

Re: CONDITIONS AND BENEFITS
TO APPLY

THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS

And

CANADIAN NATIONAL RAILWAY COMPANY
VIA RAIL CANADA INC.

Between

SPECIAL AGREEMENT

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Between

CANADIAN NATIONAL RAILWAY COMPANY
VIA RAIL CANADA INC.

And

THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS

Re: CONDITIONS AND BENEFITS
TO APPLY

TO EMPLOYEES ADVERSELY AFFECTED BY CHANGES IN RAILWAY PASSENGER SERVICES INCLUDING THE TRANSFER OF PASSENGER RELATED WORK FROM CANADIAN NATIONAL RAILWAY COMPANY TO VIA RAIL CANADA INC., MADE IN ACCORDANCE WITH GOVERNMENT INITIATIVES INTRODUCED PURSUANT TO THE DEPARTMENT OF TRANSPORT VOTE 524, APPROPRIATION ACT NO. 1, 1977, AS ESTABLISHED BY REGULATIONS BY ORDER-IN-COUNCIL PC 1977-2987, 20 OCTOBER 1977, AS EXTENDED, AND CITED AS RAILWAY PASSENGER SERVICES ADJUSTMENT ASSISTANCE REGULATIONS, CHANGES IN RAILWAY PASSENGER SERVICES BETWEEN CANADIAN NATIONAL RAILWAY COMPANY, CANADIAN PACIFIC LIMITED AND THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS AS CONTEMPLATED BY THE SPECIAL AGREEMENT DATED JULY 7, 1978 WILL CONTINUE TO BE GOVERNED BY THAT SPECIAL AGREEMENT.

PREAMBLE

(i) The purpose of this Special Agreement shall be to provide the terms, conditions and benefits for employees adversely affected as intended by Regulations 4, Sub-section (a) through (f), 5(1)(a) and (b), 5(2), 6(a) and (b) and 7 of the Railway Passenger Services Adjustment Assistance Regulations.

(ii) This Special Agreement, except as provided in Article G, shall apply to all employees who have two or more years of cumulative compensated service.

(iii) For the purpose of this Special Agreement the term "basic weekly pay" is defined as follows:

(a) For an employee assigned to a regular position in yard service or hosting service at the time of displacement or lay-off, 5 days' or 40 hours' straight time pay, including the shift differential when applicable, shall constitute his "basic weekly pay".

(b) For an employee in road service, including employees on spareboards, the "basic weekly pay" shall be one-fifty second (1/52) of the total earnings of such employee during the twenty-six full pay periods preceding his displacement or lay-off.

(c) When computing "basic weekly pay" pursuant to paragraph (b) above, any pay period during which an employee is absent for seven consecutive days or more because of bona fide injury, sickness in respect of which an employee is in receipt of weekly indemnity benefits, authorized leave of absence or laid off together with the earnings of an employee in that pay period, shall be subtracted from the twenty-six (26) pay periods and total earnings.

In such circumstances "basic weekly pay" shall be calculated on a pro-rated basis by dividing the remaining earnings by the remaining number of pay periods.

(iv) The use of the masculine gender includes the feminine and vice-versa.

ARTICLE A
MAINTENANCE OF EMPLOYMENT

A.1 An affected employee whose position is abolished or who is displaced and would otherwise be laid off shall, provided he is qualified or can be qualified in a reasonable period of time, be permitted to exercise the following options at his home station or stations subsidiary thereto:

(i) fill an unfilled vacancy within the jurisdiction of another seniority group, another Agreement, the same Union, and the same Company; or

(ii) fill an unfilled vacancy in a position with the same Company which is not covered by a Collective Agreement.

A.2 An affected employee whose position is abolished or who is displaced and who otherwise would be required to relocate on his seniority territory in his own seniority group will, provided he is qualified or can be qualified in a reasonable period of time, be permitted to exercise the following options at his home location:

(i) fill an unfilled vacancy within the jurisdiction of another seniority group, another Agreement, the same Union, and the same Company; or

(ii) fill an unfilled vacancy in a position with the same Company which is not covered by a Collective Agreement.

A.3 An employee who wishes to take advantage of any of the options available under this Article must so advise his immediate Supervisor in writing at the time he is affected and, at the same time, register at the appropriate local Company Employment Office.

A.4 An affected employee who fills a vacancy pursuant to A.1 or A.2 above will, for a period of two years or until he has an opportunity to fill a vacancy in his former seniority group, for which he is both senior and qualified, whichever comes first, continue to accumulate seniority in his former seniority group.

ARTICLE B

PENSIONS, BENEFITS AND VACATIONS

B.1 For the purposes of pensions, benefits and vacations, employees who transfer from CN to VIA will have their unbroken service with CN transferred to VIA. Similarly, employees who transfer to VIA and later return to CN pursuant to Article G of this Special Agreement, will retain their unbroken service with CN, including service accumulated while with VIA.

ARTICLE C

TRAINING

C.1 An affected employee who:

- (i) has been laid off or who has been advised that he may be laid off and who is, or will be, unable to hold other work within the Company because of lack of qualifications; or
- (ii) is required to relocate; or

(iii) is required to suffer a substantial reduction in his earnings

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

C.2 Such training may be:

- (i) at training classes conducted by qualified Company personnel;
- (ii) at classes conducted by an approved training agency.

C.3 The type of training for which an employee may apply must:

(i) qualify the employee for a recognized Company position;

(ii) qualify the employee for employment within the Company on completion of the training period in a position for which the employee has been trained; or

(iii) 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.

C.4 An employee will receive 80% of his basic weekly pay during his period of training. In addition, he will be provided for the training period with books, equipment, tools and allowed other necessary supplementary expenses associated with the training program.

C.5 Should the employee be recalled from lay-off before the scheduled completion of training, the employee will be allowed to complete the program without forfeiture of pay or seniority rights.

C.6 An employee who has completed a training program may be required to take a position for which he has been trained, except in instances where the employee wishes to exercise his seniority in his seniority group.

C.7 Upon request, the subject of training of an affected employee or groups of affected employees under any of the above provisions shall be discussed by the General Chairman or equivalent and the appropriate officer of the Company either prior to or at the time of lay-off. In addition, such discussion may include representatives of Canada Employment and Immigration Commission, in cases of training for outside employment.

ARTICLE D
RELOCATION

Eligibility

An affected employee who is a householder, i.e., one who owns or occupies unfurnished living accommodation and who is required to relocate in order to hold work with the Company due to:

- (i) the filling of a position that is likely to be of a permanent nature; or
- (ii) his work being transferred to a new location,

will be eligible for relocation expenses provided that he establishes that it is impractical for him to commute daily to the new location by means other than privately owned automobile.

NOTE: An affected employee who is not a householder (one who does not own or rent unfurnished living accommodation) will be entitled to the relocation benefits contained in D.3, D.4, D.5 and D.6 only.

Benefits

D.1 Payment of door-to-door moving expenses for the eligible employee's household goods and his automobile including packing and unpacking, insurance and up to one month's storage; the mode of transportation to be determined by the Company.

D.2 An allowance of up to \$550 for incidental expenses actually incurred as a result of relocation.

D.3 Reasonable transportation expenses from his former location to his new location by rail, or if authorized, by bus or employee-owned automobile, and up to \$140 for an employee without dependents, and an additional amount of \$55 will be paid for each dependent for meals and temporary living accommodation. Receipts will be required for rail or bus transportation.

D.4 Upon authorization, an employee may drive his automobile to his new location at an allowance per kilometer as specified in the current Collective Agreement.

D.5 In order to seek accommodation in his new location and/or to move to his new location, an employee will be allowed a continuous period of leave up to one week (seven consecutive calendar days). Payment for such leave shall not exceed 5 basic days' pay at the rate applicable to the class of service last performed.

D.6 (i) Reimbursement of up to \$7,700 for loss sustained on the sale of a relocating employee's private home (or for a home for which he has contracted to purchase prior to the date of the notice or transfer) which he 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 and, if applicable, the land transfer tax established by the city or municipality 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.

(ii) The procedure to be followed in respect of determining the loss, if any, on the sale of a home shall be as described in D.11.

(iii) An eligible employee who desires to sell his house and receive any benefit to which he may be entitled under D.6 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 D.6, 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 D.6 must be made within twelve months of the final determination of value.

D.7 Payment of 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, in any event, exceed a total cost of \$4,400. Receipts shall be required.

D.8 If an employee who is eligible for moving expenses does not wish to move his household to his new location, he may opt for a monthly allowance of \$120 which will be payable for a maximum of twelve months from the date of transfer to his new location. Should an employee elect to transfer to other locations during such twelve-month period following the date of transfer, he shall continue to receive the monthly allowance referred to above, but subject to the aforesaid 12-month limitation. An employee who elects to move his household effects to a new location during the twelve-month period following the date of his 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 his relocation.

D.9 (i) Alternatively to D.6, 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 three months' rent.

(ii) 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.

D.10 If an employee who is required to relocate to hold employment does not wish to move his household to his new work location, he may, at the time of the change, opt for a lump sum payment. Such lump sum payment shall be mutually agreed upon by the parties and will be no less than the value of all contractual relocation benefits other than those provided for in D.6, D.7, D.8 and D.9. The lump sum payment shall be paid to the employee, so long as he remains at the new location, in equal quarterly installments over the 12-month period following the lump sum payment being agreed upon. If the employee returns to his former location during such 12-month period and remains, payment(s) shall be discontinued.

Appraisal Procedure

D.11 When an affected employee desires to sell his home, under the provisions of D.6 (f), the following procedure will apply:

- (a) In advising the Company officer concerned of his desire to sell his house, the employee shall include pertinent particulars as outlined in sample form attached, including his opinion as to the fair market value of his 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 his 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 D.6 (i) above.

(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 D.11 (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 this Special Agreement, 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 D.11 (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 D.11, nor with such appraiser's employee, fellow employee or partner.

(h) The fees and expenses of any appraiser appointed in accordance with D.11 (e) or (f) shall be paid by the Company.

NOTE: In the event an employee desires to sell his home at a price which is less than the fair market value as determined by the provisions of D.11, the Company will be given the right in priority to everyone else to purchase the home.

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 E

MAINTENANCE OF EMPLOYEE'S EARNINGS

E.1 The basic weekly pay of an employee whose position is abolished or who is displaced shall be maintained by payment to such employee of the difference between his actual earnings in a four-week period and four times his basic weekly pay. Such difference shall be known as an employee's incumbency. In the event an employee's actual earnings in a four-week period exceeds four times his basic weekly pay, no incumbency shall be payable. An incumbency for the purpose of maintaining an employee's earnings, shall be payable provided:

(a) in the exercise of seniority, he first accepts the position with the highest earnings at his home terminal to which his seniority and qualifications entitle him. An employee who fails to accept the position with the highest earnings for which he is senior and qualified, will be considered as occupying such position and his incumbency shall be reduced correspondingly. In the event of dispute as to the position with the highest earnings to which he must exercise seniority, the Company will so identify;

(b) he is available for service during the entire four-week period. If not available for service during the entire four-week period, his incumbency for that period will be reduced by the amount of the earnings he would otherwise have earned; and

(c) all compensation paid an employee by the Company during each four-week period will be taken into account in computing the amount of an employee's incumbency.

E.2 An employee entitled to maintenance of earnings, who voluntarily exercises his seniority beyond his home terminal on his seniority territory rather than occupy a position at his home terminal, shall be entitled to maintenance of earnings. Such an employee will be treated in the following manner: If the position he occupies at his new station has lower earnings than a position he could have occupied at either his original station or his new station, he shall be considered as occupying the position with the highest earnings, in either case, and his incumbency will be reduced correspondingly.

E.3 In the calculation of an employee's incumbency, the basic weekly pay, exclusive of any shift differential included in respect of employees assigned to a regular position in yard or hostling service, shall be increased by the amounts of any general wage adjustments applicable during the five-year period immediately following his job abolishment or displacement and the amount of any shift differential previously paid and deducted will again be added. Following this five-year period, the basic weekly pay last established will continue to apply.

E.4 The payment of an incumbency, calculated as above, will continue to be made:

(f) as long as the employee's earnings in a four-week period is less than four times his basic weekly pay;

(ii) until the employee fails to exercise seniority to a position, including a known temporary vacancy of ninety days or more, with higher earnings than the earnings of the position which he is holding and for which he is senior and qualified at the station where he is employed; or

(iii) until the employee's services are terminated by discharge, resignation, death or retirement.

In the application of E.4 (ii) above, an employee who fails to exercise seniority to a position with higher earnings, for which he is senior and qualified, will be considered as occupying such position and his incumbency shall be reduced correspondingly. In the case of a known temporary vacancy of ninety days or more, his incumbency will be reduced only for the duration of that temporary vacancy.

NOTE: The words "position with the highest earnings at his home terminal to which his seniority and qualifications entitle him" and "higher earnings of the position which he is holding" as used in this Article E do not include a position on which the earnings are higher than the earnings on the position from which he was displaced.

ARTICLE F
SEPARATION PLAN

F.1 An adversely affected employee who is eligible for early retirement under the applicable Company Pension Plan and:

- (a) is sixty years of age or over; or
- (b) is under sixty years of age, and

(i) would be laid off at his home location; or

(ii) would be required to relocate in order to hold employment; or

(iii) by electing for a separation allowance, would prevent another employee in his seniority group at that location with two or more years of service from being laid off; or

(c) is one year or less away from eligibility for early retirement under the applicable Company pension rules, and who meets one of the conditions set out in (i) or (ii) of sub-paragraph (b) above

shall be entitled to elect to take early retirement and receive a separation allowance as hereinafter provided.

NOTE: The total number of employees entitled to elect early retirement with the benefits of this agreement are limited to the number of positions being reduced.

EXAMPLE

The total number of employees entitled to elect early retirement shall be determined as follows:

From the total number of permanent positions related to passenger work reduced as a result of the notice made pursuant to Article J shall be deducted:

- the number of permanent positions established by VIA at the same location immediately subsequent to the date of change; and
- the number of permanent positions established by CN at the same location immediately subsequent to the date of change; and
- the number of permanent positions established by VIA at another location which are being claimed by Locomotive Engineers working as such from the affected location.

F.2 For each potential retirement opportunity determined in F.1, a qualified employee may, in seniority order, elect for a separation allowance. The elections for a separation allowance shall be made in two groups:

1. Employees sixty years of age or over then

2. Employees under sixty years of age.

F.3 Subject to the provisions of F.9, an employee defined in F.1 (a) or (b) above shall receive a monthly separation allowance until the age of 65 which, when added to his Company pension, will give him an amount equal to a percentage of his average annual earnings over his 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 & over	80
34	78
33	76
32	74
31	72
30	70
29	68
28	66
27	64
26	62
25 or less	60

F.4 An employee defined in F.1 (c) above shall

(a) receive the layoff benefits provided in Article H of this Special Agreement until he becomes eligible for early retirement; and

(b) thereafter receive a monthly separation allowance in accordance with F.3 above.

F.5 A separation allowance shall cease upon the death of the employee.

F.6 An employee entitled to the separation allowance as hereinabove set out may elect to receive in its stead a lump sum payment equal to the present value of his monthly separation payments calculated on the basis of a discount rate of ten (10) per centum per annum.

F.7 An employee who receives the separation allowance under this Article and is between the ages of 55 and 59 shall be entitled to have his group life insurance coverage continued until age 60 and paid for by the Company.

F.8 An employee aged 60 or over who receives a separation allowance in accordance with this Article, shall be entitled to a life insurance policy, fully paid up by the Company, in an amount equal to that in effect in the existing collective agreement.

F.9 In the application of F.3 above, an eligible employee, who is not a member of the Canadian National 1959 Pension Plan or who became a member of the 1959 Plan as a result of the re-opening of that Plan in 1978, will receive the monthly separation allowance or the lump sum payment calculated on the assumption that such employee did belong to the Canadian National 1959

Pension Plan, throughout the employee's career. Such employee will receive the payments due in accordance with F.3 or F.6 as the case may be, minus any pension payments which would have been due had the employee been a member of the Canadian National 1959 Pension Plan.

F.10 An employee who is in receipt of a monthly separation allowance calculated in accordance with F.3, and who lives in a province where medicare premiums are required, will have his premiums paid by the Company concerned for the duration of his allowance but only up to the amount of the maximum medicare allowance provided under the existing collective agreement.

ARTICLE G

INTER-COMPANY TRANSFER OF EMPLOYEES CN/VIA

G.1 The Inter-Company transfer of employees between CN and VIA shall be in accordance with the provisions outlined in the Memorandum of Agreement dated June 4, 1987, between the parties signatory hereto.

ARTICLE H

LAY-OFF BENEFITS & SEVERANCE

Benefit Accumulation

H.1 For each year of cumulative compensated service (or major portion thereof) an employee will be allowed a lay-off benefit credit of five weeks for each such year. This will be calculated from the last date of entry into the Company's service as a new employee (including unbroken service with either of the Companies party hereto).

H.2 The above lay-off benefit credit shall apply until such time as the employee has completed twenty (20) years of cumulative compensated service, when the following maximum lay-off benefit credits shall apply:

20 years and less than 25 years	-	3 years
25 years and less than 30 years	-	4 years
30 years and over	-	5 years

H.3 An employee who at the beginning of the calendar year has completed 12 years of cumulative compensated service and subsequently receives weekly benefits due to lay-off in accordance with the provisions of H.5 shall, upon return to service after termination of lay-off, be credited with the accumulated lay-off benefit weeks he had to his credit at the time of lay-off.

Eligibility For Benefits

- H.4 (i) An employee who is not disqualified under Clause (iii) hereof, shall be eligible for a benefit payment in respect of each full week of seven consecutive calendar days of lay-off (herein called "a claim week") or to a severance payment provided he meets all of the following requirements:
- (a) He has two years or more of cumulative compensated service at the beginning of the period of continuous lay-off in which the claim week occurs began;
 - (b) For weekly lay-off benefit payment, a continuous waiting period of seven days in the period of lay-off has expired. Each period of lay-off will require a new seven-day waiting period in order to establish eligibility for weekly lay-off benefits, except that once an employee has been on lay-off for more than seven days, and is recalled to work for a period of less than ninety calendar days, such employee will immediately become eligible for weekly lay-off benefits upon lay-off within such ninety days. An employee may claim weekly lay-off benefits under this paragraph (b) pending expiration of the 30-day waiting period provided in paragraph (c) in respect of severance payment;

- (c) For severance payment, a continuous waiting period of thirty calendar days in the period of lay-off has expired except that if an employee, during such waiting period, is recalled to work for a total of less than five working days the said 30-day waiting period will not be interrupted as a consequence thereof. Each period of lay-off will require a new 30-day waiting period in order to establish eligibility for a severance payment except that once an employee has been on lay-off for more than thirty calendar days, and is recalled to work for a period of less than ninety calendar days, such employee will immediately become eligible for a severance payment upon lay-off within such ninety days;
 - (d) He has made application for benefits to the designated Company officer;
 - (e) He has exercised full seniority rights at his home terminal except as otherwise expressly provided in Clause (iii), paragraph (b) and (c) of this Article H.4.
- (-i) Notwithstanding any other provision in this Special Agreement, if upon the effective date of resignation from the Company's service an employee is eligible for an early retirement pension, he will not be eligible for a severance payment.

(iii) Notwithstanding anything to the contrary in this Article H.4, an employee shall not be regarded as laid off:

- (a) During any day or period in which his 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 (iii) (b) of this Article H.4), retirement, Act of God, including but not limited to fire, flood, tempest or earthquake or a reduction or cessation of work due to strikes by employees of the Company;

- (b) During any interval between the time that he is recalled to the service of the Company after a period of lay-off, and the time at which he actually resumes work; except that an employee who does not, as a consequence of the foregoing, return to service on the day work is available shall be governed by the provisions of H.6 of this Special Agreement, on the same basis as if he had returned to work on the date such work became available;

- (c) If he declines, for any reason, other than as expressly provided for in Clause (iii) (b) of this Article H.4, recall to work at his home station;

- (d) In respect of any period in which he is receiving other payments of any kind or nature directly from one of the Companies party hereto, except as otherwise expressly provided in H.6; or

- (e) After his dismissal from the service of one of the Companies party hereto.

Claims Procedure

H.5 An eligible employee, as defined in H.4, may, at the expiration of the seven-day waiting period specified in Clause (i) (b) of H.4, make application to the designated Company officer for a weekly lay-off benefit as follows:

- (a) Employees with TWO but LESS THAN TWENTY YEARS of cumulative compensated service:

- (i) A weekly lay-off benefit for each complete week of seven calendar days laid off following the seven-day waiting period referred to in H.5 of an amount that, when added to unemployment insurance benefits and/or outside earnings in excess of those allowable under unemployment insurance for such week, will result in the employee receiving 80 per cent of his basic weekly pay at time of lay-off.

(ii) During any week following the seven-day waiting period referred to in H.5 that an eligible employee is not eligible for unemployment insurance benefits account eligibility for such benefits having been exhausted or account such employee not being insured for unemployment insurance benefits, or account unemployment insurance waiting period, such employee may claim a weekly lay-off benefit for each complete week of seven calendar days laid off of the maximum unemployment insurance weekly benefit currently in force (for 1986 the maximum payment is \$297.00) or such lesser amount that when added to the employee's outside earnings for such week will result in the employee receiving 80 per cent of his basic weekly pay at the time of lay-off.

(iii) Weekly lay-off benefits specified in H.5 will cease when an eligible employee has exhausted his benefit accumulation as specified in H.1.

(b) Employees with TWENTY OR MORE YEARS of cumulative compensated service:

(i) A weekly lay-off benefit for each complete week of seven calendar days laid off following the seven-day waiting period referred to in H.5 of an amount that, when added to unemployment insurance benefits and/or outside earnings in excess of those allowable under

unemployment insurance for such week, will result in the employee receiving 80 per cent of his basic weekly pay at time of lay-off.

(ii) During any week following the seven-day waiting period referred to in H.5 that an eligible employee is not eligible for unemployment insurance benefits account eligibility for such benefits having been exhausted or account such employee not being insured for unemployment insurance benefits, or account unemployment insurance waiting period, such employee may claim a weekly lay-off benefit for each complete week of seven calendar days laid off of an amount that when added to outside earnings will result in the employee receiving 80 per cent of his basic weekly pay at the time of lay-off.

(c) It shall be the responsibility of the employee to report for each week for which he is claiming a weekly lay-off benefit under this Special Agreement any amounts received from the Canada Employment and Immigration Commission in respect of such week, as well as any wages earned during such week while employed outside the Company. In the event an employee does not report all such outside earnings for any particular week, this will be interpreted as notice from him that his outside earnings for such week are the same as those for the previous week.

H.6 No weekly lay-off benefit will be made for parts of a claim week as defined in Clause (i) of H.4 except that:

(a) RECALL NOT COVERED BY H.6 (b) BELOW

An employee who has qualified for weekly lay-off benefits in accordance with Clause (i) of H.4 and who returns to work for part of the last claim week and thereby receives earnings from the Company in that last claim week may make application for a partial weekly lay-off benefit which, when added to the earnings received in that week and to unemployment insurance benefits and/or outside earnings in excess of those allowable under unemployment insurance for such week will result in the employee receiving 80 per cent of his basic weekly pay at time of lay-off.

(b) TEMPORARY RECALL FOR LESS THAN 5 SHIFTS OR TOURS OF DUTY

An employee who has qualified for weekly lay-off benefits in accordance with Clause (i) of H.4 will not have his weekly benefit payment reduced for any claim week during which he returned to the service temporarily for less than five shifts or tours of duty.

Severance Pay

H.7 (a) For each year of cumulative compensated service or major portion thereof calculated from the last date of entry

into the Company's service as a new employee (including unbroken service with either of the Companies party hereto), an employee will be allowed credit weeks as follows:

For each of the first ten years

- one week's basic

weekly pay

For the eleventh and subsequent years - two weeks' basic

weekly pay

(b) (i) From the number of weeks credited, calculated on the basis of H.7 (a), computed on the basic weekly pay, shall be deducted from the sum of all weekly lay-off benefit payments which have been made pursuant to this Special Agreement. The dollar difference shall represent the amount of severance entitlement.

(ii) For eligible employees with 20 or more years of cumulative compensated service, the number of credit weeks shall be as follows:

Upon resignation prior to expiration of one year of continuous lay-off

- Equal to 60% of

the number of

credit weeks as

per H.7 (a) or as per H.7 (b)

(i), whichever

is the greater.

Upon resignation after one year of continuous lay-off but prior to two years of continuous lay-off

Equal to 40% of the number of credit weeks as per H.7 (a) or as per H.7 (b) (i), whichever is the greater.

Upon resignation after two year of continuous lay-off

Equal to 20% of the number of credit weeks as per H.7 (a) or as per H.7 (b) (i), whichever is the greater.

(c) An employee eligible for a severance payment who resigns and who at a later date will become eligible for an early retirement pension under the applicable Company pension rules shall be entitled to receive the lesser of:

(i) his severance payment entitlement under this Special Agreement; or

(ii) a lump sum amount equal to the pay he would have earned had he worked until eligible for an early retirement pension. Pay shall be computed on the basis of the basic weekly pay at time of lay-off.

(d) An eligible employee may, upon submission of formal resignation from the Company's service, claim a severance payment as set forth above but such severance payment shall not in any event exceed the value of seventy-eight weeks' pay at the rate of his basic weekly pay at the time he was laid off. Such severance payment may be claimed by an eligible employee at any time during his period of lay-off following the thirty-day waiting period provided that he has not been eligible for work or has not been recalled to service prior to the time such claim is made.

Cumulative Compensated Service

H.8 (a) One month of cumulative compensated service will consist of:

For yard service employees - 21 days or major portion thereof;

For road service employees - 30 days or major portion thereof.

(b) Twelve months of cumulative compensated service shall constitute one year of cumulative compensated service. For partial year credit, any service in excess of six months 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 lay-off

benefits. Service of less than six months of cumulative compensated service shall not be included in the computation.

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

H.9 (a) An employee with 20 years of cumulative compensated service, who, in any calendar year, is laid off and unable to hold work at his home terminal shall, upon return to work, count the period of lay-off, up to a maximum of 100 days in any such calendar year, towards the qualifying period for vacation in the ensuing years; such period of lay-off in one year shall, upon return to work, also count as service for determining the vacation entitlement in the following year. Lay-off days credited for vacation purposes shall not be used in any other manner to obtain additional credit.

(b) Such employee will have his group life insurance continued during the period of layoff, up to a maximum period of two years from date of lay-off.

(c) Such employee, in a province where medicare premiums are required, will have his medicare premiums paid by the Company up to the amount of the maximum medicare allowance provided under the existing Collective Agreement and up to a maximum period of two years from date of lay-off.

Special Provisions for Employees With Less Than 20 Years but More Than 2 Years of Cumulative Compensated Service

H.10 Such employees will be granted the same benefits as those outlined in H.9 but the benefits will only be paid during the period the employee is receiving lay-off payments under the provisions of H.5.

ARTICLE I

BENEFIT PAYMENTS PROCEDURE

I.1 All applications for payments of those benefits contained in this Special Agreement shall be made to the appropriate Company officer.

ARTICLE J

NOTICE PERIOD

J.1 The Companies signatory hereto will not put into effect any change in Railway Passenger Services made in accordance with Government initiatives introduced pursuant to the Railway Passenger Services Adjustment Assistance Regulations which will have adverse effects on employees without giving as much advance notice as possible to the General Chairman representing such employees or such other officer as may be named by the Union to receive such notices. In any event, not less than three months' 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. The provisions of this Article J.1 supersede the notice requirements of any Collective Agreement between any of the parties signatory hereto in respect of a material change in working conditions.

J.2 The provisions of J.1 do not apply to the initial transfer as contemplated by the notice contained in Appendix "A".

ARTICLE K
DISPUTES PROCEDURE

- K.1 Any dispute respecting the interpretation, application or alleged violation of this Special Agreement which is not resolved at the local level, may be progressed in the following manner.
- K.2 No later than fifteen days following the cause of the dispute either party (General Chairman or equivalent for the Union and the highest Regional officer designated to handle grievances for the Companies) may submit the dispute in writing to the other party.
- K.3 The responding party, pursuant to K.2, will render a decision in writing within fifteen days following receipt of the dispute.
- K.4 Failing resolution of the dispute, no later than fifteen days after receiving a decision pursuant to K.3 above, either party (the highest designated Officer of the Union and the Assistant Vice-President Labour Relations or equivalent for the Companies) may submit the dispute in writing to the other party.
- K.5 The responding party, pursuant to K.4, will render a decision in writing within fifteen days following receipt of the dispute.
- K.6 Failing resolution of the dispute, either party may, within seven days of receiving a decision pursuant to K.5, by notice in

- writing, request the Minister of Labour to assist in resolving the dispute. A copy of such notice will be sent to the other party to the dispute.
- K.7 Within a reasonable period after his receipt of a notice referred to in K.6, the Minister of Labour or a representative designated by him shall confer with the parties in order to assist them in reaching a settlement.
- K.8 Where the Minister of Labour or his representative is unsuccessful in assisting the parties in reaching a settlement, either party may, within seven days following the conference with the Minister of Labour or his representative, request the Minister of Labour to appoint a single arbitrator.
- K.9 A Statement of Facts containing the facts of the dispute and reference to the specific provision or provisions of the Special Agreement which it is alleged has or have been violated shall be submitted either jointly or separately to the arbitrator within five days of his appointment.
- K.10 Within fifteen days of his appointment the arbitrator shall convene a hearing of the parties.
- K.11 Within thirty days of his appointment the arbitrator shall make an award.

K.12 The decision of the arbitrator shall be limited to the dispute or allegation contained in the statement or statements submitted to him by the party or parties and the decision shall be final and binding on the parties and the employee(s) affected. The decision of the arbitrator shall not change, add to, vary or disregard any provisions of this Special Agreement.

K.13 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 shall be divided equally.

K.14 Any time limit established pursuant to this Article may be extended by agreement between the parties.

ARTICLE L
AMENDMENT

L.1 This Special Agreement shall be the only instrument applicable with respect to benefits and the words, terms and conditions of this Special Agreement shall not be amended, revised or otherwise changed without:

(i) a joint request from the parties to this Special Agreement; and

(ii) the consent, in writing, of the Minister of Labour.


ARTICLE M
COVERAGE

M.1 This Special Agreement shall apply to those changes in Railway Passenger Services made up to and including December 31, 1990 in accordance with Government initiatives introduced pursuant to the Railway Passenger Services Adjustment Assistance Regulations.

M.2 Notwithstanding M.1, the entitlement of an affected employee to a benefit hereunder accruing as a result of a change implemented on or before December 31, 1990, shall not cease upon that date but shall continue in effect until fully satisfied in accordance with the terms of this Special Agreement.

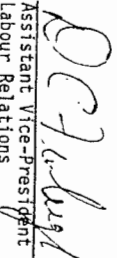
This Agreement is subject to ratification in accordance with the Constitution of the Brotherhood of Locomotive Engineers.

This Agreement was reached with the assistance of Mr. M.K. Carson, Industrial Relations Consultant, Labour Canada.


M.K. Carson
Industrial Relations Consultant
Labour Canada

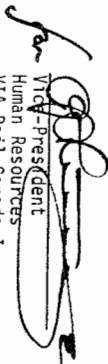
Signed at Montreal, Quebec, this 4th day of June, 1987.

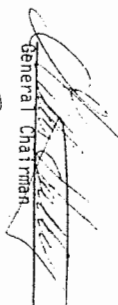


FOR THE COMPANIES:


Assistant Vice-President
Labour Relations
Canadian National Railway Company

FOR THE BROTHERHOOD OF
LOCOMOTIVE ENGINEERS:


Canadian Director and
Vice-President


Vice-President
Human Resources
VIA Rail Canada Inc.


General Chairman

General Chairman

General Chairman

APPENDIX A

CANADIAN NATIONAL RAILWAY COMPANY

VIA RAIL CANADA INC.

Montreal, Quebec
February 24, 1986

CN File: 6000-16-2

Mr. J.W. Konklin
General Chairman
BROTHERHOOD OF LOCOMOTIVE ENGINEERS
549 Regent Avenue W.
Winnipeg, Manitoba
R2C 1R9

Mr. P.M. Mandziak
General Chairman
BROTHERHOOD OF LOCOMOTIVE ENGINEERS
P.O. Box 208 - 360 Talbot St.
St. Thomas, Ontario
N5P 3T7

Mr. G. Thibodeau
General Chairman
BROTHERHOOD OF LOCOMOTIVE ENGINEERS
206 - 1026 St. Jean Street
Quebec, Quebec
G1R 1R7

Gentlemen:

The Companies have received advice from the Minister of Transport that the present Order-in-Council PC 1980-3492 dated December 18, 1980, which extended the "Railway Passenger Services Adjustment Assistance Regulations" to December 31, 1983, had been extended to December 31, 1985, and has been further extended to December 31, 1990.

VIA Rail Canada Inc. as the result of an initiative approved by the Federal Government, have decided that CN employees represented by the Brotherhood of Locomotive Engineers and dedicated solely to VIA Passenger related duties will be transferred to VIA Rail Canada Inc. It is planned that such transfer will commence on Friday July 11, 1986 and will be completed on or about September 30, 1986.

The current "Special Agreements" signed on July 7, 1978, will, in our opinion, require certain revisions in respect to the transfer of employees you represent between CN Rail and VIA. Both Companies, therefore, request that a meeting be held at an early date to negotiate the required changes. We propose that the initial meeting on this notice be held March 17, 1986, 10.00 hours, in the Rendez-Vous Room - 6th Floor - CN Headquarters, Montreal, Quebec. Would you please advise if the time and date are satisfactory.


...../2


As you are aware, the "Railway Passenger Service Adjustment Assistance Regulations" referred to above, contemplate notice from the Railways of their intent to negotiate a special agreement with respect to the provision of benefits for employees adversely affected by the implementation of changes in undertaking by the parties to the "special agreement process", regarding the prescribed final disposition of any unsettled dispute arising during the "special agreement process".

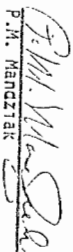
This letter will constitute both our notice and undertaking as contemplated by the Regulations. We would appreciate receiving a similar undertaking from you gentlemen on behalf of the employees you represent.


To this end, we have provided space for your respective signatures below. It will be appreciated if you would return one fully signed copy of this letter to each of the undersigned at your earliest convenience.


Yours truly,


D.C. Fraleigh
Assistant Vice-President
Labour Relations
CANADIAN NATIONAL RAILWAY COMPANY


J. Noel
Vice-President
Human Resources
VIA RAIL CANADA INC.


P.M. Mandziak
General Chairman
BROTHERHOOD OF LOCOMOTIVE ENGINEERS


J.W. Konklin
General Chairman
BROTHERHOOD OF LOCOMOTIVE ENGINEERS


G. Thibodeau
General Chairman
BROTHERHOOD OF LOCOMOTIVE ENGINEERS

cc: Mr. J.B. Adair, Vice-President & Canadian Director, BLE, Ottawa

AGREEMENTS 1.1

- 2 -

1.2

CANADIAN NATIONAL RAILWAY COMPANY

2.1

VIA RAIL CANADA INC.

2.3

MEMORANDUM OF AGREEMENT between the Canadian National Railway Company, VIA Rail Canada Inc. and the Brotherhood of Locomotive Engineers with respect to the inter-Company transfer of employees between CN and VIA.

IT IS AGREED:

Item 1 - Initial Bulletin Process

- (a) CN will issue special bulletins for positions (including spare boards) to be manned by Locomotive Engineers at VIA effective October 16, 1987. Such bulletins will be posted to the applicable CN Seniority Districts affected for a period of at least 28 days in advance of the aforementioned effective date. All qualified Locomotive Engineers, including those not working as such, will be permitted to apply. Applications for the bulletined positions must be submitted to the Crew Management Centre with a copy to the Local Chairman.

- (b) Positions will be awarded to qualified Locomotive Engineers in accordance with the provisions of Agreement 1.1 or 1.2, as the case may be.

- (c) Except as provided in paragraph (d) of this item 1, a present regular Locomotive Engineer who holds a position in Passenger

Service as a permanent assignment and who is not awarded or who does not apply for a position bulletined under paragraph (a) above, will exercise his/her seniority within CN according to the provisions of Agreement 1.1 or 1.2, as the case may be.

- (d) A Locomotive Engineer who is absent for any reason throughout the entire bulletining period specified in paragraph (a) above, may exercise his/her seniority on a position at VIA within 7 days of his/her return to active service in accordance with the provisions of Agreement 1.1 or 1.2, as the case may be.

- (e) A Locomotive Engineer displaced through the application of paragraph (d) above may, at his/her option, exercise his/her seniority to a position at VIA or revert to CN and exercise his/her seniority pursuant to the terms of the applicable Collective Agreement.

- (f) A Locomotive Engineer returning to CN under paragraph (e) above will be treated as though he/she had not transferred to VIA under the terms of this Memorandum of Agreement.

Item 2 - Seniority Lists

- (a) VIA will establish seniority list(s) for the Locomotive Engineers transferred to VIA and such Locomotive Engineers will be accorded the same relative standing on the VIA list(s) as they had at CN.

- (b) Locomotive Engineers who transfer to VIA under the terms of this Memorandum of Agreement shall have their names retained on the CN seniority list(s).

Item 3 - Transition Period

- (a) For the purpose of bulletining of positions at CN to Locomotive Engineers who transfer to VIA, the period between October 16, 1987 and up to and including the Spring change of timetable in 1990, will be known as the Transition Period.

- (b) Locomotive Engineers who transferred to VIA from positions on CN covered by Agreements 1.1 or 1.2 will have the right to apply for Locomotive Engineers' positions advertised at CN at a change of timetable pursuant to the applicable Collective Agreements, during the Transition Period as set out in paragraph (a) of this item 3.

- (c) A Locomotive Engineer returning to CN under paragraph (b) of this item 3 will be treated as though he/she had not transferred to VIA under the terms of this Memorandum of Agreement.

- (d) Permanent vacancies created at VIA as the result of the application of paragraph (b) of this item 3, will be bulletined in accordance with the provisions of Agreement 1.1 or 1.2, as the case may be, to Locomotive Engineers, including those not working as such, at both CN and VIA and the senior qualified applicant will be assigned.

- (e) A Locomotive Engineer at CN who is assigned to a permanent vacancy at VIA under paragraph (d) of this item 3 will have his/her name placed on the appropriate VIA seniority list(s) with the same relative standing he/she had at CN and his/her name shall be retained on the CN seniority list(s).

Item 4 - Filling Permanent Vacancies at VIA Other Than Those Covered in Item 3

- (a) The Reciprocal Rights Period shall be the period of time between the effective date of transfer (October 16, 1987) and the date the last Locomotive Engineer who holds seniority on January 1, 1988 leaves the service.

- (b) During the reciprocal rights period referred to in paragraph (a) of this item 4, Locomotive Engineers' permanent vacancies at VIA will be advertised to both CN and VIA Locomotive Engineers, including those not working as such, pursuant to the terms and conditions of Agreement 1.1 or 1.2, as the case may be, and the senior qualified applicant will be assigned based on his/her relative standing on the applicable CN seniority list(s). The application of this paragraph (b) will not result in a Junior Locomotive Engineer at CN being assigned to a position at VIA when there is a senior Locomotive Engineer at VIA either laid off or not working as such at that terminal.


- (c) A Locomotive Engineer at CN who is assigned to a vacancy at VIA pursuant to paragraph (b) of this item 4 will have his/her name

Item 7 - Application of this Memorandum of Agreement

- (a) This Memorandum of Agreement shall apply only to those Locomotive Engineers who hold seniority under Agreement 1.1 or 1.2 on or prior to January 1, 1988.

This Agreement is subject to ratification in accordance with the Constitution of the Brotherhood of Locomotive Engineers.

This Agreement was reached with the assistance of Mr. M.K. Carson, Industrial Relations Consultant, Labour Canada.


M.K. Carson
Industrial Relations Consultant
Labour Canada

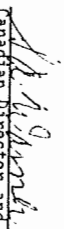
Signed at Montreal, Quebec this 4th day of June, 1987.

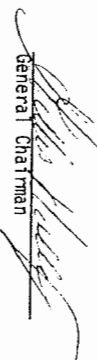
FOR THE COMPANIES:

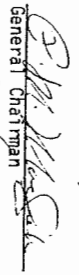

Assistant Vice-President
Labour Relations
Canadian National Railway Company

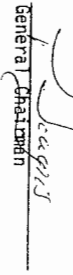

Vice-President
Human Resources
VIA Rail Canada Inc.

FOR THE BROTHERHOOD OF
LOCOMOTIVE ENGINEERS:


Canadian Director and
Vice-President


General Chairman


General Chairman


General Chairman