

Letter of Understanding
Between
CN Rail
And
UTU Local 1923

Fraser Discovery/Mackenzie Switcher

This has reference to our discussions and agreement reached between CN and the United Transportation Union (UTU) on the operation of the Fraser Discovery between Lillooet and Prince George commencing May 2006 coupled with Mackenzie Switcher service operating between Prince George and Mackenzie.

The entire operation and payment system of this combined service will be on a Without Precedent/Without Prejudice (WP/WP) basis to CN Rail and the UTU.

The following issues are agreed to between the parties:

1. There will be one Conductor on board the Fraser Discovery.
2. This service will commence with Position #1 advertised as an assignment with Home Terminal Prince George starting on May 1st. Position 2 will be advertised as an assignment with Home Terminal Prince George taking effect on May 4th.
3. Conductors will be paid not less than eight (8) hours for every working day.
4. Conductors held at other than home terminal longer than eleven (11) hours without being called for duty will be paid on the hourly basis for all time held in excess of eleven (11) hours. Time will be computed from the time pay ceases on the incoming trip until the time pay commences on the next outgoing trip. The exception will be on alternating Mondays when crews held and not used in Lillooet. Crews will be paid sixteen (16) hours in lieu of deadheading to and from Prince George.
5. Conductors may be laid up at intermediate points at the end of a workday. Meals and accommodation will be supplied by the Railway at no cost to the employee.
6. If vacancies on a particular trip North or South occur, replacement Conductors will be called from the closest spareboard within the terms of the Collective Agreement.
7. The Conductors on this service who do not layoff on their own accord will be guaranteed the equivalent of eighty (80) hours pay per checking period exclusive of pay for General Holidays. Conductors who lay off on their own accord will be penalized to the extent of having the hours paid for the tour of duty they missed deducted from the eighty (80) hours, up to a maximum of twenty (20) hours.

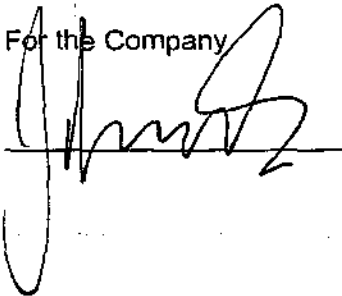
8. In the event that a Conductor becomes sick or otherwise unable to complete the tour of duty, the spare (relief) Conductor will be paid actual hours worked, with a minimum of eight (8) hours. All other terms and conditions will apply to the spare Conductors. Deadheading of spare conductors will be determined dependent on the circumstances at the time of the relief of the assigned employees.
9. Conductors on the Fraser Discovery will be expected to report at the scheduled time (to be advised). The Conductor on this assignment will **not** be called by the crew office. The crew office **will** call the Conductor when assigned to work the Mackenzie Switcher service.
10. Attached as Appendix A is the schedule for the operation of the Fraser Discovery commencing May 1 to October 15, 2006. This Letter of Understanding is agreed to be based on the schedule set out in Appendix A. It is understood that the Parties will agree to any changes of a substantive nature before implementation of same.
11. When the bulletined passenger assignment is complete (October), the Conductor will be released and transportation to the employee's home terminal will be provided by taxi, bus or train.

The Parties agree that this Letter of Understanding is in effect beginning May 2006. This Agreement will supersede any Collective Agreement Language which may be in conflict.

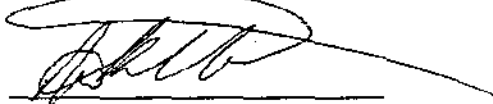
This Letter of Understanding may be cancelled by either party upon the expiration of thirty (30) days written notice to the other party.

Signed at Pruce George, this 24th day of April 2006

For the Company



For the UTU



Appendix A

Fraser Discovery/Mackenzie Operating Schedule

Position #1

Day 1: Monday May 1/06 only

Deadhead Prince George to Lillooet

Day 2: (Tuesday)

Lillooet Depart Depot (receive transfer from Lillooet crew)
Quesnel Arrive (detrain passengers & store train)

Day 3: (Wednesday)

Quesnel Depart Depot (entrain passengers)
Prince George Arrive (transfer to North yard crew)

Day 4/5: (Thursday & Friday)

Off

Day 6: (Saturday)

Mackenzie Switcher service. Start time not before 1400k. Initial terminal – Prince George. Objective terminal Mackenzie. Deadhead back to Prince George only.

Day 7: (Sunday)

Mackenzie Switcher service. Start time not before 1600k. Initial terminal - Prince George. Operates in turnaround service between Prince George and Mackenzie.

Day 8: (Monday)

Off

Day 9: (Tuesday)

Prince George Depart (receive transfer from North yard crew)
Quesnel Arrive (detrain passengers & store train)

Day 10: (Wednesday)

Quesnel Depart Depot
Lillooet Arrive (transfer to Lillooet crew)

Day 11: (Thursday)

Lillooet Depart Depot (receive transfer from Lillooet crew)
Quesnel Arrive (detrain passengers & store train)

Day 12: (Friday)

Quesnel Depart Depot
Prince George Arrive (transfer to North yard crew)

Day 13: (Saturday)

Mackenzie Switcher service. Start time not before 1400k. Initial terminal – Prince George. Objective terminal Mackenzie. Deadhead back to Prince George only.

Day 14: (Sunday)

Mackenzie Switcher service. Start time not before 1600k. Initial terminal - Prince George. Operates in turnaround service between Prince George and Mackenzie.

Day 15/16 & 17: (Monday – Wednesday)

Off

Day 18: (Thursday)

Prince George Depart (receive transfer from North yard crew)
Quesnel Arrive (detrain passengers & store train)

Day 19: (Friday)

Quesnel Depart Depot
Lillooet Arrive (transfer to Lillooet crew)

Day 20: (Saturday)

Lillooet Depart Depot (receive transfer from Lillooet crew)
Quesnel Arrive (detrain passengers & store train)

Day 21: (Sunday)

Quesnel Depart Depot
Prince George Arrive (transfer to North yard crew)

Day 22,23,24,25,26 : (Monday – Friday) – Off

Day 27: (Saturday)

Prince George Depart (receive transfer from North yard crew)
Quesnel Arrive (detrain passengers & store train)

Day 28: (Sunday)

Quesnel Depart Depot
Lillooet Arrive (transfer to Lillooet crew)

Day 29: (Monday)

Held in Lillooet in lieu of deadheading to Prince George.

Day 30: (Tuesday)

Revert back to Day 2 and start cycle over.

Position #2

Day 1, 2,3 (Monday, Tuesday, Wednesday) – Off

Day 4: (Thursday)

Prince George Depart (receive transfer from North yard crew)
Quesnel Arrive (detrain passengers & store train)

Day 5: (Friday)

Quesnel Depart Depot
Lillooet Arrive (transfer to Lillooet crew)

Day 6: (Saturday)

Lillooet Depart Depot (receive transfer from Lillooet crew)
Quesnel Arrive (detrain passengers & store train)

Day 7: (Sunday)

Quesnel Depart Depot
Prince George Arrive (transfer to North yard crew)

Days 8,9,10,11: (Monday - Friday)

Off

Day 13: (Saturday)

Prince George Depart (receive transfer from North yard crew)
Quesnel Arrive (detrain passengers & store train)

Day 14: (Sunday)

Quesnel Depart Depot (entrain passengers)
Lillooet Arrive (transfer to Lillooet crew)

Day 15: (Monday)

Held in Lillooet in lieu of deadheading to Prince George.

Day 16: (Tuesday)

Lillooet Depart (receive transfer from Lillooet crew)
Quesnel Arrive (detrain passengers & store train)

Day 17: (Wednesday)

Quesnel Depart Depot (entrain passengers)
Prince George Arrive (transfer to North yard crew)

Day 18/19: (Thursday/Friday)

Off

Day 20: (Saturday)

Mackenzie Switcher service. Start time not before 1400k. Initial terminal – Prince George. Objective terminal Mackenzie. Deadhead back to Prince George only.

Day 21: (Sunday)

Mackenzie Switcher service. Start time not before 1600k. Initial terminal - Prince George. Operates in turnaround service between Prince George and Mackenzie.

Day 22: (Monday)

Off

Day 23: (Tuesday)

Prince George Depart (receive transfer from North yard crew)
Quesnel Arrive (detrain passengers & store train)

Day 24: (Wednesday)

Quesnel Depart Depot (entrain passengers)
Lillooet Arrive (transfer to Lillooet crew)

Day 25: (Thursday)

Lillooet Depart (receive transfer from Lillooet crew)
Quesnel Arrive (detrain passengers & store train)

Day 26: (Friday)

Quesnel
Prince George

Depart Depot (entrain passengers)
Arrive (transfer to North yard crew)

Day 27 (Saturday)

Mackenzie Switcher service. Start time not before 1400k. Initial terminal – Prince George. Objective terminal Mackenzie. Deadhead back to Prince George only.

Day 28 (Sunday)

Mackenzie Switcher service. Start time not before 1600k. Initial terminal - Prince George. Operates in turnaround service between Prince George and Mackenzie.

Day 29: (Monday)

Revert back to Day 1 and start cycle over.