

MEMORANDUM OF SETTLEMENT

DATED

OTTAWA, ONTARIO, JUNE 6, 2007

BETWEEN

CANADIAN PACIFIC
(hereinafter referred to as the Company)

and the

TEAMSTERS CANADA RAIL CONFERENCE
MAINTENANCE OF WAY EMPLOYEES DIVISION
(hereinafter referred to as the Union)

CONCERNING

APPLICATION OF WAGE INCREASES AND OTHER CHANGES
COVERING THE YEARS 2007, 2008 and 2009

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 1st, 2007 through to December 31st, 2009.

Amend Article 22.4 to read:

22.4 This agreement, effective January 1, 2007, as amended and updated, shall remain in full force and effect until December 31, 2009, and thereafter, subject to six months' notice in writing from either party to this Agreement of its' desire to revise, amend or terminate it. Such notice may be served at any time subsequent to June 30, 2009.

2. WAGES

- a) Effective January 1, 2007, increase by 3% the rates in effect on December 31st, 2006.
- b) Effective the first of the month following ratification, Rail Threader Machine Operator will be paid the Group 1 Machine Operator rate of pay.
- c) Effective the first of the month following ratification, increase the hourly rate of pay for Track Maintainer/Section Truck Driver – BTMF by \$1.20, when required to operate an air brake equipped vehicle.
- d) Effective the first of the month following ratification, Truck Driver/ Clerk will be paid the equivalent rate to that of a Timekeeper.
- e) Effective the date of ratification, employees operating mobile cranes with a capacity of 15 tons or over will receive the basic hourly rate of pay applicable to Special Group Machine Operators, however, no seniority will be awarded in the group. In this regard, the following note will be added to the Group 1 classification.

Note: Operators of mobile cranes with a capacity of 15 tons or over will receive the basic hourly rate of pay applicable to Special Group Machine Operators, however, no seniority will be awarded.

- f) Effective January 1st, 2008, increase by 4% the rates in effect on December 31st, 2007.
- g) Effective January 1st, 2009, increase by 3% the rates in effect on December 31st, 2008.
- h) The 15.5% increase applied to rates of pay for Special Work Crews will be applied retroactively effective January 1, 2007.

3. PENSION

- a) Effective the first of the month following ratification, the pension formula shall be increased for employees who are represented by the TCRC – MWED and retire on or after the first of the month following ratification, to 1.8% of the Member's Highest Plan Earnings up to the Average YMPE with no increase to employee contributions.
- b) This pension provision will not form part of the Collective Agreement between the Parties and is subject to the approval of the Pension Committee and the Board of Directors.

4. BENEFITS

Life Insurance & 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 to the following in respect of employees covered by this Memorandum of Settlement:

Life Insurance

- a) Effective the first of the month following ratification, the group life insurance coverage will be increased from \$36,000 to \$37,000.
- b) Effective January 1, 2008, the group life insurance coverage will be increased from \$37,000 to \$38,000.
- c) Effective January 1, 2009, the group life insurance coverage will be increased from \$38,000 to \$39,000
- d) Effective the first of the month following ratification, increase the amount provided to the employees beneficiary from \$100,000 to \$150,000, upon a work related accidental death of an employee.

Disability Benefits

- a) Effective the first of the month following ratification, the maximum benefit will be increased to \$590.00.
- b) Effective January 1, 2008, the maximum benefit will be increased to \$600.00.
- c) Effective January 1, 2009, the maximum benefit will be increased to \$610.00.

Dental Plan

The Dental Plan Agreement 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:

- a) Modify the provision concerning covered expenses as follows:
 - i) Effective with treatment which commenced on or after January 1, 2007 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 2007 or in the absence of same, the amount deemed reasonable by the Plan's insurer.
 - ii) Effective with treatment which commenced on or after 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 amount deemed reasonable by the Plan's insurer.
 - iii) Effective with treatment which commenced on or after 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 amount deemed reasonable by the Plan's insurer.
- b) Effective January 1, 2008, the number of units for scaling will be limited to 8 units per year.
- c) Effective January 1, 2008, eliminate employee paid deductible and establish a co-pay provision where the employee will pay 10% of the premium.
- d) Effective January 1, 2007 increase the annual maximum from \$1,300 to \$1,425.

- e) 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.

Extended Health & Vision Care Plan

The Extended Health Care Plan Agreement for the Associated Non-Operating Railway Unions (as amended from time to time) will be further amended in respect of employees covered by this Memorandum of Settlement as follows:

- a) Effective the first of the month following ratification, increase the Extended Health and Vision Care benefits base reimbursement entitlement on Vision care to \$225 in any 12 month period for persons under the age of 18 and in any 24 month period for persons age 18 and over.
- b) Effective January 1, 2007 add Chiropractor to the list of professional services offered in item 6.6(g) of the Group Benefit Program. For clarity, the maximum amount payable in any year for services provided by all professionals combined in this article continues to be \$500 for each Eligible Employee or Dependant.
- c) Effective January 1, 2008, eliminate employee paid deductible and establish a co-pay provision, where the employee will pay 10% of the premium.
- d) 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.
- e) Effective the first of the month following ratification, amend the Extended Health and Vision Care Plan benefits to provide employees with a dismemberment provision. Refer to Appendix A of this Memorandum of Settlement
- f) Effective January 1, 2008, increase the life time maximum for the Health & Vision Care Plan from \$46,000 to \$48,000

5. JOB SECURITY AGREEMENT

- a) Effective January 1, 2008 the following adjustments will be made:
 - i) Article 6.4 – increase the allowance to \$975.00
 - ii) Article 6.5 – increase the allowances to \$250.00 and \$130.00
 - iii) Article 6.8 (a) – increase the reimbursement to \$16,000.00
 - iv) Article 6.8 (c) (ii) – increase the amount to \$16,000.00
 - v) Article 6.9 – increase the amount to \$8,000.00
 - vi) Article 6.10 (a), (b) – increase the allowance to \$260.00
- b) Effective the first of the month following ratification, modify Articles 4.1 (b) of the ES Supplementary Unemployment Benefits Agreement and the ES Employee Benefits Plan Agreement to read as follows:
 - 4.1 (b) Effective January 1, 2007, continuing on the first of every month thereafter, eliminate the monthly contribution for all employees represented by the TCRC–MWED employed by the employer in Canada for the term of this contract, following which the 1% contribution will be reinstated.

Refer to Appendix P in this Memorandum of Settlement, modifying Appendix B-40

WORK RULES

6. SHIFT DIFFERENTIAL – Section 2 of the Collective Agreement

Amend shift differential rates in item 2.21 to read as follows:

- 2.21 Effective on the first of the month following ratification increase shift differential to \$0.75 per hour for shifts commencing between 1400 and 2159 hours and to \$1.00 per hour for shifts commencing between 2200 and 0559 hours.

7. BEREAVEMENT – Section 5 of the Collective Agreement

- a) Amend item 5.1 to include step-child, step-parent, brother, sister.
- b) Amend item 5.2 to remove step-parent, brother, sister and include spouse's parents.

8. ANNUAL VACATION - Section 6 of the Collective Agreement

- a) Add a new item 6.24 to address reassigning Temporary Supervisor's approved scheduled vacation as soon as they are promoted to an official position outside of the bargaining unit as follows:

6.24 An employee accepting an official position will have their bargaining unit approved scheduled vacation reassigned to the bargaining unit for the period the employee is occupying their official position. If requested, the Company will allow the most senior employee to reapply for the vacation slot created by the Temporary Supervisor. If requested, the company will also allow the next senior employee to reapply for the vacation slot created by the most senior employee.

- b) Joint study to review vacation allotment, refer to Appendix M of this Memorandum of Settlement.

9. WORK WEEK – Section 8 of the Collective Agreement

- a) Delete the current item 8.1 and replace as follows:

8.1 The work week for all employees covered by this agreement, unless otherwise excepted herein, shall be either:

- a) forty hours consisting of 4 days of 10 hours each, with three consecutive rest days in each seven. The preferred rest days will be Friday, Saturday and Sunday or Saturday, Sunday and Monday ; or
- b) forty hours consisting of 5 days of eight hours each, with two consecutive rest days in each seven. The preferred rest days will be those identified in item 8.17, which are Saturday and Sunday and then Sunday and Monday; or
- c) Notwithstanding the above, when the work cycles of a crew change, the employee will not suffer lost wages through the course of fulfilling the requirements of 80 regular hours for the pay period.

This clause shall not be construed to create a guarantee of any number of hours or days of work not provided for elsewhere in this agreement.

b) Delete the current item 8.2 and replace as follows:

8.2 The term “work week” for regularly assigned employees shall mean a week beginning on the first day on which the assignment is bulletined to work.

c) Amend item 8.4

8.4 Hours of Service and Meal Period

Eight consecutive hours, exclusive of meal period (which shall be one hour unless otherwise mutually arranged) shall, except as otherwise provided, constitute a day's work. If an employee normally takes a 1 hour meal break and is required to work any portion of that time they will be paid time and one half for actual time worked. When eight hours of continuous service are required in regular operations, twenty minutes will be allowed in the fifth or sixth hour of service for a meal without loss of pay, during which no service will be performed. Requirements of the nature of service will determine at what point in the fifth or sixth hour of service the twenty minutes will be.

No employee shall be required to work more than six hours without food.

d) Amend item 8.6 to address change in start times

8.6 Notwithstanding the provisions of Clause 8.5, starting times may be established or changed to meet the requirements of the service. Where practicable, the notice of establishment or change in starting times will be posted promptly in a place accessible to affected employees. The Local Chairperson, or designate, and the TCRC MWED Director, or designate, shall be advised as soon as practicable following any change in starting times and in any event, within 72 hours of the time the change in starting time became effective.

(1) Affected employees with an assigned Headquarter location will be given forty-eight hours advance notice.

(2) Affected employees that do not have an assigned Headquarter location shall be given as much advance notice as possible, but not later than at the completion of the previous tour of duty.

(3) In the application of this item 8.6, it is understood that the starting time for crews working 5/2 and 4/3 schedules will not be changed by more than 2 hours once in each work cycle and for a crews working an 8/6 work cycle the start time will not be changed more than 2 hours twice in each work cycle.

Note: Former Appendix B-2 is deleted

e) Delete the current item 8.8 and replace as follows:

8.8 Upon the request of the Foreman made with the consent of the employees in the work crew and approval of the proper officer of the Railway, special arrangements may be made to vary starting times on the first and/or last day of the work schedule to permit employees to travel to and from home. Notice of such arrangements will be sent to the applicable TCRC – MWED Director.

f) Add a new item 8.36 to Section 8 of the Collective Agreement to provide for the creation of a new classification of service – Special Work Crew as follows:

**SECTION 8.36
SPECIAL WORK CREW CLASSIFICATION**

8.36.1 Scope

At the discretion of the Company, work schedules with rest days that are not identified as the preferred rest days in Section 8.1 (a) and 8.17 of the collective agreement may be implemented for:

- a) TP&E Seasonal Work Crews working 5&2 or 4&3 work schedules, and/or,
- b) Bridge and Structure Crews working on Capital or Special Maintenance Authority projects while working in alignment with a track block being utilized by a TP&E Seasonal Work Crew working as a Special Work Crew on the same subdivision.

It is understood and agreed that in every instance when a work schedule with rest days that are not identified as the preferred rest days in section 8.1 (a) and 8.17 of the collective agreement is implemented for a crew identified in a) and b) above, the provisions of this section 8.36 shall apply.

8.36.2 Work Rules

- 8.36.2 a) Coincident with the implementation of a work schedule that does not give preference to the rest days identified in the collective agreement, such work crew will be considered as a "Special Work Crew".
- b) A Special Work Crew shall represent a new classification of service.
 - c) Rest days for Special Work Crews shall be consecutive, but shall not give preference to those identified in Section 8.1 (a) or 8.17 of the collective agreement.
 - d) Implementation of Special Work Crew schedules shall be as follows:
 - 1) For TP&E Seasonal Work Crews:
 - i) As advertised in the initial start-up bulletin, or,
 - ii) As advertised by bulletin for crews that commence subsequent to the initial bulletin.
 - 2) For Bridge & Structures Crews:
 - i) As advertised by bulletin, or,
 - ii) Upon written notification by the Company to the Director of the Union and notification to the affected employees, which shall be posted in the workplace. In such circumstances, notification will be as soon as possible, but no later than 15 calendar days prior to the implementation date.

This short notification period applies solely for the purpose of aligning the work schedule of a Bridge and Structures Crew, working on the same subdivision as a TP&E Seasonal Work Crew that has been designated as a Special Work Crew. The geographic restriction may be extended by mutual agreement between the Union and the Company. Once the Bridge and Structures Crew is aligned with the TP&E Seasonal Work Crew, as a Special Work Crew, subsequent changes to the TP&E Seasonal Work Crew will also apply to the Bridge and Structures Crew.

- e) Once the work schedule of a TP&E Special Work Crew has been established, the following shall apply:
 - i) In the event that:
 - 1) the established commencement or completion date of an advertised Special Work Crew schedule is changed by two or less work cycles the Company shall post written notice in the workplace for affected employees at least 15 calendar days prior to the date the change.
 - 2) the established commencement or completion date of an advertised Special Work Crew schedule is changed by more than two work cycles, or in the event that the bulletined Special Work Crew work schedule is cancelled, the Company shall provide written notification to the Director of the Union and post written notice in the workplace for affected employees at least 15 calendar days prior to the date the change.
 - ii) In the event that:
 - 1) the original schedule is moved forward in time, the time period between the last day of the original schedule and the first day of the new schedule shall not exceed two months;
 - 2) the original schedule is moved backward in time, the time period between the first day of the new schedule and the last day of the original schedule shall not exceed two months;
 - 3) the Company may implement a schedule move that exceeds the two month periods provided for in subsections (1) and (2), a maximum of once per Special Work Crew, once per work season.
 - 4) Whenever a schedule move is implemented pursuant to this subsection ii), the Company shall provide written notification to the Director of the Union and post written notice in the workplace for affected employees at least 15 calendar days prior to the date the change
 - iii) In the application of subsection e (i) (2) and (ii) above, the affected employees will inform the Company, within 5 calendar days of the Company notice, whether they intend to remain or depart the crew. Failure to inform the Company will result in the employee remaining with the crew, unless awarded another position by bid under the provisions of the collective agreement.
 - iv) Employees subject to the change notice issued pursuant to subsections e i) 2) and ii) that elect to depart the Special Work Crew will be permitted to exercise their seniority under the provisions of the collective agreement.
 - v) When a Special Work Crew schedule is changed, moved or cancelled and employees elect to depart the work crew, the provisions of Section 8.36 no longer apply and employees will not be entitled to any premium payments for the previously scheduled Special Work Crew period.
 - vi) When a Special Work Crew schedule is changed, moved or cancelled and employees elect to remain on the work crew, the provisions of Section 8.36 will only apply to actual time worked in Special Work Crew service.

- f) The Company may change the start time for employees working on a Special Work Crew in accordance with item 8.6 of the collective agreement, except that:
 - i) the start time may be changed by a maximum of 3 hours or less, and,
 - ii) by more than 3 hours one time in each 5&2 or 4&3 work cycle.

8.36.3 Compensation

- 8.36.3 a) An employee transitioning to and from a Special Work Crew schedule will be paid no less than eighty (80) regular hours in a pay period, unless absent from work due to illness, injury, leave of absence or other attendance related reasons.

If an employee earns less than 80 hours in a pay period, solely account the change in work schedules, the Company will top-up to 80 hours. The top-up hours will be paid at the Special Work Crew rate of pay.

- b) Rates of pay for Special Work Crews will be the established rates with a 15.5% increase applied and will only apply when working in Special Work Crew service.

8.36.4 All other provisions of the collective agreement apply to employees working on Special Work Crews, except as otherwise provided in this Section 8.36.

8.36.5 It is understood between the parties that any unforeseen concerns arising from the application of this agreement will be discussed promptly and a good faith attempt will be made to resolve the issue to both parties satisfaction.

10. SENIORITY - Section 9 of the Collective Agreement

- a) Amend Appendix D, "Seniority Territories", item 1 of the Collective Agreement and relevant Supplements to consolidate the seniority territories on the Atlantic Region into a Quebec Division seniority list..

Refer to Appendix B of this Memorandum of Settlement, new Appendix B – 47 of the Collective Agreement.

11. MEALS, LODGING AND EXPENSE CLAIMS - Section 12 of the Collective Agreement

- a) Amend Section 12.9 (b) (d) and (f) as follows:

Increase per diem amount to \$95.00 and increase meal allowance to \$38.00 for all provinces

- b) Amend Section 12.9 9 g) as follows:

Increase commuting Allowance to 0.33/km

- c) Amend Section 12.10 as follows

12.10 Auto Allowance

When directed by the Company to use a personal automobile, an automobile mileage allowance is paid in the amount of 33 cents per kilometer.

d) Add new item 12.25 concerning meal on Boarding Car Outfits

12.25 Meals on Boarding Car Outfits

Prior to January 30th of each year, the Company will review the catering menu for boarding car outfits with the Union.

Should problems with meal quality or frequency arise, the concern will be immediately brought to the attention of the respective Work Crew Supervisor. If not resolved within 2 business days, the respective Director of the Union shall bring such concern(s) to the attention of the Manager of Track Programs and Equipment, within 5 days of the notice of the unresolved concern, so that the appropriate remedies can be identified and implemented.

e) Add new 12.26 concerning laundry Allowance

12.26 Laundry Allowance

When an employee working on a Seasonal Work Crew is away from their place of residence for a period of three nights (4&3 work schedule), or four nights (5&2 work schedule), or more, and where laundry facilities are not provided by the Company, a laundry expense of \$5.00 per work cycle may be claimed. Dry cleaning charges do not qualify for the laundry expense claim.

f) Add new 12.27 concerning meal provision when working away from home location

12.27 Employees working away from their home location that are not being provided with meal expenses or per diem expenses and are on duty in excess of three hours beyond their regular quit time will be supplied with a meal or a \$13.00 meal allowance in lieu thereof.

The practice of continuing to provide meals to employees who return to Boarding Car Outfits under the aforementioned circumstances shall remain in effect.

g) Amend Appendix B-1 to replace the word “weekend” with the words “rest day” in all places in Appendix B-1 and revert to District rates for kilometer compensation. See Appendix N of the MOS.

h) Effective the first of the month following ratification, increase B-1 Weekend Travel Allowance base rates by 4 cents. These rates are shown in the new District Table rates.

12. CONTRACTING OUT –Section 13 of the Collective Agreement

Add a new paragraph to item 13.4 to provide for the attendance of one Local Chairmen from each BST to attend annual Contracting Out Meetings.

13.4 The Company will cover the expenses and wages for one Local Chairman from each affected Basic Seniority Territory to attend the annual Service Area contracting out review meeting.

13. INVESTIGATIONS & DISCIPLINE – Section 15 of the Collective Agreement

a) Modify item 15.1 as follows:

15.1 No employee shall be disciplined or discharged until a fair and impartial investigation has been conducted and responsibility established.

An employee is not to be held out of service unnecessarily in connection with an investigation. An employee may be held out of service for an investigation for the following reasons:

- The nature of the offence is dismissible of itself, or,
- The continued employment of the individual is in jeopardy, or,
- There are concerns regarding the safety of the employee.

In such cases, an employee held out of service more than 5 work days, or as mutually extended, will be paid a regular days pay, at the basic rate of pay, exclusive of overtime, for each day held out of service in excess of 5 work days, or such other agreed upon period, whatever the decision rendered by the Company.

If an employee is unavailable for investigation, the 5 day period shall be extended by a period equal to the period the employee was unavailable.

In the event that an employee is held out of service, the investigation is to be conducted as soon as possible.

b) Modify item 15.3 as follows:

15.3 The investigation will be completed within twenty eight calendar days from the date it is commenced. If the investigation is not completed within 28 calendar days it will be deemed to have found no cause for the assessment of discipline or for further investigation.

A decision will be rendered as soon as possible but not later than twenty-eight calendar days from the date the investigation is completed.

Time limits stated above may be extended upon mutual agreement which will not be unreasonably withheld.

c) The Company and the Union agree to work during the closed period on alternative grievance resolutions methods.

Refer to Appendix C of this Memorandum of Settlement establishing a new Appendix B – 48 in the Collective Agreement concerning a Letter on Alternate Grievance Resolution Meetings.

14. JOB CLASSIFICATIONS – Section 2 of the Collective Agreement

a) Amend Section 2 - item 2.4 Rates of Pay B&S Forces to reduce the number of job classifications by combining the following job classifications into one classification named B&S Foreman which will be paid at the existing B&S Foreman rate of pay:

| New Title | Old Titles |
|-------------|--------------------------------|
| B&S Foreman | B&S Foreman Painter Foreman |

- b) Upon ratification consolidate seniority lists for B&S Foreman and Painter Foreman employees. The list will be developed based on the date of Foreman seniority.

15. GOALSHARE

- a) Renew Appendix B-43 of the Collective Agreement concerning Goalsharing; refer to Appendix G of this Memorandum of Settlement.

16. ADMINISTRATIVE ISSUES

- a) In order to clean up the collective agreement, incorporate the remaining appendices into the main text during the re-write of the agreement.

Refer to Appendix D of this Memorandum of Settlement establishing a new Appendix B – 49 in the Collective Agreement concerning the incorporation of Appendices into the Collective Agreement.

17. OTHER ISSUES

- a) All Local Rules are to be approved by the Director Labour Relations and the President (or designate) of the TCRC – MWED. The approval process of all local rules will eliminate future disagreements with respect to the interpretation of what was agreed and maintain a centralized filing of all such rules.

Refer to Appendix E of this Memorandum of Settlement establishing a new Appendix B – 50 in the Collective Agreement concerning a Local Rules Letter.

- b) Amend Section 7 to provide for the collection of a one-time Union Initiation Fee.

Refer to Appendix F of this Memorandum of Settlement

- c) Effective the first of the month following ratification, amend the Collective Agreement to establish a new base rate of pay for TCRC MWED Health & Safety Officers at \$32.064/hour. It is understood that general wage increases shall apply to the newly established hourly base rates of pay.

- d) Storing occupied Boarding Car Outfits adjacent to the main track.

Refer to Appendix H of this Memorandum of Settlement establishing a new Appendix B – 51 in the Collective Agreement.

- e) Step Rates for new hires

Refer to Appendix I of this Memorandum of Settlement establishing a new Appendix B – 52 in the Collective Agreement.

- f) Workplace Health & Safety Committee Members

Effective the first of the month following ratification, increase the hourly rate of pay for Workplace H&S Committee Members by 1%. This increase will be processed as a lump sum payment and will prorated and paid on a monthly basis for each month's service as a H&S Committee Member.

- g) Retention Study

Refer to Appendix J of this Memorandum of Settlement establishing a new Appendix B – 53 in the Collective Agreement concerning a closed period retention study.

- h) Seasonal Work Crew employees obtaining proper meals.

Refer to Appendix K of this Memorandum of Settlement establishing a new Appendix B – 54 in the Collective Agreement concerning Seasonal Work Crew employees obtaining proper meals.

- i) Bid/Award System

Refer to Appendix L of this Memorandum of Settlement establishing a new Appendix B – 55 in the Collective Agreement concerning joint study pertaining to Bid/Award System

- k) Preferred Vendor List for Safety Clothing and Footwear

Refer to Appendix O of this Memorandum of Settlement establishing a new Appendix B – 58 concerning preferred vendor lists regarding employee purchases of safety clothing and footwear.

18. HOUSE KEEPING ITEMS

- a) Amend Timekeeper Agreement, Section 3.7, to read “District” rather than “Division”
- b) Include the Britt fuel plant classifications and seniority lists into the Collective Agreement.
- c) Jointly develop a glossary during the re-write of the collective agreement to reduce redundant terms, define those that remain to facilitate a clearer understanding of the agreement. The glossary will be included in the new collective agreement.
- d) Review the agreement to make it a gender neutral document prior to printing.
- e) Amend the ES Agreement to include April 2006 agreement concerning ES top up.

19. 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.

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 after the ratification of the Memorandum of Settlement, the parties will meet to complete a re-write, translation and printing of the collective Agreement in conformity with the foregoing changes.

It is understood that this Memorandum of Settlement is subject to ratification.

20. DURATION

This Agreement (including all Supplemental Agreements) shall remain in effect until December 31, 2009.

SIGNED AT Ottawa, Ontario this 6 day of June,2007

FOR CANADIAN PACIFIC
RAILWAY COMPANY:

Rick Wilson
AVP, Industrial Relations

Paul Wajda
Director, Industrial Relations

Gord Pozzobon
General Manager

Scott Seeney
Manager, Labour Relations

Mark Baserman
Manager, Labour Research & Strategy

FOR THE TEAMSTERS CANADA RAIL
CONFERENCE – MAINTENANCE OF
WAY EMPLOYEES DIVISION:

W. Brehl
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David Brown
Legal Counsel

Appendix A

Accidental Death & Dismemberment Benefit

The Benefit

If an Employee sustains an injury as a result of an Accident while insured under this Benefit and suffers a Loss specified in the Table of Covered Losses, Manulife Financial will pay the amount specified in that table, provided the Loss:

- a) is a direct result of the accidental injury; and
- b) occurs within 365 days from the date of the accidental injury; and
- c) is total and irreversible or irrecoverable.

In the case of loss of speech or hearing, or loss of use of an arm, hand, or leg, the loss must be continuous for 12 months and determined to be permanent, after which time the benefit is payable.

Table of Covered Losses

In the following table, the amount payable is a percentage of the Benefit Amount for which the Employee was insured at the time the accidental injury occurred.

Only one percentage, the largest, will be paid for multiple losses to the same limb due to any one accidental injury.

No more than 100% will be paid for all losses due to any one accidental injury, except in the case of hemiplegia, paraplegia or quadriplegia, where the total amount paid will not exceed 200% (provided such benefit is paid while the Employee is living).

Accidental Death & Dismemberment Benefit

Covered Loss Percentage of Benefit Amount Payable

| | |
|---|---------|
| Loss of Life | 100% |
| Loss of, or Loss of Use of, Both Hands or Both Feet | 100% |
| Loss of Sight of Both Eyes | 100% |
| Loss of One Hand and One Foot | 100% |
| Loss of One Hand and Sight of One Eye | 100% |
| Loss of One Foot and Sight of One Eye | 100% |
| Loss of Hearing in Both Ears and Speech | 100% |
| Loss of, or Loss of Use of, One Arm or One Leg | 75% |
| Loss of, or Loss of Use of, One Hand or One Foot | 66 2/3% |
| Loss of Sight of One Eye | 66 2/3% |
| Loss of Speech or Hearing in Both Ears | 66 2/3% |
| Loss of Thumb and Index Finger or | 33 1/3% |
| Loss of All Toes on One Foot | 25% |
| Loss of Hearing In One Ear | 25% |
| Hemiplegia, Paraplegia or Quadriplegia | 200% |

Accidental Death & Dismemberment Benefit

Loss of hand means complete severance at or above the wrist joint, but below the elbow.

Loss of foot means complete severance at or above the ankle joint, but below the knee joint.

Loss of arm means complete severance at or above the elbow.

Loss of leg means complete severance at or above the knee joint. Loss of sight means the entire and irrevocable loss of sight of the eye.

Loss of speech means the entire and irrevocable loss of speech which does not allow audible communication of any degree.

Loss of thumb and index finger means the complete severance between the wrist and the interphalangeal and proximal interphalangeal joints of one hand, respectively.

Loss of finger means the complete severance at or above the knuckles joining the finger to the hand.

Loss of toe means the complete severance at or above the knuckle joining the toe to the foot.

Hemiplegia means paralysis of one side of the body.

Paraplegia means paralysis of the lower portion of the body (including the bowel and bladder) and both lower limbs due to injury of the spinal cord.

Quadriplegia means paralysis of four limbs.

Exposure and Disappearance

If an Employee suffers a Loss specified in the Table of Covered Losses due to unavoidable exposure to the elements of nature after a conveyance in which the Employee was travelling, sinks, makes a forced landing or is lost, wrecked or stranded, such loss will be deemed to have occurred as a result of an accidental injury.

An Employee is deemed to have suffered death by accidental injury if his body is not found within 365 days after a conveyance in which the Employee was traveling, sinks, makes a forced landing or is lost, wrecked or stranded.

Accidental Death & Dismemberment Benefit

Losses Not Covered

No benefit is payable for any loss directly or indirectly related to:

- a) suicide or self-inflicted injury, whether the Employee is sane or insane;
- b) war, insurrection, the hostile actions of any armed forces, or participation in a riot or civil commotion;
- c) an infection (except pyogenic infections from an accidental cut or wound), illness or disease or the medical treatment of any illness or disease, or bodily or mental infirmity;
- d) riding in, boarding or leaving, or descending from, any aircraft as a pilot, operator or member of the crew;
- e) riding in, boarding or leaving, or descending from, any aircraft which is owned, operated or leased by or on behalf of the Employer;
- f) the committing of or attempt to commit an assault or criminal offence; or
- g) injuries sustained while operating a motor vehicle, either while under the influence of any intoxicant or if the Employee's blood contained more than 80 milligrams of alcohol per 100 millilitres of blood at the time of injury.

Waiver of Premiums

If an Employee's Life Insurance premiums are being waived while this Benefit is in force, the premiums for this Benefit will also be waived.

Waiver of Premiums for this Benefit will be effective on the same date as the Waiver of Premiums for the Life Insurance Benefit.

The amount of insurance continued under this provision will be subject to the same terms described under the Life Insurance Benefit, except that:

- a) the Conversion Privilege is not available for this Benefit (unless required by legislation or regulation); and
- b) Waiver of Premiums for this Benefit terminates when this Benefit terminates.

APPENDIX B

Appendix B – 47
New Atlantic Region – Quebec Division Seniority List

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of way Employees Division
2775 Lancaster Road
Ottawa, Ontario
K1B 4V8

Dear Sir:

This is in regard to our discussions during the 2007 round of negotiations concerning the consolidation of the Atlantic Region seniority territories.

It is agreed that the parties will meet following ratification to finalize an Atlantic Region - Quebec Division seniority list prior to printing the collective agreement.

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

Yours truly,

Rick Wilson
AVP
Labour Relations

I Concur:
W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division

APPENDIX C

Appendix B – 48 Alternate Grievance Resolution Meetings

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of way Employees Division
2775 Lancaster Road
Ottawa, Ontario
K1B 4V8

Dear Sir:

This is in regard to our discussions during the 2007 round of negotiations to explore alternate grievance resolution methods during the closed period. It is understood that this will not prevent the further handling of unresolved grievances in accordance with Section 15 of the Collective agreement.

Yours truly,

Rick Wilson
AVP, Labour Relations

APPENDIX D

Appendix B – 49 Incorporate Appendices into the Collective Agreement

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of way Employees Division
2775 Lancaster Road
Ottawa, Ontario
K1B 4V8

Dear Sir:

This letter is with regard to our desire to incorporate the appendices into the collective agreement.

The parties agree that a four (4) person committee (two company and two Union), will be formed and be responsible for incorporating the appendices into the Collective Agreement. The principles contained within the appendices will not be altered. It is understood that some of the appendices may remain as stand alone as agreed by both parties. If both parties cannot reach agreement on the issue in dispute, the parties agree to progress to arbitration to resolve the issue.

The committee is to be formed within 30 days of ratification and completed within two (2) months, from the date of formation of the committee. The Company agrees to pay for the lost wages, including overtime and reasonable expenses associated with the participation of the two (2) Union members on the committee.

Yours truly,

Rick Wilson
AVP, Labour Relations

APPENDIX E

**Appendix B – 50
Local Rules**

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division
2775 Lancaster Road
Ottawa, Ontario
K1B 4V8

Dear Sir:

This is in regard to our discussions during negotiations pertaining to the approval process of all local rules.

Effective January 1, 2008 all new local rules will need to be approved by the Director of Labour Relations (or designate) and the President (or designate) of the TCRC MWED. During 2007, both the Company and the Union agree to determine all existing local rules and ensure documentation exists to support the rule.

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

Yours truly,

Rick Wilson
AVP, Labour Relations

I Concur:
W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division

Appendix F
Amendment Section 7: Union Dues and Initiation Fee

SECTION 7
DEDUCTION OF DUES

Union Dues

- 7.1 The Railway shall deduct on the payroll for the pay period which contains the 24th day of each month from wages due and payable to each employee coming within the scope of this collective agreement an amount equivalent to the uniform monthly union dues of the Teamsters Canada Rail Conference Maintenance of Way Employees Division, subject to the conditions and exceptions set forth hereunder.
- 7.2 The amount to be deducted shall be equivalent to the uniform, regular dues payment of the Teamsters Canada Rail Conference Maintenance of Way Employees Division covering the position in which the employee concerned is engaged and shall not include special assessments. The amount to be deducted shall not be changed during the term of this collective agreement excepting to conform to a change in the amount of regular dues of the TCRC MWED in accordance with its constitutional provisions. The provisions of Section 7 shall be applicable on receipt by the Railway of notice in writing from the TCRC MWED of the amount of regular monthly dues.
- 7.3 Employees filling positions of a supervisory or confidential nature not subject to all the rules of the applicable agreement as may be mutually agreed between the designated officers of the Railway and of the Organization, shall be excluded from dues deduction, except as otherwise provided for in Clause 10.21.
- 7.4 Membership in the TCRC MWED shall be available to any employee eligible under the constitution of the TCRC MWED on payment of the initiation or reinstatement fees uniformly required of all other such applicants by the local lodge or division concerned.
- 7.5 Deductions for new employees shall commence on the payroll for the first pay period, which contains the 24th day of the month.
- 7.6 If the wages of an employee payable on the payroll which contains the 24th day of any month are insufficient to permit the deduction of the full amount of dues, no such deduction shall be made from the wages of such employee by the Railway in such month. The Railway shall not, because the employee did not have sufficient wages payable to him on the designated payroll, carry forward and deduct from any subsequent wages the dues not deducted in an earlier month.
- 7.7 Employees filling positions coming within the scope of more than one wage agreement in the pay period in which deduction is made shall have dues deducted for the Organization holding the agreement under which the preponderance of their time is worked in that period. Not more than one deduction of dues shall be made from any employee in any month.
- 7.8 Only payroll deductions now or hereafter required by law, deduction of monies due or owing the Railway, pension deductions and deductions for provident funds shall be made from wages prior to the deduction of dues.

- 7.9 The amounts of dues so deducted from wages accompanied by a statement of deductions from individuals shall be remitted by the Railway to the officer of the TCRC MWED, as may be mutually agreed by the Railway and the TCRC MWED, not later than forty calendar days following the pay period in which the deductions are made.

Union Initiation Fee

- 7.10 New employees, whom the TCRC- MWED represents, that establish membership with the Union, shall be subject to a one time initiation fee of \$25.00, or as may be altered and communicated by the TCRC-MWED from time to time.
- 7.11 The initiation fee will be collected through payroll deduction on the first pay deposit that does not include a regular Union Dues deduction and will forwarded by the Company to the Union, accompanied by a statement of deductions. Such deductions shall be remitted by the Railway to the officer of the TCRC MWED, as may be mutually agreed by the Railway and the TCRC MWED, not later than forty calendar days following the pay period in which the deductions are made.

Liability, Litigation and Compensation

- 7.12 The Railway shall not be put to any cost or risk and shall not be responsible financially or otherwise, either to the TCRC MWED or to any employee, for any failure to make Union Dues and Initiation Fee deductions or for making improper or inaccurate deductions or remittances. However, in any instance in which an error occurs in the amount of any deduction of dues or initiation fee from an employee's wages, the Railway shall adjust it directly with the employee. In the event of any mistake by the Railway in the amount of its remittance to the TCRC MWED, the Railway shall adjust the amount in a subsequent remittance. The Railway shall have no liability for any and all amounts deducted pursuant to the provisions of this article.
- 7.13 In the event of any action at law against the parties (including without limitation any actions before a Court of Law, an Arbitrator, the Canada Industrial Relations Board, Human Resources Development Canada, or any other decision making body) hereto resulting from any payroll deductions made or intended to be made by the Railway in respect of a Union Dues and Initiation Fee deduction, all parties shall cooperate fully in the defense of such action. The TCRC - MWED shall bear its own costs in their entirety, including counsel fees. Further, the TCRC MWED shall indemnify and save harmless the Railway from any losses, damages, costs (including all legal costs), liability or expenses suffered or sustained by it as a result of making payroll deductions in respect of Union Dues and Initiation Fee deductions. In all cases, the TCRC-MWED agrees to keep CPR whole in all respects. In the case of any challenge of any kind as to the propriety of the Union Dues and Initiation Fee deductions, the TCRC-MWED shall assume all costs and responsibility associated with answering and defending any such challenge.
- 7.14 The question of what, if any, compensation shall be paid the Railway by the TCRC MWED in recognition of services performed under Section 7 shall be left in abeyance subject to reconsideration at the request of either party on fifteen days' notice in writing.

Appendix G

Appendix B – 43 Goalshare

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division
Suite 2 - 2775 Lancaster Rd.
Ottawa, Ontario
K1B 4V8

Dear Mr. Brehl,

This is to confirm that an annual goalshare or incentive program with a maximum payout of 5% of employees earnings will be implemented by the Company for the term of this contract. Such program may be either global in nature or targeted to specific areas e.g. Service Area, Track Programs & Equipment, Structures, Rail Butt Welding Plant or individual employees. These specific areas will be agreed upon between the parties.

Each year's program will include 4%, based on business objectives. Each objective will have a target that is consistent with Engineering Services business plan, 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 a business objective. In other words, a business objective that contributes 1% for achieving the target, would contribute 1.25% for achieving the stretch target. The maximum payout for business objectives is 4%.

Prior to the start of each year, but no later than January 31st, there will be a four member committee, financed by the company, consisting of two Union members and two Company officers, who will meet to agree upon the weighting of objectives which will be in place for the Goalshare Program year. As discussed, personal injuries will not form part of the program. The final plan payout will also be reviewed with the union prior to the actual payout, but not later than February 28.

In addition to the 4% for business objectives, an additional 1% is being made available based upon the Company achieving the operating income performance level established annually by the Board of Directors. There is no stretch target for the operating income objective.

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

Goalshare payments are considered as pensionable earnings.

Yours truly,

Rick Wilson
AVP, Labour Relations

Appendix H

Appendix B – 51

Storage of occupied Boarding Car Outfits next to the main track

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division

Dear Mr. Brehl,

This refers to recent discussions during negotiations concerning the storage of occupied Boarding car Outfits next to the main track.

The Union has expressed a desire to eliminate or minimize the storage of occupied Boarding Car Outfits next to the main track.

The company recognizes the Union's concerns and is willing to move forward with the following:

- 1) The Company will schedule its occupied Boarding Outfit Car storage locations with the attempt to minimize storage adjacent to main track.
- 2) Prior to the annual meeting (as per Section 8.3), the General Manager of TP&E will provide to the Union a detailed list showing the locations on each subdivision that will be used to store occupied Boarding Car Outfits for the work season. This information will also contain the explanation for the storage of occupied Boarding Car Outfits adjacent to main track at all locations where this is to be practiced.
- 3) If the Union requests additional reasonable information this will be supplied promptly, prior to the annual section 8.3 meeting.
- 4) If the Union has concerns with any of the locations, every attempt shall be made to resolve such at the 8.3 meeting. If resolution cannot be met, these issues may be escalated to the Vice-President of Engineering Services.
- 5) In addition to 1 and 2, the parties will meet within 45 days of ratification to review locations where Boarding Car Outfits are tied up next to the main track, and where alternate tie-up locations may be reasonably used instead, for the current work season.

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

Yours truly,

Brock Winter
Senior VP Operations

I Concur:

W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division

Appendix I

Appendix B – 52
Starting Rates (Section 2.1) – New hire employees

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division
Suite 2 - 2775 Lancaster Rd.
Ottawa, Ontario
K1B 4V8

Dear Mr. Brehl,

This refers to the Union's desire to revise the Starting Rate provisions contained in Section 2 of Wage Agreements 41 & 42 and all applicable supplements to reflect that they begin at 90% of the job rate and increase by 5% every six (6) months.

While the Company could not agree with the Union's demand, starting rates can be reviewed as part of the closed period retention study.

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

Yours truly,

Rick Wilson
AVP, Labour Relations

I Concur:

W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division

Appendix J

Appendix B – 53 Retention Study

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division
Suite 2 - 2775 Lancaster Rd.
Ottawa, Ontario
K1B 4V8

Dear Mr. Brehl,

This refers to recent discussions during negotiations concerning the Union's desire for a pay equity study or mutually agreed upon alternative, taking into consideration the Company's concern with employee retention.

Both parties recognize the value of well trained employees, and the fact that they are in demand by other employers. Accordingly, the Company will fund a joint study so that the parties may review attraction and retention data and identify specific positions or locations where there are problems attracting and retaining employees. The parties will discuss the root cause issues, including the competitiveness of job and starting rates, pay scales and working conditions. The focus will also be to find solutions, possibly containing but not limited to, compensation pertaining to various classifications based upon education, training and experience, starting rate revisions and other incentives.

The first session will commence within 90 days of ratification.

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

Yours truly,

Rick Wilson
AVP, Labour Relations

I Concur:

W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division

Appendix K

Appendix B – 54

Seasonal Work Crews staying in direct billed accommodation obtaining proper meals

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division
Suite 2 - 2775 Lancaster Rd.
Ottawa, Ontario
K1B 4V8

Dear Mr. Brehl,

This is in regard to our discussions during negotiations pertaining to the Union's concern that employees on Seasonal Work Crews, which were staying in direct billed accommodation, were not being provided with a reasonable opportunity to obtain proper meals.

The company will commit that all reasonable attempts will be made to insure that direct billed accommodation is located near amenities and/or restaurants that will be open in conjunction with the shifts worked by the employees staying there, recognizing that this will not always be possible.

The company will also commit to attempting to supply accommodations with kitchen facilities, microwaves and/ or refrigerators when cost effective and available.

The company agreed that when direct billed accommodation is located such that access to meal facilities is neither convenient nor feasible, then the Company will make transportation arrangements for employees to obtain meals and/or meal supplies.

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

Yours truly,

Rick Wilson
AVP, Labour Relations

I Concur:

W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division

Appendix L

**Appendix B – 55
Bid/Award System**

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division
Suite 2 - 2775 Lancaster Rd.
Ottawa, Ontario
K1B 4V8

Dear Mr. Brehl,

This is in regard to our discussions during negotiations pertaining to the Company's desire to increase workplace stability by streamlining the process associated with the Bid/Award System.

While the Union was unable to agree with the Company's demand, the parties did agree to meet during the closed period of the contract to explore possible changes that could be made. Further, it was agreed that any savings that might be generated through a modification of work rules that lead to a streamlining of the Bid/Award System would be equally shared between the parties.

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

Yours truly,

Rick Wilson
AVP, Labour Relations

I Concur:

W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division

Appendix M

Appendix B – 56 Annual Vacation

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division
Suite 2 - 2775 Lancaster Rd.
Ottawa, Ontario
K1B 4V8

Dear Mr. Brehl,

This refers to recent discussions during negotiations concerning the Union's desire for a review into the practices of how vacations are scheduled in TP&E, Basic Track and Bridges and Structures.

While the Company could not agree with the Union's demand for scheduling vacations as the BST for TP&E and the starting location for bridges & structures and basic track, it nevertheless is prepared to meet with the Union during the closed period to discuss the matter of vacation scheduling.

The parties will review best practices, vacation allotment based on size of workforce etc. to determine if changes could be made to the process of scheduling vacations to ensure consistency across the system.

The first session will commence within 90 days of ratification, is to be completed 90 days thereafter, such that the results can be used in scheduling vacation in 2008.

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

Yours truly,

Rick Wilson
AVP, Labour Relations

I Concur:

W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division

Appendix N

Appendix B – 1 Rest Day Travel

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division
Suite 2 - 2775 Lancaster Rd.
Ottawa, Ontario
K1B 4V8

Dear Mr. Brehl,

This has reference to negotiations with respect to changes made to rest day travel assistance for employees represented by the TCRC – MWED.

During the 2007 round of bargaining, the Company and the Union agreed to revise the System Policy based on Regional policies in effect covering this subject. In so doing, the parties concluded that, as in the past, rest day travel arrangements must be fair and practical and must not be permitted to interfere with the performance of work. These arrangements must also contain suitable restrictions on the frequency of trips and must not place an unreasonable economic burden on the Company.

The parties have concluded that a variety of means must be employed to assist the employees with rest day travel. The determination of the means to be applied in any given situation must rest with the appropriate Company Officers.

Qualification:

In order to qualify for rest day travel assistance, an employee must be required to work away from his/her home location on a regular basis (a minimum of five consecutive days prior to the start of rest days, or a minimum of four days on a 4&3 work cycle). It is not the intention to provide rest day travel assistance to an employee holding a permanent position in one location who elects to live in another; however, there may be exceptional situations, such as lack of housing, etc., which may require that consideration be given to a rest day travel allowance in such situations. These situations must be authorized by the appropriate Company Officer in advance.

Travel Assistance:

As mentioned above, the means to be used to assist employees with rest day travel will vary. The determination of which means will apply in each case rests with the appropriate Company Officers. The means that may be employed are:

- Train Service
- Company vehicles
- Actual bus fares by way of tickets or passes provided by the Company
- A mileage allowance calculated using bus fares prevailing on August 1st each year. The rates as of August 1, 2006 are:

| District | Bus Rate August 2006 | 4/3 Schedule Plus 4 cents Date of Ratification | 8/6 Schedule Plus 9 cents Date of Ratification |
|--------------|-------------------------|---|---|
| Atlantic D-1 | 16.60 cents/km | 20.60 cents/km | 25.60 cents/km |
| Eastern D-2 | 17.23 cents/km | 21.23 cents/km | 26.23 cents/km |
| Prairie D-3 | 15.31 cents/km | 19.31 cents/km | 24.31 cents/km |
| Pacific D-4 | 15.52 cents/km | 19.52 cents/km | 24.52 cents/km |

- Note – Effective date of ratification.
Further revision due to bus fare review in August of 2007

Restrictions:

The Company's commitment under this rest day travel policy shall not extend beyond the limits of the Region* on which the employee is working at the time of submission. The only exception to the foregoing is when an employee is employed on a gang which is temporarily transferred from one Region to another. In such circumstances, the employee shall be entitled to rest day travel assistance on a pro-rata basis, from his/her work location on one Region to his/her home location on the other.

- * (The former Atlantic, Eastern, Prairie and Pacific Regions will remain separate for the purpose of establishing travel limits for this policy.

Note: These restrictions may only be modified by mutual agreement between the Parties.

Administration:

Claims for payment under the terms of this arrangement must be made monthly in accordance with Company instructions.

Implementation:

The provisions contained in this letter shall become effective on the first of the month following ratification, and supersede all previous Regional policies covering rest day travel expenses for employees represented by your organization. The next mileage allowance adjustment for bus fares will be made on August 1, 2007.

Yours truly,

Rick Wilson
AVP, Labour Relations

I Concur:

W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division

Appendix O

**Appendix B – 58
Preferred Vendor List – Safety Clothing and Footwear**

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division
Suite 2 - 2775 Lancaster Rd.
Ottawa, Ontario
K1B 4V8

Dear Mr. Brehl,

The Company agrees to develop and distribute to employees a list of preferred vendors that would offer employee discounts for safety clothing & footwear purchases.

The preferred list will be distributed once per year and will be updated as applicable.

Yours truly,

Rick Wilson
AVP, Labour Relations

Appendix P

Appendix B – 40

Letter concerning the diversion of 1% of the Company's contribution to the ES Fund

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division
Suite 2 - 2775 Lancaster Rd.
Ottawa, Ontario
K1B 4V8

Dear Mr. Brehl:

During negotiations there was a shortfall between the Union's expectations and what the Company was prepared to agree to with respect to an overall settlement. In exploring options that would satisfy both parties concerns, we evaluated the possibility of diverting all or part of the existing company contribution (1%) to the ES fund to cover this shortfall.

A review of the ES fund clearly indicated that a 1% diversion would not negatively impact the fund's ability to cover the future cost of benefits.

Thus, upon ratification, 1% of the existing company contribution to the ES fund will be temporarily converted to a semi-annual lump sum payment equivalent to 1% of gross payroll earnings and paid to each employee for the period January 1st to June 30th and then a second payment for the period from July 1st to December 31st.

In order to allow for a full payment for the Period January 1st, 2007 until June 30th, 2007, any monies advanced to the ES Fund for this corresponding time will be withdrawn from either the ES-EB and/or ES-SUB Funds, as determined by the Company and refunded to the Company.

The aforementioned process shall remain in effect for the duration of the contract, at which time it will revert to the former contribution arrangement (1% of gross monthly payroll for employees represented by the TCRC-MWED employed by Canadian Pacific in Canada).

It is understood that the company will not incur additional liability as a result of this change should the fund cease to have sufficient funds to cover its obligations.

The 1% diversion payments shall be considered as pensionable earnings.

Yours truly,

Rick Wilson
Assistant Vice-President
Industrial Relations

(Side letter – Travel Assistance for Atlantic province TP&E employees - Not included in Memorandum of Settlement)

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division
Suite 2 - 2775 Lancaster Rd.
Ottawa, Ontario
K1B 4V8

Dear Mr. Brehl:

During negotiations the Union expressed concerns regarding the financial hardship experienced by employees that travel from the Atlantic provinces to work on Seasonal TP&E work crews.

In addressing this concern, effective January 1, 2008 the Company shall provide compensation for one round air fare trip, in economy class, to assist these employees with “deployment” and “return home” expenses.

Reimbursement shall be administered through expense account submission and air fare will be reimbursed as the “lowest fare available” rate, regardless of the actual fare paid.

Reimbursement for the “return home” air fare will only be made if the employee remains working a full work season, unless otherwise mutually agreed on a case by case basis.

Yours truly,

Rick Wilson
AVP, Labour Relations

(Side letter – Safety Clothing & Footwear Subsidy - Not included in Memorandum of Settlement)

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division
Suite 2 - 2775 Lancaster Rd.
Ottawa, Ontario
K1B 4V8

Dear Mr. Brehl:

During negotiations the TCRC-MWED submitted a demand to increase the current safety boot subsidy and safety clothing subsidy.

The Company agreed to change the safety boot policy as it applies to employees represented by the TCRC-MWED by increasing the existing subsidy from \$50.00 to \$55.00.

The Company also agreed to change the safety clothing subsidy policy as it applies to employees represented by the TCRC-MWED by increasing the existing \$40.00 subsidy to \$45.00.

This understanding will not form part of the collective agreement.

Yours truly,

Rick Wilson
Assistant Vice-President
Industrial Relations

(Side letter – Meal Allowance for employees - Not included in Memorandum of Settlement)

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division
Suite 2 - 2775 Lancaster Rd.
Ottawa, Ontario
K1B 4V8

Dear Mr. Brehl,

This is in regard to our discussions during negotiations pertaining to the Union's concern that the Company was terminating the long standing practice of providing a lunch meal allowance to employees that are required to work away from their headquarter location during the meal period of their work shift.

The parties agreed that the Company would not terminate this existing arrangement and that it would be maintained, on a without prejudice and precedent basis. Further, it was agreed that this practice would be incorporated into a Union/Company approved local rule, in keeping with the newly negotiated Local Rules provision of the collective agreement.

If the foregoing accurately reflects your understanding of this matter, please indicated your concurrence in the space provided below.

Yours truly,

Rick Wilson
AVP, Labour Relations

I Concur:

W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division

(Side letter – Benefit Continuation - Not included in Memorandum of Settlement)

June 6, 2007

Mr. W. Brehl
President
Teamsters Canada Rail Conference
Maintenance of Way Employees Division
Suite 2 - 2775 Lancaster Rd.
Ottawa, Ontario
K1B 4V8

Dear Mr. Brehl,

This is in regard to our discussions during negotiations pertaining to the Union's demand that all benefits are to remain in effect for 30 days during periods of absence from work for non-work related illness or injury

This shall serve to confirm that expiry rules for benefits are as follows:

| Employee Status - Off Sick / Illness: | |
|---|--|
| Dental Plan | Expire 12 weeks from the date of the illness |
| Extended Health & Vision Care | Expire 6 months from the end of the month |
| Life Insurance (TCRC-RTE) | Expire 10 months from the end of the month |
| Life Ins. (USW, IBEW, CAW, TCRC-MWED, CPPA, RCTC) | Expire 6 months from the end of the month |
| LTD (CPPA, USW, RCTC, TCRC-MWED & BLE) | Leave coverage active, expire the deduction |
| Optional Life | Expire on the last day of the month |

Note: Employee on sick/illness leave may choose to continue to pay direct for their **extended health** and **life insurance** for an additional six months equaling a total of one year.

Yours truly,

Rick Wilson
AVP, Labour Relations