivision to Capreol; Mile 43.0 Newmarket Subdivision to Nipissing; Orillia to Midland; Barrie to Meaford; Colwell to Penetang; Falconbridge to C.N. Jct. (Sudbury Terminal Subdivision); including Capreol.

21. Capreol to Armstrong; Geco to Hillsport; Cochrane to Nakina; including Armstrong and Cochrane.

22. Armstrong to Transcona; Jct. with Redditt Sub. to Bruce Lake; Longlac Jct. to Navin (Winnipeg - via Thunder Bay; Conmee to Superior Jct.; including South Jct.

23. South Jct. to Portage Jct. via Emerson; Morris to Somerset; Beach Jct. to Pine Falls; St. James Jct. to Gypsumville; Steep Rock Jct. to Steep Rock; Grosse Isle to Fisher Branch; including Morris.

NOTE: This District will also include the territory of District No. 24.

24. Winnipeg comprising the territory bounded by Transcona Navin and Pacific Jct.; including Transcona, Beach Jct., Navin, Portage Jct., St. James Jct. and Pacific Jct.

25. Pacific Jct. (Winnipeg) to Melville; Carman Jct. (Winnipeg) to Virden via Belmont; Greenway to Neelin; Notre Dame Jct. to N.D. de Lourdes; Portage la Prairie to Kipling; Brandon to Hartney Jct.; Maryfield to Estevan; Brandon Jct. to Carberry Jct.; Muir to Neepawa Jct.; Portage la Prairie to Dauphin; Delta Jct. to Amaranth; Ochre River to Rorketon; Jct. with Neepawa Sub. to Beulah; Rossburn Jct. to Parkerview via Russell; Wroxton to Ross Jct.; Melville to Rivers to Rorketon; Melville to Jct. with Margo Sub; including Melville, Lampman, Somerset and Minard Jct.

26. Dauphin to Humboldt Jct.; North Jct. to Hudson Bay via Swan River; Swan River to Kelvington; Sifton Jct. to Winnipegosis; Cannra to Flin Flon Jct.; including Hudson Bay, Jct. with Margo Sub., Ross Jct., Dauphin and Reserve.

27. Flin Flon Jct. to Churchill; Thompson Jct. to Thompson; Flin Flon Jct. to Flin Flon and Lynn Lake; Optic Lake to Osborne Lake.

28. Melville to Roskin Jct.; Young Jct. to Prince Albert; Saskatoon to Paddockwood; Humboldt Jct. to St. Walburg; Spruce Lake Jct. to Paradise Hill; Cut Knife Jct. to Rosemound; Speers Jct. to Turtleford Jct.; Denholm to Prince Albert; Amiens Jct. to England; Big River Jct. to Big River; Dalmeny to Carlton; Humboldt Jct. to Thatch; Naisberry Jct. to Carrot River; Crane to Arborfield; Reserve to Crooked River; Hudson Bay to Prince Albert; including Young Jct., Humboldt Jct., North Battleford, Cut Knife Jct. and Newcross.

29. Melville to Regina; Kipling to McCallum; Peebles to Corning; North Regina to Minard Jct.; North Gate to Lampman; Talmage to Radville; Goodwater to Moose Jaw Jct.; Benqough Jct. to Willowbunch; Gravelbourg Jct. to Mossbank; Regina to Riverhurst; Regina to Newcross; Roskin Jct. to Biggar; Roskin Jct. to Kindersley; Camrose Jct. to Beechy; Conquest Jct. to Elrose Jct.; Matador Jct. to Kyle; Eston Jct. to Lacadena; including Glidden, Kindersley, Roskin Jct., Kipling.

30. Biggar to Clover Bar; Unity to Bodo; Oban Jct. to End of Operated Track on Porter Subdivision; Battleford to Battleford Jct.; Biggar to Hemaruka; North Battleford to North Edmonton; St. Paul Jct. to Heinsburg and Grand Centre; Strathcona to Mirror; Ryley to Alliance (via Camrose); Vegreville to End of Operated Track Haight Sub.; including Biggar and Ferlow Jct.

31. Edmonton comprising the territory bounded by Clover Bar, Strathcona and Bissell; including Clover Bar, Strathcona, North Edmonton, Union Jct. and Bissell.

32. Dunvegan Jct. to Smith; Smith to McLellan; McLellan to Spirit River; Rycroft to Dawson Creek; Winagami to Hines Creek, Junction point Winagami; Carley Jct. to Barrhead; Banks Jct. to Lac LaBiche, Jct. point Banks Jct.; Lac LaBiche to Waterways.

33. Roma Jct. to Hay River; including Pine Point.

34. Bissell to Jasper; Union Jct. to Kaybob; Morin Jct. to Athabasca; Bickerdike to Foothills and Mountain Park; Swan Landing to Grande Prairie; including Jasper.

NOTE: This District will also include the territory of district No. 31.

35. Ferlow Jct. to Dinosaur; Alix Jct. to Brazeau; Mirror to Calgary; Calgary to Kindersley; Glidden to Alsask and Acadia Valley; Batter Jct. to Wardlow; Endiang Jct. to Nevis; including Elrose Jct., and Mirror.

36. Jasper to Boston Bar including Boston Bar; Red Pass Jct. to McBride; Kamloops to Kelowna and Lumby.

37. McBride to Prince Rupert; Terrace to Kitimat; including McBride.

38. Greater Vancouver Terminal area including Port Mann and Lulu Island.

39. Vancouver to Boston Bar; Hydro to Livingstone; all lines on Vancouver Island.

NOTE: This District will also include the territory of District No. 38.

APPENDIX "C"

August 22, 1998

Mr. R. Johnston
President Council 4000
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW-Canada)
545 Crémazie Boulevard East, Suite 1500
Montreal, Quebec
H2M 2V1

Dear Sir:

**Letter of Understanding Re:
Timing of a Technological, Operational
or Organizational Change**

When the Company has issued notice of a Technological, Operational or Organizational change as provided for in Article 8.1 of The Plan, the officer(s) of the Union upon whom the notice has been served and whose members are likely to be affected by the change, may meet with the appropriate officers of the Company with the object of discussing the proposed implementation date of the change.

It is understood that any such change in the proposed implementation date would be considered by the Company on the basis of the possible alleviation of any undue hardship on the employees if the implementation date were to be changed, plus any other factors which might be considered relevant. It is further understood that nothing in this letter restricts the right of the Company to implement the change at the time issued in the original notice or at any later time that the Company might consider appropriate.

Should any employee undergo any undue financial hardship as the result of the change, the Union involved may refer the situation to the Labour Adjustment Committee for possible considerations as a special case as contemplated under Article 3 of The Plan.

Yours truly,

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

APPENDIX "D"

August 22, 1998

Mr. R. Johnston
President Council 4000
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW-Canada)
545 Crémazie Boulevard East, Suite 1500
Montreal, Quebec
H2M 2V1

Dear Sir:

**Implementation of
National Transportation Agency Decisions**

In the event the Company issues a notice under Article 8 of The Plan relating to a proposed change which requires the proposed implementation date of such change be delayed on account of the National Transportation Agency approval not having been received in sufficient time, the Union officers involved may review with the appropriate Company officers the new implementation date proposed if they are of the opinion that the revised date might have adverse effects on the employees involved.

Should any dispute arise out of the review, it may be submitted to the Labour Adjustment Committee for adjudication. In such instances, however, the arbitration provisions of The Plan will not apply.

Yours truly,

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

APPENDIX "E"

August 22, 1998

Mr. R. Johnston
President Council 4000
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW-Canada)
545 Crémazie Boulevard East, Suite 1500
Montreal, Quebec H2M 2V1

Dear Sir:

The settlement between CN and your Union provides for extensive changes to the current Employment Security and Income Maintenance Agreement. The nature of collective bargaining is such that the new language needed to reflect such changes was developed under tight time constraints. While the parties made every reasonable effort to ensure that the revised wording truly reflects the intent of the changes agreed to, it is recognized that legitimate differences of opinion as to the proper application of the new rules can occur.

In handling such situations, it is agreed that the Labour Adjustment Committee established by the Employment Security and Income Maintenance Agreement would review any disagreement as to the application of the new rules.

It is understood that every practical alternative to resolve such disputes will be explored before resorting to arbitration. In the event arbitration is necessary, it will be on an expedited basis.

If the above reflects the understanding of the parties, please sign below.

Yours truly,

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

I AGREE

R. Johnston
President, Council 4000
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW-Canada)

APPENDIX "F"

August 22, 1998

Mr. R. Johnston
President Council 4000
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW-Canada)
545 Crémazie Boulevard East, Suite 1500
Montreal, Quebec
H2M 2V1

Dear Sir:

During negotiation of the Employment Security and Income Maintenance Agreement, concerns were raised with regard to mobile homes not being moveable and the amounts payable for relocation purposes.

It was agreed that the current practice would be applied, whereby if it is determined by an independent appraiser that a mobile home is not moveable, homeowner provisions would apply.

Yours truly,

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

APPENDIX "G"

August 22, 1998

Mr. R. Johnston
President Council 4000
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW-Canada)
545 Crémazie Boulevard East, Suite 1500
Montreal, Quebec
H2M 2V1

Dear Sir:

During negotiation of the new Employment Security and Income Maintenance Agreement, concerns were raised by the union in regard to the length of entitlement to Employment Security under Article 7.4 when an eligible employee has taken work outside the Company as determined by the Labour Adjustment Committee.

It is understood that an employee who receives less income while working outside the Company than the employee's employment security salary will have such income topped off to equal 90% of their Basic Weekly Salary. It is also understood that the employment security entitlement period will not be reduced by the number of weeks of top-off received.

Yours truly,

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

APPENDIX "H"

August 22, 1998

Mr. R. Johnston
President Council 4000
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW-Canada)
545 Crémazie Boulevard East, Suite 1500
Montreal, Quebec H2M 2V1

Dear Sir:

In negotiating expanded job opportunities for employees adversely affected by a change pursuant to a notice under Article 8.1, questions were raised in regard to the protection that would be afforded to employees who were required to accept any of the expanded job opportunities.

Employees who are required to relocate beyond the Basic Seniority Territory pursuant to Article 7 of the Employment Security and Income Maintenance Agreement, if laid off, regardless of the reason, within one year, will revert back to the benefits available under Article 7 without having to relocate for a period of two years. Prior to employees being required to accept such positions pursuant to Article 7, the Labour Adjustment Committee will assess, to the extent possible, the stability of such positions.

When an employee has relocated beyond the Basic Seniority Territory and such employee is subsequently affected by a permanent change within a two (2) year period, the employee will not be considered as having voluntarily ceased the employment relationship with the Company pursuant to Articles 7.6 and 7.15.

Employees who are required to accept positions within the operating group, where earnings are irregular, will have their earnings adjusted on a quarterly basis.

Yours truly,

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

APPENDIX "I"

August 22, 1998

Mr. R. Johnston
President Council 4000
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW-Canada)
545 Crémazie Boulevard East, Suite 1500
Montreal, Quebec H2M 2V1

Dear Sir:

In negotiating changes to the Job Security Agreement, concerns were raised by the Unions in regard to the insertion of the word "permanent" in Article 8.1 (a), as well as a new provision dealing with non-T.O.&O. changes.

Specifically, the Union expressed concerns that these wording changes may have an impact on the type of notices that may be served in the future. In this regard, it was stated that the Company's intention was simply to clarify the intent and historical understanding of the parties. The type of notice issued would continue to be based on past practice and arbitration jurisprudence.

Yours truly,

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

APPENDIX "J"

June 14, 1995

Mr. A.S. Wepruk
National Coordinator
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW-Canada)
545 Crémazie Boulevard East, Suite 1500
Montreal, Quebec
H2M 2V1

Dear Sir:

This has reference to the award of Arbitrator Dalton L. Larson dated April 11, 1988, concerning the training of employees represented by the CAW-Canada, collective agreement 5.1.

In accordance with Mr. Larson's Award, the Company will provide training to employees represented by the CAW-Canada, collective agreement 5.1 who have a minimum of two years seniority and who have been given a notice of displacement or layoff as a result of a position being abolished and who are otherwise qualified for supplemental unemployment benefits. Such employees will be trained for another position which would be available at their home location at the same classification level or less.

This training shall only be provided to employees who:

- (a) would have no other position available to them at their home location;
- (b) may become qualified for the new position within a period of 10 working days; and
- (c) have the capability of being trained for that position.

Yours truly,

W.T. Lineker
Assistant Vice-President
Labour Relations

APPENDIX "K"

August 22, 1998

Mr. R. Johnston
President Council 4000
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW-Canada)
545 Crémazie Boulevard East, Suite 1500
Montreal, Quebec
H2M 2V1

Dear Sir:

During discussions concerning the renewal of Intermodal Supplemental Agreement, the Union raised concerns about employees occupying temporary assignments and their entitlements and benefits under the Employment Security and Income Maintenance Agreement (ESIMA).

The Union pointed to situations where employees eligible for ES benefits: (1) were occupying temporary positions at the time of a change pursuant to Article 8.1 (a), (b) or (c); (2) suffered a permanent adverse effect as a result of such a change; and (3) were either denied the protections and options available under Article 7, or else were uncertain as to whether those provisions would be recognized and applied by the Company.

In order to clarify the situation, the Company assured the Union that if an employee had previously held a permanent regularly assigned position and then at some future date, while on a temporary position or a temporary assignment, suffered permanent adverse effects as a result of a change pursuant to Article 8.1 (a), (b) or (c), and the employee was otherwise eligible for benefits under the ESIMA then such an employee would be treated in exactly the same manner as an employee holding a permanent position. It is understood by both parties that maintenance of basic rates protection will not be established by employees displaced from temporary assignments or temporary positions.

In the case of employees holding a temporary assignment or a temporary position who were previously laid off for any reason, and who have not yet re-established themselves in a permanent regularly assigned position, the end of the temporary assignment or temporary

position will not trigger, in and of itself, the application of benefits under the ESIMA.

If the above reflects our discussions on this matter, please so indicate in the space provided.

Yours truly,

D.F. Fisher
Director Labour Relations

I AGREE

R. Johnston
President, Council 4000
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW-Canada)

APPENDIX "L"

March 22, 1996

Mr. A. Wepruk
National Representative
National Automobile, Aerospace,
Transportation and General Workers
Union of Canada (CAW-Canada)
3542 Walker Road
Windsor, Ontario N8W 3S4

Dear Sir:

This letter makes reference to the discussion that took place at the meeting of the Labour Adjustment Committee on March 7, 1996, concerning the details surrounding the eligibility for a relocation lump sum benefit as stipulated in Article 7 of the ESIMA. As per our discussion the Company and the Union agreed that in order to be eligible to receive the relocation lump sum benefit for homeowners the following conditions apply:

1. The employees must be homeowners, and;
2. The employees must relocate by changing their "principal place of residence" as per CROA 1977, and;
3. If the employees sell their home at the old location or buy a home at the new location they will receive the full relocation lump sum benefit for homeowners as per Article 7 of the ESIMA (for greater clarity the employees must be homeowners in accordance with Paragraph 1, renters are not entitled to receive the relocation lump sum benefit for homeowners as the result of buying a home in the new location) or;
4. If the employees are unable to sell their home before or immediately upon relocating to the new location and do not buy a home at the new location then they must make reasonable efforts to sell their home in the 12 month period following their relocation. Reasonable effort is defined as follows:
 - ☐ A fair market value must be established as per Article 6.12 of the ESIMA.
 - ☐ The employees must list their home for sale.

- Every offer the employees receive on their home will be forwarded to the appropriate Company Officer who will review and notify the Labour Adjustment Committee should rejection of the offer be considered unreasonable. The Labour Adjustment Committee shall meet and review the offer to determine if rejection was unreasonable. If the Labour Adjustment Committee is unable to agree then the dispute may be referred to a third party for resolution, in accordance with Article 2.6 and Article 2.7 of the ESIMA. A determination that the rejection of an offer was unreasonable in no way binds the employee to accept the offer. It shall only result in the employee no longer being governed by the provisions of this Paragraph 4 and any quarterly payment due as the result of Paragraph 5 below shall cease.

5. In the application of Paragraph 4 above, the following will apply. Immediately upon relocating the employees will receive the relocation lump sum benefit for renters, as per Article 7 of the ESIMA. The difference in the amount between the relocation lump sum benefit for renters and that for homeowners shall be paid in 4 equal quarterly installments, over the next 12 months, provided the employees continue to make reasonable efforts to sell their homes in accordance with Paragraph 4 above. If at anytime during this twelve month period the employees either sell their homes at the old location or buy homes at the new location, they will be paid any of the remaining difference between the relocation lump sum benefit for renters and that for homeowners.

In addition it was agreed that employees electing to receive lump sum relocation benefits as per Article 7 of the ESIMA either homeowners or renters, may elect, at their option, to have any amount (the initial payment or the quarterly payments) paid in two installments over a period of 13 months from the initial date of relocation. No interest shall be paid on any amount so deferred. It is also understood that employees who opt for the relocation lump sum benefit will not be entitled to the "commuting allowance" under Article 6 of the ESIMA.

Please note that this interpretation of the application of the lump sum relocation benefit does not supersede any of the provisions found in Article 6 or Article 7 of the ESIMA, rather it serves to clarify the application of the relocation lump sum benefit.

If the foregoing accurately reflects our agreement on this matter, please indicate by signing and returning the attached copy of this letter to the undersigned.

Yours truly,
Mark M. Boyle
Director Labour Relations

I concur,
A. Wepruk
National Representative - CAW