

MEMORANDUM OF AGREEMENT

BETWEEN

Teamsters Canada Rail Conference (TCRC) Shopcraft Division

(the "Union")

and

~~Eastern Railway Services (ERS)~~ New Brunswick East Coast Railway
(NBEC)

(the "Employer")

covering wages, benefits and working conditions of
Mechanics, Electricians, Carmen, Welders, Labourers, Etc.,
employed at the Campbellton Shop.

(2007 - 2012)

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ARTICLE 1 - DEFINITIONS

- 1.1 The term "Union" shall mean the ~~total membership of the New Brunswick East Coast Railway Shop Employees Union, duly elected or appointed officers of the Teamsters Canada Rail Conference (TCRC).~~
- 1.2 The term "Representative" of the ~~shop-employee or employees~~ shall mean the ~~duly appointed or elected representative(s), among the employees,~~ accredited representative designated by the Union.
- ~~1.3~~ 1.3 The term "~~ERS~~"NBEC shall mean the ~~Eastern Railway Services, New Brunswick East Coast Railway.~~

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ARTICLE 2 - RECOGNITION

- 2.1 The Company recognizes the Union as the particular sole bargaining agent for all those Shop employees covered under this Contract.
- 2.2 It is hereby considered the Union's responsibility to notify ~~ERS-NBEC~~ of any changes to the Union executive or negotiation committees by means of a written notice within 10 working days of any changes.

ARTICLE 3 - MANAGEMENT RIGHTS

- 3.1 It is recognized that the management of the business is vested in the company whose discretion and judgment shall control the operations of the company, the selection and retention of employees, the work and duties to which shop employees are assigned, and the right to hire, transfer, promote, demote, suspend and discharge for just cause, provided that the rights granted in this Article are not in violation of the provisions of this Contract or any applicable Federal or Provincial laws.

ARTICLE 4 - TERM OF THE MEMORANDUM OF AGREEMENT

- 4.1 This agreement shall become effective on the signature date by ~~ERS-NBEC~~ and the Union and shall continue in effect until December 31, 2012 unless either party gives notice to the other of its desire to revise or supersede this Contract, such notice to be given not less than one hundred and twenty (120) days prior to the date upon which this Contract would otherwise expire or terminate.

- 4.2 The provisions of Article 4.1 shall not be construed so as to constrain the parties to this Contract from making any changes to or from adding to the scope or application of or from extending the provisions of this agreement during the term of this Contract that are mutually acceptable.

ARTICLE 5 - NO STRIKES OR LOCK-OUTS

- 5.1 The Company shall not lock out any shop employee covered by this Contract and the Union shall not authorize or take part in any work stoppage, slowdown, strike, or picketing of the Company during the life of this Contract. The Company reserves the right to terminate the employment of any shop employees taking part in any violation of this provision of the Contract.

ARTICLE 6 - SENIORITY

- 6.1 Seniority shall be established at the first day of work within the classification.
- 6.2 A newly hired shop employee shall serve a probationary period for one hundred and eighty (180) calendar days. A review will be held for all new employees after a period of ninety (90) calendar days. A favourable review will allow the employee to continue for the remainder of the probationary period.
- 6.3 The Company shall maintain seniority rosters for each classification. Such seniority rosters shall be posted each year on the second Monday of February with a copy provided to the Union. Each seniority roster will indicate the employee's name, classification, service date and seniority date.

An employee wishing to challenge the accuracy of a seniority roster with respect to his ranking or seniority date or service date must do so in writing to the Manager - Operations within 15 days of the date of posting. If no such challenges are made within the 15-day period, the information shall be deemed correct and will not be changed thereafter, except by mutual agreement between the General Chairman and the appropriate officer of the Company.

- 6.4 Seniority shall not be forfeited except in cases of death, retirement, termination, resignation or failure to respond to accept or respond to recall

as provided for in paragraph 6.9.

- 6.5 When a permanent vacancy occurs for which a replacement is required, or a new job is created or additional staff is required in a classification, or when bulletined hours of an assignment are permanently changed two hours or more, such vacancy will be bulletined for a period of not less than five (5) calendar days to employees in the Shop and will be awarded to the senior qualified employee desiring same.
- 6.6 When a temporary vacancy occurs as the result of the incumbent being absent due to annual vacation, leave of absence, sickness, injury, etc., the Company may, depending on operational requirements, decide to fill the position. The senior qualified employee within the classification may claim the position. Should no employee claim the position, the junior employee within the classification will be assigned. Upon completion of such temporary assignment the employee filling such temporary vacancy shall return to his former assignment.
- 6.7 In case of layoff, junior shop employees shall be demoted or laid off in reverse order of their seniority within their job classification. The Company shall provide shop employees with two weeks notice to any layoff.
- 6.8 The exercising of seniority outside of the employee's classification shall not be permitted except when such employee can no longer hold work in his classification. When unable to hold work in his classification, the affected employee will displace a junior employee in another classification in which he holds seniority. If still unable to hold work, the affected employee will, using his earliest seniority date and to avoid being laid off, displace a junior employee within the labour classification provided he is qualified to perform the work. The affected employee will assume the hourly rate of the position held.
- 6.9 In case of recall, the Company shall recall in seniority order within the applicable classification seniority list. A registered letter shall be sent to the last known address of the employee. It is the responsibility of the employee to provide the Company with any address changes. An employee must both notify the Company of his intent to return to work within forty-eight (48) hours of receiving the written notice and present himself for work within seven (7) days of the written notice or fourteen (14) days if the employee is working for another employer. An employee shall at the end of this period, unless satisfactory reason is given therefore, forfeit this seniority rights and be deemed to have abandoned his employment. The Local Union committee will be furnished with the names of employees to be recalled to service.

- 6.10 Notwithstanding anything to the contrary in this Contract, nothing shall preclude or limit the type of work that a shop employees may be asked to perform provided that the shop employee has been trained and qualified for the type of work required to perform.

ARTICLE 7 - GRIEVANCE AND ARBITRATION PROCEDURE

- 7.1 Should there be a dispute between an employee and the Company, a meeting should be held between the employee and the assistant supervisor or the supervisor within 5 days of the event to reach an agreeable compromise. If this meeting be not conducive to a resolution, the following grievance procedure should take place:

Step 1: Within 5 days of the meeting, the employee shall present a written grievance to the assistant supervisor. The assistant supervisor must respond in writing within 10 days.

Step 2: Should the above step not prove beneficial, a written notice is to be sent within 30 days of the receipt by the employee of the assistant supervisor's written decision to the Mechanical supervisor by the Union representative outlining the nature of the problem and the steps to date to find resolution. The Mechanical Supervisor must respond in writing within 30 days.

Step 3: A grievance not resolved at step 2 will be reviewed within 30 days in a joint conference between the Union Representative and the General Manager.

Step 4: Within 30 days from the date of the joint conference under Step 3, a grievance concerning the interpretation or alleged violation of this Agreement, or an appeal by an employee that he has been unjustly dealt disciplined or discharged, and which is not settled through the grievance procedure may be referred by either party, on an ad hoc basis, to a mutually agreeable arbitrator from within the designated arbitrators of the Canadian Railway Office of Arbitration and Dispute Resolution for final and binding settlement. The cost of the arbitrator will be shared on an equal basis between the Union and the Company. Any retroactive payment decided by the Arbitrator cannot be effective prior to the date of the initial grievance at Step 1 of the procedure.

Note: Under certain unforeseen circumstances, these time limits may be changed, only by mutual agreement of the Union and the Company.

ARTICLE 8 - LEAVE OF ABSENCE

- 8.1 A Shop employee may be granted a leave of absence without pay of up to ninety (90) days at the discretion and upon the approval of the Company. The period of leave may be extended at the discretion of the Company. A Shop employee granted such a leave shall receive a signed authorization of leave.
- 8.2 A Shop employee on leave of absence from the Company may not work for another company unless the Union and the Company mutually agree. Any Shop employee who engages in such other employment without the written consent of the Union and the Company shall be considered terminated.

ARTICLE 9 - VACATIONS

- 9.1 Shop employees who qualify will receive paid vacation time on the following schedule according to their Company continuous service on the 31st December of the previous year:
- (a) One (1) year but less than five (5) years shall receive two (2) weeks at four percent (4%) of the previous year's earnings;
 - (b) Five (5) years or more but less than ten (10) years shall receive three (3) weeks at six percent (6%) of the previous year's earnings;
 - (c) Ten (10) years or more but less than fifteen (15) shall receive four (4) weeks at eight percent (8%) of the previous year's earnings;
 - (d) Fifteen (15) years or more shall receive five (5) weeks at ten (10) percent of the previous year's earnings.

Note: Employees hired prior to January 2001 will have their vacation calculated based on their date of hiring and will receive an extra week of vacations at two percent (2%) of the previous year's earnings.

- 9.2 Vacation time shall not be accumulated from one year to the next. The Company, in its discretion, may allow the Shop employee to carry over his vacation to the next year in circumstances where, due to illness or injury, the Shop employee has not been able to take his vacation in the year it became available. There will be no pay for vacation instead of time off unless the Company cannot grant the employee his vacation during the

calendar year.

- 9.3 To be counted as a year of service, a Shop employee must have been continuously employed for a period of twelve (12) consecutive months. Time off for Union business, time off on account of any authorized layoff, bona fide illness, injury, jury duty and vacations days, shall count as continuous service for the purpose of this Article. A Shop employee with less than twelve (12) continuous months of service with the Company, shall receive vacation pay in an amount equal to four percent (4%) of his total earnings.
- 9.4 Request for vacation must be submitted to the Shop supervisor between February 15th and March 1st of each year. The Company will respond no later than March 30th of each year. Employees desiring vacation between January 1st and March 30th should make their request to the Shop Supervisor and such request will be granted, if possible, dependent on operational requirements.
- 9.5 With the exception of floating vacation days, all vacations will commence on a Monday and continue as consecutive week(s), except for employees who have days off other than Saturday or Sunday in which day of work in their work week. Employees entitled to two (2) or more weeks of vacation may split their vacation into not less than one (1) week segments. Employees shall be allowed to take up to five (5) of their vacation days as floating vacation days during the year, as long as the Company approves in advance of the day to be taken and as long as the day or days are not added to regularly scheduled vacations.
- 9.6 The Company reserves the right to grant or deny vacation request choices based on the needs of its operations. The maximum number of Shop employees who may be on vacation at one time shall be limited to no more than ten percent (10%) of the number Shop employees in a classification. In its discretion, the Company may allow additional employees in a classification to be on vacation at the same time. Except in an emergency, once a vacation request is granted, the employee shall be allowed to take the assigned time. If the vacation must be rescheduled due to an emergency, the employee and the Company shall mutually agree to the rescheduled time. If the Shop employee's vacation is rescheduled by the Company due to an emergency and the employee has prepaid for the vacation and cannot obtain a refund and/or cannot use the prepaid vacation at a later date, the Company shall reimburse the operating employee for out-of-pocket expenses. If an employee is called in from vacation time for an emergency situation, payment for work will be at 1 ½ times and missed vacation days will be re-scheduled.

- 9.7 If any of the general holidays listed in Article 10.1 occur during a shop employee's vacation or rest day, the shop employee may either be given a day of holiday in addition to his vacation pay or an additional day off at the end of his vacation and the holiday pay at his choice. The shop employee must notify the Company in advance of taking his vacation of which he will choose.
- 9.8 If an employee ceases to be employed, the Company shall pay to the employee any vacation owed by the company to the employee. In these circumstances, vacation pay shall be calculated at the rate of two percent (2%) per week of vacation to which the employee's service entitles him, multiplied by the regular wages of the employee for the period of service for which the employee has not already received vacation. Any accrued vacation pay in a year shall be paid to the estate of an employee who dies while in the employ of the Company.

ARTICLE 10 - GENERAL HOLIDAYS

- 10.1 The Company recognizes the following days as paid holidays:

New Year's Day
January 2
Good Friday
Victoria Day
Remembrance Day
Canada Day
New Brunswick Day
Labour Day
Thanksgiving Day
Christmas Day
Boxing Day

- 10.2 A Shop employee who is not required to work on a general holiday shall be paid at the equivalent of the wages he would have earned at his regular rate of wages for his normal hours of work. When a general holiday falls on an employee's day of rest, such holiday will either be moved to the normal working day immediately following the employee's rest day or such other time upon which the employee and the Company agree.

ARTICLE 11 - BEREAVEMENT LEAVE

- 11.1 All shop employees shall, due to the death of the employee's parent, grandparent, spouse's grandparent, stepparent, mother-in-law, father-in-law, brother, sister, stepbrother or stepsister, be entitled to three (3) consecutive calendar days bereavement leave without loss of pay. In the case of the spouse or child or stepchild, he will be entitled to five (5) consecutive calendar days.
- 11.2 In the application of this Article, "employee's spouse" means the person who is legally married to the ~~operating~~ employee and who is residing with or supported by the employee, provided that, if there is no legally married spouse, it means the person who qualifies as spouse under the definition of that word in Section 2 (1) of the Canadian Human Rights Benefits Regulations, as long as such person is residing with the employee.
- 11.3 If the employee wished to have the Company grant exception to this policy, he must present his request to the Mechanical Supervisor or his delegate for consideration. The Mechanical Supervisor or his delegate may grant an exception in his sole discretion.
- 11.4 If an employee is bereaved while on vacation, bereavement leave days shall not be calculated as part of the vacation period. The vacation days not taken shall be rescheduled through mutual agreement between the Company and the Shop employee.

ARTICLE 12 - JURY DUTY AND ATTENDING COURT

- 12.1 An employee who is summoned or who serves on jury duty and is required to loose time from his assignment shall be paid the difference between the amount paid by the Court for such jury service and the amount of his regular base rate of wages for his regular time that he would have worked, not including, however, reimbursement from the Courts for meals, lodging or transportation. If jury duty falls during a period of the employee's annual vacation then the employee will have his vacation rescheduled to a time that is mutually agreeable to the Company and the employee. Hours paid under this provision shall not be considered as time worked when computing overtime.
- 12.2 A shop employee must furnish the Company with a statement from the Court of the jury allowance paid by the Court and the days on which jury duty was performed.

- 12.3 When attending Court as a witness for the Company or a medical examiner's inquest in cases where the Company is involved, or if he is subpoenaed by the Crown or government agencies in cases where the Company is involved, an employee shall receive pay for all time lost at his regular base rate of wage, or if it falls on a rest day, he shall be paid actual time in attendance within a maximum of three (3) hours. This Article applies to an employee who is party to a civil suit brought against him while performing duties on behalf of the Company. This Article does not apply if the employee is under criminal investigation. The Company shall be entitled to a certificate for witness fees in all cases.

ARTICLE 13 - DISCIPLINE PROCEDURES

- 13.1 A copy of any written disciplinary action or allegation of wrongdoing is to be provided to the employee on a timely basis.
- 13.2 The following formula will be followed as a disciplinary policy:
- | | |
|-------------|---|
| 1st offence | Verbal warning |
| 2nd offence | Written warning |
| 3rd offence | Written warning with three (3) day suspension without pay |
| 4th offence | Dismissal |
- 13.3 All disciplinary actions will be considered on a case by case basis through discussion between the Employee supervisor, the Employee-Union and the Company.
- 13.4 From the date of a written reprimand, one (1) year of good behaviour will remove any reference to said reprimand from the employee's personnel file.

ARTICLE 14 - DEDUCTION OF DUES

- 14.1 Dues representing two percent (2%) of each employee's gross regular salary divided into 12 equal monthly payments will be deducted by the Company. This deduction is to be made from the employee's pay check on the second pay period of each month.
- 14.2 Dues deducted by the Company will be paid by cheque to the Union no later than 30 days after collection. A statement detailing the deductions from each individual will accompany each payment.

ARTICLE 15 - PAY DAY

- 15.1 All Shop employees shall receive wages in accordance with Article 19 of this Contract. Shop employees shall be paid bi-weekly.
- 15.2 Shop employees leaving the service of the Company shall be furnished with a payment covering all time due on the next pay period.
- 15.3 All overtime shall be shown as a separate item on the pay summary.
- 15.4 Shop employees shall be paid by electronic funds transfer.
- 15.5 An employee who has been short paid will be issued a voucher to cover such shortages.

ARTICLE 16 - OVERTIME

- 16.1 Overtime assigned by the Company shall be paid at the rate of one and one-half (1 ½) times the employee's regular rate of wages for each hour of work in excess of forty (40) hours in each week ~~or in excess of the maximum hours of work permitted by the Minister of Labour.~~
- 16.2 Shop employees called in from home to work overtime which is not in conjunction with their shift will be paid an amount which is equivalent to at least three (3) hours of overtime work. Except in emergencies the Company will endeavour to distribute overtime equitably to all employees.

ARTICLE 17 - MEALS EXPENSE REIMBURSEMENT AND ACCOMMODATIONS

- 17.1 Lunch facilities, a separate room equipped with microwave, refrigerator, stove and utensils, will be maintained for the Shop employees. This room will also be equipped with a water cooler for access to fresh drinking water.
- 17.2 Shop employees required to work away from the home shop will have meals and expenses reimbursed on expense reports. A reimbursement of \$0.32 per kilometre will be applied to employees who are required to use their own vehicle for transportation. All reports are to be submitted within 10 working days of incurring the expense, this will facilitate a quick turn-around time of expense reimbursement.

- 17.3 Shop employees who commits to a minimum of 4 hours of unscheduled overtime at the shop after a regularly assigned shift will receive a meal to a maximum of \$12.00.

ARTICLE 18 - EMPLOYEE HEALTH AND PHYSICAL FITNESS

- 18.1 Periodic medical and eye examinations will be arranged and paid for by the Company. The Company shall pay the shop employee his regular rate of wages for the time he spends traveling to and from the place of the examination, the time spent in the examination and or his reasonable costs of travel if the Company required the employee to travel for the examination.

ARTICLE 19 - WORK SCHEDULING AND WAGES

- 19.1 All shop employees covered by the Contract shall be paid on an hourly basis as per Appendix C. The Company guarantees to each regularly assigned employee a minimum of 1,040 hours of work for each six (6) month period between January 1st to June 30th and July 1st to December 31st.
- 19.2 Regular full time assignments will be established and scheduled to work 40 hours per week, with a minimum of 2 consecutive rest days. Particularities of service may require the establishment of other schedules. -In no case, these regular schedules will exceed 80 hours per two week period. Overtime as per article 16 will then be applicable after 80 hours. Implementation of these schedules will be discussed with the Union.
- 19.3 Employees are entitled to 8 hours of rest after completing 16 hours of work. After their 8 hours of rest, employee will be permitted to complete a regular assignment.

ARTICLE 20 - GROUP HEALTH AND OTHER BENEFITS

- 20.1 The Company shall maintain the benefits as described in the attached benefits schedule. The cost of these benefits will be paid eighty-five percent (85%) by the Company and fifteen (15%) by the shop employee. (Appendix A)
- 20.2 Employees are required to contribute 3% of their base salary in the pension plan. The Company will contribute an amount equal to the

Employee Required Contribution. (Appendix D)

ARTICLE 21 - INTENTIONALL LEFT BLANK

ARTICLE 22 - HEALTH AND SAFETY

- 22.1 The Company shall establish a Health and Safety Committee made up of at least one (1) member from management and one (1) from the Employee Union.
- 22.2 The Health and Safety Committee shall meet quarterly and shall consult and make recommendations to the Company concerning the furtherance of health and safety measures, including but not limited to the reduction of ergonomic hazards ~~on~~in the workplace and to conduct such other functions as required by the applicable Federal and/or Provincial legislation governing Occupational Health and Safety.
- 22.3 The Company shall furnish for those employees requiring the appropriate safety gear, hard hats, safety vests, gloves, safety glasses and welder's protective clothing. The Company will supply a pair of recommended Prescription safety glasses each year.
- 22.4 Many duties require that the employee wear personal protective equipment. The Company shall provide hard-hats, safety vests, safety glasses, gloves, together with an annual contribution of \$150.00 towards safety boots. The Company will provide summer and winter coveralls. Employee may elect to claim \$225, tax free, per year in lieu of receiving two pairs of coveralls. The employee's election must be made at the beginning of each calendar year. Employees with prescription glasses will be supplied with one pair of safety glasses per year to a maximum value of \$150.00.
- 22.5 To be eligible for the boots, coveralls and prescribed safety glasses, any new employee must have been employed for a minimum of one hundred eighty (180) days.
- 22.6 Employee failing to wear and use proper safety equipment for their position shall be subject to the Discipline Policy of the Company.
- 22.6 To enhance the welfare of employees, the Company will reimburse fifty percent (50%) of the cost of a fitness club membership to a maximum of two hundred dollars (\$200) per annum per employee upon submission of a receipt from an authorized and accredited health and fitness center.

ARTICLE 23 - TOOL ALLOWANCE

- 23.1 A tool allowance of two hundred and fifty dollars (\$250) will be provided for all newly hired skilled tradesmen and apprentices who are required to provide their own basic tool kit for work. Tools forming part of the employee's basic tool kit will be replaced by the Company as required. An employee's basic tool kit, including replacements, remains the personal property of the employee.
- ~~23.2 The employee has the right to request this allowance on the anniversary date of his first day worked. The request is to be made on an expense account report and submitted to the Supervisor for approval. The employee is solely responsible for requesting this allowance.~~

ARTICLE 24 - LICENSING AND TRAINING

- 24.1 It is the tradesman's sole responsibility to provide the Company with a copy of any license or annual renewal. This copy of license is to be kept in the employee's personal file.
- 24.2 With the exception of apprenticeships, employee qualifications upon hiring will be sufficient to maintain their position with the Company. The exception to this article would be a governmental legislation forcing the Company to require special qualifications. Should any governing body pass such legislation the Company will do all in its power to provide the employee with the proper training.
- 24.3 The Company shall establish training and qualification programs for each classification after consulting with the Union. These programs are intended to assist an employee to gain better knowledge of his job and to learn new skills.
- 24.4 Any employee who is in training as requested by the Company will be paid his regular wage for the actual time spent in training. In the event the classification being trained for is less than the employee's regular wage, the higher amount will be paid. Provisions of article 16.1 will be applicable. Employees required to train at the request of the Company at a location other than Campbellton, will not suffer any loss of basic pay while in training, will be reimbursed for associated reasonable expenses for traveling, meals and accommodations.

ARTICLE 25 - CERTIFICATE OF SERVICE

- 25.1 When shop employees are dismissed or resign they will:
- (a) be paid within thirty (30) days
 - (b) be given a certificate, upon request, stating time of service and in what capacity they were employed.

ARTICLE 26 - PRINTING OF THIS CONTRACT

- 26.1 The Company undertakes the responsibility for the printing of this Contract as may be required from time to time and will absorb the cost of such printing as well as the cost of delivery of sufficient copies to the ~~Representatives-Union~~ within sixty (60) days of the effective date of this Contract.

ARTICLE 27 - LOCKER AND CLEANING FACILITIES

- 27.1 Locker facilities will be provided with two (2) lockers assigned to each shop employee.
- 27.2 Showers, a clothes washer, and drying room will be provided so the employees may wash their own coveralls.

ARTICLE 28 - COMPANY INITIATED MEETINGS

- 28.1 When a shop employee who is not on duty is required by a Company officer to attend a meeting on a matter initiated by the Company, such employee will be compensated as follows on account of such attendance:
- (a) where necessary reimburse for actual time lost, or a minimum of three (3) hours
 - (b) For a time in excess of four (4) hours, pro rata on a minute basis, and
 - (c) any shop employee required to travel away from home shop for meeting will be reimbursed for actual reasonable expenses such as travel costs and hotel/motel accommodations. Expenses with receipts will be paid.

ARTICLE 29 - SICK LEAVE

- 29.1 At the beginning of each calendar year, each employee will receive a lump sum payment equivalent to a maximum of forty-eight (48) hours at the employee's basic hourly rate of pay for sick leave purposes. Employees who are not on the working list in January will receive their lump sum payment in the first full pay period following their return to work.
- 29.2 In order to determine the hours paid under article 29.1, for (4) hours will be allocated for each calendar month, or major portion thereof, an employee on the working list actually worked and/or was available for work during the previous calendar year. Employees laid off and/or recalled will be credited with the entire month any such recall or layoff occurs despite the fact they may not have worked the majority of that specific month.
- 29.3 The provisions of this sick leave article apply to an employee who has completed the probationary period and who has a personal medical appointment which could not be scheduled during non-working hours, or who suffers an injury or illness which prevents him from working. However, an employee entitled to worker's compensation will not be entitled to sick leave.
- 29.4 Sick leave may not be used in conjunction with vacation.

ARTICLE 30 - APPLICATION AND INTERPRETATION OF AGREEMENT

- 30.1 Shop employees through their representatives will call the attention of supervisory officers to any violation of the terms of this Contract and, if necessary, the representative will refer such matters to the proper officer of the Company.
- 30.2 Any question of interpretation which may arise will be adjusted by the representatives with the proper officers of the Company.
- 30.3 No ruling will be made by any officer of the Company changing any generally accepted interpretation of any Article of this Contract without first having discussed the matter with the Union Representatives. A copy of the ruling issues will be furnished to the Union Representatives.

ARTICLE 31 – CASUAL POSITIONS

- 31.1 The Company and the Union agree the establishment of casual positions may be warranted from time to time to overcome manpower shortages on a short term basis. Casual positions will be established and governed by the provisions of this Article.
- 31.2 Prior to the establishment of a casual position the Company will provide the President of TCRC Shopcraft Division with the reason(s) the position is required, the duties and the expected duration of the position.
- 31.3 Casual positions will not exceed 180 days in duration without the express written consent of the Union. Such consent will not be unreasonably withheld.
- 31.4 Casual positions will not be utilized to avoid the creation of a full time permanent position.
- 31.5 Casual positions will be regularly scheduled positions with two consecutive days off per week and will not be scheduled to work in excess of 40 hours per week.
- 31.6 Casual positions will not be set up on a tour of duty or daily basis for the purpose of covering overtime shifts.
- 31.7 Casual employees will not be called for an extra shift or for extra hours ahead of a full time employee qualified for such work and desiring same.
- 31.8 Casual employees will not be members of the Union and will not pay union dues.
- 31.9 Casual employees will not establish and/or accumulate seniority.

For the Union:

Chris Smith
Senior Vice-General Chairman
TCRC

Gino Levesque
President – TCRC Shopcraft
Division

For the Employer:

Gilles Richard
Vice-President and General Manager,
NBEC, ERS. SCR

Dave Mann
Operations Manager
NBEC, ERS

Laurent Caron
Director, Human Resources, CFQ

APPENDIX A - BENEFITS

INSURANCE COMPANY:

SSQ-VIE
Policy Number 18360, effective January 26th, 1998

INSURANCE BROKER:

Dale-Parizeau L.M., Inc.
1440, St. Catherine Street West
Montreal, Quebec
H3G 2V3

Sylvain Maheu
Telephone (514) 282-1112 Watts: 1 800 361 8715 ext. #2871

1. LIFE INSURANCE AND ACCIDENTAL DEATH OR DISMEMBERMENT

All employees have a life insurance amount equal to two (2) times their annual salary. The amount of insurance is reduced by fifty (50%) at the age of sixty-five (65) and terminates at (70) seventy years old.

- a) Legal dependants: spouse \$5,000.00 (five thousand dollars),
- b) Child: \$2,500.00 (two thousand five hundred dollars) each.

2. MEDICAL BENEFITS

The program covers 100% of the items below after having satisfied a \$50.00 (Fifty dollars) deductible per individual and a \$100.00 (One hundred dollars) deductible per family. The deductibles and the eligible expenses are on a calendar year basis.

- (a) Semi-private room in any hospital in Canada. Convalescent hospital: sixty (60) days;
- (b) Private duty nurse: \$10,000.00 (Ten Thousand dollars) per year;
- (c) Most medications that require a prescription are covered. Beginning January 1, 2007, the Plan will be modified to ensure that only generic drugs will be reimbursed unless the prescribing physician indicates that no substitutions are allowed;
- (d) Services obtained by a physiotherapist (\$35/visit), psychologist (\$65/visit), speech therapist, audiologist and massotherapist

(\$40/visit) who are good—members in good standing with their professional associations and that are prescribed by a doctor, are admissible to a maximum rate of \$400.00 (Four hundred dollars) per specialist per year;

- (e) Services rendered by a naturopath (\$35/visit), chiropractor (\$30/visit), podiatrist (\$35/visit), ergotherapist, acupuncturist (\$35/visit), and an osteopath (\$45/visit), who are in good standing with their professional association are admissible to a maximum rate of \$400.00 (Four hundred dollars) per specialist per year;
- (f) Custom-made orthopedic shoes approved by the insurer and prescribed by a podiatrist paid at \$400.00 (Four Hundred dollars) per twelve (12) months. Orthotics are covered at \$100.00 (One Hundred dollars) per twelve (12) months. Special elastic stockings are paid twice a year;
- (g) Hearing aids: \$300 (Three hundred dollars) per 36 months;
- (h) Emergency travel insurance and assistance program 24 hours a day;
- (i) Laboratory expenses are payable;
- (j) Eye exams are covered at \$50 (Fifty dollars) per twenty-four (24) months, glasses at \$100.00 (One hundred dollars) per twenty-four (24) months;
- (k) Accident to natural teeth;
- (l) Rental expenses for medical appliances;

3. DENTAL BENEFITS

After an annual deductible of twenty-five dollars (\$25.00) per individual or fifty dollars (\$50.00) per family, the program reimburses:

- (a) One hundred percent (100%) of basic services according to the current dental fee guide of general practitioners;
 - cleaning every six (6) months,
 - complete oral exams every twenty-four (24) months,
 - fillings,
 - extraction of teeth,
 - root canal treatment,
 - gum surgery.

The maximum amount per year is \$1,500.00 (Fifteen hundred dollars).

4. WEEKLY INDEMNITY

This benefit replaces 66.67% of your gross weekly income without exceeding \$500.00 (Five hundred dollars) per week:

- (a) begins the first day following an accident or a twenty-four (24) hour hospitalization;
- (b) begins the 8th (eight) day following a sickness or illness.

This benefit will be paid up to a maximum of seventeen (17) weeks. Beginning January 1, 2007, the Plan will be modified to incorporate Supplemental Unemployment Benefits.

5. MONTHLY DISABILITY

This benefit replaces 66.67% of your gross monthly salary without exceeding \$3,000.00 (Three thousand dollars) monthly and starts as soon as your weekly indemnity payments have expired. This benefit will be paid during twenty-four (24) months if you are incapable of performing several tasks of your daily duties, afterward the benefit will continue until age sixty-five (65) if you are incapable of working at any occupation.

APPENDIX B – JOB CLASSIFICATION

Mechanical	Foreman Mechanical 1 (licensed tradesman with locomotive experience) Mechanical 2 (licensed tradesman with no railway experience) Apprentice
Electrical	Foreman Electrical 1 (licensed tradesman with locomotive experience) Electrical 2 (licensed tradesman with no railway experience) Apprentice
Carmen	Foreman Carman 1 (licensed tradesman with railway experience) Carman 2 (licensed tradesman with no railway experience) Apprentice
Welder	Welder 1 (licensed tradesman with railway experience) Welder 2 (licensed tradesman with no railway experience)
Labourer	General Labourer 1 (qualified hostler) General Labourer 2 (after 12 months of actual work) General Labourer 3

APPENDIX C – PAY SCALE

1. Basic Hourly Rate:

	2005	2006	2007	2008	2009	2010	2011	2012
Foreman	\$21.45	\$22.02	\$23.81	\$24.40	\$25.01	\$25.64	\$26.29	\$26.72
Tradesman 1	\$18.95	\$19.52	\$21.36	\$21.95	\$22.56	\$23.19	\$23.84	\$24.27
Tradesman 2	\$16.10	\$16.59	\$18.14	\$18.63	\$19.14	\$19.67	\$20.21	\$20.57
Apprentice	\$15.16	\$15.61	\$17.11	\$17.58	\$18.05	\$18.55	\$19.06	\$19.39
Welder	\$18.95	\$19.52	\$21.36	\$21.95	\$22.56	\$23.19	\$23.84	\$24.27
Gen. Labourer 1	\$13.24	\$13.61	\$15.28	\$15.65	\$16.04	\$16.44	\$16.85	\$17.12
Gen. Labourer 2	\$12.24	\$12.61	\$14.28	\$14.65	\$15.04	\$15.44	\$15.85	\$16.12
Gen. Labourer 3	\$10.40	\$10.71	\$12.13	\$12.43	\$12.76	\$13.09	\$13.43	\$13.65

Note: The Basic Hourly Rate will be used in the calculation of non-productive hours payments, reporting pay, general holiday payments, make whole payments, compensation for attendance, sick leave payments, bereavement leave, jury duty and attending court, group health and other benefits such as life insurance, weekly and monthly disability indemnity, pension, etc.

2. Attendance Premium:

In order to emphasise the importance of attendance, beginning January 1, 2007, an Attendance Premium (A.P.) will be paid to employees on a pay period basis for each hour worked including overtime hours. The attendance premium will apply as follows:

	2007	2008	2009	2010	2011	2012
Foreman	\$0.15	\$0.20	\$0.25	\$0.30	\$0.35	\$0.40
Tradesman 1	\$0.10	\$0.15	\$0.20	\$0.25	\$0.30	\$0.35
Tradesman 2	\$0.10	\$0.15	\$0.20	\$0.25	\$0.30	\$0.35
Apprentice	\$0.05	\$0.10	\$0.15	\$0.20	\$0.25	\$0.30
Welder	\$0.10	\$0.15	\$0.20	\$0.25	\$0.30	\$0.35
Gen. Labourer 1	\$0.05	\$0.10	\$0.15	\$0.20	\$0.25	\$0.30
Gen. Labourer 2	\$0.05	\$0.10	\$0.15	\$0.20	\$0.25	\$0.30
Gen. Labourer 3	\$0.05	\$0.10	\$0.15	\$0.20	\$0.25	\$0.30

3. Attendance Enhanced Hourly Rate:

The addition of the attendance premium to the basic hourly rate of pay will yield the Attendance Enhanced Hourly Rate of pay which will be applicable to all hours actually worked including overtime. The attendance enhanced hourly rate will be as follows:

	2007	2008	2009	2010	2011	2012
Foreman	\$23.96	\$24.60	\$25.26	\$25.94	\$26.64	\$27.12
Tradesman 1	\$21.46	\$22.10	\$22.76	\$23.44	\$24.14	\$24.62
Tradesman 2	\$18.24	\$18.78	\$19.34	\$19.92	\$20.51	\$20.92
Apprentice	\$17.16	\$17.68	\$18.20	\$18.75	\$19.31	\$19.69
Welder	\$21.46	\$22.10	\$22.76	\$23.44	\$24.14	\$24.62
Gen. Labourer 1	\$15.33	\$15.75	\$16.19	\$16.64	\$17.10	\$17.42
Gen. Labourer 2	\$14.33	\$14.75	\$15.19	\$15.64	\$16.10	\$16.42
Gen. Labourer 3	\$12.18	\$12.53	\$12.91	\$13.29	\$13.68	\$13.95

APPENDIX D – PENSION PLAN

Pension Plan Type

Defined Contribution Plan

Province of Registration

New-Brunswick, where the plurality of the members of the plan reside.

Plan Effective Date

January 1st, 2001

~~The Employer Contribution will be retroactive to January 1st, 2001. The Employees will have the option at their choice to contribute to the plan prospectively from the date of the introduction of the plan, or to contribute retroactively to January 1st, 2001.~~

Plan Eligibility and Participation

- Eligibility: 1st of the month following completion of probationary period;
- Participation: mandatory.

Employees Contributions

- Required Contribution: Employees are required to contribute 3% of their base salary through payroll deductions.
- Voluntary Contribution: Employees can contribute from 0% to 12% of their earnings, subject to applicable limits in the law. These contributions can be paid through payroll deductions or ~~through the transfer of Profit Sharing Earnings once a year.~~

Employer Contribution

The Company will contribute an amount equal to the Employee Required Contribution.

Vesting of Employer Contribution

Employer contributions will vest immediately upon contribution to the plan.

Employee and Employer Accounts

Accounts will be setup for each Employee with the plan administrator. Separate accounts will be created for Employee Contributions (Required and Voluntary Contributions separately) and Employer Contributions. Each quarter, a statement showing the account balances will be provided to the Employee.

Investment of Employee and Employer Accounts

Employee Accounts (both Required and Voluntary Contributions) and Employer Account will be invested according to instructions provided by each Employee. Investment Funds will be made available to Employees. The number and types of funds offered will be determined by the Administrative Committee.

Pension at Retirement

The Employees have the following options at retirement:

- Transfer Employee Accounts and Employer Account balances to a Locked-In Retirement Account (LIRA) or to a Registered Retirement Income Fund (RRIF), or to an Insurance Company for the purchase of an annuity, or to the pension plan of a new employer;
- Leave Employee Accounts and Employer Account balances in the plan until the year the member reaches maximum age of 69.

Termination of Membership

On termination of membership, Employees have the same options as at retirement.

Death Benefit

Same as for the termination benefits except monies are not locked-in and can therefore be transferred to the spouse's RRSP or in paid in cash to the beneficiaries or the estate.

Absences

The following absences qualify as pensionable service under the plan:

- Maternity and parental leaves;
- Sickness;
- Work accidents;
- Short-term and Long-term disabilities covered under the Company's group insurance policy.

Employees are required to pay their Required Contributions to the plan in order to obtain the Company matching.

Administration of the Plan

The Company will administer the plan. However, the Company wishes to delegate certain responsibilities to an Administration Committee composed of plan members, union representatives and employer representatives.

The Company will pay the administrative charge of the plan administrator for the pension plan.

~~The Company and the NBEC Shop Employees Union agree that no other terms of employee remuneration will be affected by the introduction of this pension plan, including the sharing of the costs of the Group Benefits currently paid 85% by the Employer and 15% by the Employee.~~

Letter # 1

March 15, 2007

Chris Smith Senior Vice-General Chairman Teamsters Canada Rail Conference 121 Portledge Avenue Moncton, NB E1C 5S8	Gino Levesque President Teamsters Canada Rail Conference - Shopcraft Division 230 Restigouche Drive Tide Head, NB E3N 4K7
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Subject: Abolishment of the Specialized Labourer Classification

Dear Sirs:

During our discussions which led to the signing of the Agreement, the parties agreed to abolish the position of Specialized Labourer within the Labourer classification. The parties further agreed that certain conditions would apply to Mr. Jack Claridge the sole employee affected by the abolishment of the Specialized Labourer position. These conditions are as follows:

- 1) Mr. Claridge's hourly rate at the date of signing of this agreement will be maintained and will be adjusted yearly in accordance with the percentage increase applied to the Labourer classification;
- 2) He will be entitled to receive the attendance premium tied to the Labourer classification;
- 3) The engine hosting qualification pay is considered to be part of his present hourly rate;
- 4) The following hourly rate table will apply to Mr. Claridge:

	2005	2006	2007	2008	2009	2010	2011	2012
Basic hourly rate	\$17.09	\$17.60	\$19.42	\$19.95	\$20.50	\$21.06	\$21.64	\$22.02
Attendance premium	-	-	\$0.05	\$0.10	\$0.15	\$0.20	\$0.25	\$0.30
Attendance enhanced hourly rate	-	-	\$19.47	\$20.05	\$20.65	\$21.26	\$21.89	\$22.32

The conditions applicable to Mr. Claridge as a result of the abolishment of his job within the Specialized Labourer classification is without prejudice to each parties position and will not be considered as a precedent to any future negotiations on such similar matter.

Yours truly,

Laurent Caron
Director, Human Resources

c.c.: Gilles Richard, General Manager NBEC