

MEMORANDUM OF SETTLEMENT

DATED

TORONTO, ONTARIO, JANUARY 26, 2008

BETWEEN

CANADIAN PACIFIC RAILWAY COMPANY
(hereinafter referred to as the Company)

and the

NATIONAL AUTOMOBILE, AEROSPACE, TRANSPORTATION AND
GENERAL WORKERS UNION OF CANADA (CAW-TCA CANADA)
(hereinafter referred to as the Union)

CONCERNING

APPLICATION OF WAGE INCREASES,
AMENDMENTS TO THE INCOME SECURITY AGREEMENT
AND OTHER CHANGES
COVERING THE YEARS 2008, 2009 AND 2010

The Company reserves the right to add to, revise, modify, substitute, amend, or withdraw any of the following at its' sole discretion. Any settlement or agreement reached on any item or items is conditional upon the conclusion of a global, total, and comprehensive memorandum of settlement, which has been ratified. The Company reserves the right to withdraw its agreement on any item or items, without prejudice, until such time as a final agreement is signed.

Saturday, January 26, 2008

1. TERM OF CONTRACT

The Collective Agreement between the Company and the Union will be extended for a period of three (3) years commencing January 1, 2008, through December 31, 2010.

2. WAGES

- Effective January 1, 2008, an increase equivalent to a 3.0% increase in the basic rates in effect on December 31, 2007
- Effective January 1, 2009, an increase equivalent to a 3.0% increase in the basic rates in effect on December 31, 2008.
- Effective January 1, 2010, an increase equivalent to a 3.0% increase in the basic rates in effect on December 31, 2009.
- Effective the first of the month following ratification, adjust the Trades rate of pay by \$1.79/hour. (Added after the general wage adjustment outlined above)

3. PENSIONS

- Effective the first of the month following ratification, on a window basis, opportunities to buy back pension service will be offered to employees where such buy backs will result in employees, with Employment Security protection affected by a change pursuant to Article 8.1 of the Job Security Agreement, maintaining a permanent position. The parameters of such a buy-back are contained in Appendix "A" to this Memorandum of Settlement.
- These Pension provisions will not form part of the Collective Agreements between the Parties and are subject to the approval of the Pension Committee and the Board of Directors.

4. EMPLOYEE BENEFIT PLANS

a) LIFE INSURANCE AND DISABILITY BENEFITS

The provisions of the Employee Benefit Plan Supplemental Agreement dated April 21, 1989 for the Associated Non-Operating Railway Unions is amended to conform with the following in respect of employees covered by this Memorandum of Settlement:

Life Insurance

- Effective the first of the month following ratification, the group life insurance coverage will be increased from \$37,000 to \$38,000 for employees who have compensated service with the Company on or subsequent to that date if otherwise qualified under the provisions of the Benefit Plan.
- Effective January 1, 2009, the group life insurance coverage will be increased from \$38,000 to \$39,000 for employees who have compensated service with the Company on or subsequent to that date if otherwise qualified under the provisions of the Benefit Plan.
- Effective January 1, 2010, the group life insurance coverage will be increased from \$39,000 to \$44,000.00 for employees who have compensated service with the Company on or subsequent to that date if otherwise qualified under the provisions of the Benefit Plan.
- Effective the first of the month following ratification, amend the Group Term Insurance Policy to provide a benefit of \$150,000 to an employee's beneficiary, upon a work related accidental death of an employee.

Disability Benefits

- Effective the first of the month following ratification, the maximum benefit will be increased to \$600.00.
- Effective January 1, 2009, the maximum benefit will be increased to \$610.00.
- Effective January 1, 2010, the maximum benefit will be increased to \$620.00.

b) DENTAL PLAN

The Dental Plan Agreement dated June 30, 1989 for the Associated Non-Operating Railway Unions (as amended from time to time) will be further amended as follows in respect of employees covered by this Memorandum of Settlement:

- Effective January 1, 2008, covered expenses will be defined as the amounts in effect on the day of such treatment, as specified in the relevant provincial Dental Association Fee Guides for the year 2008, or in the absence of same, the representative fee guide used by the insurers for that province.
- Effective January 1, 2009, covered expenses will be defined as the amounts in effect on the day of such treatment, as specified in the relevant provincial Dental Association Fee Guides for the year 2009, or in the absence of same, the representative fee guide used by the insurers for that province.

- Effective January 1, 2010, covered expenses will be defined as the amounts in effect on the day of such treatment, as specified in the relevant provincial Dental Association Fee Guides for the year 2010, or in the absence of same, the representative fee guide used by the insurers for that province.
- Increase dental annual maximum from \$1425.00 to \$1525.00 commencing January 1, 2010.
- Dentures or bridgework will no longer be excluded solely on account of a natural tooth not being present at the time of hire.
- Employees hired subsequent to January 1, 2008 shall become an eligible employee for dental benefits on the first day of the calendar month following the date on which the employee completes six months of service.
- Effective the first of the month following ratification, or as soon thereafter as it may be arranged, the various contracts and policies, attached as Appendices to the Dental Plan Agreement, will be amended in conformity with the aforementioned changes.

c) EXTENDED HEALTH & VISION CARE PLAN

The Extended Health Care Plan Agreement dated June 30, 1989 for the Associated Non-Operating Railway Unions as amended will be further amended in respect of employees covered by this Memorandum of Settlement, as follows:

- Effective the first of the month following ratification, the Maximum Lifetime Benefits as set out in the Extended Health and Vision Care Plan is increased to \$48,000 per person for Eligible Employees and Dependants.
- Effective the first of the month following ratification, add Chiropractor and Massage Therapy to the list of professional services offered in item 2.7.6 (g) of the Extended Health and Vision Care Plan. For clarity, the maximum amount payable in any benefit year for services provided by all professionals combined in this article continues to be \$500 for each Eligible Employee or Dependent.
- Employees hired subsequent to January 1, 2008 shall become an eligible employee for extended health & vision benefits on the first day of the calendar month next following the date on which the employee completes six months of service.
- Revise item 2.10.4 of the Extended Health and Vision Care plan to provide that written notice and proof of claim must be made by April 30 following the end of the benefit year in which the eligible expenses claimed were incurred. The revised item to read as follows:

2.10.4 Written notice and proof of claim must be given to the Service Organization on or before April 30th following the end of the Benefit Year for which the Eligible Expenses claimed were incurred. Employees will be provided with written notification in advance of the April 30th deadline. Exceptions will be reviewed on a case by case basis.

- Effective the first of the month following ratification, or as soon thereafter as it may be arranged, the various contracts and policies, attached as Appendices to the Extended Health & Vision Care Plan, will be amended in conformity with the aforementioned changes.

5. AUTOMOBILE MILEAGE ALLOWANCE

Effective the first of the month following ratification, increase the automobile mileage allowance to \$0.33/KM, by revising Rule 39 of the Collective Agreement to read as follows:

“39.1 Where an automobile mileage allowance is paid, such allowance shall be 33 cents per kilometer.”

6. JOB SECURITY AGREEMENT

- Effective the first of the month following ratification, the following adjustments will be made:
 - Article 6.4 – increase the allowance to \$975.00
 - Article 6.5 – increase the allowances to \$250.00 and \$130.00
 - Article 6.8 (a) – increase the reimbursement to \$16,000.00
 - Article 6.8 (c) (ii) – increase the amount to \$16,000.00
 - Article 6.9 (a) – increase the amount to \$8,000.00
 - Article 6.10 (a) – increase the allowance to \$260.00
 - Article 6.10 (b) – increase the allowance to \$260.00

7. WORK RULES AND COLLECTIVE AGREEMENT AMENDMENTS

- a) Revise Rule 15.1 to add that leave requests to perform relief work on a National or International basis will be given special consideration. The revised Rule to read as follows:

15.1 When the requirements of the service will permit, employees will be granted leave of absence, not to exceed 90 days, with the privilege of renewal by consent of the Management and the duly authorized Local

Representative of the Union. Requests for leave to perform relief work on a National or International basis will be given special consideration.

- b) Revise Rule 23.3(a) to remove “(Rule 52)” from Crane Operators, remove Electrician, and add Tradesperson Trainee and Apprentice. The revised Rule to read as follows:

Seniority of employees other than Road and Terminal Electricians covered by this Agreement shall, except as otherwise provided herein and in the craft special rules, be confined to the seniority terminal at which employed and to the date of entry into their respective classifications:

Blacksmiths
Boilermakers
Trades Helpers
Coach Cleaners
Crane Operators
Diesel Mechanic
Diesel Maintainer
Electrical Industrial/Construction Workers
Engine Watchmen (Montreal)
Labourers
Machinists
Pipefitters
Railcar Mechanic
Sheet Metal Workers
Stationary Firemen
Tradesperson Trainee
Apprentice

Except as may be otherwise mutually agreed between the Union and the Company, the Main Shops will be regarded under this Rule 23.3 as separate seniority terminals for the purpose of seniority.

Note: The following shall be considered as main shops: Ogden and Weston

For the purpose of payment of benefits from the Job Security Fund, the existing Operating Department Superintendents' Divisions on CP Rail as of July 1, 1980 will be defined as constituting the Basic Seniority Territory for Road and Terminal Electricians and Helpers employed in the Operating Department on each Business Unit governed by the former Collective Agreement #34.

- c) Revise Rule 23.11.2 to provide that bulletins for positions may be posted on any day of the week, rather than on Mondays as the Rule currently reads. The revised Rule to read as follows:

23.11.2 Notwithstanding the foregoing, bulletins within the Main Shops - i.e. Weston and Ogden, shall be posted for four (4) working days. Such bulletins will be posted and awarded in the manner provided in Rule 23.11.1 above. If there is a statutory holiday during the four day period, the period will be adjusted accordingly - i.e. statutory holiday on Monday, bulletined on Tuesday, awarded on the following Monday.

- d) Revise Rule 23.35 to provide that an employee accepting promotion from a lower to a higher classification will forfeit their seniority in the lower classification. The revised Rule to read as follows:

23.35 An employee promoted to a permanent position from a lower to a higher classification within the scope of this collective agreement shall forfeit seniority in the classification or classifications from which promoted.

- e) Delete Rule 23.36.

- f) Amend the first paragraph of Rule 31.8 to provide that a representative of the Union may participate in the interview process for the hiring of apprentices. The revised rule to read as follows:

“31.8 Application

The Committee will establish pre-employment minimum requirements and standards for entry into the apprenticeship program. The Company Employment Office will review job applications and provide a list of all eligible applicants. These applications of prospective apprentices will be reviewed by the Joint Apprenticeship Committee. A Union representative may participate in the interview process of employees short listed. The interview process will not be delayed due to the unavailability of a union representative. It is understood that the final selection and hiring of the apprentices is the sole responsibility of the Company.

It is understood that, subject to prior experience and employment equity standards, employees in the bargaining unit will receive preference in the apprenticeship program.”

- g) Revise Rule 31.10 a) to increase the credit for academic and/or work experience from 2000 hours to 3000 hours. The revised Rule to read as follows:

31.10 a) Through the criteria established by the Committee, credit for academic and/or work experience in the applicable trade may be given

after evaluation only after completion of the apprentice probationary period for a maximum of 3000 hours.

- h) Revise Rule 45.1 to include step-parent, brother and sister. The revised Rule to read as follows:

45.1 Upon an employee's receipt of advice of the death of that employee's spouse*, child/stepchild, parent, step-parent, brother or sister, the employee shall be entitled to five working days' bereavement leave without loss of pay provided s/he has not less than three months' cumulative compensated service.

***Definition of Eligible Spouse:**

The person who is legally married to the Eligible Employee and who is residing with or supported by you, provided that there is no legally married "spouse" that is eligible, it is the person that qualifies as a "spouse" under the definition of that word in Section 2(1) of the Canadian Human Rights Benefit Regulations, so long as such person who may be of the same or opposite sex was publicly represented by you as your "spouse" and cohabited with you in conjugal relationship for:

- at least one (1) year if you and that person were free to marry: or
- at least three (3) years if either of you was not free to marry the other.

- i) Revise Rule 45.2 to remove step-parent, brother and sister. The revised Rule to read as follows:

45.2 Upon an employee's receipt of advice of the death of that employee's grand-parent, grandchild, step-brother, step-sister, father-in-law or mother-in-law, the employee shall be entitled to three working days' bereavement leave without loss of pay provided s/he has not less than three months' cumulative compensated service. It is the intent of this article to provide for the granting of leave from work on the occasion of a death as aforesaid, and for the payment of his/her regular wages for that period to the employee to whom leave is granted.

- j) Revise Rule 52.2 E to remove the reference to "electric crane operators for cranes of forty (40) ton capacity and over".
- k) Delete Rule 52 G and create new Appendix, Diesel Service Attendant with the contents of the deleted Rule. The new Appendix to be numbered later, to read as follows:

“Appendix XX

DIESEL SERVICE ATTENDANT

1. Diesel Service Attendant, duties

Moving, marshalling and building Locomotive consists within Mechanical Shop Track Operations and delivering Locomotive to departure areas. Fuel, sand, clean yard and road locomotive cabs and re-supply cab amenities, as required. Test, clean and recharge locomotive toilets and toilet rooms. Perform inspections on Yard and Road Locomotive trucks, fuel tanks, brake adjusters, MU cables, cab equipment, spark arrestor equipment. Inspect, change-out and perform minor repairs/adjustments, and/or replace Yard and Road Locomotive components, including but not limited to; adjusting and changing of any necessary safety components, brakes, hoses, light bulbs, head lamps, seats, arm rests, sun visors, bell cartridges, water pressure caps, windshield wipers, wiper motors, side view mirrors, radios, CDUs, Locotrol radios, sand hoses, sand nozzles, brake travel, and change brake shoes, fire extinguishers as required. Inspect, top-up all fluid levels, oil, water, governor oil, air compressor oil. Take oil samples, as required. Test all cab electrical devices, set-up cab brakes as per requirements of the train operations, test all safety devices. Test brakes and loading including Locotrol qualification and ensure the Crew to crew form is filled out. Perform required pre-departure safety inspections. Perform Run-through's within terminals Type "D" and affect minor repairs as required. Wash locomotives, when required. Process fuel cars, and fuel tickets, sand cars, lube oil cars, water treatment and toilet fluids. Low voltage electrical work.

Must be Shop Track Operations Curriculum (STOC) and Locomotive Safety Inspection (LSI) certified.

2. Qualified Tradesmen may be assigned to run a locomotive or locomotives directly in or out of a facility or within terminal area.
3. All Engine Attendant, Engine Attendant Helper and Labourer seniority lists will merge into one seniority list.
4. Red Circled Engine Attendant Helpers as defined earlier in Appendix 49 of the Collective Agreement will be deemed and paid as Diesel Service Attendant, when qualified.
5. Permanent vacancies for Labourers performing Diesel Service Attendant duties will be awarded utilizing to Labourer seniority in accordance with Article 23.11. Temporary vacancies for Labourers performing Diesel Service Attendant duties will be awarded utilizing Labourer seniority in accordance with Article 23.12.
6. Red Circled Diesel Service Attendants or Certified Diesel Service Attendant Labourers whose positions are abolished or who are displaced shall utilize labourer seniority to displace a junior employee (subject to qualifications).

Annual Vacation

7. The number of labourers (by classification) allowed to be away on vacation at any one time will be based on the operational requirements of the Company.
8. For Labourers, separate seniority lists will be established for Progress Rail, Winnipeg, Alstom and Alyth.

An “on paper displacement” process will be conducted whereby employees currently holding permanent engine attendant positions be allowed to exercise their engine attendant seniority, if desired, to occupy an engine attendant position at the other terminal at their location. At the completion of the exercise employees will be removed from the seniority list at the terminal they do not hold a position. Also conduct an “on paper displacement” process whereby employees currently holding permanent labourer positions be allowed to exercise their labourer seniority, if desired, to occupy a labourer position at the other terminal at their location. At the completion of the exercise employees will be removed from the seniority list at the terminal they do not hold a position. Employees not holding permanent positions will be required to indicate which terminal seniority list they wish to remain on at the location and will be removed from the terminal seniority list not selected.

- I) Delete Appendix 5 and incorporate its’ principles into Rule 31.19. The revised Rule 31.19 to read as follows:

Apprentices will exercise their seniority in their own group, only in the event of staff reductions, subject to provisions in the collective agreement and job security agreements. For example if there are four apprentices in the trade such as “Railcar Mechanic” and a reduction in this number is required due to lack of work, the first hired or classified as an apprentice shall be the last laid off and the last laid off shall be the first to be reinstated.

Upon satisfactory completion of the apprenticeship program, the apprentice will be placed on the respective craft seniority list at the home terminal where they began their apprenticeship and be credited with seniority from date of entry into the apprenticeship.

Except as otherwise provided in the Craft Special Rules, apprentices shall on completion of their apprenticeship be permitted to exercise their seniority at their home seniority terminal to displace the junior employee in their Craft in the designated work area of their choice with the shift, days off, hours of work and rate of pay of their choice in accordance with the provisions of Rule 23.14 of Collective Agreement No. 101.

By mutual agreement between the proper officer of the Company and the Local 101 Vice President concerned, an apprentice may at any time during their apprenticeship be permitted to transfer to any location on his Region with a view to remaining at that location on completion of his apprenticeship. Such apprentice shall during the last six months of this apprenticeship be required to make formal application to remain at that point. Such application shall be accepted provided that on completion of this apprenticeship their seniority will permit them to fill a permanent vacancy in accordance with Rule 23.13 or displace an unqualified mechanic. Should their application be accepted, they will have their name placed on the mechanics' permanent seniority list at that point with a seniority date established in accordance with Rule 31.

In the event their application is not accepted, such employee will be required to return to the point at which s/he commenced their apprenticeship in order to protect their seniority rights under Rule 31.

Notwithstanding the provisions of the Collective Agreement between the Company and the Union, of which these Apprentice Standards shall henceforward be a part, an employee with seniority who is selected for an apprenticeship shall be permitted, if affected by layoff during the first five hundred (500) hours of apprenticeship, to return to his former job classification with the same seniority date that s/he held immediately prior to becoming an apprentice.

After five hundred (500) hours of apprenticeship, apprentices shall have as his/her seniority date established as to the date s/he commenced as an apprentice.

m) Delete Appendix 6 and incorporate its principles into Rule 47.4 (g). The revised Rule 47.4 (g) to read as follows:

(g) The proper officer of the Company and the respective Regional Union Representative will co-operate in an effort to ensure that as many Main Shop employees as possible, whose maximum vacation entitlement is one week or more less than the period of close down, will be given the opportunity to fill vacancies at running points for which they are fully qualified to immediately perform the work involved.

It is agreed that the co-operation referred to above will include the principle of granting additional running point mechanics, apprentices, helpers and coach cleaners vacations during the period of the close-down at Main Shops, so that the employee referred to in paragraph 1 of this rule, may be permitted to temporarily transfer to line shop as vacation relief. The granting of such additional vacations will only be considered to the extent that there are mechanics, apprentices, helpers and coach cleaners fully qualified to

immediately and adequately perform the work on the vacancies thereby created.

It is understood by the parties that agreement to the above does not mean that all employees referred to in paragraph 1 of this rule would be given the opportunity of transferring temporarily to line shops, but only that number required to ensure efficient operation of the line shop. The parties will also take cognizance of the fact that although a mechanic may be fully qualified in his trade, he will not necessarily be familiar with line work and, therefore, it would not be feasible for the Company to release line shop employees for vacation purposes to the extent that line shop operations would be affected because of these vacation relief employees being unfamiliar with line operation.

It is also understood that to ensure efficient vacation planning at line shops, those Main Shop employees wishing to transfer shall make their intention known by February 28th. An employee whose application for transfer has been accepted will only be permitted to withdraw such application for just cause as provided for in Rule 47.4(h), or by agreement between the employee and the Company.

n) Delete the reference to Appendix 6 from Rule 47.4 (h). The revised rule to read as follows:

(h) An employee who undertakes to transfer to a running point for a temporary period under this Rule and who has been cleared to do so shall, if he later declines to exercise his seniority and fill the position without just cause, be debarred from the benefit of this Rule in the following year.

o) Delete Appendix 22 and incorporate its' principles into Rule 23.5. The revised Rule 23.5 to read as follows:

Seniority lists shall be open for correction for a period of sixty calendar days on presentation in writing of proof of error by the employee or his representative to the employee's immediate supervisor. Except by mutual agreement, seniority standing shall not be changed after becoming established by being posted for sixty calendar days following date of issue, without written protest.

Once seniority lists are posted it becomes the employee responsibility to review the lists and advise the Company if any corrections are necessary. This must be done within the 60 calendar days as stated above. Should the Company not be advised of any disputes, within the 60 calendar days, no further corrections will be made. Therefore, if the seniority date is the same as posted on the previous seniority list and no dispute was made, the

seniority date will remain as currently posted with no grievances being allowed.

- p) Delete Appendix 23 and incorporate its' provisions into Rule 5.13. The revised Rule 5.13 to read as follows:

- 5.13 (a) When it becomes necessary for employees in a classification to work overtime they shall not be laid off during regular working hours to equalize the time.

At points where there are sufficient numbers, employees shall not (except as provided for in Rule 5.11) work two (2) consecutive rest days (holidays to be considered as rest days).

All overtime shall be distributed equally. (see Appendix 1). The Company shall keep records of all overtime worked and by whom it was worked. Such records of overtime worked shall be updated on a weekly basis, using a computerized spread sheet program or other means where not available. These records shall be provided to the duly authorized local union representative.

In situations of overtime the need for immediately qualified employees is recognized by the parties. Employees will not be denied overtime opportunities in situations where very little familiarization is required.

All hours worked on a general holiday, (except when regular position(s) or otherwise required to protect the holiday), overtime hours worked in supplementary service (Rule 6), and general shop/terminal overtime shall be included in the equalization of overtime.

Overtime in Supplementary Service shall first be available to employees awarded positions in such service or to employees on Supplementary Service spare boards as governed by the appropriate rules.

At the end of each calendar year, overtime hours worked as recorded on the equalization lists and supplementary overtime board(s) shall be rationalized in the following manner:

- i. the employee with the lowest hours shall have his/her hours reduced to zero
- ii. all other employees shall have their total recorded hours reduced by an amount equal to the amount reduced in (i) above.

Employee(s) temporarily promoted to an official or excepted position will have all hours over 80 hours per pay period charged against their respective name(s) on the overtime equalization list upon returning to the bargaining unit.

The Company and the Union Representatives shall jointly investigate situations or circumstances where employees have been denied overtime opportunities and arrange for mutually satisfactory solution where required.

- (b) Employees transferring between terminals shall carry their overtime hours worked on the equalization list from the old terminal to the new terminal equalization list.

Employees returning to service after being absent from the workplace due to sickness, injury, leave of absence or layoff shall not have their overtime hours on the equalization list adjusted other than being rationalized at the end of a calendar year as provided for in Rule 5.14.

Employees required to exercise seniority to a different seniority list at a terminal shall carry their overtime hours worked on the equalization list from the old seniority list to the new seniority list.

New hires will be assigned the hours equal to the highest in their respective group.

Apprentices or Trainees, when coming out of their time, shall not have their overtime hours on the equalization list adjusted other than being rationalized at the end of a calendar year as provided for in this rule.

- q) Delete Appendix 37 and incorporate its' provisions into a new Rule 2.6 The old rule 2.6 will renumbered as Rule 2.7. The new Rule 2.6 will be a subsection of Rule 2 Overtime. The New Rule 2.6 will read as follows:

2.6 Should the Union raise a concern such that there is an ongoing high level of overtime worked at certain facilities, a meeting will be arranged and the parties will discuss in good faith, the concerns raised.

- r) Trainees. See Appendix "B"
- s) Mutual Benefits Opportunities Program. See Appendix "C".
- t) Health Spending Account. See Appendix "D".
- u) Skilled Trades. See Appendix "E"
- v) Letters of Understanding. See Appendix "F".

8. APPENDICES AND LETTERS OF UNDERSTANDING

The following appendices and letters are attached to this Memorandum of Settlement.

APPENDIX A Outline of Pension Buyback Proposal

APPENDIX B Trainees

APPENDIX C MBOP

APPENDIX D Health Spending Account

APPENDIX E Skilled Trades

APPENDIX F Letters of Understanding

F-1 Letter concerning Manulife

F-2 Letter concerning Lump Sum

F-3 Letter concerning Trades Wage Adjustment

F-4 Letter concerning commitment to support Red Seal Certification of Diesel Mechanic's Trade and Railcar Mechanic's Trade

F-5 Letter concerning Progress Proportion

F-6 Letter concerning AMT Electrician

F-7 Letter concerning arranging for grievance meetings and possibly utilizing Third Party Assistance

F-8 Letter concerning Weekend Worker

F-9 Letter Concerning Estoppel (Trades Helper) Letter

F-10 Letter concerning the application of Item 4.8.3 of the Disability Benefit Plan

F-11 Letter concerning the Revision of Rule 52

F-12 Letter concerning the 7B Pension Issues

F-13 Letter concerning Servicing Waste Retention Devices on Locomotives

F-14 Letter concerning Equalizing Overtime

F-15 Letter concerning Hiring or Tradesmen/Tradeswomen

9. GENERAL

- The foregoing changes, together with all recently concluded agreements dealing with individual Union demands are in full settlement of all requests eligible to have been served by and upon the Company and the Unions signatory hereto, subsequent to August 31, 2007.
- The parties have put sufficient detail in this Memorandum of Settlement so as to eliminate the requirement or need to execute a Memorandum of Agreement. Accordingly, as soon as possible but no later than 90 days after the ratification of the Memorandum of Settlement, the parties will meet to complete a re-write of the Collective Agreement in conformity with the foregoing changes.
- The new Collective Agreement shall remain in effect for a period of three years and thereafter, subject to 120 days' notice in writing from either party to the Agreement,

of its desire to revise, amend or terminate it. Such notices may be served at any time subsequent to August 31, 2010.

- Employees who were in the service on January 1, 2008 or who were employed subsequent thereto, shall, providing they have not been dismissed from the service or resigned prior to the signing of the Memorandum of Settlement shall be entitled to any amount of increased compensation that may be due them for time worked subsequent to December 31st, 2007.
- It is understood that this Memorandum of Settlement is subject to ratification.

SIGNED at Toronto, Ontario this 26th day of January, 2008.

VP Mechanical and Operations
Risk Management

President, Local 101

Director, Locomotive
Maintenance Planning

Vice-President, Pacific Region

Service Area Manager
Mechanical Services

Vice-President, Prairie Region

Service Area Manager
Mechanical Services

Vice-President, Eastern Region

Manager, Labour Relations
Mechanical

Vice President, Atlantic Region

Labour Relations Officer
Mechanical

Health and Safety Coordinator

Labour Relations Officer
Mechanical

National Skilled Trades
Coordinator

Labour Research Officer

Assistant to the President, CAW

Assistant Vice President
Industrial Relations

National Representative, CAW

APPENDIX "A"

OUTLINE OF A BUYBACK PROPOSAL

A Member who was a Member on January 1, 2008 who ceases membership in the Plan for the reason stated below, during the period up until July 1, 2011, may buy additional Pensionable Service, subject to the following:

- Employee is a member of the union signatory to the Memorandum of Settlement on the signatory date.
- Employee is terminating employment or retiring as a direct result of Company downsizing initiatives.
- Employee contributes toward the cost of the buyback the same contribution that the employee makes in respect of current service, based on annualized pay rate at time of buyback. In some cases, the pension will be limited by Revenue Canada to 2/3 of the normal Revenue Canada limit - in these cases the employee contribution is also limited to 2/3 of the normal maximum contribution.
- All employee contributions toward the buyback must be made prior to the termination or retirement date. The deductibility of employee contributions for tax purposes may be deferred and depends upon each employee's specific circumstances.
- Only periods of service with the Company, which are not now considered Pensionable Service, are eligible. Eligible periods include periods of service but exclude periods of absence due to strike.
- Periods of service prior to the most recent hire date are included. In the case of an employee who has a prior period of service for which the employee chose to leave his/her contributions in the fund to take a frozen deferred pension, such service would be reactivated - the pension for that service would be based on current final average earnings, and that service would count for purposes of eligibility to retire with 85 points.
- Periods of Service after 1989 are excluded because of difficulties with Revenue Canada rules.
- No more than 35 years of total Pensionable Service.
- Each buyback is subject to Revenue Canada limitations, which may have to be determined on a case by case basis in consultation with Revenue Canada. Minimal changes to the program, as required by Revenue Canada or the Office of Superintendent of Financial Institutions will be made.

- The buyback program can only be implemented after the plan rule modifications are approved by the Pension Committee and the Board of Canadian Pacific Limited, and filed with the Office of Superintendent of Financial Institutions and Revenue Canada.

Appendix "B"

Trainees

TORONTO, January 26, 2008

Mr. Tom Murphy
President
Local 101, CAW/TCA Canada
Rail Division
207 - 1st Avenue S.
Langdon, Alberta
T0J 1X1

Dear Sir:

This refers to our discussions during bargaining concerning the hiring of Diesel Mechanic Trainees and Railcar Mechanic Trainees and the maintenance of the Apprenticeship Programs. The parties jointly reviewed all locations where Diesel Mechanics and Railcar Mechanics are employed and reviewed the work performed at these locations in these trades in order to determine those locations where it would be more appropriate to hire apprentices and where it would be more appropriate to hire trainees. We agreed as follows:

RAILCAR MECHANIC

Apprentices

St. Luc
Toronto
Thunder Bay
Winnipeg
Alyth
Vancouver
Windsor
Moose Jaw
Golden
Oshawa
Lethbridge
Ogden
Weston

Trainees

Cambridge
Woodstock
Alliston/Spence
Ingersol
Sudbury
Chapleau
Bredenbury
Sutherland
Medicine Hat
Milton
Schreiber
Smith Falls
Edmonton
Vaghan/Obico/Lambton
Cranbrook

DIESEL MECHANIC

Apprentices

Vancouver
Alyth
Moose Jaw
Winnipeg
Toronto
St Luc
Ogden
Weston

Trainees

Thunder Bay
Saskatoon
Windsor
Edmonton
Hagey/Galt
Sudbury
Cranbrook
Chapleau
Lethbridge
Brandon
Swift Current
Golden

The above identified terminal lists will be reviewed annually and may be altered by mutual agreement.

The hiring of Trainees can only be done when the ratio of Apprentices to Trades men/women has been attained at a terminal and such Trades positions have been bid to the Region.

With respect to the hiring of Apprentices at the locations listed above, the parties agreed that prior to hiring Trainees, Apprentices would be hired, provided that a ratio of apprentice to journeyman/journeywoman shall be maintained at one apprentice to each eight (8) journeyman/journeywomen in the trade in which apprenticed. This ratio will be calculated on a Terminal basis and will include any positions filled by Trainees. In situations where the hiring of additional apprentices would result in the ratio being exceeded, trainees will be hired at the location instead of apprentices. In situations where the number of Trades men/women drop and trainees are hired to fill such vacancies, the number of apprentices will be increased by hiring one apprentice for every eight trainees hired to replace the numbers depleted in the respective trade.

Trainees will be paid the Trainee Mechanic rate of pay provided for in the Collective Agreement.

It is understood that prior to hiring trainees at any location, vacancies will first be bid to existing tradesmen/women on the region as outlined in the Collective Agreement and advertised to the Public for tradesmen/women in the normal fashion. If no tradesmen/women are found then it will be offered internally to other employees first in the bargaining unit at the terminal in accordance with the Collective Agreement.

Should a trainee subsequently move to a location supporting apprentices, they shall receive training in all aspects of the trade supported at such new location, but not performed at the old Trainee location.

Trainees at locations supporting apprentices will be afforded an opportunity to challenge for their Red Seal Journeyman/Journeywoman status. The cost of a challenge for a Red Seal Journeyman/Journeywoman status (exam fee, educational material as approved by the Company and salary for the exam) will be paid by the Company.

Prior to hiring a Trainee at any location, Existing Apprentices, (Apprentices hired prior the signing of this letter of understanding), at such location will be offered, in seniority order, the option of becoming a Trainee. Existing Apprentices choosing to become Trainees will have the time spent in the apprentice program count toward the 1044 days of cumulative compensated service required for seniority purposes. Apprentices hired after the signing of this letter, choosing to become trainees shall be required to serve the 1044 days from the time of their transfer to Trainee status.

In the event that an Apprentice chooses to become a Trainee, then an Apprentice will be hired to replace the Apprentice that chose to become a Trainee.

Trainee training programs for each location and trade, to match or reflect the work assignments at that particular location will be developed by the Company and reviewed with the Union within 90 days following the ratification of the Memorandum of Settlement.

Except as otherwise provided in the collective agreement Apprentices and Trainees may only exercise their seniority outside of the terminal which employed in situation of layoff.

Trainees can exercise their seniority within their Classification when not on a training schedule.

Rules 52.21 A and 52.22 A, will also apply to Diesel Mechanic Trainees.

The Company will have the flexibility to assign Trainees to a position or shift, notwithstanding seniority, for the purpose of furthering their training in the trade.

Trainees hired from within the Bargaining Unit that are unable to successfully complete the Trainee Training program will revert to the position held prior to becoming a Trainee. Trainees hired from outside of the Bargaining Unit that are unable to successfully complete the Trainee Training program will be released from service.

If the foregoing accurately reflects your understanding of our discussions, please indicate your concurrence in the space provided below.

Yours truly,

Paul Wajda
Director, Labour Relations

I Concur:

Tom Murphy, President,
CAW Local 101

APPENDIX “C”

MBOP

TORONTO, January 26, 2008

Mr. Tom Murphy
President
Local 101, CAW/TCA Canada
Rail Division
207 - 1st Avenue S.
Langdon, Alberta
T0J 1X1

Dear Sir:

This is in regard to our discussions concerning Appendix 48 Mutual Benefits Opportunities Program. The parties agreed to revise the program as outlined below:

Each year's program will include 5% based on objectives outlined in Appendix 48 of the Collective Agreement for the running shops. In addition, the Main Shops, Alstom and Progress, will develop local objectives, which will contribute to the Global payout pot for all CAW members. Each objective will have a target that is consistent with those outlined in Appendix 48 (MBOP) of the Collective Agreement, as well as a "stretch target". The purpose of the stretch target is to recognize results better than those anticipated and provide employees with an opportunity to offset a shortfall elsewhere. Achieving a stretch target would increase potential payout by 25% on an objective. In other words, an objective that contributes 1% for achieving the target, would contribute 1.25% for achieving the stretch target. The maximum payout for the objectives is 5%.

Beginning with the 2008 program year, CAW Progress Rail members will be eligible to share in the payouts generated by the global payout pot.

Prior to the start of each year, but no later than January 31st, a Committee, made up of equal representation of Company and Union Officers will meet to agree upon the measuring of objectives which will be in place for the MBOP Program year. Service Area, Terminal or Main Shop objectives will be developed by local committees made up of two union members and two Company officers and any objectives decided on by the Local Committee must be approved in accordance with Appendix 48 (MBOP) of the Collective Agreement. The final payout will also be reviewed with the Union prior to the actual payout, but not later than February 28.

While the maximum MBOP payout is 5%, the use of stretch targets allows employees additional flexibility and better recognizes their contribution.

In addition, Appendix 48, Mutual Benefits Opportunities Program, Section F, Frequency of payouts will be revised to read as follows:

F) Frequency of Payouts

Lump sum payouts will be provided prior to the end of the 1st quarter following the end of a program year. Lump sum payouts will be made by direct deposit, with any deduction as required by law.

Yours truly,

Paul Wajda

Director, Labour Relations

I Concur:

Tom Murphy, President,
CAW Local 101

APPENDIX “D”

Health Spending Account

TORONTO, January 26, 2008

Mr. Tom Murphy
President, Local 101
Rail Division, CAW-TCA Canada
207-1st Avenue S
Langdon, Alberta
T0J 1X1

Dear Mr. Murphy:

This is in regards to our extensive discussions during negotiations concerning the Health Spending Account. In the February 11, 2005 Memorandum of Settlement, the Union agreed to proceed with the implementation of HSA, subject to it being demonstrated that the rates quoted by Blue Cross or other credible insurance carriers that coverage currently provided in the basic pensioner health care plan can be replicated using the funds generated through HSA, using thirty-one years service that is average for CAW members at retirement. As stated during bargaining, the Union is of the view that this has not come to fruition. As such, the Union expressed the view that they have the right to rescind the February 11, 2005 HSA Agreement.

The Company cannot agree with the Union's position and as such, we are unable to reach a resolve with respect to these issues. Therefore, the parties have agreed to proceed expeditiously to Arbitration to resolve this matter. If an arbitrator cannot be agreed to, the parties will request the Minister of Human Resources Development to appoint an arbitrator.

The Company agrees that the Arbitrator will have full jurisdiction to hear and rule on this matter.

Should the foregoing accurately reflect your understanding of this matter, please indicate your concurrence in the space provided below.

Yours truly,

Paul Wajda
Director, Labour Relations

Saturday, January 26, 2008

I Concur:

Tom Murphy, President,
CAW Local 101

APPENDIX "E"

Skilled Trades

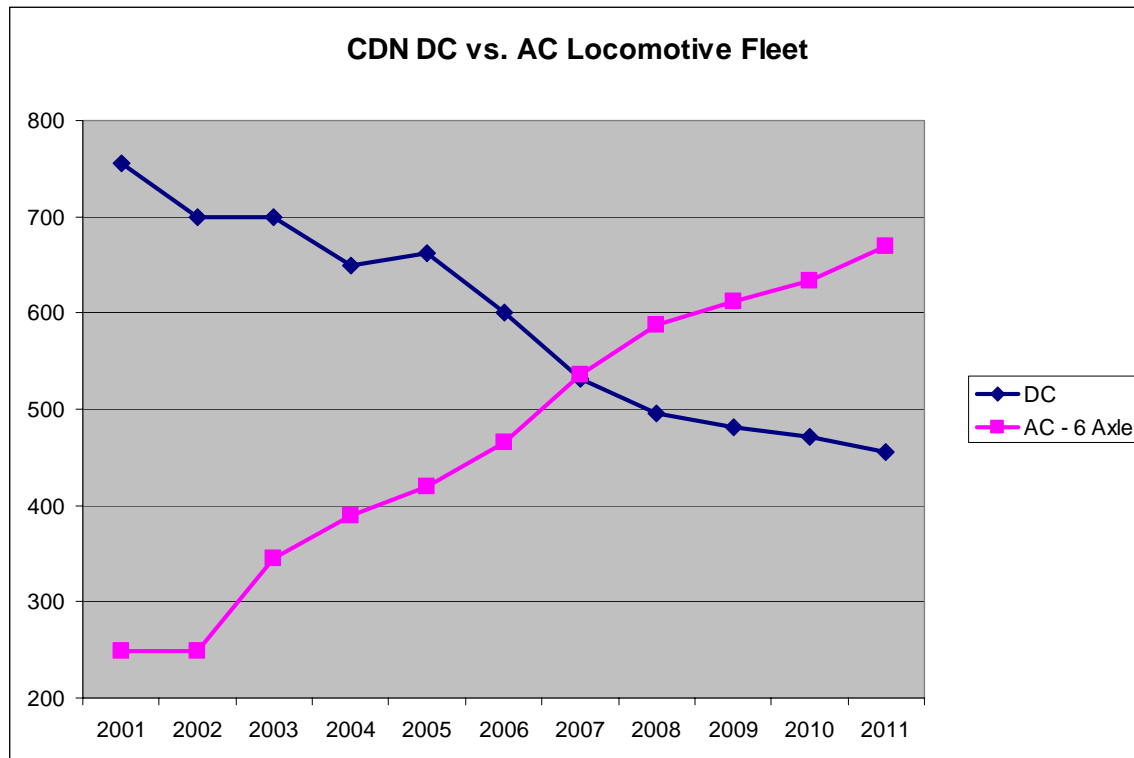
TORONTO, January 26, 2008

Mr. Tom Murphy
President
Local 101, CAW/TCA Canada
Rail Division
207 - 1st Avenue S.
Langdon, Alberta
T0J 1X1

Dear Sir:

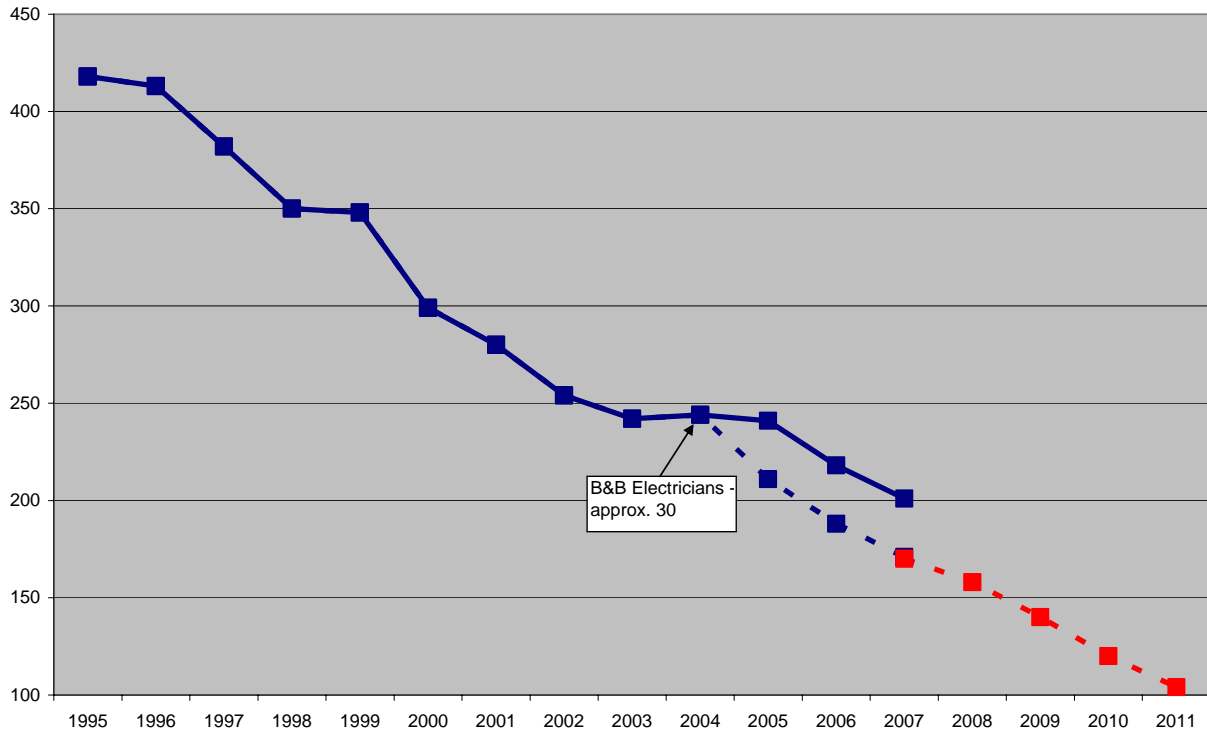
During the 2007 negotiations, parties held extensive discussions concerning the electrical trade in the system. For a number of years, new technology and equipment have led to a reduction in the tasks performed by the electrical trade. These changes have become necessary in order to remain competitive in the industry. Both parties recognize a need to modernize the Skilled Trades at CP in order to meet these new challenges.

The attached graphs reflect the decrease in demand for the electrical trade.



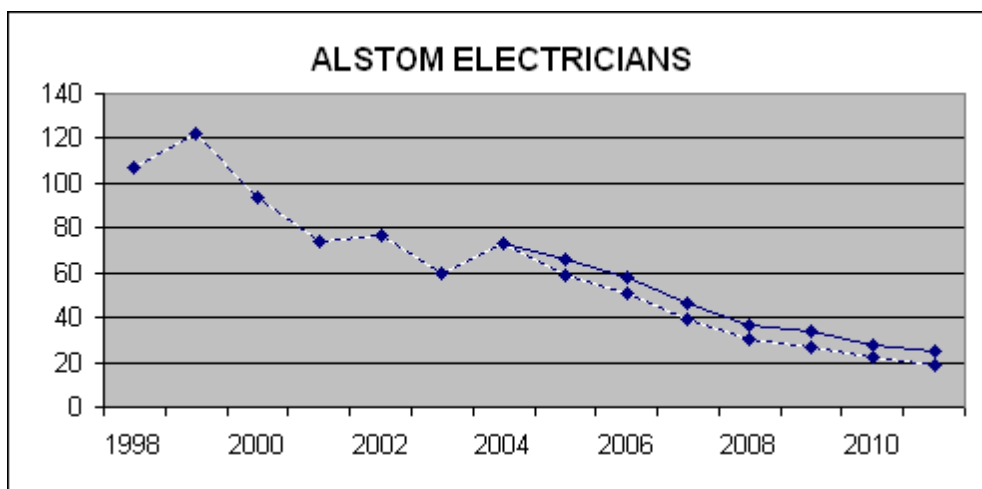
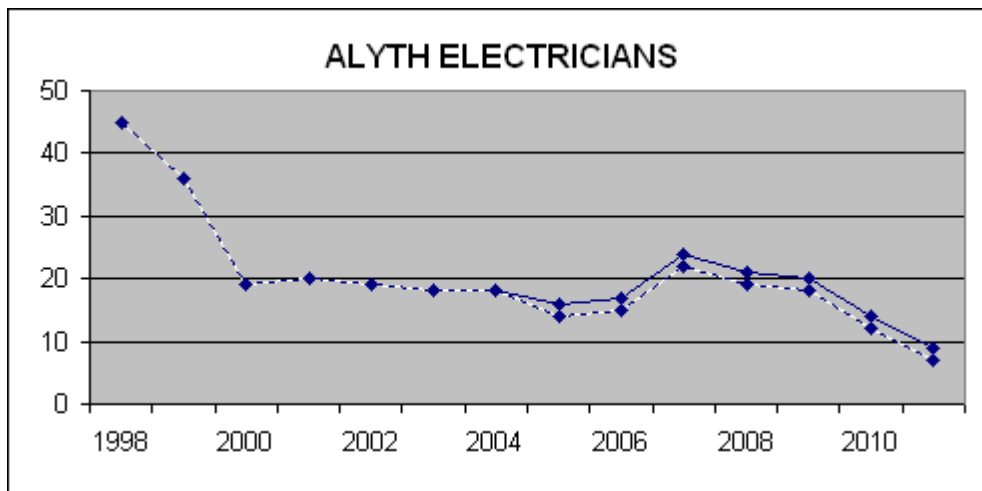
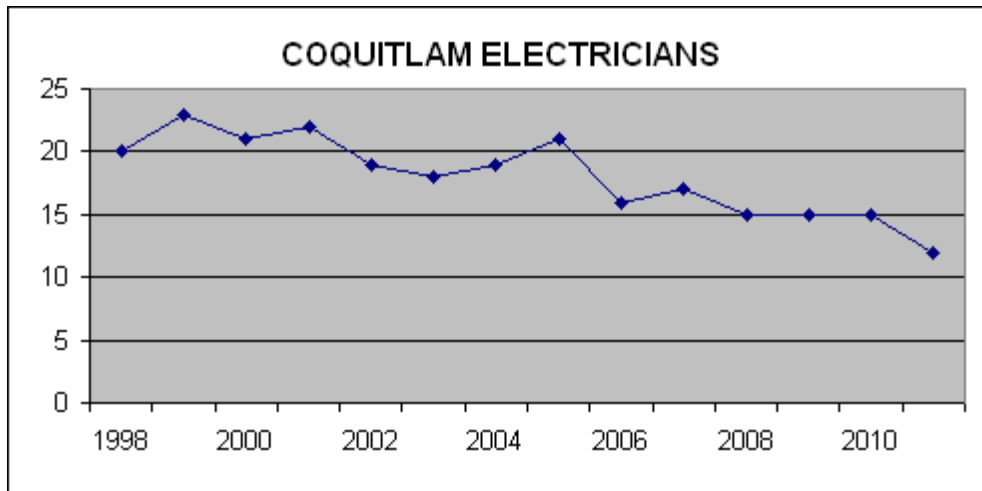
(Source – CP 2007 MYP)

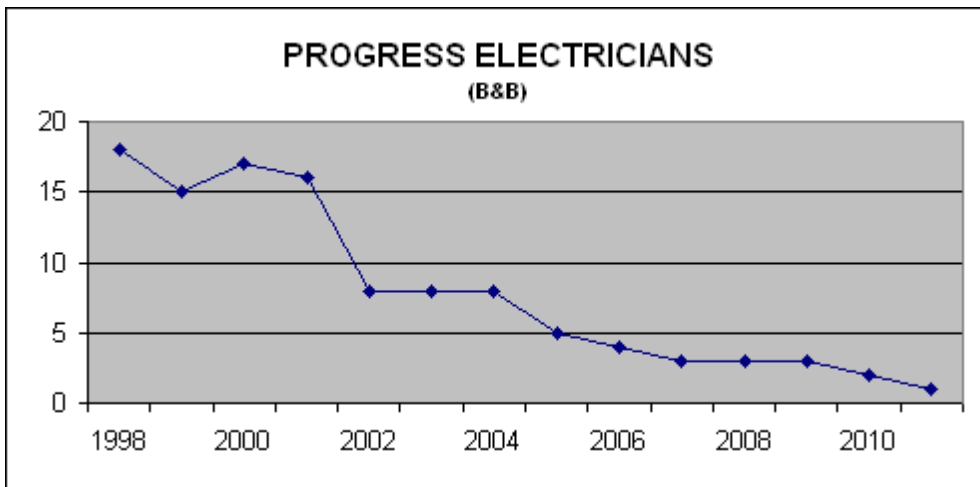
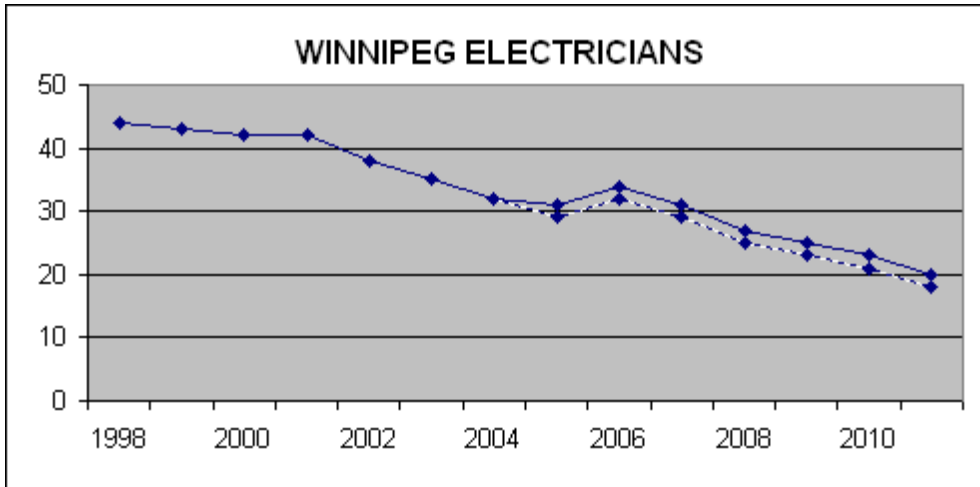
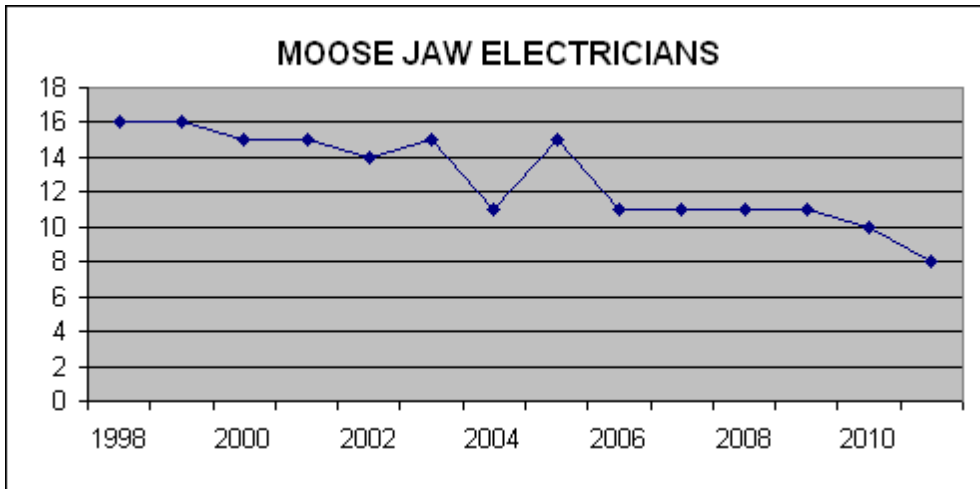
Electricians by Year

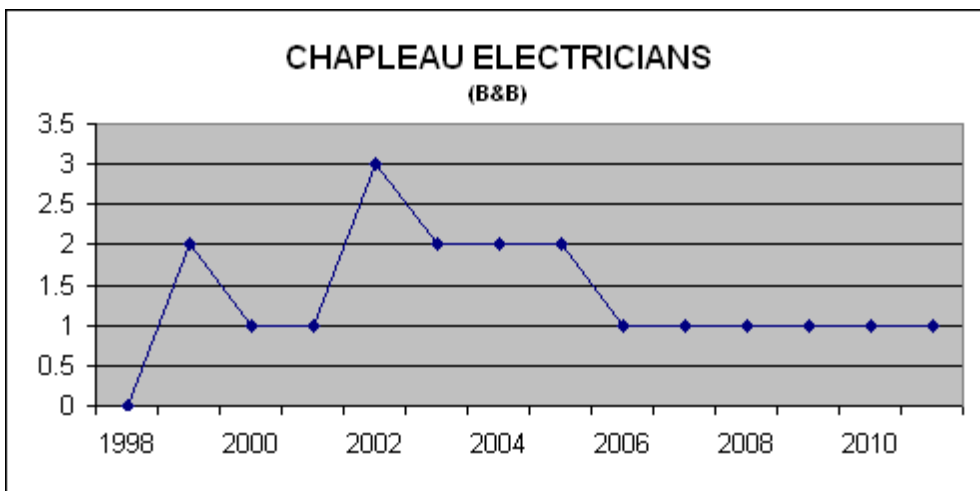
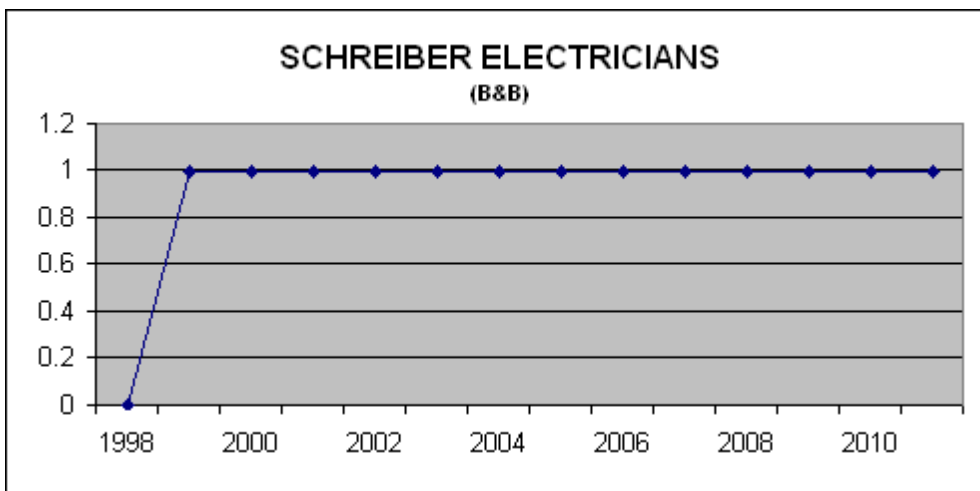
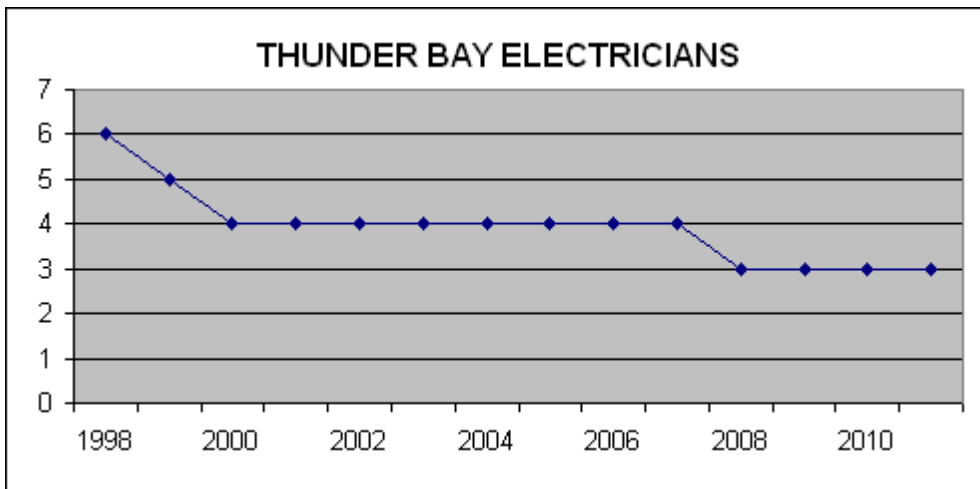


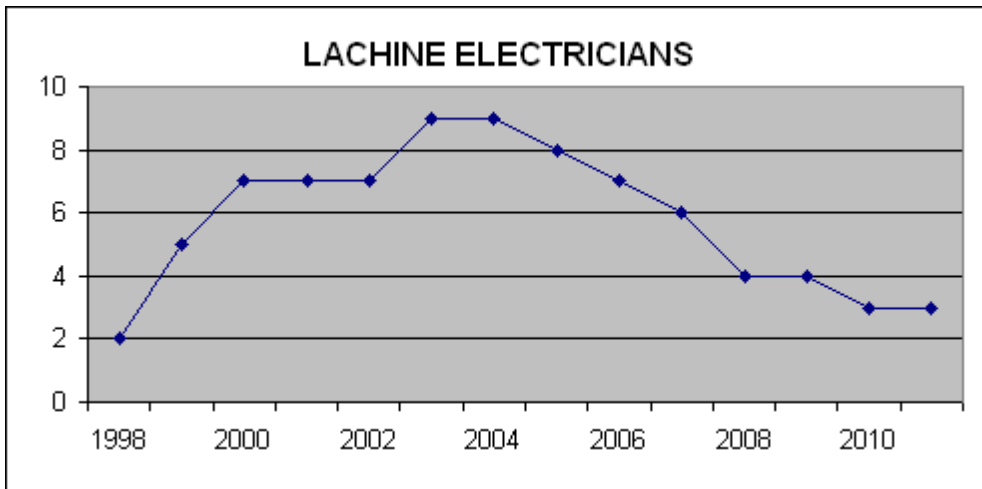
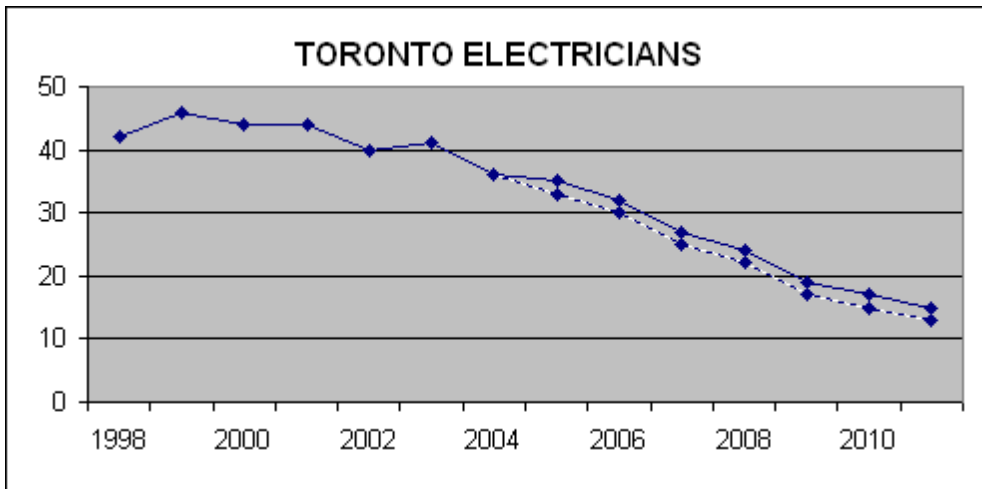
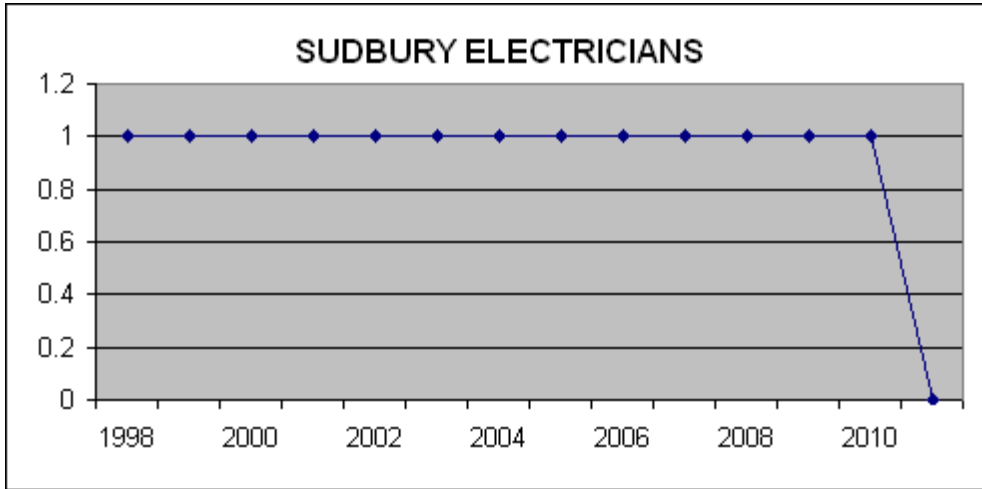
(Source – CP 2007 MYP)

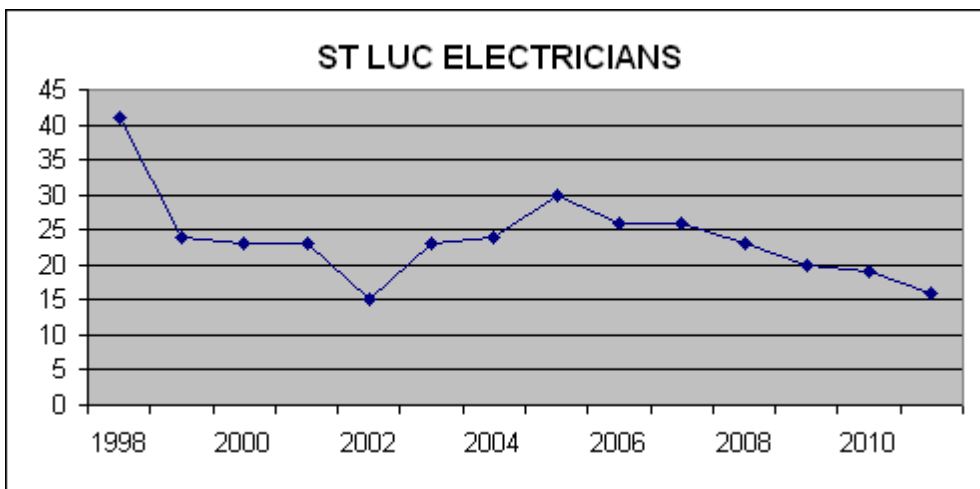
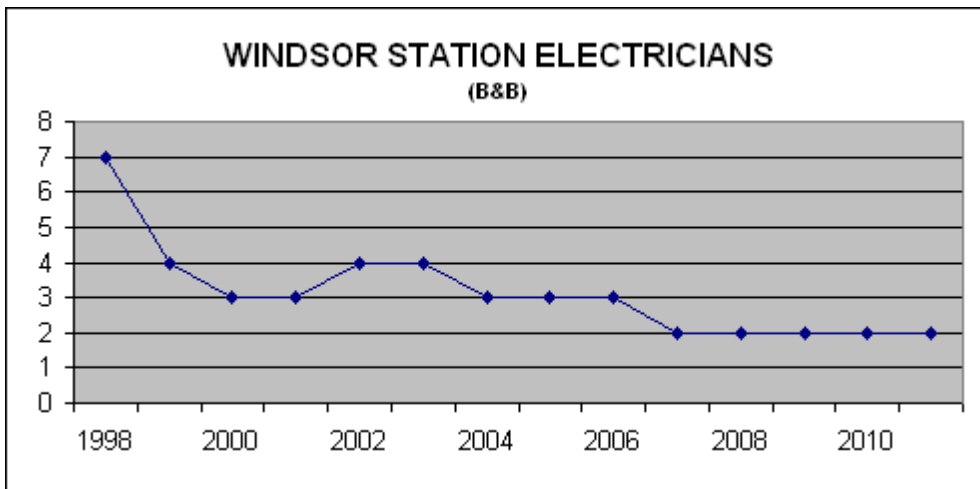
(Source – CP 2007 MYP)











(Source – CP 2007 MYP)

The parties recognize that these changes, subject to ratification, will be challenging and must be done in a way that ensures that the electrical trade employees are provided the necessary training to ensure future employment within Canadian Pacific.

The parties agreed that the attached appendix will be the ultimate guideline and that the target for the completion of training and/or re-training of affected employees will be 18 months.

The parties agreed that there will be necessary resources paid for by the company and this program will be jointly administered.

The attached agreement will be communicated to all management and union personnel affected by this modernization agreement.

It was agreed that the classifications of Diesel Mechanic and Electric Motor System Technician (Locomotive Electrician) would be combined into the classification of Diesel Mechanic.

Effective the first of the month following ratification, employees currently on the Electric Motor System Technician (Locomotive Electricians) seniority lists will be dovetailed into the Diesel Mechanic Seniority lists at each terminal. Except for a one time opportunity for any Electric Motor System Technician (Locomotive Electrician) to displace, if qualified, into a Maintenance Electrician's position at Alstom or Weston. There will be no global re-bulletining of the former Electric Motor System Technician (Locomotive Electricians) positions. Rather, employees formerly holding Electric Motor System Technician (Locomotive Electricians) positions will retain their shift and days off until such time as their positions are abolished for bona fide and legitimate operational reasons, because of a reduction in staff, by attrition, they bid off of their position or they are displaced. The parties acknowledge that there may be a requirement to restructure the manpower distribution at certain terminals. If required, the Company will review the changes with the President, Local 101 and the National Union, prior to implementing such changes. New Diesel Mechanic positions or Diesel Mechanic vacancies will be awarded based on the dovetailed Diesel Mechanic Seniority List.

Training programs for existing Diesel Mechanics to learn additional electrical duties and training programs for existing Electric Motor System Technicians (Locomotive Electricians) to learn mechanical duties will be developed by the Company and provided to the Union in advance of such training. Any suggestions by the Union will be considered in good faith and will be given serious consideration prior to the implementation of same.

At each terminal, a Transition Committee, consisting of 2 management representatives and 2 union representatives chosen by the Union, will be established to review training protocols and implement classroom instruction and "on the job" training schedules at their respective facilities. The Committees will meet as and when required and will be granted sufficient time to perform their duties. All work performed as committee work shall be considered regular duties and paid in accordance with the Collective Agreement.

The Parties acknowledge that historically, journeymen/journeywomen have always assisted in the training of their fellow workers. It is recognized by both parties that this practice will be vital to the successful implementation of this Appendix 45 with respect to existing Diesel Mechanics learning the additional electrical duties and Electric Motor System Technicians (Locomotive Electricians) learning the mechanical duties and that this practice will continue and be supported by the Company and the Union.

With respect to the 18 month Schedule for Training Identified under C: Transitional Period, Item 1 of Appendix 45, the review process below will be adhered to strictly and will only be adjusted by mutual agreement between CP and the President of Local 101 and the National Union.

- 1) Parties will meet within 60 days of Ratification of the Agreement:
 - VPs, Skilled Trades Co-Chair, National Union and the Company to meet to develop the transitional training roll out
- 2) Develop training matrix, and choose Reps at Terminals
 - Local reps selected by CAW at each Terminal will consist of one former Electrician and one former Diesel Mechanic
- 3) Go to Terminals and hold joint explanation meeting with employees:
 - Meet with local management, employees and union reps.
- 4) Schedule of training by Terminal:
 - Transition Committees to develop training schedules at their respective facilities
- 5) Review Transitional Training every 6 months and report training progress to the Skilled Trades Committee and VPs by Terminal
 - Purpose of report:
 - to ensure continuity of training and identify any deficiencies in same.
 - correct any lag in the Training Schedule.

Appendix 46 of the Collective Agreement will be deleted and Appendix 45 and Rule 31 of the Collective Agreement will be replaced with the following:

APPENDIX 45

SKILLED TRADES MODERNIZATION AGREEMENT

LINES OF DEMARCATION

In what follows, all types of work as set out shall be performed exclusively by employees in the respective trade:

It is understood that the Trades of Diesel Mechanic and Railcar Mechanic mentioned herein shall carry a Railway Certificate of Trade. All other Trades mentioned herein shall carry a Red Sealed Trades designation.

DIESEL MECHANIC

Maintains, overhauls, reconditions, disassembles, services, repairs, assembles, installs, adjusts, aligns rotating equipment, tests, documents and modifies components and systems on locomotives, and all track equipment generally recognized as Locomotive mechanics work. Maintains, services and repairs all mobile equipment and vehicles used in plant, yard and road service. Makes the evaluation of parts for reuse, repair or replacement. Works to blueprints, schematic drawings, service manual and other like information. Adapts to new methods, processes, material and equipment. Performs non-structural welding, (i.e. Tacking).

Diagnoses, inspects, troubleshoots, performs on-board diagnostics, adjusts, services, repairs, rebuilds, constructs, assembles, calibrates, installs, modifies and maintains all types of electrical and electronic high or low voltage circuitry systems and equipment (including all necessary wiring) on locomotives, cars and special track equipment. Services, tests and replaces all components used in electronic circuits. May plan and perform job layout. Works from blueprints, circuit diagrams, schematics and sketches. Uses hand tools and various electrical testing precision measuring instruments and machines. Adapts to new methods, processes, material and equipment.

Performs DSA duties as outlined in Appendix XXX, Diesel Service Attendant in accordance with Appendix 49 Diesel Service Attendants and Labourers of the Collective Agreement.

2. INDUSTRIAL MECHANIC / MILLWRIGHT

Performs installation, general servicing modifications, maintenance and repairs necessary to keep shop machinery, machine tools, tools, stationary equipment, non-self-propelled mobile equipment, overhead cranes, exhaust and vacuum systems, material moving systems, pumps, hydraulics, motors and other plant equipment in efficient operating condition. The work includes diagnosing the cause of malfunctioning machines and other plant equipment and making necessary adjustments, repairs and as necessary making parts incidental to the work. Works to blueprints, schematic drawings, service manual and other like information. Adapts to new methods, processes, material and equipment.

3. STEAMFITTER / PIPEFITTER / PLUMBER / GAS FITTER

Plans, lays out, fabricates, installs, repairs and maintains high and low pressure pipeline systems, steam, water, air, oil, acid, gas, solvents including all pressure systems, sewer piping, sprinkler and fire extinguishing systems, gas fitting and heating systems for plants

and facilities. Installs, repairs and maintains pumps, valves, traps, waste and sewage plumbing systems as well as all associated piping and components for plants and facilities. Fabricates and manufactures all necessary piping and associated devices for plant maintenance. Has working knowledge of national and provincial safety codes relating to the trade. Works to blueprints, schematic drawings, service manual and other like information. Adapts to new methods, processes, material and equipment.

4. SHEET METAL WORKER

Plans, lays out, assembles, installs and services: ducting, spouting, fittings, cabinets, gutters, copings, flashing, supporting devices and integral equipment associated with the blow pipe, air pollution, heating, ventilating, air conditioning, roofing, cladding and siding for plants and facilities. Fabricates and manufactures all necessary sheet metal items and associated devices for plant maintenance. Has working knowledge of national and provincial safety codes relating to the trade. Works to blueprints, schematic drawings, service manual and other like information. Adapts to new methods, processes, materials and equipment.

5. RAILCAR MECHANIC

Maintains, overhauls, reconditions, disassembles, service, repairs, assembles, installs, adjust, test, documents and modifies components and systems on cars and all track equipment generally recognized as Railcar's Mechanics work Plans, lays out, fabricates, installs, modifies and repairs metal components, fittings and assemblies pertaining to cars, locomotives, equipment, buildings and facilities. Plans, lays out and sequences work operations and performs the related work necessary to perform structural or frame welding on cars, locomotives, equipment, buildings and facilities. Performs priming, preparing, painting and associated tasks on cars, locomotives, equipment, buildings and facilities. Works to blueprints, schematic drawings, service manual and other like information. Performs train inspection (ie: wrecking service) according to regulation and policies. Adapts to new methods, processes, materials and equipment.

6. MACHINIST

Programs, sets up and operates different major types of machine shop equipment including lathes, planners, milling, turning and boring machines. Lays out own work, responsible for performing all machine operations necessary to complete assigned job, in the production of parts, fitting of parts, tools and components wherein they must operate mills, lathes, drill presses and shapers. Selects tools, speeds and feeds. Works from drawings, engineering orders, sketches or verbal instructions. Uses a wide variety of precision measuring instruments. Such as scales, micrometer, verniers, gauges, squares, indicators, etc. Plans work for the best sequence of operations. May operate any standard machine tool within their capabilities, including grinders. Uses shop mathematics. Works to blueprints, schematic drawings, Machinist's handbook and other like information. Knowledge of machine shop practice, feeds, tooling, working qualities of metals required. Adapts to new methods, processes, material and equipment.

7. MAINTENANCE ELECTRICIAN

Diagnoses, inspects, troubleshoots, performs diagnostics, adjusts, services, repairs, constructs, assembles, calibrates, installs, modifies and maintains all types of electrical and electronic high or low voltage circuitry systems and equipment (including all necessary wiring and conduit work) on buildings, lines, machinery. Services, tests and replaces components used in electronic circuits. May plan and perform job layout. Works from blueprints, circuit diagrams, schematics and sketches. Uses hand tools and various electrical testing precision measuring instruments and machines. Requires Provincial certification. Has working knowledge of Industrial Electronics and National Codes. Adapts to new methods, processes, material and equipment.

TRADES MODERNIZATION EXPLANATORY LETTER

The following points mutually address various questions which arose in the course of finalizing the Trades Modernization negotiations.

A. Clarifications in Connection With The Trades Job Descriptions

The Diesel Mechanic and Electric Motor System Technician classifications (Locomotive Electrician) will be combined into the classification of Diesel Mechanic.

Also, it was agreed that any "integrated work assignments" whereby work previously performed by railway electricians (now Diesel Mechanics) is now performed by other trades, would not require a Diesel Mechanic to be assigned. In addition and in general, all "integrated work assignments" previously negotiated or arbitrated shall require no more than a single trade each for their performance.

RAILCAR MECHANIC

In cases of need in one of the locomotive or car sides, a Railcar Mechanic from the other side could be assigned, if available.

AAR welding certification, not less than the standard, as it exists, as of the signing of the Collective Agreement will be compulsory for all members of this trade. The Company will assist any Railcar Mechanic in obtaining a Red Sealed Welding Certificate through the Company Tuition Reimbursement Program as it exists as of the signing of this Collective Agreement.)

The establishment of this Trade is not meant to prohibit other trades from performing non-structural welding, minor painting work, or woodwork in the course of performing the usual work of their trades, where such welding, painting, or woodwork falls within their curricula and normal work practices.

Machinist

Where there is insufficient work at a facility to justify the full-time use of a Machinist or Industrial Mechanic/Millwright to operate a wheel-truing machine, a Diesel Mechanic may be used.

In the Job Description, the words, "Parts, Tools, Components" shall also include wheels, axles, rails, frogs, switch points, etc.

Pipefitters and Sheet Metal Workers

Where there is insufficient plant maintenance work to fully utilize the above trades, they may be additionally assigned to fabricate and manufacture items for use on locomotives and cars and other similar duties as per the skills and job functions inherent in their trades.

Where employees currently classified as Pipefitters or Sheet Metal Workers are re-deployed as Railcar Mechanics or Diesel Mechanics, and where Pipefitter or Sheet Metal Workers' work (as per the new trade descriptions) expands in quantity, such employees will have prior rights to perform the respective work of their former trade (seniority to govern).

Blacksmiths

Employees currently classified as blacksmiths will be re-classified as Railcar Mechanics. To the extent that blacksmith work (forge, furnace, etc.) continues to exist or may be re-established in the future, employees currently classified as blacksmiths will have the right, by seniority and qualifications, to claim such work.

B. Other Bargaining Units and Contracting-Out

Nothing in this agreement is intended to either expand or diminish the scope of work of this bargaining unit in relation to other bargaining units, non-bargaining units or outside contractors.

Likewise, it is not intended that, through implementation of this agreement, shopcraft Journeymen/journeywomen should lose the skills required for any of the work presently and normally performed by them. Should this happen in respect of any such work in the future, the parties would ensure that necessary measures are taken to provide the required skills through upgrading, rather than citing the lack of such skills as justification to remove the work from the bargaining unit.

C. Transitional Period

"Natural flow" is defined as follows:

MACHINISTS to: Diesel Mechanic; Industrial Mechanic/Millwright.

CARMEN to: Railcar Mechanic.

Note: There are circumstances whereby Carmen positions may become Diesel Mechanics in locomotive shops.

ELECTRICIANS to: Diesel Mechanic.

BLACKSMITHS to: Railcar Mechanics

BOILERMAKERS to: Railcar Mechanic; Diesel Mechanic.

PIPEFITTERS to: Pipefitter; Railcar Mechanic; Diesel Mechanic.

SHEET METAL WORKERS to: Sheet Metal Worker; Railcar Mechanic; Diesel Mechanic.

NOTE: The above "flow" is intended as a general guideline only. The Skilled Trades Committee may make any necessary adjustments in assessing individual cases.

1. All training of existing Diesel Mechanics to learn additional electrical duties and all training of existing Electric Motor System Technicians (Locomotive Electricians) to learn mechanical duties shall be completed as quickly and safely as possible. All existing Diesel Mechanics and Electric Motor System Technicians (Locomotive Electricians) will be required to take this training. The Company and the Union will make their best efforts to assist employees to qualify with respect to the additional duties. Any difficulties experienced will be dealt with by the Union and the Company on a case by case basis. The target for the completion of this training is 18 months, following the ratification of the Memorandum of Settlement.

If, through circumstance, all training has not been completed within the stated timetable, the parties will meet without delay and establish new timelines to accomplish such. The expiration of any timeframe or deadline does not remove the obligation of the parties to ensure the individual training takes place.

2. Employees, who have changed trades or additional work has been added to their Trade will only be assigned to perform such the new work if qualified to perform such work safely.

D. Seniority

1. No employee currently in service shall lose their employment, seniority rights, rate of pay, future increases, benefits, nor be disqualified from any position as a result of the implementation of the Modernization process.
2. Employees in their new modernized trade who are displaced, or whose positions are abolished, will displace junior employees within their modernized trade in accordance with the usual rules and the new trade's seniority list. If unable to hold within their trade, to avoid either layoff or the requirement to relocate, they may displace junior employees within their craft of origin, in accordance with the old craft seniority list, regardless of which position or trade such junior employees are now employed.
3. Employees who have entered a new modernized trade may, in addition to any other procedures as may be set out herein, return to their trade of origin under the following specific conditions;

(a) A permanent vacancy arises in the employee's trade of origin (e.g. Sheet Metal worker) which cannot be filled through laid-off members of the trade in question or fully qualified tradespersons, in other words, a vacancy which would normally lead to a hiring situation, and

(b) The employee in question chooses voluntarily to abandon his/her active position in their new trade (e.g. Railcar Mechanic) and return to their trade of origin (e.g. Sheet Metal Worker). In this circumstance, the employee would return with full accumulated seniority (as a Sheet Metal Worker), but would forfeit any seniority standing in the new trade (Railcar Mechanic).

Note: Such an employee returning to the trade of origin will be placed at the bottom of the list for any future certification training or apprenticeship in that trade.

It is understood that the above does not apply where, through staff reductions or otherwise, employees are unable to hold work in their new trade. In the latter event, the provisions of Article D.2 above shall apply.

4. In workplaces where the trades of Machinist, Pipefitter, Sheet Metal Worker and/or Industrial Mechanic/Millwright presently exist, they shall perform their work as outlined in Appendix 45. Where these trades have been diminished to the extent that employees have nowhere on the Basic Seniority Territory to displace they shall be allowed to displace into one of the other designated trades in accordance with Appendix 45 and the natural flow chart defined therein. This would apply, equally, for Diesel Mechanics and Industrial Mechanic/Millwrights on those respective territories.
5. All new hires must enter one of the new trades as a Railway Certified or Certified tradesman/tradeswoman, or as an apprentice or as a Trainee, as per Appendix B of

the January 26, 2008 Memorandum of Settlement. Such employees will not be permitted to flow to another trade

E. Miscellaneous:

1. The wages and benefits of employees attending in house training shall be borne by the Company. Employees attending apprenticeship training outside of the Company will be laid off for the duration of such classroom training, unless otherwise agreed to by the Company and the Union. For the first two years of their apprenticeship, the Company will provide a wage top up for each week laid off for classroom training, 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% of his basic weekly rate at the time of layoff. Apprentices attending apprenticeship training outside of the Company, shall have their benefits maintained while attending such outside training.
2. Current employees with Employment Security protection who are considered qualified in one of the present identified trades may elect, in the event of loss of their permanent position, to receive training to the point of qualification in a portable trade, through Option four of Article 7B.1 of the Job Security Agreement.
3. Those employees already in the process of challenging or are being upgraded (in course as of the date of ratification) with the view of challenging the qualification for a chosen trade under the previous agreement shall be allowed to complete the process.
4. Any apprentices who have been hired and are in the process of qualifying in the former trades in question shall be transferred to the respective replacement railway trade and continue their apprenticeship. They shall be given credit for all time served in the initial trade.
5. The Company and the Union agree to meet to resolve any problems which may arise with respect to Apprentice Training Programs and/or any other training Program designed for the Trades including training for the Machinist, Industrial Mechanic/Mill Right, Pipfitter, Sheet metal worker and Maintenance Electrician trades which continue to carry a Red Seal designation.
6. The Union Co-Chairperson of the Skilled Trades /Modernization Committee shall work full time with the Skilled Trades/ Modernization Process
7. The provisions of this Appendix, where in conflict with existing provisions of the collective agreement, will supersede such provisions.

RULE 31

SKILLED TRADES MODERNIZATION AMENDMENTS

JOINT SKILLED TRADES MODERNIZATION COMMITTEE

31.1 There is hereby established a Joint Skilled Trades Modernization Committee which is responsible for two related functions of Apprenticeship Training and New Technology. The Committee shall consist of 2 members from the Union 2 members from Management which will include the Manager of Training. The Committee may establish Sub-Committees as required to provide assistance on specific matters under the responsibility of the Joint Skilled Trades Modernization Committee.

The Joint Skilled Trades Modernization Committee will meet as frequently as required.

The Skilled trades Committee as identified in Rule 31 of the Collective Agreement shall be guaranteed adequate and sufficient time to discharge the necessary responsibilities assigned to them under the terms of the Collective Agreement and by the parties.

APPRENTICESHIP TRAINING

31.2 In matters pertaining to Apprenticeship Training, the responsibility of the Committee shall be to:

- a)** establish minimum eligibility requirements for apprentices consistent with current trade needs, general Company standards pertaining to all employees and legal requirements.
- b)** establish recruiting process standards and to ensure that all recruitment at locations is conducted to that standard.
- c)** review and approve educational materials for classroom training and testing.
- d)** establish workplace assignments/tasks and qualifying exercises to ensure apprentices perform tasks to standard.
- e)** ensure that apprentices are evaluated as required regarding their academic (85%) and on-the-job performance (75%) and to review each evaluation that does not meet the required standard.
- f)** develop a method to ensure apprentice hours are correctly recorded and wage adjustments for progressive terms are made.

- g) in general, to be responsible for the successful operating of the apprenticeship standards in the facilities and the successful completion of the apprenticeship by the apprentice under these standards.
- h) provide an Apprenticeship Certificate to each apprentice who has successfully completed the "Standards of Apprenticeship".
- i) modification may be made to the processes or policies established by the Committee, subject to final approval by the Company.

MANAGER OF TRAINING

- 31.3** The Manager of Training is the principal Company officer responsible to manage the technical training function in Mechanical Services. The incumbent will direct the activities of local Training Officers to ensure the activities meet the objectives established by the joint committee.

Apprentices shall be under the direction of the local Training Officer in all training matters and under the direction of the work activity manager of the assigned work area for work related matters. The Training Officer is authorized to move apprentices to a different task to ensure that each gains the practical experience in accordance with the pre-determined schedule of work training. The Joint Committee will be advised of all occasions where the apprentice fails to demonstrate proficiency in academic studies or any specific tasks.

NEW TECHNOLOGY

- 31.4** The parties agree that with the introduction of new techniques and technologies, it is important that advance planning be made to anticipate skills, needs, and training required.

The Company will assume the cost of "on-the-job" training to afford bargaining unit employees who have the basic knowledge and ability to be trained to keep current with the restructured, modernized trades, new methods, tools, machines and technology affecting their assigned work and job security.

Senior employees assigned to jobs requiring training in the new technology will, based on operational requirements, be given preference under this clause.

APPRENTICE PROGRAM

31.5 APPRENTICESHIP STANDARDS

The following standards of apprenticeship covering the employment and training of apprentices in the trades included in these standards have been agreed to by the Company and the Union.

31.6 PURPOSE

The purpose of these standards is to make certain that extreme care is exercised in the selection of applicants and that the methods of training are uniform and sound, with the result that they will be equipped for profitable employment, and to further the assurance to the Company of proficient employees at the conclusion of the training period.

31.7 DEFINITIONS

- a) The term "Company" shall mean Canadian Pacific Railway.
- b) The term "Union" shall mean the duly authorized representatives of the National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW-TCA Canada) and its Local Union 101.
- c) "Apprentice" shall mean a person who is engaged in learning and assisting in the trade to which s/he has been assigned under these standards.
- d) "Committee" shall mean the Joint Skilled Trades Modernization Committee organized under these standards.
- e) "Manager of Training" shall mean the person employed as such or the person assigned the responsibility by the Company to perform the duties outlined in these standards.
- f) These "Standards of Apprenticeship" shall mean this entire document, including these definitions and shall include the schedule of instruction and related work tasks as outlined by the Joint Skilled Trades Modernization Committee.

31.8 APPLICATION

The Committee will establish pre-employment minimum requirements and standards for entry into the apprenticeship program. The Company Employment Office will review job applications and provide a list of all eligible applicants. These applications of prospective apprentices will be reviewed by the Joint Apprenticeship Committee; however, it is understood that the final selection and hiring of the apprentices is the sole responsibility of the Company.

It is understood that, subject to prior experience and employment equity standards, employees in the bargaining unit will receive preference in the apprenticeship program.

31.9 APPRENTICESHIP ELIGIBILITY REQUIREMENTS

In order to be eligible for apprenticeship, the applicant must meet the qualifications prescribed in the standards as established by the Joint Skilled Trades Modernization Committee.

It is understood that all applicants must successfully pass the Company's regular employment requirements.

31.10 CREDIT FOR PREVIOUS EXPERIENCE

- a) Through the criteria established by the Committee, credit for academic and/or work experience in the applicable trade may be given after evaluation only after completion of the apprentice probationary period for a maximum of 3000 hours.
- b) Prior registered apprentices may be picked up by the Company in the year and month of his/her apprenticeship in the same identified trade.
- c) Other employees of the bargaining unit will be reviewed by the Committee as to an extension of accredited hours based on the work record with the Company and its relationship to the trade applied for.
- d) The Company may recruit other employees of the Company and give accreditation under (c) above.

31.11 TERM OF APPRENTICESHIP

The terms of apprenticeship shall be as established by the Standards of Apprenticeship in this agreement and in accordance with the schedule of work processes and related instruction as outlined by the Joint Skilled Trades Modernization Committee.

31.12 PROBATIONARY PERIOD

The first five hundred (500) hours of employment for every apprentice shall be a probationary period. In the mean time, unless removed for cause which, in the opinion of the Company renders him/her undesirable for its service, the employee shall accumulate seniority from the date s/he entered the classification in the craft and, shall be regarded as coming within the terms of this Agreement.

31.13 HOURS OF WORK

Apprentices shall work the same hours and be subject to the same conditions regarding overtime rates as the journeymen/journeywomen employed by the Company.

31.14 RATIO

The ratio of apprentice to journeyman/journeywoman, including Trainee positions, shall not exceed one apprentice to each eight (8) journeyman/journeywoman in the trade in which s/he is apprenticed subject to forecasted operational requirements and approved by the Committee. This ratio will be determined on a Terminal basis.

31.15 DISCIPLINE

In assessing an apprentice's progress and any possible penalties up to termination, the Company may take into account the following (In addition to any culpable behavior):

- (a) inability to learn;
- (b) unreliability;
- (c) unsatisfactory work;
- (d) lack of interest in his/her work or education;
- (e) failure to attend classroom instruction regularly.

Prior to any penalty being assessed, the apprentice shall be entitled to an interview and to union representation as per the provisions of Rule 28.

31.16 WAGES

Apprentices in each of the trades covered by these standards shall be paid a progressively increasing schedule of wages as follows:

- 1st 1000 hours - not less than 65% of the journeyman/journeywoman's wage rate
- 2nd 1000 hours - not less than 70% of the journeyman/journeywoman's wage rate
- 3rd 1000 hours - not less than 75% of the journeyman/journeywoman's wage rate
- 4th 1000 hours - not less than 80% of the journeyman/journeywoman's wage rate
- 5th 1000 hours - not less than 85% of the journeyman/journeywoman's wage rate
- 6th 1000 hours - not less than 90% of the journeyman/journeywoman's wage rate
- 7th 1000 hours - not less than 95% of the journeyman/journeywoman's wage rate
- 8th 1000 hours - not less than 95% of the journeyman/journeywoman's wage rate

Must be adjusted to reflect current rates

Hourly Rates of Pay Effective

	<u>Jan. 1, 2005</u>	<u>Jan. 1, 2006</u>	<u>Jan. 1, 2007</u>
1 st 1000 hours	\$15.887	\$16.364	\$16.855
2 nd 1000 hours	\$17.109	\$17.623	\$18.151
3 rd 1000 hours	\$18.332	\$18.881	\$19.448
4 th 1000 hours	\$19.554	\$20.140	\$20.744

5 th 1000 hours	\$20.776	\$21.399	\$22.041
6 th 1000 hours	\$21.998	\$22.658	\$23.337
7 th 1000 hours	\$23.220	\$23.916	\$24.634
8 th 1000 hours	\$23.220	\$23.916	\$24.634

In the application of the above schedule an apprentice promoted from within the company shall maintain the rate of pay of his/her former classification (including any increases) until the above schedule exceeds this rate. The above schedule will then apply.

For the purpose of calculating accumulated time, all hours worked shall be at straight time hours. Annual vacation will not be calculated as hours worked.

Apprentices who are given credit for previous experience shall be paid, upon receiving such credit, the wage rate for the period to which such credit advances them. This shall not be made retroactive.

When an apprentice has fulfilled the standards of the apprenticeship s/he shall be awarded a journeyman/journeywoman's certificate of the craft. They will receive not less than the minimum rate to skilled journeyman/journeywoman in the trade in which s/he has served the apprenticeship and shall exercise seniority as per the Collective Agreement.

31.17 ACADEMIC TRAINING

Apprentices are required as a condition of apprenticeship to receive and attend classroom instructions. The schedule of work processes and related instructions are attached to this apprenticeship plan. Credit for time spent in academic training is given in the calculation of the hours of apprenticeship served and shall be applied against the period total.

31.18 MANAGER OF TRAINING

Apprentices shall be under the general direction of the Manager of Training and under the immediate direction of the manager of the department to which they are assigned. The Manager of Training is authorized to move apprentices from one department to another, in accordance with the pre-determined schedule for work training. Where an apprentice is retained unavoidably on a scheduled work process for a period longer than the maximum time determined for such work process, an explanation shall be sent to the Manager of Training.

The Manager of Training or an individual charged with this responsibility, in consultation with the Committee, shall prepare adequate record forms to be

submitted by the Manager under whom the apprentices receive direction, instruction and experience. A report shall be made at least every ninety (90) days or sooner if the apprentice changes work process assignments. The report will be sent to the Manager of Training. Reports with unusual comments or grades shall be reviewed by the Committee.

31.19 SENIORITY

Apprentices will exercise their seniority in their own group, only in the event of staff reductions, subject to provisions in the collective agreement and job security agreements. For example if there are four apprentices in the trade such as "Railcar Mechanic" and a reduction in this number is required due to lack of work, the first hired or classified as an apprentice shall be the last laid off and the last laid off shall be the first to be reinstated.

Upon satisfactory completion of the apprenticeship program, the apprentice will be placed on the respective craft seniority list at the home terminal where they began their apprenticeship and be credited with seniority from date of entry into the apprenticeship.

Apprentices may during the last six months be permitted in seniority order to transfer to any point in the region providing that on completion of their apprenticeship their seniority will permit them to fill a permanent vacancy as per Rule 23.13 or displace an unqualified employee who is not on the permanent list. If by mutual agreement between the proper officer of the Company and the President of Local 101, this application is accepted, the apprentice shall complete the apprenticeship at the point to which s/he has been transferred and receive his/her seniority at that point and in accordance with the conditions defined in this agreement.

Notwithstanding the provisions of the Collective Agreement between the Company and the Union, of which these Apprentice Standards shall henceforward be a part, an employee with seniority who is selected for an apprenticeship shall be permitted, if affected by layoff during the first five hundred (500) hours of apprenticeship, to return to his former job classification with the same seniority date that s/he held immediately prior to becoming an apprentice.

After five hundred (500) hours of apprenticeship, apprentices shall have as his/her seniority date established as to the date s/he commenced as an apprentice.

31.20 CERTIFICATE OF COMPLETION OF APPRENTICESHIP

Upon successful completion of the Apprenticeship under these Apprenticeship Standards, the Manager of Training will prepare an apprenticeship completion certificate. Each apprentice certificate will bear the signatures of the Manager of Training and the President of Local 101.

31.21 SCHEDULE OF WORK PROCESS

The schedule for work processes and related training shall be established by the Committee. All trades to be determined by the Trades Modernization Committee.

The Company will notify the Committee when it is prepared to consider additional apprenticeship trades. The Committee shall also establish work processes and related training for such other trades in which the Company may subsequently decide to employ apprentices.

The opportunity may be provided for an apprentice to transfer from a running point to a main shop when practicable for the purpose of acquiring further experience.

When an apprentice has been qualified in specific tasks or during the final year of their apprenticeship, they may work alone under the guidance of a journeyman/journeywoman on such tasks in order to increase their knowledge and experience in the trade.

31.22 JOURNEYMAN/JOURNEYWOMAN

When it is required by the Company to hire journeymen/journeywomen to perform work coming under the terms of this Collective Agreement, Journeymen/journey women will be hired as per the provisions of said Collective Agreement

A journeyman/journeywoman in any designated trade shall mean any person who:

- (a)** has served a bona fide apprenticeship and possesses proof of such apprenticeship service or,
- (b)** holds a recognized CAW journeyman/journeywoman card in the trade in which he claims recognition or,
- (c)** has eight (8) years practical and general experience covering all phases laid down in the apprenticeship course applicable to the trade in which he claims journeyman/journeywoman status and possesses ample proof of such experience.

Entry into the trades shall be restricted to persons,

- (d)** who qualify as journeymen/journeywomen under the provisions set forth in the immediately preceding paragraph
- (e)** who qualify for journeyman/journeywoman status through any apprenticeship program which may be negotiated by the parties
- (f)** who provide documents prior to the date of hire proving their claim to journeyman/journeywoman status both to the Company and the Union Trades Representative.

31.23 CONTRACTUAL JOURNEYMAN/JOURNEYWOMAN

It is understood that all trades presently working for the Company shall be considered as journeymen/journeywomen for the purpose of the Collective Agreement.

31.24 CANADIAN SKILLED TRADES COUNCIL

The Company agrees to deduct Canadian Skilled Trades Council dues as may be adopted by the Canadian Skilled Trades Council.

First deduction to be made from the employees from the first pay received after completion of the probation period. Future deductions to be made in January of succeeding years, or upon completion of one (1) month's work in that calendar year.

31.25 LINES OF DEMARCATION – DISPUTES MECHANISM

If matters involving the appropriateness of the work assignment of employees in skilled trades classifications are not resolved, the Union shall present the matter in writing to the skilled Trades Modernization Committee, setting forth all the facts and circumstances surrounding the case and the position taken.

The skilled Trades Modernization Committee shall attempt to resolve the matter. If unable to resolve the case within thirty (30) days of the appeal, the case shall be withdrawn without prejudice by the Union or may be appealed to an arbitrator for final and binding decision. Such arbitrator shall be familiar with trades issues.

31.27 TRAINERS AND INSTRUCTORS

Bargaining unit members, if qualified, will be given preference for promotion to positions of trainers and/or instructors.

31.28 PAYMENT OF SKILLED TRADES MODERNIZATION COMMITTEES

The Company will pay wage continuance without loss of benefits and necessary expenses of employee members.

The Company will absorb the related costs of any ad hoc Subcommittee with the exception of the CAW National Representative.

31.29 APPRENTICESHIP HOURS

This has reference to the discussion and concerns raised during the recently-concluded negotiations concerning the skilled trades' modernization issue.

It is agreed that the bona fide apprenticeship as referred to in the skilled Trades Modernization Agreement is to reflect training of eight thousand hours or somewhat less, as determined by the joint committee, that is, the current seven thousand six hundred and eighty hours. Notwithstanding this, it is agreed that the Joint skilled Trades Modernization Committee will develop standards that may be required in order to take into consideration any specific case where the term of apprenticeship is less than the required hours, and for which special circumstances may apply.

If the foregoing correctly reflects your understanding of our discussions, please indicate your concurrence in the space provided below.

Yours truly,

Paul Wajda
Director, Labour Relations

VP Mechanical and Operations
Risk Management

President, Local 101

Director, Locomotive
Maintenance Planning

Vice-President, Pacific Region

Service Area Manager
Mechanical Services

Vice-President, Prairie Region

Service Area Manager
Mechanical Services

Vice-President, Eastern Region

Manager, Labour Relations
Mechanical

Vice President, Atlantic Region

Labour Relations Officer
Mechanical

Health and Safety Coordinator

Labour Relations Officer
Mechanical

National Skilled Trades
Coordinator

Labour Research Officer

Assistant to the President, CAW

National Representative, CAW

APPENDIX “F”

Letters of Understanding

F-1 Letter concerning Manulife

Mr. Tom Murphy
President
Local 101, CAW/TCA Canada
Rail Division
207 - 1st Avenue S.
Langdon, Alberta
T0J 1X1

Dear Sir:

This refers to our various discussions surrounding the issues of benefits provided by the Company and the application of same to your members.

The Union has expressed severe and significant concerns with the level of claims being denied, disputed and weekly indemnity benefits being suspended and/or terminated. Additionally, the Union is stating the service from the present benefit provider is not at the employees' expected level of service.

The Company acknowledges your concerns. To that end, it was agreed that the Union would be part of the process so that they could conduct a detailed review. As well, it was agreed that a joint Union Management committee would be established consisting of full time union representatives and designated Company managers and Manulife representatives. This committee will meet 4 times per year and will review the application and administration of employee benefits to ensure that they are being properly applied, that appropriate claims are not being declined, and the level of service to the employees is maintained at an acceptable level. Issues not resolved by the committee may be escalated to the President, CAW Local 101 and the Assistant Vice-President Industrial Relations for resolution.

The terms of reference for the Committee are as follows:

1. Review benefit claim processes at CP and Manulife.
2. Review and map the processes.
3. Review forms for consistency and correctness.
4. Modify processes as required.
5. Correct any cases not handled properly

Furthermore, should the Union request a comprehensive and detailed review of benefit claims this will be done jointly with representatives of the plan service provider, the Company and the Union. If it is found that claims are being declined incorrectly, immediate corrective action will be initiated to ensure the plan service provider takes the necessary steps to correct this. Specific tracking of claim payments may be initiated upon request of the Union if it is determined that certain types of claims are not being submitted correctly by plan members, educational material will be distributed to the plan members to educate and inform them of the correct claim submission requirements.

Also, when the Company (OHS) sends an employee the "21 day letter", that they will attach an invoice form, allowing the physician to directly bill the Company for the cost of completing the required medical form.

If an employee's weekly indemnity benefits are either suspended or terminated by Manulife, the CAW VPs may advance any concerns that they may have with respect to such claim to the Director, Labour Relations for further review.

If you concur with the foregoing approach to the issue of benefits and more particularly the communicating of the entitlements to your members, please indicate your concurrence in the space provided below.

Yours truly,

Paul Wajda
Director, Labour Relations

I Concur:

Tom Murphy, President,
CAW Local 101

F-2 Letter concerning Lump Sum

TORONTO, January 26, 2008

Mr. Tom Murphy
President
Local 101, CAW/TCA Canada
Rail Division
207 - 1st Avenue S.
Langdon, Alberta, T0J 1X1

Dear Sir:

During negotiations there was agreement to share savings associated with the elimination of the funds identified in Appendix 45 concerning the contractual commitment to train for portable trades. Accordingly, it was agreed the existing funds described in the Collective Agreement Appendix 45 (Trades Modernization – Skilled Trades Agreement) Items 1 (\$1,128,000) and 9 (\$1,000,000) of Section F. Miscellaneous 1, will be channeled into a Lump Sum payment for all eligible CAW Members upon ratification of the Memorandum of Settlement.

This would eliminate the reference to these funds and the training commitment for current employees, (except as otherwise agreed in Appendix 45. Section E.3) from the Collective Agreement. Eligible employees are defined as employees in active service or on sick leave of absence as of January 3, 2008. Ineligible employees are defined as employees on bridging or unpaid leave of absence in accordance with Rule 15.1 of the Collective Agreement. The lump sum payment will equate to \$1,000 per eligible employee.

If you concur with the foregoing, please indicate your concurrence in the space provided below.

Yours truly,

Paul Wajda
Director, Labour Relations

I Concur:

Tom Murphy, President,
CAW Local 101

F-3 Letter concerning Trades Wage Adjustment

TORONTO, January 26, 2008

Mr. Tom Murphy
President
Local 101, CAW/TCA Canada
Rail Division
207 - 1st Avenue S.
Langdon, Alberta
T0J 1X1

Dear Sir:

This refers to our discussions during negotiations concerning various changes to the existing Skilled Trades definition and training issues, and the combination of the Diesel Mechanic Classification with the Electric Motor System Technician Classification into a new Classification of Diesel Mechanic. The Company agreed to share the associated savings with the Union. In this regard, it was agreed that effective on the first of the month following ratification of this Agreement, the Trades hourly rate of pay (Diesel Mechanic, Industrial Mechanic/Millwright, Steamfitter/Pipefitter/Plumber/Gas Fitter, Sheet Metal Worker, Railcar Mechanic, Machinist and Maintenance Electrician), which was \$25.930 per hour in 2007 and will be increased by 3% effective on January 1, 2008 per Section 2 Wages of this Memorandum of Settlement, will be increased by a further \$1.79 ("trade wage adjustment"), to an hourly rate of \$28.498.

Both parties acknowledge that, on account of the inclusion of the trade wage adjustment in this agreement, the following terms will apply to the calculation of the portion of trades employees' pensions in respect of their pensionable service earned prior to the first of the month following ratification of this Agreement ("pre-ratification date pensionable service").

Earnings included in Highest Plan Earnings (as defined in the CPR pension plan) in respect of pre-ratification date pensionable service shall be the amounts that would have been payable if the \$1.79 trade wage adjustment had not been provided, with the amount of such exclusion in future years adjusted by any subsequent percentage increases in trade employees' wage rates.

Yours truly,

Paul Wajda
Director, Labour Relations

I Concur:

Tom Murphy, President,
CAW Local 101

Saturday, January 26, 2008

**F-4 Letter concerning commitment to support Red Seal Certification of Diesel
Mechanic's Trade and Railcar Mechanic's Trade**

TORONTO, January 26, 2008

Mr. Tom Murphy
President
Local 101, CAW/TCA Canada
Rail Division
207 - 1st Avenue S.
Langdon, Alberta
T0J 1X1

Dear Sir:

This refers to our discussions during negotiations concerning the combination of the Diesel Mechanic Classification with the Electric Motor System Technician (Locomotive Electrician) Classification into the Diesel Mechanic's Trade.

As discussed, an in house training program which will include 8000 hour apprenticeships will be developed by the Company for employees or new hires entering this Trade. Training programs for existing Diesel Mechanics to learn additional electrical duties and training programs for existing Electric Motor System Technicians (Locomotive Electrician) to learn mechanical duties will also be developed by the Company. These training programs will be provided to the Skilled Trades Committee in advance of such training for review and comment. Any suggestions by the Skilled Trades Committee will be given serious consideration prior to the implementation of same.

An in house training program which will include 8000 hour apprenticeships will be developed by the Company for employees or new hires entering the Railcar Mechanic Trade. These training programs will be provided to the Skilled Trades Committee in advance of such training for their review and comment. Any suggestions by the Skilled Trades Committee will be given serious consideration prior to the implementation of same.

The Company also committed to join with the CAW to work with the RAC, Provincial Boards and the CCDA to have the Diesel Mechanic Trade and the Railcar Mechanic Trade recognized as a Red Seal Trade in the Provinces where Diesel Mechanics and/or Railcar Mechanics are employed. In this regard, the Company and Union members of the Trade Modernization Committee will be assigned to perform these duties, which will be initiated within 90 days of the signing of the new Collective Agreement.

Yours truly,

Paul Wajda
Director, Labour Relations

F-5 Letter concerning Progress Proportion

Toronto, January 26, 2008

Mr. Tom Murphy
President
Local 101, CAW/TCA Canada
Rail Division
207 - 1st Avenue S.
Langdon, Alberta
T0J 1X1

Dear Sir,

During the 2007/2008 round of negotiations the union raised the issue of the "proportion" of CPR work versus Progress work in Appendix 42.

To clarify the issue it was agreed that at the beginning of each year the "proportion" issue will be reviewed based on a Revenue Methodology basis for work performed by Progress for CP and third parties.

This is not intended to limit the Union's right to dispute work which it considers to be work presently and normally performed by CPR employees.

Work on the following assets is viewed as "CP" work to be performed by CAW represented employees:

1. CP owned and/or marked cars and government hopper (CP) cars
2. CP locomotives that are CP marked that are assigned to Canada
3. CP Component work

Work on the following assets is NOT viewed as CAW work. They are considered to be viewed as third party work (Progress work):

1. Foreign, SOO and D&H cars
2. CP locomotives that are US assigned
3. All third party work

Other work will be reviewed, in good faith, on an item by item basis by the Company, Progress and the Vice-President of the Union.

The Company, Progress and the Vice-President of Union, will meet by February 28th of each year to review the "proportion" calculation.

The proportion calculation will be determined by reviewing each major work area to determine the overall proportion of CP work. Currently the major work areas are: Metal Fabrication, Track, Wheel, Axle and Bearing. The following charts represents how the proportion of Progress Rail revenue for CP work in each work area is used to calculate the target CP employees vs. Progress Employees:

2005 - 2007					
Work Areas	% CP Revenue	% Non-CP Revenue	Number of Employees in each work area	Target CP Employees	Target Progress Employees
Metal Fab	59%	41%	115	67	48
Track	96%	4%	46	44	2
Wheel	94%	6%	66	62	4
Axle	0%	100%	10	0	10
Bearing	100%	0%	18	18	0
Total			255	192	63
Ratio				75%	25%

	CP	Progress
Current Employees	172	83
Targret Employees	192	63
Difference	-20	20

As of the ratification of the Collective Agreement, the proportion has been calculated to be 75% CP work 25% Progress Rail work.

The proportion will be adjusted annually in accordance with Appendix 42, through new hires. The proportion for the next year will be based on the last three years average proportion. If there are more Progress employees than CP employees based on the proportion calculation, then the next set of hiring will be CP employees. If the converse is true, then the next set of hiring will be Progress employees. Layoffs or the transfer of employees will not occur to adjust the proportion.

Notwithstanding this, process, there will be a one time adjustment of CP Employees vs Progress Employees to recognize the deficiency of CP Employees to Progress Employees from those employed in 2000. In this regard, effective the first of the month following ratification, up to 20 Progress employees will be eligible to be transferred to CPR employment rolls with full seniority and service for the purpose of Annual Vacation and entitlement to Benefits. These employees hired by CPR will not be entitled to retroactive pension service/benefits, nor will they be eligible to any pension buy-back agreed to between CP and the CAW. Service under the Job Security Agreement for Progress employees will be the date of hire as CP employees. These opportunities will be offered in seniority order to active Progress Rail TransCanada Corp Employees.

CPR assures that this Letter of Understanding will not be used as a vehicle for diminishing capacity or CP employees at Weston.

Yours truly,

Paul Wajda
Director, Labour Relations

I concur:

Tom Murphy, President
CAW Local 101

Rob Wolsey
Progress Rail TransCanada Corp

F-6 Letter concerning AMT Electrician

TORONTO, January 26, 2008

Mr. Tom Murphy
President
Local 101, CAW/TCA Canada
Rail Division
207 - 1st Avenue S.
Langdon, Alberta
T0J 1X1

Dear Sir:

This refers to our discussions during negotiations with respect to the combination of the Diesel Mechanic Classification with the Electric Motor System Technician (Locomotive Electrician) Classification into a new Classification of Diesel Mechanic. It was identified that the Company may, for a period of time, require the electrician at St. Jerome to work on the AMT equipment. In this regard, it was understood that this position would continue to be an Electrician position.

This position will be included in the positions to be considered in the one time opportunity referred to in Paragraph 2 of Appendix "E".

This position will also be governed by the new Appendix 45. D. 3.

When the Company no longer requires specific Electrical work on the AMT Equipment, the electrician held back from entering the Diesel Mechanic Trade will be transferred over to the Diesel Mechanic's Trade carrying with him all rights and privileges including seniority as outlined in the Collective Agreement and Appendix E of the January 26, 2008 Memorandum of Settlement and will be given the same training afforded to those Electricians who were transferred into the Diesel Mechanic's trade.

Yours truly,

Paul Wajda
Director, Labour Relations

I Concur:

Tom Murphy, President,
CAW Local 101

F-7 Letter concerning arranging for grievance meetings and possibly utilizing Third Party Assistance

TORONTO, January 26, 2008

Mr. Tom Murphy
President
Local 101, CAW/TCA Canada
Rail Division
207 - 1st Avenue S.
Langdon, Alberta
T0J 1X1

Dear Sir:

This is in regard to our discussions during negotiations concerning the number of unresolved grievances. As discussed, it is our intention to make every effort to conduct grievance meetings as soon as possible in order to attempt to replicate the successful meetings held in 2007. Such meetings will be scheduled to take place within 90 days of ratification.

Following these meetings, and if necessary, outstanding disputes will be advanced to a third party (i.e. arbitration, Federal Mediation and Conciliation Services). It is understood that this will not prevent the further handling of unresolved grievances in accordance with Rule 29 of the Collective Agreement.

Yours truly,

Paul Wajda
Director, Labour Relations

F-8 Letter concerning Weekend Worker

TORONTO, January 26, 2008

Mr. Tom Murphy
President
Local 101, CAW/TCA Canada
Rail Division
207 - 1st Avenue S.
Langdon, Alberta
T0J 1X1

Dear Sir:

The parties are willing to consider an innovative arrangement that contemplates a form of transition from full time employment to full time retirement, with opportunities to work Saturdays and Sundays or other innovative solutions.

Any concluded Retirement Transition Work Arrangement agreements would be based on location specific needs and would be subject to ratification by the affected employee population at the location such an agreement is contemplated. Any Retirement Transition Work Arrangement agreements must be signed by the Regional Vice-President of the Union and the proper officer of the Company.

Yours truly,

Paul Wajda
Director, Labour Relations

F-9 Letter Concerning Estoppel (Trades Helper) Letter

TORONTO, January 26, 2008

Mr. Tom Murphy
President, Local 101
Rail Division, CAW-TCA Canada
207-1st Avenue S
Langdon, Alberta
T0J 1X1

Dear Mr. Murphy:

This is in regard to my letter dated October 1, 2007 concerning the Company's notice that as of the date of the expiration of the current Collective Agreement (December 31, 2007), the Company will no longer recognize any policy, precedent or past practice that contradicts, violates, amends or alters the language currently contained in Rule 52 of the Collective Agreement pertaining to Trades Helpers' work.

This will serve to advise that the Company has rescinded this letter with the understanding that the existing applications of the Trades Helpers rules and practices will continue.

The parties also agree that Rule 52.12B of the Collective Agreement will be deleted. Trades Helpers that have previously been set up as Machinists under this Rule will be considered as Machinist Trainees. Upon completing four years, consisting of a total of 1044 days of cumulative compensated service in the Trainees classification and successfully passing all qualification tests such employees will be placed on the Machinist permanent seniority list at the point at which he was promoted, with a date four years retroactive from the date of such completion and shall have his name removed from the Trades Helper seniority list. Time off duty on account of bona fide illness and/or injury shall not be deducted from the accumulation of time for the purpose of establishing the employee's seniority date. However, all time lost shall be made up as training prior to the employee being allowed to establish fully qualified Machinist status. All time previously spent when set up as a Machinist under this Rule shall count toward the 1044 days of cumulative compensated service. Employees unable to successfully pass all qualification tests or who are laid off prior to completing the 1044 days of cumulative compensated service will revert to their former position of Trades Helper.

Yours truly,

Paul Wajda
Director, Labour Relations

I Concur:

Tom Murphy, President,
CAW Local 101

Saturday, January 26, 2008

F-10 Letter concerning the application of Item 4.8.3 of the Disability Benefit Plan

TORONTO, January 26, 2008

Mr. Tom Murphy
President, Local 101
Rail Division, CAW-TCA Canada
207-1st Avenue S
Langdon, Alberta
T0J 1X1

Dear Mr. Murphy:

This is in regard to our discussions concerning item 4.8.3 of the Disability Benefit Plan and the Union's concerns over the Service Organization's ability to designate a Doctor to examine an employee in respect of whom a claim is being made.

Where an employee has expressed concerns with the selection of an independent medical practitioner as per Item 4.8.3 of the Disability Benefit Plan, the parties agree to the following procedure:

The Union and the Company and/or Service Organization will jointly decide on an independent physician to conduct the independent medical examination. The criteria for this decision will be based on the information required, the medical specialty of the field and the proximity of the office of the medical practitioner to the employee. Also, in the case where there is a dispute between OHS and the individual's doctor, the Company and the individual's doctor will jointly decide on an independent physician to conduct an independent medical examination.

The continuation of benefits during this timeframe will be reviewed on a case by case basis by the Director of Labour Relations.

Should the foregoing accurately reflect your understanding of this matter, please indicate your concurrence in the space provided below.

Yours truly,

Paul Wajda
Director, Labour Relations

I Concur:

Tom Murphy, President,
CAW Local 101

Saturday, January 26, 2008

F-11 Letter concerning the Revision of Rule 52

TORONTO, January 26, 2008

Mr. Tom Murphy
President, Local 101
Rail Division, CAW-TCA Canada
207-1st Avenue S
Langdon, Alberta
T0J 1X1

Dear Mr. Murphy:

This is in regard to our discussions concerning Appendix 45, Trades Modernization and Rule 52 of the Collective Agreement. This will serve to confirm that the parties agreed to meet during the closed period to integrate Rule 52 and Appendix 45, consistent with the provisions contained in the revised Appendix 45.

Should the foregoing accurately reflect your understanding of this matter, please indicate your concurrence in the space provided below.

Yours truly,

Paul Wajda
Director, Labour Relations

I Concur:

Tom Murphy, President,
CAW Local 101

F-12 Letter concerning the 7B Pension Issues

TORONTO, January 26, 2008

Mr. Tom Murphy
President, Local 101
Rail Division, CAW-TCA Canada
207-1st Avenue S
Langdon, Alberta
T0J 1X1

Dear Mr. Murphy:

The Company and the union wish to ensure that CAW members on Employment Security or Job Security (ES/JS) are accruing their optimal pension service and benefit amounts in the CPR Pension Plan, according to the terms of the CPR Pension Plan and the Income Tax Act.

During negotiations, the Union indicated that it may be possible that some employees on ES/JS may be able to enhance their pension entitlements for their years on ES/JS if their earnings with another employer and, in some cases, their participation in another employer's pension plan are coordinated with their participation with the CPR Pension Plan.

In this regard, the Company and the union will undertake to review the status of CAW members who

- a) are currently on ES/JS or were on ES/JS after December 31, 1994, and
- b) while on ES/JS, the member had earnings from another employer.

The parties will meet within 120 days of the ratification of the Memorandum of Settlement to review potential solutions to these issues. It is further understood that the parties will seek to complete the review of pension entitlements and offer any solutions to affected members within 2008.

Yours truly,

Paul Wajda
Director, Labour Relations

I Concur:

Tom Murphy, President,
CAW Local 101

Saturday, January 26, 2008

F-13 Letter concerning Servicing Waste Retention Devices on Locomotives

TORONTO, January 26, 2008

Mr. Tom Murphy
President, Local 101
Rail Division, CAW-TCA Canada
207-1st Avenue S
Langdon, Alberta
T0J 1X1

Dear Mr. Murphy:

This is in regard to our discussions during bargaining concerning complaints by Tradesmen/Tradeswomen being required, as part of their duties to service Waste Retention Devices (WRD) on Locomotives.

Historically, the work of servicing WRDs on Locomotives has been performed by those now working as Diesel Service Attendants.

It was agreed by the parties that when a Diesel Mechanic is paired with a Diesel Service Attendant, the work of servicing WRDs on Locomotives shall be performed by the Diesel Service Attendant. For example, when four employees are working on a shift on a Service Island, they are normally paired in work teams of two employees. One work team consists of a Diesel Mechanic and a DSA and the other work team consists of two Diesel Mechanics. If a locomotive on a consist that the DSA and Diesel Mechanic are servicing requires a WRD to be serviced, the DSA will be assigned to perform this servicing. If a locomotive on a consist that the two Diesel Mechanics are servicing requires a WRD to be serviced, the Diesel Mechanics will be required to service the WRD, notwithstanding that a DSA is working on that shift on the Service Island.

Where there are only Diesel Mechanics working on a Locomotive or consist they shall be responsible for the servicing of Locomotive Waste Retention Devices.

In no case will this delay the servicing of Locomotives.

Should the foregoing accurately reflect your understanding of this matter, please indicate your concurrence in the space provided below.

Yours truly,

Paul Wajda
Director, Labour Relations

Saturday, January 26, 2008

I Concur:

Tom Murphy, President,
CAW Local 101

F-14 Letter concerning Equalizing Overtime

TORONTO, January 26, 2008

Mr. Tom Murphy
President, Local 101
Rail Division, CAW-TCA Canada
207-1st Avenue S
Langdon, Alberta
T0J 1X1

Dear Mr. Murphy:

During this round of bargaining the parties discussed the feasibility of modifying the equalization of overtime rules to provide for adjustments to be made on a 12 month rolling basis.

It was agreed that equalizing overtime on a 12 month rolling basis will be developed.

In this regard the following principles will apply:

- Calling processes and procedures outlined in Rule 5.13 will continue to apply for 2008. These processes and procedures will also remain in effect subsequent to 2008 unless it is agreed to implement the 12 month rolling basis process.
- A record of all 2008 overtime hours will be captured by individual employee on a monthly basis.
- Commencing Jan 1 2009, each employees overtime hours will equal the hours worked in 2008. This will establish the overtime call list of senior employee with least amount of hours.
- The total hours will be maintained on a rolling 12 month basis, meaning: when the 13th month is completed the 1st month will be dropped and the remaining months will be used in the calculation of an individual's total overtime hours going forward.
- Overtime calling lists will be generated (frequency to be determined) and will be used to identify the proper individual to be called. The calculation of who will be called will be based on the existing hours in the system at the time the overtime call list is generated, for that two week period.

Prior to the end of 2008, the parties will meet and develop a new Rule to replace existing Rule 5.13 in keeping with the above principles.

Should the foregoing accurately reflect your understanding of this matter, please indicate your concurrence in the space provided below.

Yours truly,

Paul Wajda
Director, Labour Relations

I Concur:

Tom Murphy, President,
CAW Local 101

F-15 Letter concerning Hiring or Tradesmen/Tradeswomen

TORONTO, January 26, 2008

Mr. Tom Murphy
President, Local 101
Rail Division, CAW-TCA Canada
207-1st Avenue S
Langdon, Alberta
T0J 1X1

Dear Mr. Murphy:

During negotiations, the Union raised the issue of the Company hiring employees into the Trades without providing the Skilled Trades Committee the opportunity to review their credentials/qualifications. This will serve to confirm that the Company will provide the Skilled Trades Committee new hire qualifications information for their review.

Yours truly,

Paul Wajda
Director, Labour Relations