

**AGREEMENT BETWEEN**  
**GRAND TRUNK WESTERN RAILROAD INCORPORATED (GTW)**  
**AND**  
**BROTHERHOOD RAILWAY CARMEN DIVISION**  
**TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION**

**IT IS AGREED:**

**ARTICLE I - RATES OF PAY**

- A. Effective January 1, 2005, all rates of pay in effect on December 31, 2004 are increased by 3%.
- B. Effective January 1, 2006, all rates of pay in effect on December 31, 2005 are increased by three per cent (3%).
- C. Effective January 1, 2007, all rates of pay in effect on December 31, 2006 are increased by three per cent (3%).
- D. Effective July 1, 2008, rates of pay for Carmen covered by this Agreement will be increased to \$24.18.
- E. Effective July 1, 2009, all rates of pay in effect on June 30, 2009 are increased by three per cent (3%).
- F. Rates of pay resulting from the application of A through E, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.
- G. A wage scale table for Carmen covered by this agreement is attached as Appendix A.

**ARTICLE II - COST-OF-LIVING ALLOWANCE AND ADJUSTMENTS**  
**THEREAFTER JANUARY 1, 2010**

**Section 1 - Cost of Living Allowance and Effective Dates of Adjustments**

- (a) A cost-of-living allowance will be payable in the manner set forth in and subject to the provisions of this Article, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U.S. Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U.S. Department of Labor, and hereinafter referred to as the BLS CPI. The first such cost-of-living allowance shall be payable effective July 1, 2010, based, subject to paragraph (d), on the BLS CPI for September 2009, as compared with the

BLS CPI for March 2010. Such allowance, and further cost-of-living adjustments thereto which will become effective as described below, will be based on the change in the BLS CPI during the respective measurement periods shown in the following table, subject to the exception provided in paragraph (d)(iii), according to the formula set forth in paragraph (e).

Measurement Periods		Effective Date of Adjustment
Base Month	Measurement Month	
September 2009	March 2010	July 1, 2010
March 2010	September 2010	January 1, 2011

Measurement Periods and Effective Dates conforming to the above schedule shall be applicable for all years subsequent to those specified during which this Article is in effect.

- (b) While a cost-of-living allowance is in effect, such cost-of-living allowance shall apply to straight time, overtime, protected rates, vacations, holidays and personal leave days in the same manner as basic wage adjustments have been applied in the past, except that such allowance shall not apply to special allowances and arbitraries representing duplicate time payments.
- (c) The amount of the cost-of-living allowance, if any, that shall be effective from one adjustment date to the next may be equal to, or greater or less than, the cost-of-living allowance in effect in the preceding adjustment period.
- (d)(i) Cap. In calculations under paragraph (e), the maximum increase in the BLS CPI that will be taken into account will be as follows:

<u>Effective Date of Adjustment</u>	<u>Maximum CPI Increase That May Be Taken Into Account</u>
July 1, 2010	3% of September 2009 CPI
January 1, 2011	6% of September 2009 CPI, less the increase from September 2009 to March 2010

Effective Dates of Adjustment and Maximum CPI Increases conforming to the above schedule will be applicable to periods subsequent to those specified above during which this Article is in effect.

- (ii) Limitation. In calculations under paragraph (e), only fifty (50) percent of the increase in the BLS CPI in any measurement period shall be considered.
- (iii) If the increase in the BLS CPI from the base month of September 2009, to the measurement month of March 2010, exceeds 3% of the September base index, the measurement period that will be used for determining the cost-of-living adjustment to be effective the following January will be the 12-month period from such base month of September; the increase in the index that will be taken into account will be limited to that portion of the increase that is in excess of 3% of such September base index; and the maximum increase in that portion of the index that may be taken into account will be 6% of such September base index less the 3% mentioned in the preceding clause, to which shall be added any residual tenths of points which had been dropped under paragraph (e) below in calculation of the cost-of-living adjustment which will have become effective July 1, 2010, during such measurement period.
- (iv) Any increase in the BLS CPI from the base month of September 2009, to the measurement month of September 2010 in excess of 6% of the September 2009, base index will not be taken into account in the determination of subsequent cost-of-living adjustments.
- (v) The procedure specified in subparagraphs (iii) and (iv) will be applicable to all subsequent periods during which this Article is in effect.
- (e) Formula. The number of points change in the BLS CPI during a measurement period, as limited by paragraph (d), will be converted into cents on the basis on one cent equals 0.3 full points. (By "0.3 full points" it is intended that any remainder of 0.1 point or 0.2 point of change after the conversion will not be counted.)

The cost-of-living allowance in effect on December 31, 2010, will be adjusted (increased or decreased) effective January 1, 2011, by the whole number of cents produced by dividing by 0.3 the number of points (including tenths of points) change, as limited by paragraph (d), in the BLS CPI during the applicable measurement period. Any residual tenths of a point resulting from such division will be dropped. The result of such division will be added to the amount of the cost-of-living allowance in effect on December 31, 2010, if the BLS CPI will have been higher at the end than at the beginning of the measurement period, and subtracted therefrom if the index will have been lower at the end than at the beginning of the measurement period, but only to the extent the allowance remains at zero or above. The same procedure will be followed in applying subsequent adjustments.

- (f) Continuance of the cost-of-living allowance and the adjustments thereto provided herein is dependent upon the availability of the official monthly BLS Consumer Price Index (CPI-W) calculated on the same basis as such Index, except that, if the Bureau of Labor Statistics, U.S. Department of

Labor should, during the effective period of this Article, revise or change the methods or basic data used in calculating such index in such a way as to affect the direct comparability of such revised or changed index with the CPI-W Index during a measurement period, then that Bureau shall be requested to furnish a conversion factor designed to adjust the newly revised index to the basis of the CPI-W Index during such measurement period.

### Section 2 - Application of Section 1 Cost-of-Living Allowances

The cost-of-living allowance provided for by Section 1 of this Article will not become part of basic rates of pay. Such allowance and the adjustments thereto will be applied as follows:

- (a) Hourly Rates - Add the amount of the cost-of-living allowance to the hourly rate of pay produced by application of Article I.
- (b) Minimum Daily Increases - The increase in rates of pay described in paragraph (a) shall be not less than eight times the applicable increase per hour for each full time day of eight hours, required to be paid for by the rules agreement. In instances where under the existing rules agreement an employee is worked less than eight hours per day, the increase will be determined by the number of hours required to be paid for by the rules agreement.
- (c) In making calculations under this Article, fraction of a cent shall be rounded to the nearest whole cent; fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent.

### Section 3 - Elimination of Previous Cost-of-Living Provisions

This Article replaces any previous cost-of-living provision in effect prior to the effective date, and the arrangements set forth in this Article shall remain in effect according to the terms thereof until revised by the parties pursuant to the Railway Labor Act. Any payments due or paid under previous provisions shall expire as of the effective date of this agreement and shall be counted toward any retroactive pay due under the provisions of Article I.

## ARTICLE III - HEALTH & WELFARE

- A. Effective January 1, 2008, all BRCTCIU/GTW Health and Welfare plans are cancelled in their entirety and all employees subject to this agreement and their dependents will be covered by the National Health and Welfare Plans, including all subsequent amendments, excluding cost sharing, in effect between the National Carriers' Conference Committee and the Brotherhood Railway Carmen Division Transportation Communications Union, as set forth below:

1. The Railroad Employees National Health and Welfare Plan Covering Certain Employees Represented by the Transportation Communications International Union, Brotherhood Railway Carmen Division of Transportation Communications International Union, and Transport Workers Union
2. Life Insurance Benefits for U.S. Employees and Retirees and Accidental Death and Dismemberment Insurance Benefits for U.S. Employees under The Railroad Employees National Health and Welfare Plan, Effective January 1, 2003
3. The Railroad Employees National Early Retirement Major Medical Benefit Plan (formerly GA-46000)
4. Railroad Employees National Dental Plan for U.S Employees as amended through January 1, 2003
5. Railroad Employees National Vision Plan 1999
6. Supplemental Sickness Benefit Plan covering Railroad Shop Craft Employees, January 1, 2003
7. The National Off -Track Vehicle Plan

B. Effective January 1, 2008, the amount of employee cost sharing for Health and Welfare Plans shall be one hundred dollars (\$100.00) per month until changed in accordance with Article IX of this agreement.

#### **ARTICLE IV - EMPLOYEE SHARE INVESTMENT PLAN**

Effective upon ratification of this Agreement, the Company Employee Share Investment Plan will be made available to all employees subject to this Agreement in accordance with the terms of the Plan. The Company may, at its discretion, alter, amend, revise or discontinue the Plan, in any manner, in whole or in part. This provision will not form part of any Collective Agreement.

#### **ARTICLE V – BEREAVEMENT**

Upon ratification, all bereavement rules are abrogated and the following is substituted therefore:

Employees in active service shall be entitled to bereavement leave of three (3) work days, to be taken at the discretion of the employee, upon furnishing proof of death of the employee's immediate family member. Bereavement leave will be taken within six months from the date of death of the employee's immediate family member. For purposes of this rule, immediate family consists of the employee's spouse, child, parent, grandparent, grandchild, brother, sister, half-brother, half-sister, step-parent, step-child and spouse's parent. In such cases, a basic day's pay at the rate of the last service rendered will be allowed for each of the three (3) days. Employees will make provision for taking leave with their supervisor in the usual manner.

- Family relationships created through the legal adoption process shall qualify for bereavement leave. Any other family relationship not specifically mentioned shall be excluded.

- Bereavement leave non-availability shall be considered neutral for determining the qualifying day for holiday pay purposes. The workday preceding or following the employee's bereavement leave, as the case may be, shall be considered the qualifying day for holiday pay purposes.

#### **ARTICLE VI - VACATIONS**

- A. Effective January 1, 2008, employees entitled to two (2) or more weeks of vacation may split up to two (2) weeks of their vacations into single increment days, one or more days at a time.
- B. Such vacation days may be taken upon two (2) days advance notice, consistent with the needs of service.

#### **ARTICLE VII - EMPLOYEE PROTECTION/CONTRACTING OUT/EMPLOYMENT LEVEL**

Upon ratification, Article IV of the April 9, 2001 Agreement is abrogated and the following is substituted therefore:

- A. All employees who are in active service as of the date of this agreement will be retained in service as a carman unless or until retired, discharged for cause, or otherwise removed by natural attrition.
- B. Employees may be required to relocate anywhere on the GTW or IC to retain the benefits of paragraph (A). Employees who are required to relocate will be entitled to the relocation benefits contained in the September 25, 1964 National Agreement, as subsequently amended.
- C. Notwithstanding other provisions of this Article, the company shall have the right to make force reductions under emergency conditions such as flood, snowstorm, hurricane, earthquake, fire or strike, provided that operations are suspended in whole or in part because of such emergencies. When forces have been so reduced, and thereafter as operations are restored upon termination of the emergency, employees entitled to preservation of employment will be recalled.
- D. Provided the total number of active employees remains at a level of no less than the number of active employees on November 30, 2007, the company will have the unilateral right to contract out work within the scope of this agreement and shall not be required to give advance notice of intent to the organization. For purposes related to providing subcontracting notices only, the number of active employees referred to above will be decreased by three on each January 1: 2008, 2009 and 2010

- E. The provisions of paragraph (D) remain in effect when forces are temporarily reduced when a suspension of operations in whole or in part is due to a labor dispute between the company and any of its employees and during temporary force reductions under emergency conditions, such as flood, snowstorm, hurricane, tornado, earthquake, fire, or a labor dispute other than as identified above, provided that such conditions result in suspension of operations in whole or in part.
- F. In the event the number of active employees falls below the level specified in paragraph (D) for a period of sixty (60) consecutive calendar days, the provisions of Article II, Subcontracting, of the September 25, 1964 National Agreement, including all amendments through the November 27, 1991 Imposed National Agreement, the December 9, 1991 GTW-BRC Agreement and the January 10, 1996 GTW-BRC Agreement, shall apply until such time as the number of active employees is again equal to or greater than that specified in paragraph (D).
- G. The number of active employees specified in Paragraph (D) is based on the conditions of the business on the GTW as it exists as of November 30, 2007. In the event conditions of the railroad change such that would require a significant change in the number of active employees specified in paragraph (D), said number shall be subject to renegotiation between the company and the organization.
- H. If the parties are unable to agree to the specified number of active employees, either party may submit the dispute to final and binding arbitration. Each party will submit its proposed number to the arbitrator with supporting argument, and the arbitrator will select one of the two proposed numbers. The company may implement its proposed number pending the results of the arbitration.
- I. The provisions of this Article will become effective December 1, 2007 and are not intended to reduce any existing employee protective conditions, nor to limit any existing company rights to outside contract work within the scope of the Carmen's agreement.

### **ARTICLE VIII – GRIEVANCE RESOLUTION/BONUS**

- A. Within sixty (60) days of the date of this agreement, all employees in active service on positions covered by this agreement will be paid seven hundred and fifty dollars (\$750) each, subject to applicable payroll deductions.
- B. Upon payment of the amount indicated in paragraph (A), all claims and grievances, other than those involving statutory imposed protection and disciplinary action, based on an occurrence prior to the effective date of this Agreement are considered resolved without prejudice to the position of either party and with the understanding that such settlements will not be cited by either party in any future case, nor used by either party to allege that the other has agreed to a particular practice.

**ARTICLE IX - GENERAL PROVISIONS**


- A. The purpose of this Agreement is to settle the Organization's Section 6 notice dated September 2, 2004, and to fix the general level of compensation and rules covering working conditions through December 31, 2009, and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.
  
- B. Neither party to this agreement shall serve, prior to November 1, 2009 (not to become effective prior to January 1, 2010), any notice or proposal for the purpose of changing, adding to, or deleting the provisions of any agreement in effect between the parties.

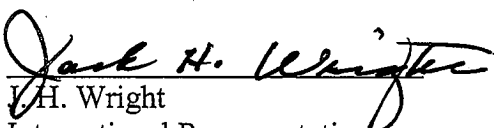
This agreement is effective on the dates indicated above.

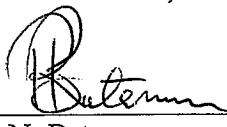
Signed the 16<sup>th</sup> day of January, 2008, at Homewood, Illinois.

FOR THE GRAND TRUNK  
WESTERN RAILROAD INCORPORATED

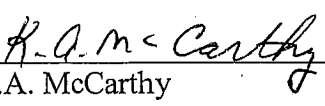
FOR THE BROTHERHOOD  
RAILWAY CARMEN DIVISION  
TRANSPORTATION COMMUNICATIONS  
INTERNATIONAL UNION

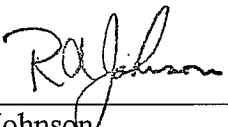
*for.*   
\_\_\_\_\_  
R. K. MacDougall  
Senior Director, Labor Relations

  
\_\_\_\_\_  
J. H. Wright  
International Representative

  
\_\_\_\_\_  
R. N. Bateman  
Sr. Manager - Labor Relations

APPROVED:

  
\_\_\_\_\_  
K.A. McCarthy  
Manager - Labor Relations

  
\_\_\_\_\_  
R.A. Johnson  
General President



**APPENDIX A**  
**GTW CARMAN WAGE SCALE**

<b>Effective Date</b>	<b>Classification</b>	<b>Hourly Wage</b>
January 1, 2005	Carman	\$21.27
January 1, 2006	Carman	\$21.91
January 1, 2007	Carman	\$22.57
July 1, 2008	Carman	\$24.18
July 1, 2009	Carman	\$24.91



**Labor Relations  
Department**

Canadian National Railway  
Administration Road  
P.O. Box 1000  
Concord, Ontario  
L4K 1B9

(905) 669-3246

**SIDE LETTER 1**

January 16, 2008

Mr. J.H. Wright  
International Representative  
Brotherhood of Railway Carmen  
Division Transportation Communications  
International Union  
P.O. Box 317  
Inman, SC 29349

Dear Mr. Wright:

This will confirm our understanding reached during negotiations leading to the agreement of this date.

During our negotiations the parties recognized that despite our best efforts, it might not be possible to coordinate an orderly transfer of all employees to the National Health and Welfare Plans by January 1, 2008. If a transfer to the National Health and Welfare Plan is not accomplished by January 1, 2008, employees will continue under their current Health Care Plans until the first of the month following the date that the transfer is completed. In any event, employee Health & Welfare cost sharing will commence effective January 1, 2008.

Yours truly,

Ross Bateman  
Senior Manager Labor Relations



**Labor Relations  
Department**

Canadian National Railway  
Administration Road  
P.O. Box 1000  
Concord, Ontario  
L4K 1B9

(905) 669-3246

**SIDE LETTER 2**

January 16, 2008

Mr. J.H. Wright  
International Representative  
Brotherhood of Railway Carmen  
Division Transportation Communications  
International Union  
P.O. Box 317  
Inman, SC 29349

Dear Mr. Wright:

This will confirm our understanding reached during negotiations leading to the agreement of this date that the Health Coverage for current retirees will continue under the terms and conditions that are presently being provided.

Yours truly,

A handwritten signature in black ink, appearing to read 'Ross Bateman', written over a circular stamp or mark.

Ross Bateman  
Senior Manager Labor Relations



**Labor Relations  
Department**

Canadian National Railway  
1 Administration Road  
P.O. Box 1000  
Concord, Ontario  
L4K 1B9

(905) 669-3246

**SIDE LETTER 3**

January 16, 2008

Mr. J.H. Wright  
International Representative  
Brotherhood of Railway Carmen  
Division Transportation Communications  
International Union  
P.O. Box 317  
Inman, SC 29349

Dear Mr. Wright:

This will confirm our understanding reached during negotiations leading to the agreement of this date that the options contained in the September 1981 Agreement, including the option for a separation payment in lieu of relocating, continue to apply.

In addition, this will confirm that the following agreements also remain in effect:

- 1) 1979 Implementing Agreement providing labor protective benefits in connection with GTW's acquisition of DT&I and DTSL.
- 2) September 23, 1981 Agreement including separate agreements identified as Agreements "B" through "H."
- 3) February 28, 1983 Agreement that modified the manner in which displacement and dismissal allowances would be paid to employees certified as adversely affected under Agreement F of the 1981 Agreement.

Yours truly,

Ross Bateman  
Senior Manager Labor Relations



**Labor Relations  
Department**

Canadian National Railway  
1 Administration Road  
P.O. Box 1000  
Concord, Ontario  
L4K 1B9

(905) 669-3246

SIDE LETTER 4

January 16, 2008

Mr. J.H. Wright  
International Representative  
Brotherhood of Railway Carmen  
Division Transportation Communications  
International Union  
P.O. Box 317  
Inman, SC 29349

Dear Mr. Wright:

This will confirm our understanding reached during negotiations leading to the agreement of this date that employees with a seniority date prior to the effective date of this agreement will continue to schedule single increment vacation days as they have in the past.

Yours truly,

Ross Bateman  
Senior Manager Labor Relations



**Labor Relations Department**

Canadian National Railway  
Administration Road  
P.O. Box 1000  
Concord, Ontario  
L4K 1B9

(905) 669-3246

**SIDE LETTER 5**

January 16, 2008

Mr. J.H. Wright  
International Representative  
Brotherhood of Railway Carmen  
Division Transportation Communications  
International Union  
P.O. Box 317  
Inman, SC 29349

Dear Mr. Wright:

This will confirm our understanding reached during negotiations leading to the agreement of this date that retroactive wage payments flowing from the application of Article I of this agreement will be payable within sixty (60) days of the effective date of this agreement.

Yours truly,

Ross Bateman  
Senior Manager Labor Relations



**Labor Relations Department**

Canadian National Railway  
1 Administration Road  
P.O. Box 1000  
Concord, Ontario  
L4K 1B9

(905) 669-3246

**SIDE LETTER 6**

January 16, 2008

Mr. J.H. Wright  
International Representative  
Brotherhood of Railway Carmen  
Division Transportation Communications  
International Union  
P.O. Box 317  
Inman, SC 29349

Dear Mr. Wright:

This will confirm our understanding reached during negotiations leading to the agreement of this date in regard to the Union's concerns expressed on behalf of GTW employees that have accepted employment and relocated to locations outside of the GTW territory to retain their protective benefits and desire to be considered for vacant Carmen positions that may arise on the GTW in order to relocate back to the GTW property.

The parties agree to the following:

1. Provided a vacancy (other than temporary) exists on the GTW property following the application of all Collective Agreement bulletin and recall requirements, Carmen that have accepted positions outside of the GTW property will be provided an opportunity to accept said vacancy in preference of the Company hiring new employees.
2. It is understood that employees accepting a vacancy in accordance with the provisions of item #1 above will not be entitled to any financial assistance in regard to relocating their primary place of residence to the location of the vacancy on the GTW property.

3. In consideration that the Company will provide relocation benefits to employees that will relocate outside of the GTW property, with the understanding that the relocation benefits will be provided in recognition of a permanent employment relationship at the new location, employees accepting a vacancy in accordance with the provisions of item #1 above may elect, at the time of their transfer, to accept the following:

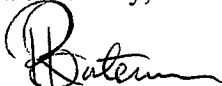
Upon transfer            \$4,000.00

After one (1) year      \$4,000.00

After two (2) years     \$4,000.00

To qualify for the above payments, an employee must be in active service at the point of transfer at the time such payment is due.

Yours truly,



Ross Bateman

Senior Manager Labor Relations