

Implementing Agreement

between

Canadian National Railway Company

And

Grand Trunk Corporation/Illinois Central Railroad Company/Chicago, Central and
Pacific Railroad Company/Wisconsin Central Transportation Corporation
Represented by Brotherhood of Locomotive Engineers and Trainmen (Teamsters)

For the purpose of this agreement, all trackage bounded by the Elgin, Joliet and Eastern Railroad ("EJE") in the Chicago area (Leighton to the north, Munger to the west, Griffith to the east and Matteson to the south) is known as "Chicago Terminal", and the parties to this agreement agree that this voluntary Implementing Agreement, made by and between the CN and the Brotherhood of Locomotive Engineers and Trainmen, (Teamsters) in order to achieve the benefits and efficiencies of operational changes made possible by the merger transactions of the various properties, and to modify pre-existing labor arrangements to the extent necessary to obtain such benefits and efficiencies,

IT IS AGREED:

I. Collective Bargaining Agreement

A. Employees will continue to be governed by their existing collective bargaining agreements, subject to the amendments outlined herein.

II. Consolidated Chicago Terminal

A. The Chicago Terminal will be the entire area within the boundaries of the Elgin, Joliet and Eastern Railroad ("EJE") in the Chicago area, including the trackage encompassing existing GTW property extending west from Griffith,

Indiana, and existing IC territory extending north from Matteson, Illinois, and existing CCP territory extending east from Munger, Illinois, and existing WC territory extending south from Leighton, Illinois.

- B. Work currently bulletined at existing yards within the Chicago Terminal will continue to be work that will be advertised to employees at those locations, e.g. assignments at Schiller Park will continue to be advertised to employees at that location. The same requirements also apply at Markham, Elsdon, Glenn and Hawthorne. It is not the intent of this Agreement to transfer, on a permanent basis, work from one property to another.
- C. All assignments may receive and/or leave their trains at any location within the common boundaries of the Chicago Terminal and may without restriction perform any work at any location within the Chicago Terminal.
 - 1. WC crews performing CN directed work not associated with their train at other than Schiller Park and within the Chicago Terminal will be afforded the rates of pay in effect for engineers on that property for actual time so consumed, with a minimum payment of one-hour.
- D. An extra crew or regular assignment may perform Hours of Service relief without restriction within the Chicago Terminal, subject to the following:
 - 1. The train must be within one train length of the Chicago Terminal boundaries defined in Article II A. herein.
 - 2. Trains that require relief due to the Hours of Service that are beyond one train length must be relieved in accordance with the existing provisions of the agreement applicable to that specific property.

III. Extra Boards

- A. Guaranteed Extra Boards will continue to protect work under their existing Collective Bargaining Agreement provisions. When a particular GEB is exhausted, the following calling procedures will apply for work within Chicago Terminal:

Elsdon (GTW) is exhausted:

- Step 1 – Elsdon Supplemental List
- Step 2 – Markham IC GEB
- Step 3 – Schiller Park GEB
- Step 4 – Hawthorne GEB

Markham (IC) is exhausted:

- Step 1 – Markham supplemental list
- Step 2 – Hawthorne GEB
- Step 3 – Elsdon GEB
- Step 4 – Schiller Park GEB

Schiller Park (WC) is exhausted:

- Step 1 – Schiller Park Supplemental List
- Step 2 – Hawthorne GEB
- Step 3 – Elsdon GEB
- Step 4 – Markham GEB

Hawthorne (IC) is exhausted:

- Step 1 – Hawthorne Supplemental List
- Step 2 – Markham GEB
- Step 3 – Schiller Park GEB
- Step 4 – Elsdon GEB

B. Upon approval of the Company, employees will have the option of using their personal automobile in lieu of furnished transportation. Employees who use their personal automobile in lieu of furnished transportation will receive payment for protecting service for that assignment at the following rates:

- 1) Schiller Park to Markham/Elsdon - \$45
- 2) Markham/Elsdon to Schiller Park - \$45
- 3) Schiller Park to Glenn/Hawthorne - \$25
- 4) Glenn/Hawthorne to Schiller Park - \$25
- 5) Markham/Elsdon to Glenn/Hawthorne - \$35
- 6) Glenn/Hawthorne to Markham/Elsdon - \$35

The foregoing travel allowances will not be used to offset any GEB guarantee.

C. Schiller Park (WC) Engineers who are utilized to protect a basic day of service normally protected by either Elsdon (GTW), Glenn (IC), Hawthorne (IC) or Markham (IC) will be afforded the rates of pay in effect for engineers on these properties.

IV. Implementation

- A. The parties recognize that this Agreement is subject to final review and approval by the Executive Officers of each respective party by September 3, 2004. Upon obtaining approval, the Union agrees to conclude the ratification process, in connection with this Agreement, no later than October 15, 2004. The Union will advise the Company no later than 4:00 p.m. on October 15, 2004, of the outcome of the ratification process.
- B. Engineers required to protect assignments pursuant to the provisions of this Agreement and who are required to run over any portion of the road with which they are unacquainted will be furnished an engineer pilot on that portion of the road.

V. Conflict of Agreements

- A. Should the provisions of any other Collective Bargaining Agreement provision conflict with the terms and intent of this Agreement, this Agreement will apply.
- B. It is agreed that any inadvertent omissions or errors will be discussed between the parties and corrected if necessary.

VI. General

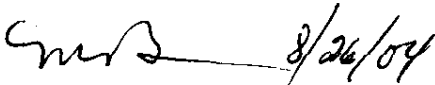
During discussions leading to this agreement, the organization raised concerns regarding the distribution of work within the Chicago Terminal. While the Company fully intends to utilize the flexibilities afforded it under the STB Transaction, every effort will be made to minimize any adverse impact on employees of each respective property.

In accordance with Section II B. of this Agreement, it is the intent that work will continue to be distributed in the same manner to the former IC/CCP, WC and GTW as it was prior to the implementation of this Agreement. Should a problem arise it will be handled in monthly discussions between the General Manager and the respective Local Chairmen with a view towards maintaining a ratio of assignments, so far as it is practicable, as they exist today, without impeding operational efficiencies of the Company's operation. Any issues that remain unresolved as a result of these discussions may be elevated to the Labor Management Committee for final resolution.

This Agreement becomes effective _____, 2004 and will remain in effect until changed or amended in accordance with the Railway Labor Act as amended.

Signed: August _____, 2004.

For the Company:

 8/26/04

M. W. Becker
Director Labor Relations



T. E. Rice
Manager Labor Relations

J. A. Liepelt
General Manager



For the Organization: Pending ratification

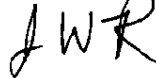
J. R. Koonce
General Chairman



J. M. Karakian
General Chairman



J. W. Reynolds
General Chairman



R. K. Radek
National Vice-President



P. T. Sorrow
National Vice-President

