

Brief description of Changes in the Memorandum Of Settlement (MOS)
between the TCRC and CPR signed December 5, 2007

A. Performance Incentive Program (PIP)

An annual Performance Incentive Program with a maximum pay out of 5% of employees earnings. Prior to implementation, the parties will meet within 30 days of ratification to establish objectives based on the general categories of safety, service and productivity. To allow for proper design of the program, it will come into effect no later than July 1, 2008.

Targets established for such objectives will be consistent with targets set in the management Performance Incentive Program. Safety, service, productivity and financial objectives may be established with set targets and associated payouts.

See Appendix 2 - Letter – Performance Incentive Program

B. Benefits Union/Management Committee

Update Benefit Committee letter to clarify Union involvement. Establish a clear process where the Union is involved in ensuring the benefits provider is properly administering our benefits in addition to reviewing data for co-pay purposes. There is also a commitment to ensure benefit booklets to be provided to plan members.

See Appendix 3 – Letter – Benefits Union/Management Committee

C. Co-pay Clarification

New letter clarifying how Co-pay works. Clearly show that it is based on the overall costs of our bargaining unit only. Employees will not pay 10% of their own costs but only 10% of the premium for health & dental benefits. The union will have the ability to review all costing.

See Appendix 4 - Letter – Co-pay Clarification

D. Drug Card

Update the letter with clear language that the parties will meet within 90 days to develop a cost-neutral drug card with an anticipated implementation of July 1, 2008.

See Appendix 5 - Letter – Drug Card

E. Crew Management Centre Issues

Added a new letter with a commitment by the company for detailed process to address our concerns regarding;

- The ability of the members to contact a crew dispatcher in a timely fashion.
- The calling of crews at the away from home terminal by the Automated Crew Calling System.
- Ensuring that weekly crew changes are completed in a correct and timely manner.
- Process to include a joint identification of solutions, implementation and audit.

Plan to be developed within next 6-8 weeks.

See Appendix 8 - Letter - Crew Management Centre Issues

F. In and off in 10 Hours – Penalty

Add a new letter providing that employees, who have given proper notice of rest, and who have not departed the relief point to facilitate being in and off within 10 hours, within the transit times designated will be entitled to an \$80.00 penalty payment. These transit times will be based on the departure time of the taxi from the relief point to arrival time at the off duty point at the objective terminal and includes a standard tie up time.

The letter also provides employees who give proper notice of rest to be in and off in 10 hours will be able to book additional rest over 24 hours upon returning to the home terminal. The additional penalty rest will equal three times the amount of time they are over 10 hours on duty, with a minimum of 1 hour.

Employees arriving at the objective terminal on their train and are subsequently over their 10 hours on duty will be provided the additional rest in the same manner as outlined above.

See Appendix 9 - Letter - In and off in 10 Hours – Penalty

G. Home Terminal Rest

Added a letter with a new option for pool and spareboard employees to book 24 hours rest and be placed at the bottom of the pool or spareboard when rest expires.

Example: If an employee books 23 hours 59 minutes of rest or less they will hold their place in the pool or spareboard. Employees who book 24 hours rest at the home terminal, will not be placed on the working board until their rest expires, at which time their turn will be placed at the bottom of the working board and it will move up the board in normal fashion. A pilot project will precede implementation.

See Appendix 12 - Letter – Home Terminal Rest

H. Earned Days off/Banking Non-Chargeable Miles

Revised the letter on EDO's to expand application and clarify how earned days off are earned and when they can be taken. These changes include:

- EDOs apply to both road and yard employees.
- EDOs cannot be denied by management when taken during your window and with 72 hours notice being provided.
- 1 EDO is earned for every 4 week period an employee is available. This is a rolling period. Weeks to coincide with weekly crew change.
- Clarification that process for booking back on from EDOs will be the same process currently used at a terminal for returning from a LOA.
- EDO's will go from 0800 to 0800 instead of 0001 to 2359.
- Review of program to include the possibility of changing the start/end time of the window and process for booking back on, among other items.
- The review process will not result in reducing or eliminating the EDO benefits.

See Appendix 14 - Letter - Earned Days off/Banking Non-Chargeable Miles

I. Monthly Mileages

Revised the letter pertaining to the commitment of the company that it would not layoff any employees hired prior to January 1, 2008 as a result of implementing an auxiliary board and providing employees with the ability to voluntarily declare over miles as non-chargeable. This process will be monitored at the local level and where it is shown that the growth of the non-chargeable miles would result in the layoff of an employee, such a layoff of that employee would not be affected.

Any disputes that cannot be resolved at the local level will be immediately escalated to the appropriate AVP – Operations by the respective General Chairs for resolution.

See Appendix 17 - Letter – Monthly Mileages

J. Union Security

Revised the letter clarifying that at the end of the 60 day implementation period, if the employee decides to remain a manager and has more than 365 consecutive days as a temporary manager, their seniority will be frozen on day 61. If an employee decides to remain a manager and has less than 365 consecutive days as a temporary/permanent manager, their seniority will be frozen as of the 365th day should they not return to the ranks prior to that time.

See Appendix 25 – Letter - Union Security

Appendix 2 - Letter – Performance Incentive Program

December 5, 2007

Mr. D. Able
General Chair- Engineers West
TCRC

Mr. D. Olson
General Chair- Trainmen West
TCRC

Mr. T. Beaver
General Chair- Engineers East
TCRC

Mr. D. Genereux
General Chair- Trainmen East
TCRC

Dear Sirs;

This is to confirm that an annual Performance Incentive Program with a maximum pay out 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 or individual employees.

Prior to implementation, the parties will meet within 30 days of ratification to establish objectives based on the general categories of safety, service and productivity. Any targets established for such objectives will be consistent with targets set in the management Performance Incentive Program. To allow for proper design of the program, it will come into effect no later than July 1, 2008.

Where an award pool is created through the achievement of identified performance criteria, forty percent of net savings in the pool will be distributed among participating employees from the Union. Safety, service, productivity and financial objectives may be established with set targets and associated payouts.

Payouts for a program year will be made by the end of February of the following year for each year of the program. The parties will meet no later than December 15 of the program year in order to discuss new objectives and targets for the following program year. This discussion will include the use of stretch targets.

Performance Incentive Program payments are considered as pensionable earnings.

Yours truly,

J. Bairaktaris
Director, Labour Relations

Appendix 3 – Letter – Benefits Union/Management Committee

December 5, 2007

Mr. D. Able
General Chair- Engineers West
Teamsters Canada Rail Conference

Mr. D. Olson
General Chair- Trainmen West
Teamsters Canada Rail Conference

Mr. T. Beaver
General Chair- Engineers East
Teamsters Canada Rail Conference

Mr. D. Genereux
General Chair- Trainmen East
Teamsters Canada Rail Conference

Dear Sirs,

This refers to our various discussions surrounding the issues of benefits provided by the Company and the application of same to your members, especially given the introduction of employee co-pay in 2008.

The Union has expressed severe and significant concerns with the level of claims being denied or disputed. Additionally, there is an equal concern expressed that the benefits are not being paid in line with the terms of the relevant documents. Finally, the Union is stating the service from the present benefit provider is not at the employees' expected level of service.

The Company acknowledges your concerns. To that end, it was agreed that the Union would be part of the process so that they could conduct a detailed review, understand the co-pay calculations and ensure these calculations are correct. Such calculations will only include employees of this bargaining unit. Employees who are not eligible for benefits will not be required to make co-pay payments during that period. As well, it was agreed that a joint Union Management committee would be established consisting of full time union representatives or designates from each General Committee and designated Company managers. This committee would meet annually, or more often as required. This committee will review the application and administration of employee benefits to ensure that they are being properly applied, that appropriate claims are not being declined, and the level of service to the employees is maintained at an acceptable level. Issues not resolved by the committee may be escalated to the Vice-President TCRC and Assistant Vice-President Industrial Relations for resolution.

The committee will also discuss and oversee the issue of communication of benefit entitlements to your respective members. As a part of this effort, the Company proposes that the benefit books be maintained in their updated format on the respective Company and TCRC Websites, and will also provide printed benefit plan booklets for plan members and TCRC officers. Additionally, the committee will undertake to update the benefit plan agreements between the Union and the Company.

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

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

Yours truly,

J. Bairaktaris
Director, Labour Relations

I Concur,

D. Able
General Chair, Engineers West

D. Genereux
General Chair, Trainmen East

T. Beaver
General Chair, Engineers East

D. Olson
General Chair, Trainmen West

Appendix 4 - Letter – Co-pay Clarification

December 5, 2007

Mr. D. Able
General Chairman- Engineers West
Teamsters Canada Rail Conference

Mr. D. Olson
General Chairman- Trainmen West
Teamsters Canada Rail Conference

Mr. T. Beaver
General Chairman- Engineers East
Teamsters Canada Rail Conference

Mr. D. Genereux
General Chairman- Trainmen East
Teamsters Canada Rail Conference

Dear Sirs;

This refers to our discussions following the ratification vote of the September 1 Memorandum of Settlement. During our discussions you had indicated that your members had expressed concerns with respect to the implementation of co-pay in 2008 and the ramifications it would have on your members. A number of questions on co-pay were raised which are addressed below.

1) What is the financial impact of co-pay?

- As consideration for the implementation of co-pay, the company agreed to an additional 1% wage increase in 2008 to 4% effective January 1st 2008 as indicated in the September 1st Memorandum of settlement. For an employee with eligible earnings of \$70,000, this amounts to a \$700 annual wage increase. Additionally, the company reduced the Extended Health & Vision deductible by \$25 and the Dental deductible by \$35.

- By way of example, the financial impact of co-pay for an employee earning \$70,000 is as follows:

1% Salary increase	+\$700.00/year
Reduced deductible	+\$ 60.00/year
Co-Pay deductible*	<u>-\$154.70/year</u>
Net to employee	\$605.30/year

*(*Based upon Running trades 2006 data.)*

2) How is the co-pay premium calculated?

- As discussed, co-pay is based on the actual cost of the plan for only your bargaining unit and does not include administrative fees. The Union will be involved in the calculation of co-pay costs to ensure a complete understanding of the calculations, and to ensure they are correct. Based on 2006 costs, the current co-pay level is approximately \$5.95/pay period.

3) If I make a claim for drugs for \$1000/month, does 10% co-pay mean that I will have to spend \$100/month for drugs?

- No. Co-pay is based on the actual cost of the plan for only your bargaining unit. If co-pay was in effect in 2007, the total amount for co-pay for both Extended Health and Dental plans would be approximately \$5.95 per pay period regardless of your monthly claim.

If this accurately reflects our discussions please indicate your concurrence.

Yours truly

J. Bairaktaris
Director Labour Relations

I Concur,

D. Able
General Chairman (LE)

D. Genereux
General Chairman(T)

T. Beaver
General Chairman (LE)

D. Olson
General Chairman(T)

Appendix 5 - Letter – Drug Card

December 5, 2007

Mr. D. Able
General Chair- Engineers West
Teamsters Canada Rail Conference

Mr. D. Olson
General Chair- Trainmen West
Teamsters Canada Rail Conference

Mr. T. Beaver
General Chair- Engineers East
Teamsters Canada Rail Conference

Mr. D. Genereux
General Chair- Trainmen East
Teamsters Canada Rail Conference

Dear Sirs,

This refers to our various discussions during the recent round of main table negotiations regarding the introduction of a Drug Card.

The company indicated that it is committed to the introduction of a drug card, if this can be accomplished with a "cost neutral" outcome with respect to the ongoing drug costs. The Company is prepared to absorb the administrative costs of establishing the drug card.

Consequently, it was agreed that during the closed period, the parties would jointly approach the Service Provider to explore the implications of the introduction of such a card, similar to those that they presently administer for other organizations. The first meeting to explore this issue will occur no later than 30 days following ratification. Provided the review of this issue meets the criteria and is acceptable to the Union, it will be implemented not later than July 1, 2008, unless otherwise mutually agreed between the parties.

If there are reasonable one time costs to initiate the process, (i.e. printing and distribution of the cards, system set up costs) that are not covered by the Service Provider, the Company will be prepared to cover such costs.

If this accurately reflects our conversations, please so indicate by signing below.

Yours truly,

J. Bairaktaris
Director, Labour Relations

I concur,

D. Able
General Chair, Engineers West

D. Genereux
General Chair, Trainmen East

T. Beaver
General Chair, Engineers East

D. Olson
General Chair, Trainmen West

Appendix 8 - Letter - Crew Management Centre Issues

December 5, 2007

Mr. D. Able
General Chair- Engineers West
Teamsters Canada Rail Conference

Mr. D. Olson
General Chair- Trainmen West
Teamsters Canada Rail Conference

Mr. T. Beaver
General Chair- Engineers East
Teamsters Canada Rail Conference

Mr. D. Genereux
General Chair- Trainmen East
Teamsters Canada Rail Conference

Dear Sirs,

This refers to our various discussions surrounding the issues at the Crew Management Centre (CMC) particularly your concerns pertaining to the ability of crews to contact a crew dispatcher in a timely fashion, the auto crew-calling of crews at the away from home terminal, as well as ensuring that weekly crew changes are completed in a correct and timely manner.

During discussions, the parties recognized that given recent changes in technology and staffing challenges, numerous issues have arisen that the Company acknowledges must be resolved. Moreover recognizing the complexity of the issue, this would be best addressed in joint consultation with all stakeholders.

Given the above, it was agreed that representatives from the TCRC, USW and the Company would be invited to meet within the next six weeks to review the problems, identify solutions, and establish an implementation plan.

Representatives of the organizations would include: from the TCRC- CMA committee members and General Chairs; from the USW- Union representatives, Crew change clerks, and Crew Dispatchers; from the Company – Senior Ops and LR Managers, CMC and Crew Change Managers.

Issues that would be addressed include, but are not limited to: Phone issues; software issues; complexity, including the application of local rules and placement procedures; staffing challenges including number of staff, experience and training; change of time table and weekly placement process including electronic bidding; Auto Crew Calling (ACC) process, particularly at the Away From Home Terminal (AFHT).

Once the initial investigation regarding the issues is completed, an initial meeting by all the parties will be held within the next 6-8 weeks. This group will monitor the action items and perform audits on the outcomes on a quarterly basis.

Recognizing that the Committee may consider a number of potential options to the various issues, the employer is committed to resolving these concerns in an appropriate and timely fashion.

If you concur with the foregoing approach to the issues indicate your concurrence.

Yours truly,

J. Bairaktaris
Director, Labour Relations

I Concur,

D. Able
General Chair, Engineers West

D. Genereux
General Chair, Trainmen East

T. Beaver
General Chair, Engineers East

D. Olson
General Chair, Trainmen West

Appendix 9 - Letter - In and off in 10 Hours – Penalty

December 5, 2007

Mr. D. Able
General Chair- Engineers West
Teamsters Canada Rail Conference

Mr. D. Olson
General Chair- Trainmen West
Teamsters Canada Rail Conference

Mr. T. Beaver
General Chair- Engineers East
Teamsters Canada Rail Conference

Mr. D. Genereux
General Chair- Trainmen East
Teamsters Canada Rail Conference

During this round of negotiations the parties discussed the application of the rest articles as they apply to rest enroute. During these discussions the Company reaffirmed that when employees provide notice of rest enroute in accordance with the provisions of the Collective Agreement, the intent is to have employees in and off within 10 hours on duty.

As discussed, the Company is committed to work with the Union with a view of eliminating over hours violations. In addition, to address its concerns, the following will apply in the event employees are not in and off within the 10 hours as specified in the Collective Agreement.

1. \$80.00 Penalty Payment

When employees provide proper notice of rest to be in and off in 10 hours specified in the Collective Agreement and have not arrived at the objective terminal within 10 hours, the \$80.00 penalty payment is paid based on the following

- the company, in consultation with the Union, will establish a time (a relief time), from locations where crews are commonly relieved on a subdivision, based on the normal transit time by taxi, from that location to the off duty point at the objective terminal
- it is recognized that the transit times may differ depending upon the seasons and will be based upon changes in operations, routes, weather conditions, congestion, etc.
- the employees, who have given proper notice of rest, and who have not departed the relief point to facilitate being in and off within 10 hours, within the transit times designated above will be entitled to an \$80.00 penalty payment.
- the transit times will be based on the departure time of the taxi from the relief point to arrival time at the off duty point at the objective terminal and includes a standard tie up time.

Illustration

- employees called in straightaway service from terminal A to Z and properly provides notice of rest
 - the employees are relieved at station T and the normal transit time from station T to terminal Z by taxi is 1 hour and 30 minutes
 - if the employees are not in the taxi by 8 hours and 30 minutes into their tour of duty and have not arrived at the objective terminal within the 10 hours, based on the transit times outlined above, they will be entitled to the \$80.00 penalty payment
2. Employees who give proper notice of rest to be in and off in 10 hours will be able to book additional rest over 24 hours upon returning to the home terminal. The additional penalty rest will equal three times the amount of time they are over 10 hours on duty, with a minimum of 1 hour.

Illustration

- Employees are called in straightaway service from the home terminal to the away-from-home terminal, provide proper notice of rest and are off duty in 10 hours and 30 minutes
 - on the return trip, the same employees are called in straight away service from the away-from-home terminal, provide proper notice of rest and are off duty in 11 hours.
 - the total time beyond 10 hours to and from the away-from-home terminal is 90 minutes
 - the employees would have the ability to book up to 28 hours and 30 minutes rest upon return to their home terminal. This is based on the following calculation – 24 hours rest plus three times the 90 minutes that was in excess of 10 hours.
3. Employees arriving at the objective terminal on their train and are subsequently over their 10 hours on duty will be provided the additional rest in the same manner as outlined in Item No. 2 of this Appendix.
4. The additional rest provided for in Items No. 2 and 3 will not be used to reduce the spareboard guarantee or MBRs.
5. The \$80.00 penalty payment will be in addition to all other earnings for the tour of duty and will be handled in the same manner as premium (NR) payments are presently handled, i.e. statutory holiday, pensionable service etc.
6. For clarity this applies to crews called in straightaway and turnaround service but does not apply to Turnaround Combination Service (TCS). This applies to crews in road service (assigned, unassigned and work train). This does not apply to crews in Yard, passenger or commuter service.

Note: In cases where there is a significant outage the Company may defer the additional rest until the outage has been resolved.

The additional rest provisions will be implemented within 30 days of ratification, subject to CMA programming changes.

It was further noted during our conversations that these changes are designed to improve compliance to "in and off in 10 hours" as specified in the Collective Agreement. It is also understood that should there remain issues at a given location regarding crews, who have given notice for rest and are not in and off duty within 10 hours, will be immediately escalated to the appropriate AVP – Operations by the respective General Chairs for resolution.

Yours truly,

J. Bairaktaris
Director, Labour Relations

I Concur,

D. Able
General Chair, Engineers West

D. Genereux
General Chair, Trainmen East

T. Beaver
General Chair, Engineers East

D. Olson
General Chair, Trainmen West

Appendix 12 - Letter – Home Terminal Rest

December 5, 2007

Mr. D. Able
General Chair- Engineers West
TCRC

Mr. D. Olson
General Chair- Trainmen West
TCRC

Mr. T. Beaver
General Chair- Engineers East
TCRC

Mr. D. Genereux
General Chair- Trainmen East
TCRC

Dear Sirs;

This refers to our discussions focused on improving employee work-life balance, as it relates to employees taking rest at the Home terminal.

In order to provide pool and road or common spareboard employees with additional flexibility and potentially extend their time between certain trips, the following was agreed.

- 1) Employees who book 24 hours rest at the home terminal, will not be placed on the working board (pool or common spareboard) until their rest expires, at which time their turn will be placed at the bottom of the working board and it will move up the board in normal fashion.
- 2) Employees who book other than 24 hours rest at the home terminal will continue to be run first in first out as is done at present.
- 3) This change will not result in any additional expense to the Company, including guarantees, and maintenance of basic rates (MBR) payments. As well, it cannot impact negatively on the Company's ability to operate trains.
- 4) Recognizing that the parties have no experience with this proposal, it was agreed that the following implementation schedule would apply:
 - A pilot program would be implemented for the TCRC at a location(s) to be mutually agreed upon, within thirty days following the required CMA programming changes.
 - The pilot will run for a period of three months and will be reviewed jointly between the General Chairmen, the Director LR, AVP Operations and Director, NMC. At the conclusion of the review, this arrangement, with any modifications, will be implemented on the system. This period may be extended upon mutual agreement of the parties should it be required to ensure proper implementation.

This agreement will be implemented on voluntary basis at each terminal for all applicable road employees upon written request from the Local Chair (s) of the TCRC to the proper officer of the company.

If you are agreeable with the foregoing, please indicate your concurrence below.

Yours truly,

J. Bairaktaris
Director, Labour Relations

I concur

I concur

D. Able
General Chair, Engineers West

D. Olson
General Chair, Trainmen West

I concur

I concur

T. Beaver
General Chair, Engineers East

D. Genereux
General Chair, Trainmen East

Appendix 14 - Letter - Earned Days off/Banking Non-Chargeable Miles

December 5, 2007

Mr. D. Able
General Chair- Engineers West
Teamsters Canada Rail Conference

Mr. D. Olson
General Chair- Trainmen West
Teamsters Canada Rail Conference

Mr. T. Beaver
General Chair- Engineers East
Teamsters Canada Rail Conference

Mr. D. Genereux
General Chair- Trainmen East
Teamsters Canada Rail Conference

Dear Sirs,

This refers to our discussions during bargaining regarding the inclusion of a provision for unpaid earned days off (EDOs) and the banking of non chargeable miles and payments.

During conversations, it was recognized that a large number of employees consistently attend work and on occasion require time off for family and other personal issues but may have difficulty acquiring such time off with certainty.

In order to address this concern while, at that same time, ensuring that operations are maintained it was agreed that effective first of the month following ratification, employees would be provided the ability to earn and take EDOs as well as to bank and draw down non chargeable miles and payments according to the following guidelines. If technical difficulties arise, this implementation period may be extended by mutual agreement.

a) Earned Days Off (EDOs)

1) Earning Days

- Employees will earn 1 (one) day's credit (unpaid) per each 4 week consecutive period without a voluntary absence from work, to a maximum of 12 days at any given time. The weekly period will coincide with the weekly crew change. For clarification, the 4 week consecutive period will be rolling.
- Voluntary absences include a personal leave of absence (excluding EDOs), missed call, sick day and any absence without authorization. Absences of elected local representatives for Union business will not be considered a voluntary absence in the calculation of consecutive calendar days.

2) Taking EDOs

- Once credits are earned, the employee may utilize one or more of these short term leave days within certain windows within their particular mileage period. Employees who have a credit of one or more earned days off may draw upon any of their banked payments to coincide with their EDO. Additionally, should the employee obtain an authorized leave of absence through the local manager or

through local practice, they may draw upon any of their banked payments to coincide with such leave.

- Each employee will be assigned one window within their mileage period, each consisting of three consecutive calendar days. These windows will be assigned as the individual employees' earned days off window. The purpose of these windows is to establish a method by which the employee may have an opportunity to plan an earned day(s) off with certainty. Windows will be staggered throughout the month so that there are not an unreasonable number of employees with the ability to be off the working list at one particular time. This window commences at 0800 on the 15th day of an employee's mileage period and ends at 0800 on the 18th day of the employee's mileage period. One EDO credit will be deducted from the employee's bank for each 24 hour period or portion thereof that an EDO is taken. An EDO must commence at 0800 on either the 15th, 16th or 17th day of the mileage period.
- Employees utilizing earned day(s) off within one of their particular windows will notify the crew management center at least 72 hours prior to scheduling one or more of their earned days off within their assigned window. Should the situation change and the employee did not, or was not able to provide such advance notice to CMC, the scheduling of an earned day off within the window must be scheduled through the local manager and obtain his approval for such. An employee may schedule earned day(s) off outside one of their windows with the approval of the local manager.

3) Administration

- Earned days off will not constitute a penalty in the application of any guarantee or MBR but will prorate the number of days of the particular guarantee or MBR.
- It was recognized that prior to implementing EDOs the mileage dates would be readjusted to ensure an equal distribution of dates throughout the month over a 28 day period. This would be done locally on a terminal by terminal basis jointly with the local chairs.
- For the purposes of General Holidays, employees taking an EDO will be considered as available.

4) Review

- Within six months of implementation, the General Chairs and Director, Labour Relations will meet to review the functioning of EDOs to ensure it meets the objective of providing time off for employees to address personal issues while, at that same time ensuring that operations are maintained. Items to be reviewed and adjusted, where necessary, include, among others: adding another window in the month, adjusting the length of the window(s), start/end time of the window, and board placement when returning from taking an EDO.

b) Banking of Non-Chargeable Miles

1) Banking Miles

- An employee will be able to indicate on the first weekly bid of the month of their desire to bank all non chargeable miles. Such an election may be changed each month.
- During that period, non-chargeable miles will not be paid and will be held by the Company. Interest will not be paid on these monies.
- For clarification, all regular deductions will apply at the time these monies are paid .

2) Drawing from the Bank

- Should sufficient funds exist, an employee will be paid the equivalent of their daily Annual Vacation rate for each EDO taken.
- Upon layoff, an employee may elect to withdraw all monies from the bank.
- As of the first pay period in February of the year following the year the miles were banked, all monies in the bank earned in the previous year will be paid out.

c) General

Recognizing that this is a new provision, the parties retain the right to modify the terms upon mutual agreement to ensure that it meets the objective of providing time off for employee who regularly attend work while, at the same time, ensuring that operations are maintained and that it is administered in an efficient and cost effective manner.

If this accurately reflects our conversations, please so indicate by signing below.

Yours truly,

J. Bairaktaris
Director, Labour Relations

I Concur,

D. Able
General Chair, Engineers West

D. Genereux
General Chair, Trainmen East

T. Beaver
General Chair, Engineers East

D. Olson
General Chair, Trainmen West

Questions & Answers for Clarification

- 1) Do EDOs apply to all employees in road & yard service?
 - Yes.
- 2) Once I book an EDO in my window, can the company take it away from me?
 - No. Under special circumstances a manager may request an employee to move the EDO. This may only be done with the employee's agreement.
- 3) If I properly notify the CMC of my intent 72 hours in advance of taking an EDO during my window, can the Company deny giving me an EDO?
 - No.
- 4) If I arrange for a Leave of Absence (LOA) before my EDO in order to bridge the gap between the end of my rest and the start of my EDO, will this LOA count as a voluntary absence and reduce my ability to earn an EDO?
 - No. Further it will not be considered a penalty against a guarantee or MBR.
- 5) Will EDOs be given priority over LOAs?
 - Yes. EDOs will be given priority and will not be denied if the CMC is notified at least 72 hours prior to the date of the EDO.
- 6) How will my turn be handled when I book back on from an EDO?
 - It will be handled in the same manner as returning from LOAs are handled at your terminal. This process will be assessed during the review.
- 7) Will the establishments of EDOs reduce the amount of available LOA slots?
 - If successful, it is anticipated that EDOs will reduce absenteeism and increase the ability of the Company to provide LOA slots. This matter will be assessed during the review.

EDO will supersede LOAs on any given day. To illustrate this, in a terminal that previously had 10 LOA slots per calendar day for authorized leave, if there are 3 employees that use EDOs that day, there will be 7 LOA slots available for employees to obtain LOAs that day i.e. 10 employees in total can still be on authorized leave that day. Similarly, if no employees, are taking EDOs on a given day then the full slots available for authorized leave on that day remain available as before. Using our example above, 10 LOAs can be approved for that day.
- 8) If I want to take a leave of absence during my window, must I take an EDO?
 - No. Employees, may, at their discretion, elect to use their EDO on a given day or simply request an LOA. The decision rests with the employee alone.
- 9) What is the difference between EDOs and LOAs?
 - EDOs are earned and cannot be denied.

- LOAs are allotted based on operational requirements on an ad hoc basis, and may be denied.

10) Can the Company eliminate EDOs as part of the review process?

- No. It is in the interest of the Company and the Union to make EDOs work. The intent of EDOs is to provide employees with guaranteed time off to address Work/Life balance while, at the same time, meet the needs of the operations.

11) How do I notify the CMC of my intent to take an EDO?

- Initially, you can phone the CMC or send an e-mail or a fax. The objective over the long term is to implement an automated system.

12) How do I identify how many EDOs that I have?

- Initially, crews can phone the CMC. Once changes are made to the CMA system, this information will be made available to be viewed by employees.

13) If I have notified the CMC of my intent to take an EDO and then no longer require it, can you cancel your EDO?

- Yes. You must notify the CMC as far in advance as possible but no later than the start time of the EDO. Failure to provide such notification, will count as taking an EDO however, you may book on anytime afterward following the EDO book off.

14) Are EDOs considered pensionable service subject to pension arrears calculations?

- No. It is treated as an LOA and is deemed a non pensionable absence.

15) If I have been granted a LOA can my leave be cancelled because another employee takes an EDO on the same date?

- No.

Appendix 17 - Letter – Monthly Mileages

December 5, 2007

Mr. D. Olson
General Chairman- Trainmen West
Teamsters Canada Rail Conference

Mr. D. Genereux
General Chairman- Trainmen East
Teamsters Canada Rail Conference

Dear Sirs,

This is in regards to our conversations pertaining to changes made in the current Memorandum of Settlement which impact monthly mileages and your concerns that such changes could result in the lay off of current employees.

Although it was anticipated that these changes would not result in any layoffs, the company committed that it would not layoff any employees hired prior to January 1, 2008 as a result of implementing the auxiliary board and providing employees with the ability to voluntarily declare over miles as non-chargeable.

It was agreed that this issue would be monitored at the local level. Where it is shown that the growth of these non chargeable miles would result in the lay off of an employee, such layoff would not be affected.

Any disputes that cannot be resolved at the local level will be immediately escalated to the appropriate AVP – Operations by the respective General Chairs for resolution.

Yours truly,

J. Bairaktaris
Director, Labour Relations

I Concur,

D. Olson
General Chair, Trainmen West

D. Genereux
General Chair, Trainmen East

Appendix 25 – Letter - Union Security

December 5, 2007

Mr. D. Able
General Chair- Engineers West
Teamsters Canada Rail Conference

Mr. D. Olson
General Chair- Trainmen West
Teamsters Canada Rail Conference

Mr. T. Beaver
General Chair- Engineers East
Teamsters Canada Rail Conference

Mr. D. Genereux
General Chair- Trainmen East
Teamsters Canada Rail Conference

Dear Sir;

This refers to our numerous discussions during the current round of negotiations regarding Union Security and more specifically concerns the Union raised regarding the improper application of this article.

While the parties were unable to come to any agreement to revise the current article, the Company heard the Union's concerns in this regard. On that basis, the Company is prepared to accept that any employee who is set up in any managerial position for a period of 1 year (365 consecutive days), will be deemed to be a permanent position and their seniority will be frozen.

To further address the concerns of improper application of this article, the Company is prepared to agree that employees who are set up in a managerial position for a period in excess of 60 days and who book back into the ranks short of 365 days, shall be required to book on for a minimum of 120 days. If the employee accepts another managerial position prior to the expiration of the 120 days, they will be deemed to have worked continually in a managerial position.

An employee occupying a management position on a temporary basis will continue to have the equivalent of normal Union dues deducted for the duration of the appointment.

To enable presently affected employees the opportunity to make an informed career decision, these provisions shall take effect 60 days after ratification. For clarification, at the end of the 60 days, if the employee decides to remain a manager and has more than 365 consecutive days as a temporary manager, their seniority will be frozen on day 61. If an employee decides to remain a manager and has less than 365 consecutive days as a temporary/permanent manager, their seniority will be frozen as of the 365th day should they not return to the ranks prior to that time in accordance with this letter.

In the event of a legal work stoppage at CP, no employees from the TCRC will be set up in to a temporary management position for the purposes of engaging in the work of the striking union, or replacing a manager who is working as a replacement worker in the

striking union. Should this occur, the employee will be deemed as holding a permanent manager's position for the purpose of this article.

Respecting the intent of this letter, this provision may be waived by mutual agreement between the General Chair and the Director Labour Relations.

If you agree with the foregoing, please indicate your concurrence below.

Yours truly,

J. Bairaktaris
Director, Labour Relations

I Concur,

D. Able
General Chair, Engineers West

D. Genereux
General Chair, Trainmen East

T. Beaver
General Chair, Engineers East

D. Olson
General Chair, Trainmen West