

MEMORANDUM OF SETTLEMENT

DATED

Ottawa, April 10, 2010

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 2010, 2011, 2012

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, 2010 through to December 31, 2012.

Amend Article 22.5 to read:

22.5 This agreement, effective January 1, 2010, as amended and updated, shall remain in full force and effect until December 31, 2012, 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, 2012.

2. WAGES

Six percent (6%) over the three year term as follows:

- a) Effective January 1, 2010, increase by 3% the rates in effect on December 31, 2009.
- b) Effective January 1, 2011, increase by 3% the rates in effect on December 31, 2010.
- c) Effective January 1, 2012, the rates in effect on December 31, 2011, will remain in place for 2012.
- d) Effective the first of the month following ratification, new section 2.26 as follows:

Operation of Air Brake Equipped Motor Vehicles on Service Areas

Service Area employees, other than Track Maintainer/Section Truck Drivers AIR - BTMF and employees who fall within the scope of the machine operators supplemental (green pages), who are assigned the operation of Service Area motor vehicles equipped with air brakes shall be paid a premium payment of \$1.20 per hour, above their normal hourly rate of pay, for each hour that the employee is assigned the responsibility for care and operation of the vehicle.

In the application of this subsection 2.26, Section employees will be assigned to drive the Section Vehicle in the following classification order:

1. Track Maintainer
2. Leading Track Maintainer
3. Track Maintenance Foreman

In all other applications, when such employees are so assigned, they shall be chosen on the basis of senior may/junior must from the date of entry into Maintenance of Way service, on the crew.

This air brake premium payment shall not apply to compensation for any paid leave, including General Holidays, Annual Vacation, Bereavement Leave, Jury Duty, the

establishment of Basic Weekly Pay for MBR and ES top-up purposes, nor shall it apply to the application of section 10.16.

Compensation pertaining to this air brake premium payment shall not be considered as pensionable earnings.

3. PENSION

a) Appendix "K" JS/ES Agreement – Pension Buyback proposal

Effective the January 1, 2010, on a window basis, opportunities to buy-back pension service will be offered to employees where such buybacks will result in employees, with Employment Security protection affected by a change pursuant to Article 8.1(a) of the Job Security Agreement, maintaining a permanent position. The parameters of such a buy-back are contained in Appendix A of this agreement.

4. GOALSHARE

Renew & Amend Appendix A-9 as follows:

APPENDIX A-9

April 10, 2010

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,

General - Program Design

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.

Business Objectives (4%)

Each year's program will include 4%, based on business objectives.

- Each business objective will be set by the Company and 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 in another business objective. 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%.

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

- Each business objective will have an assigned weight which shall be mutually agreed to between the Company and the Union.
- Individual personal injury performance will not form part of the program.

Corporate Financial Objective (1%)

In addition to the 4% for business objectives, an additional 1% is being made available based upon the Company fully achieving (100%) the financial performance target established annually by the Board of Directors.

- The corporate financial objective will be set by the Company and is not subject to a stretch target, or pro-rating.
- Once established, the annual corporate financial threshold and target levels will not be changed for the purpose of administering this program

Business Objectives Setting

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 review and discuss the objectives, and the weighting of the objectives, that are established by the Company which will be in place for the Goalshare Program year.

- Subsequent to the initial meeting, this committee may agree to meet by conference call.

Business Objective Payout

The Company must achieve the annual minimum corporate financial "Threshold Level", established annually by the Board of Directors, for any program payout to occur.

- Corporate financial results achieving the minimum Threshold performance level will result in a 50% payout of goalshare business objective results.

- Corporate financial results achieving the maximum Target performance level will result in a 100% payout of goalshare business objective results.
- Business objective (4%) results falling between the corporate Threshold and Target performance levels shall be prorated, based upon the annual design of the corporate incentive compensation program that is established annually by the Board of Directors.

Prorating provides an ability to recognize employee contributions to the Goalshare Program in light of a partial achievement of the corporate financial performance objective(s).

An example of proating business objectives and program performance payout is as follows:

Objective		Weight	Corporate Financial Performance			
			25% (Under Threshold)	50% (Minimum Threshold)	75% (Less than Target)	100% (Corp. Target)
A	Financial (OI)	1.00%	0.00%	0.00%	0.00%	1.00%
B	Safety	1.00%	0.00%	0.50%	0.75%	1.00%
C	Service	1.00%	0.00%	0.50%	0.75%	1.00%
D	Productivity	1.00%	0.00%	0.50%	0.75%	1.00%
E	Other	1.00%	0.00%	0.50%	0.75%	1.00%
Payout		5.00%	0.00%	2.00%	3.00%	5.00%

The final plan payout will be reviewed with the Union, by e-mail and/or conference call, prior to the actual payout, but not later than February 28.

Goalshare payments are considered as pensionable earnings.

Yours truly,

Scott Seeney
Director, Labour Relations

5. BENEFITS

Life Insurance & Disability Benefits

The Group Term Insurance Policy and the Disability Benefit Plan for employees represented by the Teamsters Canada Rail Conference – Maintenance of Way Employees Division, Plan 84500, effective January 1, 2007, will be further amended as follows in respect of employees covered by this Memorandum of Settlement:

Life Insurance

- a) Effective the January 1, 2010, the group life insurance coverage will be increased from \$39,000 to \$44,000 for employees who have service with the Company on or subsequent to that date.
- b) Effective January 1, 2011, the group life insurance coverage will be increased from \$44,000 to \$45,000 for employees who have service with the Company on or subsequent to that date.
- c) Effective January 1, 2012, the group life insurance coverage will be increased from \$45,000 to \$46,000 for employees who have service with the Company on or subsequent to that date.

Disability Benefits

- a) Effective January 1, 2010, the maximum benefit will be increased to \$620.00.
- b) Effective January 1, 2011, the maximum benefit will be increased to \$640.00.
- c) Effective January 1, 2012, the maximum benefit will be increased to \$650.00.

Dental Plan

The Group Dental Plan for employees represented by the Teamsters Canada Rail Conference – Maintenance of Way Employees Division, Plan 84500, effective January 1, 2007, 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, 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 amount deemed reasonable by the Plan's insurer.
 - ii) Effective with treatment which commenced on or after January 1, 2011 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 2011 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, 2012 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 2012 or in the absence of same, the amount deemed reasonable by the Plan's insurer.
 - iv) For the Province of Alberta, the Fee Guide stated above shall be the Alberta Representative Guide and will be made available to the TCRC-MWED Membership as published yearly by the Company.
- b) Effective January 1, 2010, increase the annual maximum from \$1,425 to \$1,525.
- c) Employees hired subsequent to January 1, 2010, shall become an eligible employee for Dental Plan benefits on the first day of the next calendar month following the date on which the employee completes six months of service. An employee who has service for a regular or partial eight-hour shift for 126 days will be deemed to have completed 6 months of service.
- d) Amend the definition of spouse in item 2.1 (7) (a) (i) as follows:

(7) "Dependent" means

(a) A spouse is:

- (i) The person who is legally married to you 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 a 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 were not free to marry the other.

In the case of legal separation of more than three months, or divorce, he/she is no longer eligible for coverage.

e) Cost Neutral Drug Card

Refer to Appendix B of this MOS – Drug Card Pilot Letter

The parties agree that the cost neutral drug card will be subject to a stand alone ratification, separate and apart from the remainder of this MOS.

Extended Health & Vision Care Plan

The Extended Health and Vision Care Plan for employees represented by the Teamsters Canada Rail Conference – Maintenance of Way Employees Division, Plan 84500, effective January 1, 2007, will be further amended as follows in respect of employees covered by this Memorandum of Settlement:

- a) Effective January 1, 2010, the maximum amount for chargeable expenses for vision care will be increased from \$225.00 to \$250.00 (coverage will remain at 80%) in any 18 month period for persons under the age of 18 and in any 24 month period for persons age 18 and over.
- b) Amend the definition of spouse in item 1.16 as follows:

“Eligible Spouse” means the person who is legally married to you 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 a 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 were not free to marry the other.

In the case of legal separation of more than three months, or divorce, he/she is no longer eligible for coverage.

- c) Employees hired subsequent to January 1, 2010, shall become an eligible employee for Extended Health & Vision Care Plan benefits on the first day of the next calendar month following the date on which the employee completes six months of service. An employee who has service for a regular or partial eight hour shift for 126 days will be deemed to have completed 6 months of service.
- d) Effective January 1, 2012, increase the life time maximum for the Health & Vision Care Plan from \$48,000 to \$50,000

Benefits General

- a) As of the 1st of the month following ratification, provide Coordination of Spousal Benefits for spouses in the same bargaining unit.
- b) Effective January 1, 2010, or as soon thereafter as it may be arranged, the various contracts and policies provided in the Employee Benefit Plan Supplemental Agreement

and attached as Appendices to the Dental Plan and the Extended Health & Vision Care Plan, as well as they will be amended in conformity with the aforementioned changes.

6. JOB SECURITY AGREEMENT

a) Amend Article 6 to reflect the following adjustments:

- i) Article 6.4 – Effective January 1, 2012, increase the allowance from \$975.00 to \$1,000.00
- ii) Article 6.5 – Effective January 1, 2012, increase the allowances from \$250.00/\$130.00 to \$270.00/\$150.00
- iii) Article 6.8 (a) – Effective January 1, 2012, increase the reimbursement from \$16,000.00 to \$17,000.00
- iv) Article 6.8 (c) (ii) – Effective January 1, 2012, increase the reimbursement from \$16,000.00 to \$17,000.00
- v) Article 6.9 – Effective January 1, 2012, increase the amount from \$8,000.00 to \$9,000.00
- vi) Article 6.10 (a), (b) – Effective January 1, 2012, increase the allowance from \$260.00 to \$290.00.

7. WORK RULES

a) **Add new items c), Section 8.1 to provide for a 8&6 and 7&7 work schedule as follows:**

c) In addition to items a) and b) above, work schedules for employees working

- (i) In Track Programs and Equipment,
- (ii) As Timekeepers pursuant to the Supplemental Agreement governing Timekeepers in Maintenance of Way Service,
- (iii) In work equipment repair service pursuant to the Supplemental Agreement governing Employees in the Work Equipment Repair Shops on the System in Connection with the Repair of Power Operated Roadway Machines,
- (iv) As members of Bridges & Structures crews working on Capital and Special Maintenance projects while working in alignment with a track block being utilized by a TP&E Seasonal Work crew on the same subdivision.

may be established as follows:

- Eighty (80) hours consisting of eight (8) days of 10 hours, with six (6) consecutive rest days in each fourteen (14).
- Eighty (80) hours consisting of seven (7) days of 11 hours and 25 minutes each, with seven (7) consecutive rest days in each fourteen (14).

It is understood and agreed that, without exception, and notwithstanding any other provision in this collective agreement, every crew that works either a 8&6 schedule or a 7&7 schedule shall be deemed to be a Special Work Crew for the purposes of, and shall fall within the scope of, section 8.36 of this collective agreement.

b) Modify item 8.6 (3) to provide as follows:

- (3) In the application of this item 8.6, it is understood that the starting time could vary each day by up to two (2) hours, however, a starting time change in excess of two (2) hours can only be implemented once in each 5&2 and 4&3 work cycle.

c) Modify section 8.36, Special Work Crews, as follows:

8.36.1 Scope of Application

- a) At the discretion of the Company, work schedules with rest days that are not identified as the preferred rest days in Articles 8.1 (a), 8.1 (b) and 8.17 of the Collective Agreement, or that require employees to work a 7&7 or 8&6 schedule, may be implemented for:
 - i) TP&E work crews,
 - ii) Employees working positions covered by the Supplement to Wage Agreement No. 41, Covering Rates of Pay and Rules governing working conditions of Timekeepers in Maintenance of Way Service,
 - iii) Employees working positions covered by the Supplement to Wage Agreement No. 41, Covering Rates of Pay and Rules governing working conditions of employees in the Maintenance of Way department, employed in Work Equipment Repair Shops on the System in connection with the repair of power operated Roadway Machines, or
 - iv) 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.
- b) 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 Articles 8.1 a), 8.1 b) and

8.17 of the Collective Agreement is implemented for a crew or employees identified in 8.36.1(a) (i), (ii), (iii), or (iv) above, or an employee is covered by 8.1(c) of this collective agreement, the provisions of this Section 8.36 shall apply.

- c) It is understood and agreed that the scope of sections 8.1(c) and 8.36.1 may extend only to actual work crews and not to individual employees except for Timekeepers and Work Equipment Maintainers.

8.36.2 Implementation

- a) Coincident with the implementation of a work schedule that falls within the scope of section 8.36.1(a), such work crew will be considered a “Special Work Crew”.
- b) A Special Work Crew shall represent a new classification of service.
- c) Implementation of Special Work Crew schedules shall be as follows:
 - i) For TP&E Seasonal Work Crews, employees working positions covered by the Supplement to Wage Agreement No. 41, Covering Rates of Pay and Rules governing working conditions of Timekeepers in Maintenance of Way Service, and employees working positions covered by the Supplement to Wage Agreement No. 41, Covering Rates of Pay and Rules governing working conditions of employees in the Maintenance of Way department, employed in Work Equipment Repair Shops on the System in connection with the repair of power operated Roadway Machines:
 - 1) As advertised in the initial start-up bulletin,
 - 2) As advertised by bulletin for crews and for employees as per subsection 8.36.1(c) that commence subsequent to the initial bulletin, or
 - 3) Upon the provision of written notice pursuant to all of the following conditions:
 - a) Applies only to employees and existing work crews that are switched to a 7&7 or 8&6 work schedule for a duration of thirty (30) calendar days or less.
 - b) Written notice detailing the change shall be provided to the President and the relevant Director of the Union and shall be posted in the workplace as soon as possible but not less than fifteen (15) calendar days prior to the date of implementation.
 - c) Within five (5) working days of receiving notice of the change, affected workers shall elect either to remain in their positions or to

exercise their seniority elsewhere. Vacancies created by employees electing to exercise seniority elsewhere shall be filled on a senior may/junior must basis on the Region.

- d) A change implemented pursuant to this subsection 3) shall be permitted only once per work season on each Region.
- e) In the event of a conflict between this subsection 3) and any other provision of the collective agreement, this subsection 3) shall prevail.

ii) For Bridge & Structures Crews:

- 1) As advertised by bulletin, or,
- 2) 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 fifteen (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.

8.36.3 Schedule Changes

- a) 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 with a 5&2 or 4&3 schedule is changed by two (2) or less work cycles, or an advertised Special Work Crew with a 8&6 or 7&7 work schedule is changed by one (1) work cycle, the Company shall post written notice in the workplace for affected employees at least fifteen (15) calendar days prior to the date of the change.

- 2) the established commencement or completion date of an advertised Special Work Crew with a 5&2 or 4&3 schedule is changed by more than two (2) work cycles, or an advertised Special Work Crew with a 8&6 or 7&7 work schedule is changed by more than one (1) work cycle, 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 fifteen (15) calendar days prior to the date of 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 (2) 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 (2) months.
 - 3) the Company may implement a schedule move that exceeds the two (2) 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 fifteen (15) calendar days prior to the date of the change.
- b) In the application of subsection a) i) 2) and ii) above, the affected employees will inform the Company, within five (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.
- c) Employees subject to the change notice issued pursuant to subsections a) i) 2) and a) ii) that elect to depart the Special Work Crew will be permitted to exercise their seniority under the provisions of the Collective Agreement.
- d) 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.
- e) 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.

8.36.4 Start Time Changes

- a) The Company may change the start time for employees working on a Special Work Crew in accordance with Article 8.6 of the Collective Agreement, except that:
 - i) the start time may be changed by a maximum of three (3) hours or less, and,
 - ii) by more than three (3) hours one (1) time in each 5&2, 4&3, 8&6 or 7&7 work schedule.

8.36.5 Schedule Transitioning

- a) An employee working a standard 5&2 or 4&3 work schedule transitioning into, or out of, a 5&2 or 4&3 Special Work Crew schedule shall 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 eighty (80) hours in a pay period, solely account the change in work schedules, the Company will top-up to eighty (80) hours. The top-up hours will be paid at the Special Work Crew rate of pay.

- b) The following applies to an employee working a 5&2 or 4&3 work schedule transitioning into, or out of, a Special Work Crew with a 8&6 or 7&7 work schedule:
 - i) If the employee is forced into, or out of, a position with a 8&6 or 7&7 work schedule, the employee shall be paid no less than eighty (80) regular hours, unless absent from work due to illness, injury, leave of absence or other attendance related reasons.
 - 1) If an employee earns less than eighty (80) hours in a pay period, solely account the change in work schedules, the Company shall top-up to eighty (80) hours. The top-up hours shall be paid at the rate of pay of the position worked prior to transitioning.
 - 2) Employees shall be considered as forced as follows;
 - employee is protecting seniority
 - employee is protecting ES/JS
 - employee is securing a promotion, or a position in a higher classification
 - to remain working

- 3) When an employee is forced to transition between a 5&2 or 4&3 and a 8&6 or 7&7 work schedule, the employee's rest days of the former work schedule shall be honoured. In this regard, employees shall not be required to work on former rest days. This does not apply to employees that bid to a position on a Special Work Crew.

When forced to transition between work schedules, if an employee agrees to work on a former rest day, compensation shall be at the applicable overtime rate of pay.

- ii) If an employee bids and is awarded a lateral or lower rated position with an 8&6 or 7&7 work schedule, the top up to eighty (80) hours of regular pay in a pay period shall not apply.
 - 1) In order to avoid undue hardship to the employee and the Company, the employee may report to the crew working the 8&6 or 7&7 work cycle on the first work day of the next full work cycle of the 8&6 or 7&7 work schedule following the completion of the rest days on the former work cycle. Under such circumstances:
 - The employee shall not be paid overtime solely on account of a change in work schedules. However, the employee will be entitled to overtime rates when they are required to work more than the regular hours of their schedule (e.g. Time in excess of ten hours per day for an employee working on 4&3 schedule).
 - Should the employee decide to report to the 8&6 or 7&7 work schedule on a rest day of the former work cycle, the employee shall be paid for that day at the straight time rate of pay.
- c) When an employee is transitioning between work schedules, in order to mitigate any labour liability associated with the top up requirement, the Company may hold the employee on the former work schedule.
- d) In order to avoid loss of pay, an employee may continue to occupy their current position until reporting for duty on the first day of the next full cycle of the crew working their new work schedule.

8.36.6 Compensation

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

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

- b) Premium payments associated with Special Work Crew service shall not apply to compensation for any paid leave, including General Holidays, Annual Vacation, Bereavement Leave, Jury Duty, or the establishment of Basic Weekly Pay for MBR and ES top-up purposes. The premium payments associated with Special Work Crews shall not be added to or included in the determination of what constitutes a lower paid classification or group for the purposes of section 10.16 of the collective agreement.

Note: Time compensation for such days, for employees working a 7&7 work schedule, shall be 11 hour and 25 minutes.

Time compensation for such days, for employees working a 8&6 work schedule, shall be 10 hours.

- c) Basic Weekly Pay for MBR and ES top-up purposes shall be calculated on the basis of 40 hours per week.

8.36.7 Rest Days

- a) Rest days for Special Work Crews shall be consecutive, but shall not give preference to those identified in Articles 8.1 (a), 8.1 (b) or 8.17 of the Collective Agreement.
- b) When transitioning into, or out of, a Special Work Crew the employee's rest days of the former work schedule shall be honoured. In this regard, employees shall not be required to work on former rest days. This does not apply to employees that bid to a position on a Special Work Crew.

8.36.8 Annual Vacation

- a) Annual vacation for employees covered by the 7&7 schedule and 11 hour and 25 minute shift shall be calculated through the following conversion:
 - 5 days, 40 hours vacation = 3.5 days
 - 10 days, 80 hours vacation = 7 days
 - 15 days, 120 hours vacation = 10.5 days
 - 20 days, 160 hours vacation = 14 days
 - 25 days, 200 hours vacation = 17.5 days
 - 30 days, 240 hours vacation = 21 days

- b) In the application of 8.36.8(a), employees may exercise one of the following options in order to compensate for the .5 days of their annual vacation entitlement:
 - i) Increase their entitlement to the next whole number of days and receive only 5 hours and 42 minutes respectively for the increased day;
 - ii) Increase their entitlement to the next whole number of days and transfer 5 hours and 42 minutes respectively from their banked overtime – regular bank to cover the pay shortfall for the increased day;
 - iii) Decrease their entitlement to the next whole number of days and transfer the 5 hours and 42 minutes respectively to their banked overtime – regular bank.
- c) In the application of section 8.36.8(b), employees shall advise in writing of the option they wish to exercise fourteen (14) days prior to commencing annual vacation.
- d) Annual vacation entitlement shall be handled as outlined in section 6 of the collective agreement for all other work schedules.
- e) An employee who has previously scheduled and approved vacation, and whose work schedule changes pursuant to this article 8.36, shall have the following options:
 - i) Reschedule annual vacation to a mutually agreeable time, or,
 - ii) Increase annual vacation to cover the shortfall (in order to fill out the vacation days) by using banked time, or,
 - iii) Supplement by using unused annual vacation to fill out the vacation days, or,
 - iii) Secure an unpaid Leave of Absence.

8.36.9 General Holidays

- a) In the application of Section 4 of this collective agreement (General Holidays), when a general holiday falls on a day that does not coincide with a rest day, the Director of the Union and the Manager of Labour Relations may agree to an alternate general holiday.

8.36.10 Eastern Region District #2 TP&E crews

- a) All Eastern Region District # 2 TP&E crews, whether in region service or not, shall work a 7&7 or 8&6 work schedule, unless otherwise mutually agreed.

8.36.11 Canada Labour Code – Averaging Agreement Understanding

- a) The 7&7 and 8&6 work schedules shall constitute a 14 day averaging period for the purposes of Section 169(2) of the Canada Labour Code.
- b) Except as provided for in item 8.36.5(b), time worked on proper authority during the 14 day averaging period, in excess of 80 hours shall be considered overtime hours and shall be paid at time and one half rates at the completion of the averaging period.

8.36.12 Application Issues

- a) 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.

d) Add a new section 8.37 to provide for Region Positions as follows:

8.37.1 The Company may advertise, in the initial work crew start-up bulletin, for Region positions as follows:

- a) TP&E work crew positions,
- b) Timekeepers that work with TP&E Region crews,
- c) Positions covered by the Supplement to Wage Agreement No. 41, Covering Rates of Pay and Rules governing working conditions of employees in the Maintenance of Way department, employed in Work Equipment Repair Shops on the System in connection with the repair of power operated Roadway Machines that work with TP&E Region Crews.

Note: The benefits contained in this section 8.37 shall not apply to employees who fall within the scope of Item (b) and are headquartered.

Note: The benefits contained in this section 8.37 shall not apply to employees who fall within the scope of Item (c) and are headquartered and working at their respective Work Equipment Repair Shops.

Note: In the application of Items (b) and (c), an employee who is working off his or her Home District supporting a TP&E District crew shall be entitled to the expense benefits provided for in subsection 8.37.7, however, they will work the same work schedule as the District crew

that they support. For these purposes, Home District shall be defined as follows:

- i) For an employee who holds a permanent position, the District in which the permanent position is held.
 - ii) For an employee who does not hold a permanent position but who resides in the Region in which he or she holds seniority, the District in which he or she resides.
 - iii) For an employee who does not hold a permanent position and who does not reside in the Region in which he or she holds seniority, the District in the Region in which seniority is held that is geographically closest to the employee's place of residence.
- d) It is understood and agreed that the scope of sections 8.37.1 may extend only to actual work crews and not to individual employees except for Timekeepers and Work Equipment Maintainers.

8.37.2 Subsequent to the initial work crew start-up bulletin, Region positions may be established as follows:

- a) By subsequent bulletin, or
- b) Upon the provision of written notice to the President and Director of the Union and subject to all of the following conditions:
 - i) Applies only to positions that have a duration of thirty (30) calendar days or less.
 - ii) The written notice shall be provided to the President and the relevant Director of the Union and shall be posted in the workplace as soon as possible but not less than fifteen (15) calendar days prior to the date of implementation.
 - iii) Within five (5) working days of receiving notice, affected workers shall elect either to remain in their positions or to exercise their seniority elsewhere. Vacancies created by employees electing to exercise seniority elsewhere shall be filled on a senior may/junior must basis on the Region.
 - iv) The establishment of Region positions pursuant to this subsection (b) shall be permitted only once per work season on each Region, towards the end of the work season, when work remains that cannot otherwise be completed.

- v) The establishment of Region positions pursuant to this subsection (b) shall not result in a shortened work season for other employees holding TP&E work crew positions who are working on their own seniority territories.

8.37.3 The number of Region positions that may be established shall be limited as follows:

Pacific Region – A total of 250 positions per work season, of which 50 may be established in region tie crew service.

Note: For the Pacific Region only, the limits do not include positions covered by the Supplement to Wage Agreement No. 41, Covering Rates of Pay and Rules governing working conditions of employees in the Maintenance of Way department, employed in Work Equipment Repair Shops on the System in connection with the repair of power operated Roadway Machines, that are established to work with TP&E Region Crews and Timekeeper positions.

Prairie Region – A total of 120 positions per work season.

Eastern Region – A total of 120 positions per work season.

Atlantic Region – A total of 120 positions per work season.

Note: Should there be an operational need to expand the position limits in this subsection 8.37.3, the President of the Union and the General Manager of TP&E shall meet to discuss the requirement. Subject to mutual agreement, the cap limits may be increased. Mutual agreement will not be unreasonably withheld.

8.37.4 Employees holding Region positions on the Pacific Region may be required to work in both Pacific Region District 1 (Alberta) and District 2 (B.C.).

Employees holding Region positions on the Prairie Region may be required to work in both Prairie Region District 1 (Manitoba) and District 2 (Saskatchewan).

Employees holding Region positions on the Eastern Region may be required to work in both Eastern Region District 1 (Southern Ontario) and District 2 (Northern Ontario).

Employees holding Region positions on the Atlantic Region may be required to work throughout the Atlantic Region.

- 8.37.5 Region positions shall be awarded on the basis of seniority date in the classification. If seniority is equal, then the position shall be awarded on the basis of the principles set out in section 9.2.
- 8.36.6 Should there be insufficient applicants for Region positions, unfilled vacancies shall be filled on a senior may/junior must basis.
- 8.37.7 The system rest day travel policy shall apply to employees working Region positions pursuant to item 8.37.1 subject to the following modifications:
- a) Employees holding Region positions shall receive a \$38.00 expense payment for each leg of the rest day travel provided the employee actually travels to and from the work location. A maximum of two claims per work cycle shall be permitted;
- Note: This payment is in addition to any other meal allowance or travel assistance.
- and
- b) Employees holding Region positions shall receive 33 cents per kilometer (35 cents effective January 1, 2011) for their rest day travel mileage allowance.
- 8.37.8 In the application of section 4 of this collective agreement, when a general holiday falls on a day that does not coincide with a rest day, the Director of the Union and the Manager of Labour Relations may agree to an alternate general holiday.
- 8.37.9 Eastern Region employees and Prairie Region employees working Region positions shall work a 7&7 or 8&6 work schedule unless otherwise mutually agreed.
- 8.37.10 An employee without previously established seniority in a classification who first establishes seniority in that classification in a Region position shall be shown on their home District seniority list in such classification.
- 8.37.11 Employees with no established seniority (ie. new hires), who establish seniority on a Region crew, will have the opportunity to choose which District (within the Region) they wish to establish seniority.
- 8.37.12 Subject to operational requirements, employees holding Region positions and working a 7&7 or 8&6 work schedule shall, on the last day of the 7&7 or 8&6 schedule, be released one (1) hour prior to the scheduled completion time of the shift for the purposes of clean up and travel.

Should the Union have concerns regarding the administration or application of this subsection 8.37.12, the President of the Union and the General Manager of TP&E shall promptly meet to resolve the concern.

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

e) Add a note to Section 10.9 to provide for bid errors to be corrected

Note: In circumstances whereby an employee has made a legitimate error in the manner in which they bid on the Initial Gang Bulletin they may notify the TCRC MWED Regional Director and request the error be corrected.

Within 16 days of the closing of the bulletin the TCRC MWED Regional Director must bring the error to the attention of the issuing officer of the Company, supplying any relevant information that would justify correction of the error.

If necessary, the TCRC MWED Director and the issuing officer of the company will meet to discuss the legitimacy of the claim as soon as possible but no later than within 48 hours, unless mutually agreed otherwise. Such meeting, where practicable, may be by telephone. If it is agreed by the parties that the error was legitimate, the Company will have the error corrected and will post a corrector award in a timely manner. If agreement cannot be reached, a grievance may be initiated at step 2 of the grievance procedure.

On all other bulletins, if an employee has made a legitimate error in the manner in which they bid, the process of correction will be the same as above except such error must be brought to the Company's attention within 9 days of the closing of the bulletin.

It is agreed that a change of circumstances will not constitute a legitimate error.

Contact information for the Issuing officer of the company and of the TCRC MWED Director will be on the bulletin.

Should any unforeseen concerns arise from this process, they will be discussed promptly and a good faith attempt will be made to resolve the issue to both parties satisfaction.

f) Modify and re-write Section 10.21 as follows:

- 10.21 a) An employee accepting an official temporary position with the Railway will be required to pay union dues and will continue to accumulate all seniority.
- b) An employee accepting an official permanent position with the Railway will have the option of paying union dues.
- i) An employee that elects to pay union dues will continue to accumulate seniority.
 - ii) An employee that accepted an official permanent position with the Railway prior to the first of the month following ratification, that elects not to pay union dues, shall cease accumulating seniority, but shall retain all seniority accumulated to date.
 - iii) An employee that accepted an official permanent position with the Railway on or subsequent to the first of the month following ratification, that elects not to pay union dues, shall be removed from all seniority lists and forfeit all previously accrued seniority.
 - iv) In the application of section 10.21 b), an employee that accepts an official permanent position will have 90 days, from the date of appointment, to advise the Union and the Company of their decision and, if required, make any necessary arrangements for due deductions.
- c) An employee that initially elects to pay Union Dues and subsequently decides to stop paying Union Dues will be removed from all seniority lists.

g) Modify Section 12.9 – Expense Claims, as follows

➤ **12.9 a) “Qualification” and “Travel Assistance” as follows:**

Qualification:

In order to qualify for rest day travel assistance, an employee must be required to work away from their home location, on a regular basis, as follows:

- a) a minimum of five (5) consecutive days prior to the start of rest days on a 5&2 work cycle, or,
- b) a minimum of four (4) consecutive days prior to the start of rest days on a 4&3 work cycle, or,

- c) a minimum of seven (7) consecutive days prior to the start of rest days on a 7&7 work cycle, or,
- d) a minimum of eight (8) consecutive days prior to the start of rest days on a 8&6 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 Company will decide which means of travel assistance will be offered to the employee(s). The means that may be employed are:

- o Train Service
- o Company Vehicles
- o Actual bus fares by way of tickets or passes provided by the Company
- o A mileage allowance calculated using bus fares prevailing on August 1st each year.

The employee will elect which offer they prefer from those advanced.

Note: The offer must include a choice of the mileage allowance.

- Increase rest day travel assistance rates in 12.9 a) table by 1 cent, effective at date of ratification and by an additional 1 cent as of January 1, 2012.

Insert rate table (for illustrative purposes only)

District	Bus Rate August 2010	4/3 & 5/2 Schedule Plus 5 cents Upon ratification Plus 6 cents 1/1/12	8/6 & 7/7 Schedule Plus 10 cents Upon ratification Plus 11 cents 1/1/12	All Employees working on Region Crews (Upon Implementation)	All Employees working on Region Crews 1/1/11
Atlantic D-1				33 cents/km	35 cents/km
Eastern D-2				33 cents/km	35 cents/km
Prairie D-3				33 cents/km	35 cents/km
Pacific D-4				33 cents/km	35 cents/km

*Employees working on a region crew that is working an 8&6 or 7&7 schedule will only be entitled to the Region Crew mileage allowance as per the above table.

- Increase other expenses:
- 12.9 b) - increase the meal allowance from \$38 to \$40.25 at date of ratification and per diem from \$95 to \$100, effective Jan. 1, 2011.
- 12.9 c) - increase meal allowance from \$25 to \$26.50, effective Jan. 1, 2011.
- 12.9 d) - increase the ad hoc allowance from \$38 to \$40.25 at date of ratification and the per diem from \$95 to \$100, effective Jan. 1, 2011.
- 12.9 e) - increase the subsequent monthly flat rate allowance from \$700 to \$760, effective Jan. 1, 2011.
- 12.9 f) - increase the meal allowance from \$38 to \$40.25 at date of ratification and per diem from \$95 to \$100, effective Jan. 1, 2011.
- 12.9 g) - increase the meal allowance from \$20 to \$21.20 and the mileage allowance from 33 to 35 cents effective Jan. 1, 2011.
- 12.9 h) 1 b) - increase the mileage allowance from 33 to 35 cents effective Jan. 1, 2011.
- 12.9 h) 1 c) - increase the meal allowance from \$20 to \$21.20, effective Jan. 1, 2011.
- 12.9 h) 2 a) - increase the meal allowance from \$20 to \$21.20 and the mileage allowance from 33 to 35 cents effective Jan. 1, 2011.
- 12.9 h) 3 a) - increase the mileage allowance from 33 to 35 cents effective Jan. 1, 2011.
- 12.9 h) 3 b) - increase the meal allowance from \$20 to \$21.20 effective Jan. 1, 2011.
- 12.9 h) 4 a) - increase the mileage allowance from 33 to 35 cents effective Jan. 1, 2011.
- 12.9 h) 4 b) - increase the meal allowance from \$20 to \$21.20, effective Jan. 1, 2011.
- 12.10 - increase the mileage allowance from 33 to 35 cents effective Jan. 1, 2011.
- 12.26 - increase the laundry allowance from \$5 to \$6 effective Jan. 1, 2011.

- 12.27 - increase the meal allowance from \$13 to \$14 effective Jan. 1 2011.

h) Modify Section 12.10 as follows:

Auto Allowance

12.10 When directed by the Company to use a personal automobile, an automobile mileage allowance is paid in the amount of thirty-three (33) cents per kilometer, effective January 1, 2011 thirty-five (35) cents per kilometer.

i) Add a new section 5.17, Seat Stability to the Rules Governing Working Conditions of Operators, Assistant Operators and Helpers of Power Machines in Maintenance of Way Service Supplement, as follows & renumber existing 5.17 through 5.32 to 5.18 through 5.33:

5.17 Seat Stability

5.17.1 The Company may advertise, in the initial work crew start-up bulletin, or by bulletin subsequent to the initial bulletin, for seat stability positions.

5.17.2 Positions selected for seat stability will be reviewed at the meeting provided for under section 8.3. Such discussions will involve the consistent application of this item 5.17.2 across the four regions.

5.17.3 An employee that is awarded a seat stability position and subsequently leaves the position, will have the previous earned premium paid out on a pro-rated basis for the time occupied, under the following conditions:

- a) The employee makes a promotional move on the same work crew,
- b) The employee is displaced through the exercise of seniority,
- c) The employee retires.

5.17.4 An employee will forfeit the seat stability premium under the following conditions:

- a) The employee voluntarily vacates a seat stability position, other than pursuant to item 5.17.3,
- b) The employee resigns, or is dismissed.

5.17.5 If an employee chooses to displace into a seat stability position and there are 28 days or less remaining in the work season, the seat stability premium will no longer apply.

5.17.6 Seat stability premium payment will be paid at a flat rate as follows:

Position	Premium Payment Per 5/2 & 4/3 Work Cycle	Premium Payment Per 7/7 or 8/6 Work Cycle
M.O. Special Group	\$30.00	\$60.00
M.O. Group 1	\$20.00	\$40.00

5.17.7 Flat rate seat stability premium payments, will be processed as a lump sum payment at the end of the work season, in the application of section 5.17.3, or the end of the position, as applicable.

5.17.8 The starting rate provisions identified in section 2.1 (a) will not apply to positions bulletined as seat stability positions.

j) Modify section 13.26, former Wet and Stormy Days, as follows:

13.26 Reporting for Duty & Weather Conditions

13.26.1 Reporting for Duty

All employees are expected to make every effort to report for work on time, notwithstanding weather conditions.

13.26.2 Reporting Late for Duty

Employees who arrive late for their assignments, but report prior to the mid-point of their tour of duty, will be paid for the day, provided such late arrival is due to weather conditions that cause the proper municipal authorities to:

- i) issue travel advisories informing the public to leave their motor vehicles at home; or,
- ii) for employees that depend upon public transportation for commuting, local public transportation services are not operating

Employees who report after the midpoint of their tour of duty, due to the above conditions referenced in i) and ii) above, will be paid one-half day.

13.26.3 Unable to Report for Duty

Employees who are unable to report for their assignments, due to conditions referenced in item 13.26.2 i) and ii) above, will be given the opportunity to work additional hours at straight time rates in order to make up part or all of such lost time.

It is understood that such arrangements will only apply insofar as they do not conflict with the provisions of the Canada Labour Code.

13.26.4 During Working Hours

Employees that are unable to continue performing their duties due to weather conditions shall be allowed straight time, provided they remain on duty.

Weather conditions that present a risk to personal safety shall justify the application of this clause 13.26.4

k) Add an item 17.6 as follows: and renumber remaining items 17.7 through 17.10. New item 17.10 becomes item 17.11

17.6 Should an employee choose to report a complaint to the Company's Employee Relations department, the Company will ask the employee if they wish to have the complaint brought to the attention of the Union.

When agreed to by the complainant, Employee Relations will inform the Union Human Rights Representative and/or the respective Director of the Union, advising the nature of the complaint and the intended handling process.

l) Add new Appendix to allow for the implementation of Peer Observation Positions.

See Appendix C of this MOS – Peer Observation Positions

m) Add new Appendix to allow for changes to the Safety Footwear and Safety Clothing Subsidy.

See Appendix D of this MOS – Safety Footwear and Safety Clothing Subsidy

n) The parties agree to incorporate the following into the re-write of the collective agreement:

- 1) "Allow for cash equivalent in lieu of company paid airfare for maritime employees at employee's discretion." Refer to appended Letter of Understanding, not part of MOS.
- 2) "Pension Buy Back Proposal" Reference item 3 a) and Appendix A of this MOS.
- 3) Article 8.14; "exclusive of any meal or travel time required" added to article 8.14.
- 4) Article 8.18; removal in its entirety.
- 5) Article 9.15a); addition of "EGL" to line of promotion beside "Trackman B" .
- 6) Article 10.1; addition of " All service area bulletins shall be posted on TP and E crews working on that district" .
- 7) Article 11.1; change "local representative" to "TCRC MWED Director of that region"
- 8) Article 12.8; removal in its entirety.
- 9) Article 2.1 from Machine Operator's Supplemental (green pages); addition of Assistant Crane Operator at a Group 2 rate of pay.
- 10) Article 3.5 of Timekeepers supplemental; change fifty five words per minute to "competent keyboarding skills".
- 11) Article 2.4 in Wage Agreement 42 to be removed.
- 12) Section 7 in Wage Agreement 42 to be removed in its entirety.
- 13) List Snow Plow Helper in article 2.3 with rate of pay equal to group 2 MO.
- 14) Remove Article 13.18 in its entirety.
- 15) Modify Article 13.24 to remove "Work Equipment Machine Operator Group 2" and replace with "Snow Plow Helper" .
- 16) Article 2.3 Track Forces to include the following classifications.

Extra Gang Foreman (article 2.8)

Assistant Extra Gang Foreman (article 9.16) Note: Retain higher rate of pay table

Track Maintenance Foreman : 8 employees or more (excluding the Foreman)

Track Maintenance Foreman : 0-7 employees (excluding the Foreman))

Asst. Track Maintenance Foreman

Leading Track Maintainer

Assistant Switch Inspector (Article 2.10)

Track Maintainer/Section Truck Driver AIR (Effective August 1, 2007)
Track Maintainer/Section Truck Driver
Track Maintainer
Trackman
Switch Inspector (Article 2.9)
Rail Lubricator Technician
Snow Plow Foreman, Flanger Foreman & Spreader Foreman
Snow Plow Helper
Welder Foreman
Welder – Track Forces
TCRC MWED Safety Representatives

Article 2.4 B & S forces to include the following classifications.

B & S Foreman
Bench Carpenter, Plumber, Pipefitter, Welder, Pump Repairer, Electrician
Carpenter
Painter
Bridgeman
Helpers (removal of “all classes of mechanics)
B & S Gang labourers (including Bridgetender-mechanical operation) Note: Retain
higher rate of pay table
Bridgetender – Special Agreement Haig/Coquitlam
Fuel Plant Maintainer (eg. Britt)
Fuel Plant Assistant Maintainer (eg. Britt)

- 17) Fix misprint appendix C #4 to state 10.13a) in place of current 10.12a)
- 18) Move admission of responsibility form from Appendix E and put in Appendix 10.
- 19) Archive Appendix A-11.
- 20) Delete Appendices F-5, F-9, F-10, F-15, and F-16.
- 21) Archive Appendix F-3, F-4 & F-15.
- 22) Appendix E, ES SUB Plan to indicate administrative fee of 2 % (currently ?%)
- 23) JSA – Article 7.14, Option Three (b) – indicate that the benefit only lasts for one year. Language omitted, in error, during last printing of CA.
- 24) Include agreement dated June 17, 2009, concerning the consolidation of the Atlantic Region seniority territories into the collective agreement as a new Appendix A-14. Re-write Appendix B in keeping with the June 17, 2009 agreement.

25) JSA – Remove Article 11 of the Job Security Agreement: Casual and Part-time Employees

8. Printing of Agreement

Revise Section 22.4 of the Collective Agreement to read as follows:

The Company will undertake the responsibility for the printing of this agreement as may be required from time to time and will absorb the cost of such printing. The agreement will be produced in pocket size format within six-months of the ratification of settlement. Copies of the agreement will be made available to the TCRC MWED electronically. The Company will also distribute and absorb the cost of distributing the Wage Agreement to all employees.

8. 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 June 30, 2009. Employees must be in active service on the date of ratification in order to receive the entitlements contained in this agreement.

Effective the date of ratification, employees that have resigned, been dismissed from service, had their employment file closed or otherwise terminated their employment relationship, will not receive the entitlements contained in this agreement. This shall not apply to employees that have retired since January 1, 2010.

An employee subsequently reinstated to serve will, upon reinstatement, be entitled to the benefits contained in this agreement.

It is understood that this Memorandum of Settlement is subject to ratification by the employees in the bargaining unit and shall constitute a binding collective agreement only when written notice of such ratification is communicated to the Company.

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.

9. Duration

This Agreement (including all Supplemental Agreements) shall remain in effect until December 31, 2012.

SIGNED AT Ottawa, Ontario, April 10, 2010

For Canadian Pacific:

Scott Seeney
Director, Industrial Relations

Scott Sutherland
General Manager
Track Programs & Equipment

Brent Szafron
General Manager
Engineering Services

Dave Freeborn
Manager, Labour Relations

Krystal Hein
Labour Relations Officer

Michael Goldsmith
Labour Research & Budget Specialist

For TCRC-MWED:

W. Brehl
President

Alan Ross Terry
Vice President

Gary Doherty
Director, Prairie Region

Wade Phillips
Local Chairman, Lodge 211

OUTLINE OF A BUYBACK PROPOSAL

A Member who was a Member on January 1, 2010, who ceases membership in the Plan for the reason stated below, during the period from January 1, 2010 to July 1, 2013, 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, and filed with the Office of Superintendent of Financial Institutions and Revenue Canada.

Cost Neutral Drug Card

April 10, 2010

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 our recent discussions regarding a cost neutral drug card.

Canadian Pacific is prepared to make a drug card available "on a pilot basis" to your members subject to the following:

- 1) The drug card will be subject to the same dispensing fee cap that is applied to the management "mid-line" plan. This is currently set at 80% of the dispensing fee charged to a maximum of \$7.50 per prescription and is reviewed on a regular basis against competitive practice.
- 2) In order to obtain a drug card employees will be required to positively enroll their dependants and provide data about any other drug plan they have access to (e.g. spousal benefit plan) in order to enable the coordination of benefits.
- 3) Implementation of a 25% cap for all employees on allowable pharmacy "markup" on all drug categories as compared to the current 50% allowable markup for generics and single-source brand name drugs and the current 15% allowable markup for brand name drugs where a generic exists. This change will match the markup limits in the management plan. Markup is what the plan allows the drug store to charge over and above what provincial drug boards set as the reasonable and customary charges per Drug Identification Number (DIN). The 25% cap is consistent with the management plan.
- 4) Furthermore, the following serves to clarify the definition of a "spouse" with respect to Extended Health, Vision Care and Dental benefits:

A spouse is the person who is legally married to you 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 a 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.

In the case of separation of more than three months, or divorce, he/she is no longer eligible for coverage.

- 5) Employees who have an ongoing prescription will be governed by mandatory mail order pharmacy service for long-term maintenance drugs. The Company is currently in the process of implementing this service which will provide convenience, cost savings and quality service to all users.

Although employees will not be forced to get a drug card, please note that the same adjudication practices described above will apply for drug claims reimbursed by submitting paper-based claims.

In the event of any specific concern associated with this letter the President of the Union and the AVP of Industrial Relations will meet to discuss the case.

Cards issued will be in effect until December 31, 2012. Should the Company incur additional costs beyond 10% during the usage period then the Company retains the right to cancel the cards or to renegotiate the drug card particulars with the Union.

Canadian Pacific is developing an enrolment process to expedite the process.

It is understood that this Appendix "B" is subject to a ratification process that is separate and apart from that of the remaining MOS. If you concur with all of the above, please indicate same by signing below.

Yours truly,

Scott Seeney
Director, Labour Relations

I concur,

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

Establishment of Peer Observation Positions

April 10, 2010

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 concerning the establishment of Peer Observation positions.

The Company could not agree with the Union demand, as advanced.

The parties are committed to continuous improvement in safety performance. As such, the Company was agreeable to the establishment of peer observation positions under the following terms and conditions:

- Peer observations are an integral component of the functionality of local workplace Health and Safety Committees and full time TCRC MWED Safety Representatives.
- The establishment of supplemental peer observation positions, including the number and location, shall be at the sole discretion of the Company.
- Should the Company establish supplemental Peer Observation positions, the following shall govern:
 - The Union shall advance a list of potential candidates. The Company will have the right of selection of employees chosen for the position from the list advanced. Should the initial list not contain a candidate suitable to the Company the Union shall provide a lists of potential candidates until an employee is selected.
 - Peer Observtion positions shall be paid at the Extra Gang Foreman (Article 2.8) rate of pay, for all regular and overtime hours of work
 - The duties of the peer observation position shall be established by the Company with input from the local workplace Health & Safety Committee and the Union.
- Prior to commencing the process to establish any supplemental Peer Observation positions, the Company will provide 15 days written notice to the respective Director of the Union.

Yours truly,

Scott Seeney
Director, Labour Relations

Safety Footwear and Safety Clothing Subsidy

April 10, 2010

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 and the Union agree to change the safety footwear and clothing subsidy as follows:

- Effective the first of the month following ratification, increase the safety footwear subsidy from \$55.00 to \$60.00/twice per year.
- Effective the first of the month following ratification, increase the safety clothing subsidy from \$45.00 to \$50.00/twice per year.

Yours truly,

Scott Seeney
Director, Labour Relations

Appendix E

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

April 10, 2010

Mr. W. Brehl
President
TCRC-MWED
Suite 2 – 2775 Lancaster Road
Ottawa, Ontario
K1B 4V8

Dear Mr. Brehl,

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.

As such and upon ratification, 1% of the existing Company contribution to the ES Fund will be handled as follows;

- The 1% contribution for 2010 and 2011 will be pooled and paid as a 2% lump sum payment, covering the periods from January 1, 2010 until December 31, 2011. This will be paid in February of 2012.
- The 1% contribution for 2012 will be paid as a 1% lump payment, covering the period from January 1, 2012 until December 31, 2012. This will be paid in February of 2013.

The lump sum payments will be processed as a separate cheque from normal earnings.

In order to allow for a full payment for the period January 1, 2010 until December 31, 2012, any monies already advanced to the ES Fund in 2010 will be 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 it's obligations.

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

Yours truly,

Dave Freeborn
Manager, Labour Relations

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

April 10, 2010

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.

In the event that an employee resigns or is dismissed, the Company will make arrangement to recover the costs of the return airfare. In all other circumstances where an employee does not work a full work season, the Company and the Union will meet to discuss reimbursement arrangements.

In lieu of reimbursement for air fare ticket(s) that are purchased, employees may elect a lump sum cash equivalent payment.

Reimbursement for air fare tickets, or lump sum cash equivalent payments, will be processed in accordance with Revenue Canada tax requirements and regulations concerning taxable benefits, which may have tax deduction implications.

Yours truly,

Scott Seeney
Director, Labour Relations