

MEMORANDUM OF SETTLEMENT

Dated

May 30, 2018

Between

Canadian Pacific

and

Teamsters Canada Rail Conference

Concerning

Application of Wage Increases and Other Changes

Covering the Years 2018, 2019, 2020 and 2021

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Term and Wages

Consolidated Collective Agreement

The parties agree to a closed period commitment to finalize and clarify the consolidated collective agreement.

Term

Four years and modify the existing language to reflect an expiry date of 2021 as follows:

The Collective Agreement will expire on December 31, 2021. After that date, the Collective Agreement will continue to apply until one of the parties exercises its right to strike or lockout, as applicable, and this agreement shall remain in force during the period of negotiations.

Annual wage increases

- a) Effective January 1st, 2018, an increase of 2% on all basic hourly, daily, weekly and mileage rates of pay.
- b) Effective January 1st, 2019, an increase of 2% on all basic hourly, daily, weekly and mileage rates of pay.
- c) Effective January 1st, 2020, an increase of 2% on all basic hourly, daily, weekly and mileage rates of pay.
- d) Effective January 1st, 2021, an increase of 3% on all basic hourly, daily, weekly and mileage rates of pay.

Benefits

Effective the date of ratification, the respective benefit plans, as found in the Collective Agreements are amended as follows:

Life Insurance & Disability Benefits

The provisions of the Life Insurance and Disability Benefits Policy for the TCRC are amended to conform to the following in respect of employees covered by the Memorandum of Settlement:

Life Insurance

- a) Effective January 1, 2018, the group life insurance coverage will be increased from \$51,000 to \$52,000 for employees who have service with the Company on or subsequent to that date.
- b) Effective January 1, 2019, the group life insurance coverage will be increased from \$52,000 to \$53,000 for employees who have service with the Company on or subsequent to that date.

- c) Effective January 1, 2020, the group life insurance coverage will be increased from \$53,000 to \$54,000 for employees who have service with the Company on or subsequent to that date.
- d) Effective January 1, 2021, the group life insurance coverage will be increased from \$54,000 to \$55,000 for employees who have service with the Company on or subsequent to that date

Disability Benefits

Disability benefits will be increased as follows:

- a) Effective January 1, 2018, the maximum benefit will be increased to \$750.
- b) Effective January 1, 2019, the maximum benefit will be increased to \$800.
- c) Effective January 1, 2021, the maximum benefit will be increased to \$825.

Dental Plan

Modify the provision concerning covered expenses as follows:

- a. Effective with treatment which commenced on or after January 1, 2018 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 2018.
- b. Effective with treatment which commenced on or after January 1, 2019 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 2019.
- c. Effective with treatment which commenced on or after January 1, 2020 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 2020.
- d. Effective with treatment which commenced on or after January 1, 2021 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 2021.
- e. Effective January 1, 2018, increase the annual maximum from \$1,825 to \$1950.
- f. Effective January 1, 2019, increase the annual maximum from \$1,950 to \$2,000.
- g. Effective January 1, 2020 increase the annual maximum from \$2,000 to \$2050.
- h. Effective January 1, 2021 increase the annual maximum from \$2,050 to \$2100.

Quality of Life / Fatigue Management

EDOs – Guaranteed Bridge

Add a new clause to the Earned Days Off provisions of the Consolidated Collective Agreement as follows:

All T&E Employees must call the CMC prior to 2100 local time in order to request a bridge. The bridge will take effect from 0001 local time up to 0759, and then the employee will be booked off on the EDO at 0800, as usual. Bridges commencing prior to 0001 will be handled on a case-by-case occurrence.

Directional Pools

Add new clause to the Consolidated Collective Agreement as follows:

The parties recognize and agree the operation of Directional Pools in unassigned service requires employee availability and, on that basis, requires the calling rules to draw on employees to work in either pool when the supply of employees in a particular pool and/or spareboard is insufficient to operate all of the trains.

The parties agree that within 60 days of ratification directional pools will be implemented in the following locations.

Terminal:

Calgary
Fort Steele
Kenora
Lethbridge
Medicine Hat
Minnedosa
Moose Jaw
Revelstoke
Winnipeg
Chapleau
Schreiber

Directional pools currently in place will remain as is. The parties agree that should further locations be identified they will be implemented by mutual agreement.

In the establishment of Directional Pools, the parties agree the joint development of the standardized calling rules for that Terminal (within 14 days of ratification) and their mutual agreement is required prior to implementation of Directional Pools at that location.

All road employees must maintain their familiarity on all subdivision at their terminal. To ensure that familiarity is maintained, the Parties will jointly develop a system that at each change of card operating employees can validate their familiarity for each pool, so they are considered familiar and qualified to be called for work in any of the pools in that Terminal. Operating employees who do not validate their familiarity at each change of card will be required to make at least

one working trip in order to validate their familiarity with runs in each pool. Local Agreements to manage familiarization trips will be in writing and filed with the General Chairman, General Manager, and AVP Labour Relations for their approval and validation.

In the event of a major line outage, the Company may exercise the right to temporarily collapse and combine the directional pools at that Terminal to maintain sufficient crew availability during the outage. The Company will notify the Local Chairmen when this will occur, along with the expected duration.

At locations where the Company has established directional pools and any train identified on the current lineup is not protected by rested and available employees, who do not accept a call to work to ensure cross pool protection obligations, the following will apply:

1. In the event train delays are attributable to the existence of directional pools at a terminal, the General Manager, or delegate; and the Local Chairmen at that Terminal will review any delay. Any further train delays referred to herein will be elevated to the Senior Vice President Operations and the applicable General Chairman for their review and recommendation.
2. In the unfortunate circumstance that train delays attributed to cross pool operations continue to take place, despite the best efforts of the Company and the Union, the parties agree that pools may be restructured at that terminal.

The intent between the parties is that directional pools/cross pool protection will enhance customer service, employee availability, and provide a more regular employee work routine; and the above provisions will rarely, if ever, have to be invoked.

Heldaway

Revise current Held Away language to reflect the attached graphic for payment of heldaway, and automatic call or held away at 18.75 miles per hour. The decision to provide an automatic call or pay heldaway at 18.75 miles will be at the Company's discretion. The graphic below applies to Conductor-only territory. Add one hour to the Heldaway and Automatic Call columns for Non Conductor-only territory.

Hours of Rest Booked at AFHT	Heldaway Commences at AFHT	Automatic Call or Heldaway – 18.75 miles/hour
0	10	14
00:01–01:00	10	14
01:01–02:00	10	14
02:01–03:00	10	14
03:01–04:00	10	14
04:01–05:00	10	14
05:01–06:00	10	15
06:01–07:00	11	N/A
07:01–08:00	11	N/A
Mandatory rest	10	14

Note – Chart above applies on Conductor-only territory.

Extended Home Terminal Mileage Rest

Amend the current provision of 48 hours:

Employees working unassigned road service including spareboards shall, unconditionally, be entitled to book up to 48 hours personal rest to ensure two consecutive nights upon reaching each of the following mileage thresholds:

Upon tie up at the Home Terminal

- After having accumulated 1075 chargeable miles, for your mileage period.
- After having accumulated 2150 chargeable miles, for your mileage period.
- After having accumulated 3225 chargeable miles, for your mileage period.

Employees will be allowed to revise their rest within 60 minutes of tying up.

Implementation of this change shall be effective with mileage date following the first of the month following ratification.

All other rest provisions of the Collective Agreement continue to apply.

Yard Rest Rule

All yard employees will have the right to book rest after 10 hours service.

Work Rules

Short Turn Rule (revise the current short turn rule to include)

Amend the first-in/first-out provisions of the Consolidated Collective Agreement to include the following:

- a. Unassigned service employees and/or employees assigned to a road or common spareboard who are called for yard service, assignments, ad hoc road switchers, will upon tying up be placed in their original position on the board they were called from provided ten (10) hours, or less, rest is booked upon the completion of their tour of duty.
- b. In the application of paragraph (a.) above, unassigned employees will be placed at the foot of their respective pool or spareboard after a second consecutive short turn.
- c. This short turn rule has no application to a Conductor holding a regular position who has advised the Local officers or their desire to do relief work of less than 6 days in either passenger, mixed, way-freight, road switcher or work service and is called as such.
- d. Essentially, if a Conductor bids spare running and receives relief work in accordance with that bid, they cannot reposition their turn.
- e. The provisions of paragraph (a.) above, will also apply to employees who are canceled after work has commenced and are paid a 100-mile basic day.
- f. It is the responsibility of the employee to ensure that their turn is placed correctly. Employee requests to review the placement will not be entertained beyond one (1) hour after tie-up.

Calling Rules

Amend the Consolidated Collective Agreement as follows:

When two employees are called from the spareboard for the same assignment or tour of duty, the senior employee will be given preference to the higher rated position. Employees will be responsible for contacting the Crew Management Centre in the event they are called out of turn.

Locomotive Engineer Extra Board (LEEB)

The Company agrees to include the LEEB list on a terminal by terminal basis in the VRU and crew information screen subject to any CMA modifications/enhancements.

Renewal of letters

- a. As part of the renewal to the existing Collective Agreement, all current side letters and memorandums of understanding incorporated into the Collective Agreement will be renewed provided they are effective the date of signing of this Agreement. Additionally, issues that are subject to estoppel will remain in effect for the term of this Collective Agreement.
- b. The Arbitrators Award concerning OM payments at Vaughn will be recognized within the terms of the Consolidated Agreement.
- c. The new hire lump sum payment provided for in the December 5, 2007 letter between the parties will apply to all employees hired prior to ratification after which time this letter will expire.

Road Switcher General Holiday

Add the following language to the Road Switcher Article in the Consolidated Collective Agreement:

A road switcher assignment that spends the entire shift working within the yard on a General Holiday, will be paid at yard rates and conditions including overtime for the General Holiday.

Road Switcher Lunch

Add the following language to the Road Switcher Article in the Consolidated Collective Agreement:

- a. Yard lunch provisions will apply to Road Switchers that spend the entire shift working within the yard as defined by the OMTS.
- b. Road Switchers that work outside of the OMTS but within yard switching limits will be provided the opportunity to take 20 minutes for lunch between 4 and 5 ½ hours after starting work without deduction in pay and upon advising the RTC at least 1 hour in advance. Employees will not be required to work longer than 5 ½ hours without being allowed 20 minutes for lunch, with no reduction in pay or time therefore.
- c. Road Switchers that work outside of the Terminal limits will be governed by the road provisions for Meals Enroute.

Question 1: In the application of paragraph (a.) how will it be determined that a Road Switcher assignment spends the entire shift within the yard for these provisions to apply?

Answer: Road Switchers that work within the yard as defined by the OMTS, or in the same manner as a conventional yard job for their entire shift will be governed by this provision.

Question 2: Which provision above, (a.) or (b.) applies to Road Switcher assignments that operate outside of the outer main track switch but within yard switching limits?

Answer: Paragraph (b.) applies, however it is understood that employees will take their lunch either on the locomotive or at the customer facility, if available.

Question 3: In the event the locomotive is not equipped with a functioning refrigerator, what options are available to the employees?

Answer: When the employee reports for duty and determines that the refrigerator is not functioning, they must notify their supervisor as soon as possible so that alternate arrangements can be made to accommodate lunch.

Question 4: In the event a Road Switcher performs work within both a yard and outside of the OMTS but within Terminal limits, how will it be determined which lunch provision applies for that shift?

Answer: Employees will be advised when they report for duty which lunch provision will govern their work day. In the application of this provision, in the event the crew is within close proximity to a designated lunch facility and no additional operational delay will be incur, the employee will have the option of using the designated lunch facility.

Rest after Investigations

Amend the language in the Consolidated Collective Agreement with respect to investigation and discipline to include:

Employees will have the ability to book 8 hours rest following Company initiated investigation. Rest will commence from the time stated at the conclusion of the investigation.

Cancellation of Investigations

Amend the language in the Consolidated Collective Agreement with respect to investigation and discipline to include:

When a scheduled investigation is cancelled employees will be paid for actual lost earnings, if any. Notice of cancellation will be provided to anyone required to attend the investigation.

Earned Days Off (EDO)/Mileage Dates

Amend the language in the Consolidated Collective Agreement with respect to EDOs to include:

Employees will have the opportunity to rebid their EDO/Mileage dates on the basis of seniority sixty (60) days after the issuance of the Consolidated Collective Agreement to employees and every three (3) years thereafter.

AV Flatline – 52 Weeks

Amend the current provisions and processes for the flatlining of annual vacation (AV). This process is effective for the 2019 annual vacation allotment.

For clarification, it was agreed that prior to the awarding of AV, local union and management representatives would meet to:

- a. Establish a base line determined by dividing the number of weeks of AV at the terminal by the distribution period (52 weeks). In all cases, the baseline is to be rounded up to the nearest whole number.
- b. Review previous local experience and future traffic projections to determine whether or not the base line can be increased and by how much for periods of premium vacation demand.
- c. Where appropriate, if traffic volumes decline more than anticipated during periods of premium vacation or if employees are laid off, the Company would offer additional AV slots and award according to local practice.
- d. The week containing December 31 (Week Z) will contain the full flat line allotment. This week will also be the final week bid in the respective year.
- e. The week containing December 25 will be included in the annual vacation peak periods.
- f. The bidding process for annual vacation will commence on December 1 and conclude on December 15 of each year. The first full week of the year will be the first week available to be bid.

It was also agreed that, where authorized by the respective General Chairman, local arrangements may be made to distribute annual vacation amongst employees. Such arrangements, however, will not impact the amount of AV slots provided per week as determined above.

AV Slot at Sparwood

Amend the language in the Consolidated Collective Agreement with respect to annual vacation – peak vacation to include:

Commencing with the 2019 vacation period, one (1) additional slot during peak vacation period will be provided to the Sparwood Home terminal, and as a result:

One (1) slot during the peak vacation period will be reduced from the Cranbrook / Fort Steele Home terminal.

AV Vacancy Procedure

Amend the Annual Vacation provisions of the Consolidated Collective Agreement establishing the October 17, 2016 Decision of Arbitrator Stout regarding “The Establishment of a Process to Fill Annual Vacation Vacancies” as follows:

Article XX – Process to Fill AV Vacancies

- a. On December 15 of each year, the Company will provide the Union with the previous twelve (12) months of manpower off duty reports for each terminal.
- b. Employees shall be permitted to change their vacation period into a week or weeks, which are not fully allocated. Such changes shall be made on a seniority basis, according to the craft list the employee falls within that particular year. The process for changing annual vacation slots shall be as follows:
- c. On the first Tuesday of every month the CMC will issue a bulletin listing all the AV weeks (slots) available that have not been fully allocated to the flat line number. The Company shall also provide the previous four-week rolling average availability for the applicable terminal.
- d. Employees wishing to change their annual vacation periods shall have ten (10) days to fax/email in an Annual Vacation Change Request Form to the AV Admin Clerk. Employees will be notified of the results, by bulletin on the Friday of the following week and the Union will be given a copy of the bulletin.
- e. CMC Management shall act reasonably in approving any given annual vacation change request.

Calendar of Employees on Annual Vacation (AV)

Amend the language in the Consolidated Collective Agreement with respect to annual vacation to include:

The Company agrees to provide a complete list of employees who are on vacation in each week for the entire year. The Company will provide an updated list monthly with the bulletin advertising AV vacancies.

Annual Vacation (AV) Letters

Amend the AV Articles in the Consolidated Collective Agreement to include the following letters:

April 7, 2017 – Annual Vacation Preponderance

April 10, 2017 – Calculation of the Annual Vacation Flatline

April 10, 2017 – Calculation of the Annual Vacation Flatline – Annual Vacation Matrix

Courtesy Calls

Amend the language in the Consolidated Collective agreement with respect to calling of employees establishing courtesy calls.

- a. Employees will be afforded in thirty (30) minute increments courtesy calls at the home and away from home terminal if desired.
- b. Any abuse of courtesy calls will result in a loss of privilege for a ninety (90) day period.

LTD Language

Amend the Consolidated Collective Agreement to include the following:

An employee paid Long Term Disability Plan (LTD), implemented by the TCRC Locomotive Engineers (LE), Conductors-Trainmen-Yardmen-Switchtenders - Road Service Employee-Road Service Helper-Yard Service Employee-Yard Service Helper-Utility Yard Employee (CTY), will be administered by the Company. Administration will include payroll deduction of premiums, which will be forwarded to the Insurance Carrier. Premiums and all other costs associated with this plan will be borne by the individual TCRC LE/CTY members.

Medical Hold Turn

Amend the Family Care Letter for the ability to hold turns for personal medical appointments.

Within 30 days of ratification, the parties will identify and agree upon three trial locations across Canada, one of which will include a major metropolitan area. Any issues arising during the trial period will be addressed locally and escalated to the General Manager and General Chairmen, if necessary.

Following the one-year trial period the Medical Hold provision will be implemented at all terminals with the following parameters:

- a. Unless the appointment is of emergent necessity, the employee will be required to provide a minimum of 14 days' notice and proof of the appointment to the Superintendent and CMC. Application is limited to when such appointments cannot reasonably be scheduled during off-duty time.
- b. Employees cannot use this Medical Hold provision between the hours of 1700 hours Friday until 1800 hours on Sunday.
- c. During Medical Hold period employees will have their turn held.

CROA 4259

The parties agree that, with respect to CROA 4259 and the supplementary award, ad hoc road switchers will receive all payments that are applicable to a freight crew that is called in turn service, including but not limited to, off main payments (OM), TT&J and PU claims pursuant to the respective Collective Agreement provisions.

Field Placement Coordinator

Amend the language of the Consolidated Collective Agreement regarding Field Placement Coordinators to include:

Field Placement Coordinators will not perform managerial duties and will continue to accumulate seniority for the period they occupy the position.

Voluntary Relocation with Benefits

Amend the language of Consolidated Collective Agreement with respect to Voluntary Relocation with benefits (within the Region) to the following:

Long term – Where initiated, a lump sum of \$18,000.00 will be provided to employees who move to a location of shortage. Selection will be made on a seniority basis. Should such employees choose to relocate from that location within 2 years, they will be required to reimburse the Company on a prorated basis. Such reimbursement will not apply in cases of lay off if an employee returns to the shortage location upon recall or if the lay off period is greater than 2 months at the location of shortage.

Terminal Assignments

Create a new Article in the Consolidated Collective Agreement as follows:

Article XX – Terminal Assignments

Where there may be an issue regarding the amount of extra assignments within a given terminal, including turns and ad hoc road switchers, local Union and Company officers will meet to discuss the creation of assignments to minimize the impact on employees. The local discussions will focus on establishing assignments to reduce or eliminate extra assignment calls and increase predictability and employee availability. Should the local discussions fail to resolve the issues, the matter can be escalated to the respective General Chairman and Director of Labour Relations.

No Scoop – Straight Away Service to the Away From Home Terminal

Amend the No Scoop provision of the Consolidated Collective Agreement to include the following:

The No Scoop rule only applies when two or more crews are ordered from same terminal to an AFHT.

Payments / Rules

Train length Allowance

Amend the current train length allowance to provide a payment of \$95 for 12, 000 feet and above. Additionally, amend the provision to provide a modified payment for employees hired subsequent to January 1, 2014.

Employees entering service prior to January 01, 2014 shall continue to be entitled to 100% of train length allowance and employees entering service on or subsequent to January 01, 2014 shall:

- Upon achieving 6 months seniority be entitled to 25%; and,
- Upon achieving 18 months seniority be entitled to 50%; and,
- Upon achieving 30 months seniority be entitled to 75%; and,
- Upon achieving 42 months seniority be entitled to 100% consistent with the chart below:

Train Length (Feet)	6 Months- 25%	18 Months- 50%	30 Months- 75%	42 Months and Above-100%
3,801 to 5,000	\$0.75	\$1.50	\$2.25	\$3.00
5,001 to 6,000	\$1.75	\$3.50	\$5.25	\$7.00
6,001 to 7,000	\$3.25	\$6.50	\$9.75	\$13.00
7,001 to 8,000	\$5.25	\$10.50	\$15.75	\$21.00
8,001 to 9,000	\$7.75	\$15.50	\$23.25	\$31.00
9,001 to 10,000	\$10.75	\$21.50	\$32.25	\$43.00
10,001 to 12,000	\$14.25	\$28.50	\$42.75	\$57.00
12,000 and over	\$23.75	\$47.50	\$71.25	\$95.00

Length of Run

Amend the current length of run allowance to provide a modified payment for employees hired subsequent to January 1, 2014.

Employees entering service prior to January 01, 2014 shall continue to be entitled to 100% of length of run allowance and employees entering service on or subsequent to January 01, 2014 shall:

- Upon achieving 6 months seniority be entitled to 25%; and,
- Upon achieving 18 months seniority be entitled to 50%; and,
- Upon achieving 30 months seniority be entitled to 75%; and,
- Upon achieving 42 months seniority be entitled to 100% consistent with the chart below:

Distance (In Road Miles)	6 Months-25%	18 Months-50%	30 Months-75%	42 Months and Above-100%
100 or less	\$3.00	\$6.00	\$9.00	\$12.00
101 to 150	\$3.75	\$7.50	\$11.25	\$15.00
151 to 200	\$5.63	\$11.25	\$16.88	\$22.50
201 or more	\$7.50	\$15.00	\$22.50	\$30.00

Off Main Claims

The appropriate articles of the Consolidated Collective Agreement regarding Off Main payments will be replaced with the following:

In all classes of Road Service, except Road Switcher and work train service, when engine is run more than one mile off main track, mileage or hours made, whichever is the greater, will be paid for in addition to pay for the trip and paid for at the rate of class of service performed.

A side trip on a branch line shown in the timetable as a subdivision does not constitute running off the main track.

TT&J

Amend the appropriate Consolidated Collective Agreement Articles for Conductors East and Locomotive Engineers East and West for Payments at Turnaround and Junction Points with the following: (currently Articles 12.03(1), 12.06 and 12.07 Trainmen West Collective Agreement):

Basic Day Straightaway and Turnaround Service

In all freight, mixed, unassigned passenger, light running (engine and caboose), pusher and helper service, 100 miles or less, 8 hours or less, constitute a day's work, exclusive of payment for switching, initial terminal detention and time at turnaround points.

Payment of Turnaround Points

Turnaround Service

When trains are turned at intermediate points, all time at turnaround point or points, including the initial terminal when turning at that point in accordance with fifth

paragraph, Clause 12.03(2), from arrival at the location, until departure from the outer main track switch (designated point), or when deadheading commences, will be paid on the basis of 12-1/2 miles per hour at the rate of class of service performed.

Payment at Junction Points

Employees required to set off, switch or pick up at Canadian Pacific Junction points will be paid on the basis of 12-1/2 miles per hour at the rate of class of service performed from time of arrival at location until departure from outer main track switch (designated point) or when deadheading commences. When necessary to double over in meeting a train or allowing another train to pass, this will not be considered as switching.

If picking up or setting out a diesel unit or units is the only service performed, the provisions of this clause will not apply. The term "unit or units" means a unit or units that were operated or are to be operated by the Engineer on the run on which the service is performed.

At stations where the actual junction point is within 2 miles of the outer switches, payment for junction switching will be allowed. All time paid for under this clause will be paid for in addition to pay for the trip but will be deducted in computing overtime.

TT&J Grievances

The Company agrees to pay the outstanding grievances and claims based upon the agreed upon interpretation with respect to the arrival and departure from the turn location. The Union will, within 30 days, provide the Company a spreadsheet of all outstanding grievances and claims.

Auxiliary Board

Modify the Auxiliary Board language in the consolidated Collective Agreement to reflect the following language.

“ XX. Separate Locomotive Engineer and Trainpersons auxiliary boards will be established at all home terminal locations for the calling of qualified employees under the following conditions.

- 1) Employees desiring additional work when off for miles or on assigned days off may voluntarily place themselves on one or, where qualified, both auxiliary boards. In the application of this article, Engineers work will be called from the Engineers auxiliary board and Trainmen work will be called from the Trainmen auxiliary board. Employees will only be called for work for which they are qualified and familiarized.
- 2) Employees desiring to be placed on the auxiliary board will indicate their desire to do so on the Weekly Placement Bid Sheets and they will take such work when called.

- 3) Employees on the auxiliary board will be called to service on a single trip basis once the pools and spareboards have been exhausted. The Engineer Auxiliary Board will be utilized prior to calling from the Locomotive Engineer Extra Board. Actual placement in the calling decision rules will be confirmed through local discussions.
- 4) Weekly placement on the auxiliary board will be by bid. Upon ratification, calling rules will be established.
- 5) An employee who fails to respond to calls will be removed from the board and must rebid.
- 6) Miles earned on the auxiliary board will not be deemed chargeable to the employee's mileage period.
- 7) All earnings made by employees called from the Auxiliary Board will be subject to a premium of 20%.

Note: This clause will not result in attendance related discipline or penalty claims."

Material Change

Amend the Collective Agreement language to include defined dates and defined benefits – Appendix G.

General Clause

- 1) The foregoing changes are in full settlement of all demands served by and upon Canadian Pacific Railway Company and the Teamsters Canada Rail Conference.
- 2) This document shall constitute the Memorandum of Agreement for the purpose of amending the Consolidated Collective agreement (CCA), when authorized by the membership of the Union.
- 3) Employees who were in service on January 1, 2018, or who were employed subsequent thereto, shall, providing they have not been dismissed from the service, file has been closed or resigned prior to the ratification of this agreement, be entitled to any amount of increased compensation that is due them for time worked subsequent to December 31st, 2017 as outlined within this agreement.
- 4) An employee subsequently reinstated to service will, upon reinstatement, be entitled to the benefits contained in this agreement.
- 5) 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.
- 6) Where no implementation dates are indicated, an implementation schedule will be established upon mutual agreement. The implementation schedules will be established within 30 days of ratification.
- 7) A single Consolidated Collective Agreement will be printed within 60 days of the final signoff of the contents of the Consolidated Collective Agreement. This period may be extended through mutual agreement for the purposes of preparation and proof reading.

Letters of Understanding

- 1. Employee share purchase program – Appendix A**
- 2. Grievance Reduction Initiative – Appendix B**
- 3. Held Out of Service East – Letter – Appendix C**
- 4. KLR Letter – Appendix D**
- 5. Locomotive Voice and Video Recording (LVVR) letter – Appendix E**
- 6. Management of Grievances and Scheduling of Cases – Appendix F**
- 7. Material change provisions – Appendix G**

SIGNED AT Calgary, Alberta this 30th day of May, 2018.

For Canadian Pacific:



Myron Becker
Assistant Vice President
Labour Relations



Robert A. Johnson
Executive Vice President-Operations

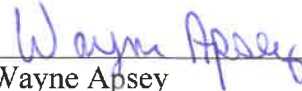
For TCRC:



Dave Fulton
General Chairman
CTY West



Greg Edwards
General Chairman
LE West



Wayne Apsey
General Chairman
CTY East



John Campbell
General Chairman
LE East

Appendix A

Employee Share Purchase Program (ESPP)

May 30, 2018

Greg Edwards
General Chair LE West
101-10820 24 Street SE
Calgary, AB
T2Z 4C9

Dave Fulton
General Chair CTY West
101-10820 24 Street SE
Calgary, AB
T2Z 4C9

John Campbell
General Chair LE East
381 Queen Street
Peterborough, ON
K9H 3J7

Wayne Apsey
General Chair CTY East
5334-361 Queen Street
Smiths Falls, ON
K7A 0A6

Gentlemen:

Re: Employee Share Purchase Program (ESPP)

In recognition and contingent upon a four-year contract renewal signed by the parties today, the Company will restore the employer contribution element of the Employee Share Purchase Plan (ESPP) for Teamster Rail Canada Conference Employees effective thirty (30) days after the signing of this agreement.

This is not a negotiated item and does not form part of the Collective Agreement. The Company contribution element of the ESPP program will expire on December 31, 2021 unless otherwise agreed to by the Company.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Myron Becker', followed by a horizontal line.

Myron Becker
Assistant Vice President
Labour Relations

Appendix B

Grievance Reduction Initiative

May 30, 2018

Greg Edwards
General Chair LE West
101-10820 24 Street SE
Calgary, AB
T2Z 4C9

Dave Fulton
General Chair CTY West
101-10820 24 Street SE
Calgary, AB
T2Z 4C9

John Campbell
General Chair LE East
381 Queen Street
Peterborough, ON
K9H 3J7

Wayne Apsey
General Chair CTY East
5334-361 Queen Street
Smiths Falls, ON
K7A 0A6

Gentlemen:

The parties have taken significant measures to address the existing backlog of grievances filed for arbitration. That stated, it is agreed that the parties will continue to explore various avenues to help reduce the current grievance backlog on the system. Such measures to be explored will include but are not be limited to the following:

Bi-Monthly grievance meetings with Senior Vice-Presidents Operations (East and West), Labour Relations and General Chairmen.

Monthly parties paid expedited arbitration handling (minimum of 5-6 sessions per year as needed). This doesn't preclude the Union from advancing cases through CROA.

Grievance mediation (minimum of 2 days, per month West and as needed in the East) with assistance of Federal Mediation Conciliation Services (FMCS).

Sincerely,

A handwritten signature in blue ink, appearing to read 'Myron Becker', followed by a long horizontal line extending to the right.

Myron Becker
Assistant Vice President
Labour Relations

Appendix C – Letter – Held out of Service

May 30, 2018

Mr. W. Apsey
General Chair- Trainmen East
Teamsters Canada Rail Conference

Dear Sir,

This refers to our discussions regarding your concerns pertaining to employees being held out of service for an extended period of time both prior to and pending an investigation.

Although it was recognized that the Company has the right to hold employees out of service for an investigation according to the terms of the agreement, in order to address your concerns, the following was agreed:

This Appendix C addresses situations when an employee has been suspended for an investigation for more than 10 calendar days due solely to the Company the employee will be paid lost wages for the time in excess of 10 calendar days whatever the decision may be. This period may be extended upon mutual agreement.

This pilot will continue for the duration of the contract and may be modified or cancelled upon mutual agreement.

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

Yours truly,

A handwritten signature in blue ink, appearing to read 'Myron Becker', with a long horizontal line extending to the right.

Myron Becker
Assistant Vice President
Labour Relations

I Concur,

A handwritten signature in blue ink, appearing to read 'Wayne Apsey'.

Mr. W. Apsey
General Chair – Trainmen East

Appendix D – Letter – Kawartha Lakes

May 30, 2018

Mr. J. Campbell
General Chair- Engineers East
Teamsters Canada Rail Conference

Mr. Wayne Apsey
General Chair- Trainmen East
Teamsters Canada Rail Conference

Dear Sirs,

This has reference to various discussions during this round of negotiations concerning the need to address issues unique to the Kawartha Lakes Railroad.

It was agreed to renew the Collective Agreement between Canadian Pacific Limited and the Teamsters Canada Rail Conference on behalf of the Trainpersons and Locomotive Engineers employed on the Havelock/Nephton Internal Shortline.

The following amendments will apply effective January 1, 2018:

1. Article 3 as amended establishing increases under the terms of the National Agreement; Memorandum of Settlement dated May 30, 2018.
2. Article 5, clause 5.4 will be amended to increase wages under the terms of the National Agreement, Memorandum of Settlement dated May 30, 2018.
3. Article 25, clause 25.1, duration of Agreement will be amended to reflect renewed for a period of four years commencing January 1, 2018.

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

Yours truly,



Myron Becker
Assistant Vice President
Labour Relations

I Concur,



Mr. J. Campbell
General Chair – Engineers East



Mr. W. Apsey
General Chair – Trainmen East

Appendix E – LVVR Letter

May 30, 2018

Dave Fulton
CTY West
General Chairman

Greg Edwards
LE West
General Chairman

Wayne Apsey
CTY East
General Chairman

John Campbell
LE East
General Chairman

Re: Locomotive Video / Voice Recording ("LVVR")

Gentlemen,

This is with respect to our discussion on inward facing Locomotive Voice and Video Recording (LVVR) technology. The parties agree:

Whereas the issue of LVVR has been a topic of discussion between Canadian Pacific Railway Company ("CP") and Teamsters Canada Rail Conference for some time;

And Whereas CP and the TCRC have come to understand that although the technology is available for LVVR, the use of recordings is a difficult balance between the safety of the operation and personal privacy as well as working conditions in the locomotive cab;

Now therefore the parties have agreed to a protocol that enhances the overall safety of operations of CP while minimizing the impact on personal privacy and working conditions;

Internal LVVR recordings can only be used at the request of the Transportation Safety Board for the purpose of incident/accident investigation.

The review of LVVR footage or recordings by any other agency or individual is prohibited save and except for the employee of CP who is required to retrieve the footage for the Transportation Safety Board.

The LVVR recording cannot be reviewed by CP except as provided by law.

In the event the government enacts legislation that enables CP to utilize LVVR for other than review by the Transportation Safety Board only, the parties agree to meet with the assistance of FMCS if necessary and discuss the terms and conditions governing such technology and the use of the information obtained through LVVR.

The use of such technology, other than as permitted by law, shall not occur without the agreement of the parties.

This letter of understanding will remain in force for the duration of collective agreement.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Myron Becker', with a long horizontal flourish extending to the right.

Myron Becker
Assistant Vice President
Labour Relations

Appendix F – Management of Grievances

AGREEMENT BETWEEN CP RAIL (CP) AND TEAMSTERS CANADA RAIL CONFERENCE (TCRC) AS IT PERTAINS TO THE MANAGEMENT OF GRIEVANCES AND THE SCHEDULING OF CASES AT CANADIAN RAILWAY OFFICE OF ARBITRATION (CROA)

This Agreement is designed to improve the management and processing of disputes through the grievance procedure up to and including arbitration.

There is agreement that all grievances must be advanced and must be responded to in each case, at all levels, this includes proposed Joint Statements of Issue (JSI). Reference attached 1989 CBA letter.

In the event a JSI is not agreed upon, at least thirty days prior to the scheduled hearing the TCRC and CP will provide detailed Ex Parte Statements of Issue to CROA and to each other, which outlines their respective positions about the dispute. The parties will only be able to raise and pursue the issues raised in the JSI or their Ex Parte Statements of Issue as the case may be. Failure of a party to agree upon a JSI or file its own detailed Ex Parte Statement of Issue will prohibit that party from raising and relying upon any issues or positions at Arbitration. In other words, the party failing to agree to a JSI or failing to file its own Ex Parte will be limited to replying only to those issues raised by the other party.

There is agreement the Union will schedule those cases with CROA that need to be adjudicated subsequent to the meetings and the efforts to settle. If there is a case that is simply not going to settle, while discussion may be helpful it will not delay the scheduling of a case at CROA.

It is the intention of the Parties to only schedule disputes with CROA that need to be scheduled and need to be heard by the CROA Arbitrators. The Parties agree and will continue to hold all other files in abeyance with time limits protected in order to advance outstanding disputes to CROA for scheduling on a case-by-case basis consistent with CROA scheduling Rules and Guidelines. In other words, the parties will follow a system of requesting that particular files be scheduled on a month- to-month basis.

The parties agree that all time limits as set out in the grievance procedures (currently Articles 22 (LE) and 71 (CTY)) will be held in abeyance while the cases await a request to be scheduled at CROA. This will apply only for the final step in the grievance procedure submission to CROA. All other time limits shall remain in force unless mutually agreed otherwise on a case by case basis between the parties.

This will not in any way diminish or affect responsibility or liability in any case. This is an agreement between the Parties to enter into sincere discussions in an honest and forthright effort to settle outstanding disputes and to then schedule only those disputes that truly remain outstanding and have received maximum settlement efforts by the parties.

The Parties agree to discuss any process or practical points needed to further address with CROA any further issues to make this agreement operate smoothly for all concerned.

Dated May 30, 2018

For:
CP Rail

For:
Teamsters Canada Rail Conference

A handwritten signature in blue ink, consisting of a stylized 'C' followed by a series of loops and a long horizontal stroke.A solid horizontal line, likely a placeholder for a signature or stamp.

Letter of 1989 re: Handling of wage claims and grievances Former Appendix B-34

MONTREAL, July 25, 1989

L.A. Clarke

Mr. E.S. Cavanaugh
Mr. J.M. White

During this round of negotiations with the running trades unions, the General Chairmen expressed concern with the manner in which some local officers were handling employee related problems, particularly the handling of grievances.

Insofar as the handling of grievances at the local level is concerned, we advised the General Chairmen that whenever a wage claim was being processed which was considered incorrect, the proper procedure was to pay the undisputed portion of the ticket on the current payroll and advise the employee the reason for the reduction. In the subsequent handling of grievances in respect of wage claims the letter to the Local Chairman should contain the specific reasons as to why the grievance is being declined. It is considered that the above procedure is what is contemplated by the words "a decision will be rendered in writing" as contained in the various steps of the grievance procedure. It is not sufficient merely to state that the grievance is declined.

The General Chairmen also complained that in a few instances the time limits specified in the grievance procedure had not been adhered to by some Company Officers. In this regard, they were told that the Company does not approve of incidents in which, as it was alleged, some Company Officers were not responding to grievances within the specified time frames. The position of the Company remains clear; the provisions outlined in the respective collective agreements with respect to the grievance procedure must be complied with, and that grievances should be answered in a timely fashion.

Will you please ensure that the above instructions with respect to the handling of grievances are brought to the attention of all operating officers for their information and guidance.

A copy of this letter is being provided to the General Chairmen.

(Sgd.) L.A. Clarke
Manager, Labour Relations

cc: Messrs. W. M. Jessop
J. R. Austin

1715 April 19, 2018 Copy 2

Appendix 1

Amended Material Change Provisions

ARTICLE 60 - MATERIAL CHANGE IN WORKING CONDITIONS

Note: Formerly Article 34 LE West and East.

60.01 Prior to the introduction of run-throughs or relocation of main home terminals, or of material changes in working conditions which are to be initiated solely by the Company and would have significantly adverse effects on Engineers, the Company will:

(1) Give to the General Chairman as much advance notice as possible of any such proposed change with a full description thereof along with appropriate details as to the consequent changes in working conditions, **but in any event not less than:**

1. **three (3) months in respect of any material change in working conditions other than those specified in subsection (2) hereof;**
2. **six (6) months in respect of introduction of run-throughs through a home terminal or relocation of a main home terminal;**

(2) Negotiate with the Union measures other than the benefits covered by 60.11 of this Article to minimize significantly adverse effects of the proposed change on Locomotive Engineers, which measures may, for example, be with respect to retraining and/or such other measures as may be appropriate in the circumstances.

60.02 The negotiations referred to in sub-clause (2) of 60.01 shall be conducted between the General Manager and the General Chairman and shall commence within 20 days of the date of the notice specified in 60.01(1). The parties agree, at the initial meeting, to review the available dates for the board of review and an arbitration hearing with consideration to the timelines set out below.

If the negotiations do not result in mutual agreement within 30 calendar days (day 50) of their commencement the issue, or issues, remaining in dispute will be advanced within 7 days (day 57) of the cessation of negotiation, be referred to the Vice-President, Labour Relations, of the Company and the Vice-President of the Union for mediation by a Board of Review composed of two senior Officers from each party. Such referral shall be accompanied by a Joint Statement of Issue, or Issues, remaining in dispute together with a copy of the notice served by the Company on the Union under Section 1, Article 60.01 and a summary of the items agreed upon.

In the event neither party desires to submit the issue, or issues, remaining in dispute to a Board of Review the dispute shall be referred to the Arbitrator as provided in this article.

The Board of Review must meet within 30 days (day 80) and, if the Union is not able to meet within this required timeframe, the Company is entitled to proceed to the next step.

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.



The Board of Review shall, within 20 days (day 100) from the date of reference of the dispute, make its findings and recommendations. If the Board is unable to arrive at a decision within the time limits specified herein or such extended time limits as provided in 60.03, or if its recommendations are not agreeable to either party, a Joint Statement of Issue, or Issues, remaining in dispute may be referred within seven days (day 107) by either party to a single arbitrator who shall be the person from time to time occupying the position of Arbitrator for the Canadian Railway Office of Arbitration and Dispute Resolution.

In the event that the parties do not agree upon a Joint Statement of Issue, or Issues, remaining in dispute, each must submit a separate statement to the Arbitrator in accordance with the procedure outlined above for the Joint Statement and the other party will be provided with a copy thereof.

The Arbitrator shall hear the dispute within 30 days (day 137) from date of the request for arbitration and shall render a decision together with reasons therefore in writing within 15 days (day 152) of the completion of the hearing.

It is understood that no change will be implemented prior to 180 days from the date of the notice specified in 60.01.

At the hearing before the Arbitrator, argument may be presented orally or in writing and each party may call such witnesses as it deems necessary.

- 60.03 Time limits specified in 60.02 may be extended by mutual agreement, or upon request of the Arbitrator, in respect of time limits specified for the hearing and the rendering of the decision.
- 60.04 The decision of the arbitrator shall be confined to the issue, or issues, placed before such arbitrator and shall also be limited to measures for minimizing the significantly adverse effects of the proposed change upon employees who are affected thereby.
- 60.05 The Company and the Union shall respectively bear any expenses each has incurred in the presentation of the case to the arbitrator but any general or common expenses, including the remuneration of the arbitrator, shall be divided equally.
- 60.06 The changes referred to in 60.01 will not be made until the procedures for negotiation, and arbitration if necessary, have been completed.
- 60.07 The effects of changes proposed by the Company which can be subject to negotiation and arbitration under this Article do not include the consequences of changes brought about by the normal application of the Collective Agreement, changes resulting from a decline in business activity, fluctuations in traffic, traditional reassignment of work or other normal changes inherent in the nature of the work in which Engineers are engaged.
- 60.08 The applicability of this Article to run-throughs, relocation of main home terminals and unmanned locomotives producing tractive effort which are located at any point in the train but separated from and operated independently of the controls used by the Engineer is acknowledged. A grievance concerning the applicability of this Article to

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.



other material changes in working conditions shall be processed directly to the General Manager within 60 days from the date of the cause of the grievance.

- 60.09 Any benefits negotiated pursuant to the provisions of this Article shall be reduced in whole or in part in each case by any amount received by an Engineer from any fund, plan or allowance which may be established for similar purposes.
- 60.10 This Article is intended to assist employees affected by any technological change to adjust to the effects of the technological change and Sections 52, 54 and 55, Part V, of the Canada Labour Code do not apply.

The provisions of this Article are intended as well to specify procedures by which matters relating to the termination of employment of employees represented herein may be negotiated and finally settled and Sections 214 to 216, of the Canada Labour Code do not apply.

60.11 Relocation Expenses

- (1) The benefits set forth hereunder shall be allowed, where applicable, to an eligible employee. They shall apply to an eligible employee only once for each change.

(2) Eligibility:

The eligibility of specific employees for relocation benefits specified below will be negotiated provided that in each case the following basic qualifications are fulfilled. An employee must:

- a. occupy unfurnished living accommodation to be eligible for benefits under Items 2., 6. and 7. of 60.11(3).
- b. establish that it is impractical for them to commute daily to new location.
- c. have 24 months cumulative compensated service (to establish one month of cumulative compensated service, an employee must, for the purposes of this Clause, in that month have worked and/or been available for service on: 30 days (road) or 21 days (yard) or major portion thereof).

(3) Relocation Benefits

1. Payment of door-to-door moving expenses for the eligible employee's household goods and their automobile, including packing and unpacking, insurance, and up to one month's storage; the mode of transportation to be determined by the Company.
2. An allowance of up to **\$1,285.00** effective 2018, for incidental expenses actually incurred as a result of relocation.
3. Reasonable transportation expenses from their former location to the new location by rail, or if authorized, by bus or employee-owned automobile, and up to **\$329.00** effective 2018, for an employee without dependents, and that

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.



an additional amount of \$171.00 effective 2018, will be paid for each dependent for meals and temporary living accommodation. Receipts will be required for rail or bus transportation.

4. Upon authorization an employee may drive their automobile to the new location at the allowance specified in article X of the Consolidated Collective Agreement.
5. In order to seek accommodation in his new location and/or to move the new location, an employee will be allowed a continuous period of leave up to one week (7 consecutive calendar days). Payment for such leave will be a basic day's pay for each such day, up to a maximum of 5 days, at the rate applicable to the class of service in which regularly employed.
6. a Reimbursement for loss sustained on the sale of a relocating employee's private home which they occupied as a year-round residence, provided that the Company is given the right in priority to everyone else to purchase the home. Loss sustained is determined as the difference between the value determined in accordance with Appendix "A" plus any real estate agent and legal fees, and the amount established as the selling price in the deed of sale.

b The procedure to be followed in respect of determining the loss, if any, on the sale of a home shall be as described in Appendix "A" of this Clause.

c An eligible employee who desires to sell their house and receive any benefit to which they may be entitled under this 60.11(3) must advise the Company's Officer concerned accordingly within 12 months of the date the initial change takes place.

No employee shall be entitled to any claim under this 60.11(3) if the house is not listed for sale within 60 days of the date of the final determination of value and thereafter the house continues to be listed for sale. Any claim for reimbursement under this 60.11(3) must be made within 12 months of the final determination of value.

In cases having extenuating circumstances, local Company Officer(s) and Union Officer(s) will jointly review the case with the employee and, where warranted, establish an appropriate extension to the 12 month time limit referred to above.

- d Payment of the cost of moving a wheeled mobile home which the employee occupies as a year-round residence. The selection of the mover and the cost of moving the mobile home shall require the prior approval of the Company and shall not, in any event, exceed a total cost of \$10,540.00 effective 2018. Receipts shall be required.

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.



7. If an employee who is eligible for moving expenses does not wish to move their household to the new location they may opt for a monthly allowance of **\$343.00** which will be payable for a maximum of twelve months from the date of transfer to the new location. Should an employee elect to transfer to other locations during such twelve month period following the date of transfer, they shall continue to receive the monthly allowance referred to above, but subject to the aforesaid twelve month limitation.
8. An employee who elects to move their household effects to a new location during the twelve-month period following the date of their initial transfer will only be eligible for relocation expenses under this Article for one such move and payment of the monthly allowance referred to above shall terminate as of the date of the relocation.
9. Alternatively to 60.11(3) the cost of terminating an unexpired lease and legal costs connected therewith up to a value of 3 months' rent, where the relocating employee was renting a dwelling which they occupied as a year-round residence except that where such lease was entered into following the notice of the change without prior approval of the Company no benefit will be provided. Such prior approval will not be unreasonably withheld. Should the law require payment of more than 3 months' rent in order to terminate a lease, such additional amount will be paid providing the employee first secures the Company's approval to pay in excess of three months' rent.

Maintenance of Basic Rate

- 60.12 An identified employee will be entitled to a Maintenance of Basic Rate Benefit (MBR) if, as a result of the change the employee's earnings are reduced.
- 60.13 An eligible employee shall have his/her basic rate maintained by payment to such employee, the difference between actual earnings in a two week period and two times their basic weekly pay. The difference is known as the employee's incumbency. If actual earnings in a two week period meet or exceed two times the basic weekly pay, no incumbency is payable.
- 60.14 An employee's "basic weekly pay" as determined by Item 60.15 will be amended by the amount of any general wage adjustments applicable during the period immediately following the effective date of benefits entitlement specified in clause 60.20.
- 60.15 For the purpose of this Agreement, the term "basic weekly pay" is defined as:
- a) For employees in road service or yard service on the effective date, including employees on spare boards; one-fifty second (1/52) of the total earnings of such employee during the twenty-six full pay periods preceding his/her displacement or layoff as a direct consequence of implementation.
 - b) When computing "basic weekly pay" pursuant to Item 60.15 a) (above), any pay period during which an employee is absent for seven consecutive days or more

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.



because of bona fide injury, sickness in respect of which an employee is in receipt of weekly indemnity benefits, authorized leave of absence if any, together with the earnings of the employee in that pay period, subtracted from the total earnings in the twenty six pay periods when determining the basic weekly pay. In such circumstances "basic weekly pay" shall be calculated on a pro-rated basis by dividing the remaining earnings by the remaining number of pay periods.

- c) Employees off for Union leave will not have their "basic weekly pay" computed or reduced due to Union leave.

60.16 When provided an MBR, an employee must:

- a) Exercise their seniority to the highest rated position at their home terminal or outpost terminal in accordance with Collective Agreement seniority provisions.
 - Should they fail to do so, they will be considered as occupying such position and their incumbency will be reduced accordingly.
 - Should there be a dispute regarding the highest rated position to which the employee must exercise seniority, the Company may designate the position.
 - Should the Company and Union fail to reach an agreement in any such dispute, the matter may be advanced by the General Chairman as a grievance at step three of the grievance procedure.
- b) Work all vacancies available to them consistent with Collective Agreement seniority provisions.
- c) Be available for service for the entire two-week period. The two-week period is meant to coincide with the scheduled Spareboard Guarantees. If not available, the incumbency for that period will be reduced by an amount equal to the earnings that would have been made on the day(s) unavailable.
 - All assigned service employees, including yard service and Locomotive Engineers not working as such, cannot be considered unavailable on their assigned rest days.
- d) Unassigned freight pool employees will be able to book maximum rest according to the provisions of the Collective Agreement without affecting their MBR entitlement provided that they earn their maximum monthly mileage during their mileage period. Employees utilizing Earned Days Off (EDO's) will not affect the MBR's

60.17 In order to allow for proper administration of this Agreement, it is agreed that an employee's MBR period will be matched, as closely as possible, to their mileage period. MBR periods may be pro-rated in order to make this adjustment. Any formula to pro-rate the MBR period must be jointly agreed upon by the parties to this agreement.

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.



- 60.18 If an employee fails to make their maximum monthly mileage and has missed a trip as a result of booking more than twelve (12) hours rest during the MBR entitlement period, their incumbency will be reduced by the earnings associated with the trip(s) missed to a maximum of the number of trips up to the maximum monthly mileage.

Note: A maximum of one trip can be deducted in any one twenty four (24) hour period as a result of booking more than twelve (12) hours rest.

- 60.19 All compensation paid to an employee by the Company in each two(2)-week period, shall be taken into account when computing the employee's incumbency. Shifts or tours of duty commencing between 0001 on the first day of the two-week period and 2359 on the last day of the two-week period, will be included in computing compensation paid. All assigned road and yard employees who work other than their regularly scheduled tours of duty will not have the additional earnings included in the calculation of their MBR incumbency.

- 60.20 The period of MBR benefits will be determined by the actual material change agreement or the Arbitrator's award.

LAYOFF PROTECTION

- 60.21 For each year of CCS (or major portion thereof) an employee will be allowed a lay-off benefit credit of five weeks for each such year. This will be calculated from the last date of entry into the Company's service as a new employee.

- 60.22 An eligible employee, as defined in Items 60.25 and 60.26, may at the expiration of the specified seven-day waiting period, make application to the designated Company Officer for a weekly lay-off benefit as follows:

- a) A weekly lay-off benefit for each complete week of seven (7) calendar days laid off, following the seven-day waiting period, of an amount that, when added to Unemployment Insurance benefits and/or outside earnings in excess of those allowable under EI for such week, will result in the employee receiving 80 percent of his basic weekly pay at time of lay-off.
- b) During any week, following the seven-day waiting period, that an eligible employee is not eligible for EI benefits account eligibility for such benefits having been exhausted or account such employee not being insured for EI benefits, or account EI waiting period, such employee may claim a weekly lay-off benefit for each complete week of seven calendar days laid off of the maximum EI weekly benefit currently in force or such lesser amount that when added to the employee's outside earnings for such week will result in the employee receiving eighty (80) percent of his basic weekly pay at the time of lay-off.
- c) Weekly lay-off benefits specified in this Item 60.22 will cease when an eligible employee has exhausted his benefit accumulation as specified in Item 60.21.

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.

 7

- d) It shall be the responsibility of the employee to report for each week for which he is claiming a weekly lay-off benefit under this Agreement any amounts received from the Unemployment Insurance Commission in respect of such week, as well as any wages earned during such week while employed outside the Railway. In the event an employee does not report all such outside earnings for any particular week, this will be interpreted as notice from him that his outside earnings for such week are the same as those for the previous week.

60.23 No weekly lay-off benefit will be made for parts of a claim week as defined in Item 60.25 except that:

i. RECALL NOT COVERED BY 60.26 (b) BELOW

- ii. An employee who has qualified for weekly lay-off benefits in accordance with Item 6.5 and who returns to work for part of the last claim week and thereby receives earnings from the Company in that last claim week may make application for a partial weekly lay-off benefit which, when added to the earnings received in that week and to unemployment insurance benefits and/or outside earnings in excess of those allowable under EI for such week will result in the employee receiving eighty (80) percent of his basic weekly pay at time of lay-off.

60.24 The maximum number of benefits will be determined by the number of assignments reduced as determined by the material change agreement or arbitrated award, multiplied by 1.25.

60.25 Eligibility for Layoff Benefits

60.26 An employee who is not disqualified under Item 60.26 hereof, shall be eligible for a benefit payment in respect of each full week of seven consecutive calendar days of lay-off (herein called "a claim week") provided he meets all of the following requirements:

- a) For weekly lay-off benefit payment, a continuous waiting period of seven (7) days in the period of lay-off has expired. Each period of lay-off will require a new seven-day waiting period in order to establish eligibility for weekly lay-off benefits, except that once an employee has been on lay-off for more than seven (7) days, and is recalled to work for a period of less than ninety (90) calendar days, such employee will immediately become eligible for weekly lay-off benefits upon lay-off within such ninety (90) days.
- b) He has made application for benefits to the designated Company officers.
- c) He has exercised full seniority rights at his home terminal, and outpost thereto, except as otherwise expressly provided in 60.26 clauses (b) and (c).

60.27 Notwithstanding anything to the contrary in 60.26, an employee shall not be regarded as laid off:

- a) During any day or period in which his employment is interrupted by leave of absence for any reason, sickness, disciplinary action (including time held out of

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.



service pending investigation) failure to exercise seniority (except as otherwise expressly provided for in Clause (b) below), retirement, Act of God, including but not limited to fire, flood, tempest or earthquake or a reduction or cessation of work due to strikes by employees of the Railway.

- b) During any interval between the time that he is recalled to service of the Company after a period of lay-off, and the time at which he actually resumes work; except that an employee who does not, as a consequence of the foregoing, return to service on the day work is available shall be governed by the provisions of Item 3.2(d) (4) of the Agreement, on the same basis as if he had returned to work on the date such work became available.
- c) If he/she declines for any reason, other than as expressly provided in Clause (b) above, recall to work at his home location, including outpost thereto.
- d) In respect of any period in which he is receiving other payments of any kind or nature directly from the Company, except as otherwise expressly provided in the material change agreement or arbitration decision; or
- e) After his dismissal or resignation from the service of the Company.

Early Separation

- 60.28 The early separation plan as outlined herein will be made available to employees who have more than 2 years CCS at the time of implementation and have worked continuously at the affected terminal or an outpost terminal thereto for at least one year as a bargaining unit employee immediately prior to the date of acceptance for early separation. This one-year requirement may be waived by the Company and General Chairs.
- 60.29 The number of attrition opportunities available, consisting of early separation allowances and severances, will be equal to the number of assignments reduced multiplied by 1.25. Fifty percent of the opportunities that become available will be bulletined not later than January 31 of the year following implementation. Should these opportunities not be taken in a given year, they will be banked and re-bulletined each year until exhausted.
- 60.30 The remaining fifty percent of opportunities that become available will be bulletined not later than January 31 of the year following implementation provided that there is a surplus of employees at affected terminals. The number of opportunities bulletined will not exceed the number of surplus employees at the affected terminal or outpost thereto.
- 60.31 A surplus employee is defined as an employee with greater than two years CCS who has been laid off for 9 months or more in a 12 month period.
- 60.32 Any attrition opportunities in clause 60.30 above that are not offered or taken during the year that they are generated will be banked and be re-bulletined if there is a surplus as defined above.

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.

- 60.33 It is also understood that each separation opportunity taken under this agreement, including bridging, by an affected employee at the affected terminal will eliminate or reduce the number of MBR, relocation, layoff and severance benefits that might otherwise be triggered.
- 60.34 Each separation opportunity taken under this agreement, including bridging will eliminate a guaranteed attrition opportunity as mentioned in clause 60.29 above in addition to the number of MBR, layoff and relocation benefits that might otherwise be triggered.
- 60.35 To facilitate the awarding of these early separation opportunities, the bulletin in clause 60.28 above will be issued for 120 days by the Company requesting applications from eligible employees for these separation opportunities. These opportunities will be awarded, as available, on the basis of seniority and the specifications of clause 60.28, provided, of course, that the eligibility requirements are met.
- 60.36 An employee working in a position covered by this agreement who is a successful applicant and who is eligible for Early Retirement under the Company's Pension Plan, will be entitled to receive a monthly separation allowance until age sixty-five (65) which, when added to his Company pension, will give him an amount equal to a percentage of his average annual earnings over his best five year period, as defined under the pension rules, in accordance with the following formula:

Years of Cumulated Compensated Service at time employee elects early retirement
Percentage amount as defined above

35 and over	80%
34	78%
33	76%
32	74%
31	72%
30	70%
29	68%
28	66%
27	64%
26	62%
25 or less	60%

- 60.37 An eligible employee, entitled to the separation allowance specified in clause 60.36 may elect to receive in its stead a lump sum payment equal to the present value of his monthly separation payments calculated on the basis of a discount rate of 10% per annum.
- 60.38 An employee whose application is accepted will be advised of his benefit entitlement within 30 days of the closure of the bulletin, and upon notification, must make a decision to accept or reject the separation opportunity within 48 hours of notification. Such decision will be considered irrevocable upon acceptance. The employee must comply with the conditions attached thereto at the earliest opportunity following acceptance. Employees who may not be in a position to see the bulletin when issued due to authorized leave of absence, bona fide sickness or annual vacation will be

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advised of the contents of the bulletin via double registered mail. It will then be their responsibility to apply within the time limits.

60.39 Eligible employees, as defined, who elect payment as provided in clause 60.36 above shall be:

- a) entitled to have their group life insurance coverage continued until age 65 and paid for by the Company; and
- b) entitled at age 65 to a life insurance policy, fully paid by the Company, in an amount equal to that in effect in the applicable existing collective agreement; and
- c) entitled to have his Extended Health and Vision Care benefits continued fully paid by the Company, until age of normal retirement.

Applications from eligible employees will be processed on the basis of their earliest seniority date under the respective collective agreements.

The separation allowance shall cease upon the death of the employee who dies before reaching the age of sixty-five (65).

An employee who elects benefits under this Clause will not be entitled to any other benefits provided elsewhere in this Agreement.

APPENDIX "A" - APPRAISAL PROCEDURE

When an affected employee desires to sell their home under the provisions of 60.11(3)6.a. of this Article, of which this Appendix "A" forms part, the following procedure will apply:

- a) In advising the Company Officer concerned of their desire to sell their house, the employee shall include pertinent particulars as outlined in sample form attached, including their opinion as to the fair market value of their house.
- b) This fair market price of the house shall be the price determined as of a date sufficiently prior to the date of the change in order that the fair value will be unaffected thereby.
- c) Within 15 working days from date of receipt of employees' advice of their desire to make a claim, the Company Officer shall advise the employee concerned whether the suggested fair market value is satisfactory and, if so, such price shall be the fair market value as contemplated by 60.11(3)6.a. of this Article.
- d) If, however, the Officer concerned is not satisfied that the price requested by the employee is the fair market value, then an effort shall be made to resolve the matter through joint conference of the Officer and employee concerned and the appropriate Union representative if so desired by the employee; such joint conference to be held within seven days from date of advice to employee concerned as referred to in (c) of this Appendix "A".
- e) If such joint conference does not resolve the matter then within five days from the date of the final joint conference arrangements shall be made for an impartial appraisal to be undertaken as soon as possible by an independent real estate appraiser. The fair

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market price established by such appraiser shall become the fair market value for the purpose of this Article and such price shall be binding on both parties.

- f) The employee and Company Officer concerned shall endeavour to mutually agree upon the independent appraiser referred to in Appendix A (e). If they are unable to agree, then the Minister of Labour shall be requested to appoint such an independent appraiser.
- g) The residence shall not have been listed for sale with any appraiser appointed pursuant to the provisions of this Appendix "A", nor with such appraiser's employee, fellow employee or partner.
- h) The fees and expenses of any appraiser appointed in accordance with Appendix A (e) or (f) shall be paid by the Company.

PARTICULARS OF HOUSE TO BE SOLD			
Name of Owner:			
Address			
	No.	Street	City/Town
Type of House	Cottage	Bungalow	Split Level
Year Built:	No. of Rooms:	Bathrooms	
Type of Construction (i.e. brick, veneer, stucco, clapboard)			
Finished Basement	Yes	No	
Type of heating: (i.e. oil, gas, coal, electricity)			
Garage	Yes	No	
Size of Lot:			
Fair Market Value \$			
Other Comments:			
Date:			
Signature:			

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.

ARTICLE 107 - MATERIAL CHANGE IN WORKING CONDITIONS

Note: Formerly Article 72 CTY West and East.

Section 1**107.01 Notice of Material Change**

The Company will not initiate any material change in working conditions that will have materially adverse effects on employees without giving as much advance notice as possible to the General Chairman concerned, along with a full description thereof and with appropriate details as to the contemplated effects upon employees concerned. No material change will be made until agreement is reached or a decision has been rendered in accordance with the provisions of Section 1 of this Article.

107.02 Measures to Minimize Adverse Effects

The Company will negotiate with the Union measures other than the benefits covered by Sections 2 and 3 of this Article to minimize such adverse effects of the material change on employees who are affected thereby. Such measures shall not include changes in rates of pay. Relaxation in schedule rules considered necessary for the implementation of a material change is also subject to negotiation.

107.03 While not necessarily limited thereto, the measures to minimize adverse effects considered negotiable under 107.02 may include the following:

- (1) Appropriate timing.
- (2) Appropriate phasing.
- (3) Hours on duty.
- (4) Equalization of miles.
- (5) Work distribution.
- (6) Adequate accommodation.
- (7) Bulletining.
- (8) Seniority arrangements.
- (9) Learning the road.
- (10) Eating en route.
- (11) Work en route.
- (12) Lay-off benefits.
- (13) Severance pay.
- (14) Maintenance of basic rates.

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.

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(15) Constructive miles.

(16) Deadheading.

The foregoing list is not intended to imply that any particular item will necessarily form part of any agreement negotiated in respect of a material change in working conditions.

107.04 Negotiations - Procedure - Arbitration

The negotiations referred to in 107.02 shall be conducted between the General Manager (or their delegate) and the General Chairman and shall commence within 20 days of the date of the notice specified in 107.01. The parties agree, at the initial meeting, to review the available dates for the board of review and an arbitration hearing with consideration to the timelines setout below.

If the negotiations do not result in mutual agreement within 30 calendar days (day 50) of their commencement, the issue, or issues, remaining in dispute with the exception of **WEST APPLICATION - Article 89** governing a change in established home terminals shall, within 7 days (day 57) of the cessation of negotiations, be referred to the Vice-President, Labour Relations, of the Company and the Vice-President of the Union for mediation by a Board of Review composed of two senior Officers from each party. Such referral shall be accompanied by a Joint Statement of Issue, or Issues, remaining in dispute together with a copy of the notice served by the Company on the Union under Section 1, Article 107.01 and a summary of the items agreed upon.

In the event neither party desires to submit the issue, or issues, remaining in dispute to a Board of Review the dispute shall be referred to the Arbitrator as provided in 107.05.

The Board of Review must meet within 30 days (day 80) and, if the Union is not able to meet within this required timeframe, the Company is entitled to proceed to the next step.

107.05 The Board of Review shall, within 20 days (day 100) from the date of reference of the dispute, make its findings and recommendations. If the Board is unable to arrive at a decision within the time limits specified herein or such extended time limits as provided in 107.06, or if its recommendations are not agreeable to either party, a Joint Statement of Issue, or Issues, remaining in dispute may be referred within seven days (day 107) by either party to a single arbitrator who shall be the person from time to time occupying the position of Arbitrator for the Canadian Railway Office of Arbitration and Dispute Resolution.

In the event that the parties do not agree upon a Joint Statement of Issue, or Issues, remaining in dispute, each must submit a separate statement to the Arbitrator in accordance with the procedure outlined above for the Joint Statement and the other party will be provided with a copy thereof.

The Arbitrator shall hear the dispute within 30 days (day 137) from date of the request for arbitration and shall render a decision together with reasons therefore in writing within 15 days (day 152) of the completion of the hearing.

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.



At the hearing before the Arbitrator, argument may be presented orally or in writing and each party may call such witnesses as it deems necessary.

107.06 Time limits specified in 107.04 and 107.05 may be extended by mutual agreement, or upon request of the Arbitrator, in respect of time limits specified for the hearing and the rendering of the decision.

107.07 The decision of the Arbitrator shall be confined to the issue or issues placed before them which shall be limited to measures for minimizing the adverse effects of the material change upon employees who are affected thereby, and to the relaxation in schedule rules considered necessary for the implementation of the material change, and shall be final and binding upon the parties concerned.

107.08 The Company and the Union shall respectively bear any expenses each has incurred in the presentation of the case to the Arbitrator but any general or common expenses, including the remuneration of the Arbitrator, shall be divided equally.

107.09 The appointment of the Arbitrator referred to in 107.05 may be revoked at any time by either party upon 60 days written notice to the other and replaced by mutual agreement between the parties.

107.10 In the event either party serves notice as provided in 107.09, or the permanent Arbitrator serves notice on the parties of an intention to terminate their appointment, and there are disputes requiring final determination during a period in which there is no permanent Arbitrator, the parties will, within 27 days of cessation of negotiations at the regional level, agree upon an Arbitrator to hear such dispute. If the parties cannot agree on the selection of an Arbitrator either party may immediately request the Minister of Labour to appoint an arbitrator to hear such dispute. Such ad hoc Arbitrator will, in respect of hearing the dispute and rendering a decision, be governed by the time limits specified in 107.05 and by the provision of 107.07.

107.11 RELOCATION OF EMPLOYEES

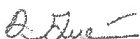
Notwithstanding the provisions of 107.01, changes involving the relocation of employees shall not be made earlier than 15 days following the decision of the Arbitrator.

107.12 Changes by Normal Application of Collective Agreement

This Article does not apply in respect of changes brought about by the normal application of the Collective Agreement, changes resulting from a decline in business activity, fluctuations in traffic, traditional reassignment of work or other normal changes inherent in the nature of the work in which employees are engaged.

107.13 Dispute on Application of this Article

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.



A dispute concerning the applicability of this Article to a change in working conditions will be processed as a grievance by the General Chairman direct to the General Manager, and must be presented within 60 days from the date of the cause of the grievance.

Section 2

107.14 Relocation Expenses

- (1) The benefits set forth hereunder shall be allowed, where applicable, to an eligible employee. They shall apply to an eligible employee only once for each change.
- (2) Eligibility of specific employees for relocation benefits specified below will be negotiated provided that in each case the following basic qualifications are fulfilled.
- (3) An employee:
 - a. Must have 24 months cumulative compensated service (to establish one month of cumulative compensated service, an employee must, for the purposes of this Article, in that month have worked and/or been available for service on:
 1. 30 days (road);
 2. 21 days (Yardpersons and Yardmasters);
 3. or major portion thereof.
 - b. Must occupy unfurnished living accommodation to be eligible for benefits under paragraphs (2), (6) and (7) of 107.15.
- (4) Must establish that it is impractical for them to commute daily to new location.

107.15 Relocation Benefits

- (1) Payment of door-to-door moving expenses for the eligible employee's household goods and their automobile, including packing and unpacking, insurance, and up to one month's storage; the mode of transportation to be determined by the Company.
- (2) An allowance of up to **\$1,285.00** effective 2018 for incidental expenses actually incurred as a result of relocation.
- (3) Reasonable transportation expenses from their former location to their new location by rail, or if authorized, by bus or employee-owned automobile, and up to **\$329.00** effective 2018, for an employee without dependents, and that an additional amount of **\$171.00** effective 2018 will be paid for each dependent for meals and temporary living accommodation. Receipts will be required for rail or bus transportation.
- (4) Upon authorization an employee may drive their automobile to their new location at the allowance specified in article X of the Consolidated Collective Agreement.

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.

[Signature]

[Signature]

[Signature]

(5) In order to seek accommodation in their new location and/or to move to their new location, an employee will be allowed a continuous period of leave up to one week (7 consecutive calendar days). Payment for such leave will be a basic day's pay for each such day, up to a maximum of 5 days, at the rate applicable to the class of service in which regularly employed.

(6) Loss on Sale of Home

- a. Reimbursement for loss sustained on the sale of a relocating employee's private home which they occupied as a year-round residence, provided that the Company is given the right in priority to everyone else to purchase the home. Loss sustained is determined as the difference between the value determined in accordance with Appendix "A" plus any real estate agent and legal fees, and the amount established as the selling price in the deed of sale.
- b. The procedure to be followed in respect of determining the loss, if any, on the sale of a home shall be as described in Appendix "A" of this Article.
- c. An eligible employee who desires to sell their house and receive any benefit to which they may be entitled under this Item 6 must advise the Company's Officer concerned accordingly within 12 months of the date the initial change takes place. No employee shall be entitled to any claim under this Item 6 if the house is not listed for sale within 60 days of the date of the final determination of value and thereafter the house continues to be listed for sale. Any claim for reimbursement under this Item 6 must be made within 12 months of the final determination of value.
- d. In cases having extenuating circumstances, local Company Officer(s) and Union Officer(s) will jointly review the case with the employee and, where warranted, establish an appropriate extension to the 12 month time limit referred to 107.15(6) (C) above.
- e. Payment of the cost of moving a wheeled mobile home which the employee occupies as a year-round residence. The selection of the mover and the cost of moving the mobile home shall require the prior approval of the Company and shall not, in any event, exceed a total cost of \$10,540.00 effective 2018. Receipts shall be required.

(7) If an employee who is eligible for moving expenses does not wish to move their household to their new location they may opt for a monthly allowance of \$343.00 which will be payable for a maximum of twelve months from the date of transfer to their new location. Should an employee elect to transfer to other locations during such twelve-month period following the date of transfer, they shall continue to receive the monthly allowance referred to above, but subject to the aforesaid 12-month limitation. An employee who elects to move their household effects to a new location during the twelve-month period following the date of their initial transfer will only be eligible for their relocation expenses under this Article for one such move and payment of the monthly allowance referred to above shall terminate as of the date of their relocation.

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.







- (8) Alternatively to 107.15(6) the cost of terminating an unexpired lease and legal costs connected therewith up to a value of 3 months' rent, where the relocating employee was renting a dwelling which they occupied as a year-round residence except that where such lease was entered into following the notice of the change without prior approval of the Company no benefit will be provided. Such prior approval will not be unreasonably withheld. Should the law require payment of more than 3 months' rent in order to terminate a lease, such additional amount will be paid providing the employee first secures the Company's approval to pay in excess of three months' rent.

Section 3

- 107.16 The benefits granted under this Article shall be reduced in whole or in part in each case by any amount to which an employee is entitled from any other assistance program established for similar purposes.

Section 4

- 107.17 This Article is intended to assist employees affected by any technological change to adjust to the effects of the technological change and Sections 52, 54 and 55 of the Canada Labour Code do not apply.

- 107.18 The provisions of this Article are intended as well to specify procedures by which matters relating to the termination of employment of employees represented herein may be negotiated and finally settled and Sections 214 to 226 of the Canada Labour Code do not apply.

- 107.19 The provisions of this Article apply to Road Service employees, Yard Service employees, Car Retarder Operators and Switchtenders.

Section 5

Maintenance of Basic Rate

- 107.20 An identified employee will be entitled to a Maintenance of Basic Rate Benefit (MBR) if, as a result of the change the employee's earnings are reduced.

- 107.21 An eligible employee shall have his/her basic rate maintained by payment to such employee, the difference between actual earnings in a two week period and two times their basic weekly pay. The difference is known as the employee's incumbency. If actual earnings in a two week period meet or exceed two times the basic weekly pay, no incumbency is payable.

- 107.22 An employee's "basic weekly pay" as determined by Item 107.24 will be amended by the amount of any general wage adjustments applicable during the period immediately following the effective date of benefits entitlement specified in clause 107.29.

- 107.23 For the purpose of this Agreement, the term "basic weekly pay" is defined

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.

as:

- d) For employees in road service or yard service on the effective date, including employees on spare boards; one-fifty second (1/52) of the total earnings of such employee during the twenty-six full pay periods preceding his/her displacement or layoff as a direct consequence of implementation.
- e) When computing "basic weekly pay" pursuant to Item 107.24 a) (above), any pay period during which an employee is absent for seven consecutive days or more because of bona fide injury, sickness in respect of which an employee is in receipt of weekly indemnity benefits, authorized leave of absence if any, together with the earnings of the employee in that pay period, subtracted from the total earnings in the twenty six pay periods when determining the basic weekly pay. In such circumstances "basic weekly pay" shall be calculated on a pro-rated basis by dividing the remaining earnings by the remaining number of pay periods.
- f) Employees off for Union leave will not have their "basic weekly pay" computed or reduced due to Union leave.

107.24 When provided an MBR, an employee must:

- e) Exercise their seniority to the highest rated position at their home terminal or outpost terminal in accordance with Collective Agreement seniority provisions.
 - Should they fail to do so, they will be considered as occupying such position and their incumbency will be reduced accordingly.
 - Should there be a dispute regarding the highest rated position to which the employee must exercise seniority, the Company may designate the position.
 - Should the Company and Union fail to reach an agreement in any such dispute, the matter may be advanced by the General Chairman as a grievance at step three of the grievance procedure.
- f) Work all vacancies available to them consistent with Collective Agreement seniority provisions.
- g) Be available for service for the entire two-week period. The two-week period is meant to coincide with the scheduled Spareboard Guarantees. If not available, the incumbency for that period will be reduced by an amount equal to the earnings that would have been made on the day(s) unavailable.
 - All assigned service employees, including yard service and Locomotive Engineers not working as such, cannot be considered unavailable on their assigned rest days.
- h) Unassigned freight pool employees will be able to book maximum rest according to the provisions of the Collective Agreement without affecting their MBR entitlement provided that they earn their maximum monthly mileage during their mileage period. Employees utilizing Earned Days Off (EDO's) will not affect the MBR's

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.

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107.25 In order to allow for proper administration of this Agreement, it is agreed that an employee's MBR period will be matched, as closely as possible, to their mileage period. MBR periods may be pro-rated in order to make this adjustment. Any formula to pro-rate the MBR period must be jointly agreed upon by the parties to this agreement.

107.26 If an employee fails to make their maximum monthly mileage and has missed a trip as a result of booking more than twelve (12) hours rest during the MBR entitlement period, their incumbency will be reduced by the earnings associated with the trip(s) missed to a maximum of the number of trips up to the maximum monthly mileage.

Note: A maximum of one trip can be deducted in any one twenty four (24) hour period as a result of booking more than twelve (12) hours rest.

107.27 All compensation paid to an employee by the Company in each two (2)-week period, shall be taken into account when computing the employee's incumbency. Shifts or tours of duty commencing between 0001 on the first day of the two-week period and 2359 on the last day of the two-week period, will be included in computing compensation paid. All assigned road and yard employees who work other than their regularly scheduled tours of duty will not have the additional earnings included in the calculation of their MBR incumbency.

107.28 The period of MBR benefits will be determined by the actual material change agreement or the Arbitrator's award.

LAYOFF PROTECTION

107.29 For each year of CCS (or major portion thereof) an employee will be allowed a lay-off benefit credit of five weeks for each such year. This will be calculated from the last date of entry into the Company's service as a new employee.

107.30 An eligible employee, as defined in Items 107.34 and 107.35, may at the expiration of the specified seven-day waiting period, make application to the designated Company Officer for a weekly lay-off benefit as follows:

- e) A weekly lay-off benefit for each complete week of seven (7) calendar days laid off, following the seven-day waiting period, of an amount that, when added to Unemployment Insurance benefits and/or outside earnings in excess of those allowable under EI for such week, will result in the employee receiving 80 percent of his basic weekly pay at time of lay-off.

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.







- f) During any week, following the seven-day waiting period, that an eligible employee is not eligible for EI benefits account eligibility for such benefits having been exhausted or account such employee not being insured for EI benefits, or account EI waiting period, such employee may claim a weekly lay-off benefit for each complete week of seven calendar days laid off of the maximum EI weekly benefit currently in force or such lesser amount that when added to the employee's outside earnings for such week will result in the employee receiving eighty (80) percent of his basic weekly pay at the time of lay-off.
- g) Weekly lay-off benefits specified in this Item 107.31 will cease when an eligible employee has exhausted his benefit accumulation as specified in Item 107.30.
- h) It shall be the responsibility of the employee to report for each week for which he is claiming a weekly lay-off benefit under this Agreement any amounts received from the Unemployment Insurance Commission in respect of such week, as well as any wages earned during such week while employed outside the Railway. In the event an employee does not report all such outside earnings for any particular week, this will be interpreted as notice from him that his outside earnings for such week are the same as those for the previous week.

107.31 No weekly lay-off benefit will be made for parts of a claim week as defined in Item 107.34 except that:

iii. RECALL NOT COVERED BY 107.32 (b) BELOW

- iv. An employee who has qualified for weekly lay-off benefits in accordance with Item 6.5 and who returns to work for part of the last claim week and thereby receives earnings from the Company in that last claim week may make application for a partial weekly lay-off benefit which, when added to the earnings received in that week and to unemployment insurance benefits and/or outside earnings in excess of those allowable under EI for such week will result in the employee receiving eighty (80) percent of his basic weekly pay at time of lay-off.

107.32 The maximum number of benefits will be determined by the number of assignments reduced as determined by the material change agreement or arbitrated award, multiplied by 1.25.

107.33 Eligibility for Layoff Benefits

107.34 An employee who is not disqualified under Item 107.35 hereof, shall be eligible for a benefit payment in respect of each full week of seven consecutive calendar days of lay-off (herein called "a claim week") provided he meets all of the following requirements:

- a) For weekly lay-off benefit payment, a continuous waiting period of seven (7) days in the period of lay-off has expired. Each period of lay-off will require a new seven-day waiting period in order to establish eligibility for weekly lay-off benefits, except that once an employee has been on lay-off for more than seven (7) days, and is recalled to work for a period of less than ninety (90) calendar days, such employee

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will immediately become eligible for weekly lay-off benefits upon lay-off within such ninety (90) days.

- b) He has made application for benefits to the designated Company officers.
- c) He has exercised full seniority rights at his home terminal, and outpost thereto, except as otherwise expressly provided in 107.35 clauses (b) and (c).

107.35 Notwithstanding anything to the contrary in 107.35, an employee shall not be regarded as laid off:

- a) During any day or period in which his employment is interrupted by leave of absence for any reason, sickness, disciplinary action (including time held out of service pending investigation) failure to exercise seniority (except as otherwise expressly provided for in Clause (b) below), retirement, Act of God, including but not limited to fire, flood, tempest or earthquake or a reduction of cessation of work due to strikes by employees of the Railway.
- b) During any interval between the time that he is recalled to service of the Company after a period of lay-off, and the time at which he actually resumes work; except that an employee who does not, as a consequence of the foregoing, return to service on the day work is available shall be governed by the provisions of Item 3.2(d) (4) of the Agreement, on the same basis as if he had returned to work on the date such work became available.
- c) If he/she declines for any reason, other than as expressly provided in Clause (b) above, recall to work at his home location, including outpost thereto.
- d) In respect of any period in which he is receiving other payments of any kind or nature directly from the Company, except as otherwise expressly provided in the material change agreement or arbitration decision; or
- e) After his dismissal or resignation from the service of the Company.

Early Separation

107.36 The early separation plan as outlined herein will be made available to employees who have more than 2 years CCS at the time of implementation and have worked continuously at the affected terminal or an outpost terminal thereto for at least one year as a bargaining unit employee immediately prior to the date of acceptance for early separation. This one-year requirement may be waived by the Company and General Chairs.

107.37 The number of attrition opportunities available, consisting of early separation allowances and severances, will be equal to the number of assignments reduced multiplied by 1.25. Fifty percent of the opportunities that become available will be bulletined not later than January 31 of the year following implementation. Should these opportunities not be taken in a given year, they will be banked and re-bulletined each year until

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.

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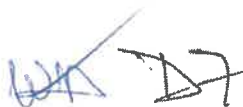
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exhausted.

- 107.38 The remaining fifty percent of opportunities that become available will be bulletined not later than January 31 of the year following implementation provided that there is a surplus of employees at affected terminals. The number of opportunities bulletined will not exceed the number of surplus employees at the affected terminal or outpost thereto.
- 107.39 A surplus employee is defined as an employee with greater than two years CCS who has been laid off for 9 months or more in a 12 month period.
- 107.40 Any attrition opportunities in clause 107.37 above that are not offered or taken during the year that they are generated will be banked and be re-bulletined if there is a surplus as defined above.
- 107.41 It is also understood that each separation opportunity taken under this agreement, including bridging, by an affected employee at the affected terminal will eliminate or reduce the number of MBR, relocation, layoff and severance benefits that might otherwise be triggered.
- 107.42 Each separation opportunity taken under this agreement, including bridging will eliminate a guaranteed attrition opportunity as mentioned in clause 107.37 above in addition to the number of MBR, layoff and relocation benefits that might otherwise be triggered.
- 107.43 To facilitate the awarding of these early separation opportunities, the bulletin in clause 107.36 above will be issued for 120 days by the Company requesting applications from eligible employees for these separation opportunities. These opportunities will be awarded, as available, on the basis of seniority and the specifications of clause 107.36, provided, of course, that the eligibility requirements are met.
- 107.44 An employee working in a position covered by this agreement who is a successful applicant and who is eligible for Early Retirement under the Company's Pension Plan, will be entitled to receive a monthly separation allowance until age sixty-five (65) which, when added to his Company pension, will give him an amount equal to a percentage of his average annual earnings over his best five year period, as defined under the pension rules, in accordance with the following formula:

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.





Years of Cumulated Compensated Service at time employee elects early retirement Percentage amount as defined above:

35 and over	80%
34	78%
33	76%
32	74%
31	72%
30	70%
29	68%
28	66%
27	64%
26	62%
25 or less	60%

107.45 An eligible employee, entitled to the separation allowance specified in clause 107.44 may elect to receive in its stead a lump sum payment equal to the present value of his monthly separation payments calculated on the basis of a discount rate of 10% per annum.

107.46 An employee whose application is accepted will be advised of his benefit entitlement within 30 days of the closure of the bulletin, and upon notification, must make a decision to accept or reject the separation opportunity within 48 hours of notification. Such decision will be considered irrevocable upon acceptance. The employee must comply with the conditions attached thereto at the earliest opportunity following acceptance. Employees who may not be in a position to see the bulletin when issued due to authorized leave of absence, bona fide sickness or annual vacation will be advised of the contents of the bulletin via double registered mail. It will then be their responsibility to apply within the time limits.

107.47 Eligible employees, as defined, who elect payment as provided in clause 107.44 above shall be:

- d) entitled to have their group life insurance coverage continued until age 65 and paid for by the Company; and
- e) entitled at age 65 to a life insurance policy, fully paid by the Company, in an amount equal to that in effect in the applicable existing collective agreement; and
- f) entitled to have his Extended Health and Vision Care benefits continued fully paid by the Company, until age of normal retirement.

Applications from eligible employees will be processed on the basis of their earliest seniority date under the respective collective agreements.

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.

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The separation allowance shall cease upon the death of the employee who dies before reaching the age of sixty-five (65).

An employee who elects benefits under this Clause will not be entitled to any other benefits provided elsewhere in this Agreement.

Appendix "A" - Appraisal Procedure

When an affected employee desires to sell their home under the provisions of 107.15(6) of this Article, of which this Appendix "A" forms part, the following procedure will apply:

- (1) In advising the Company Officer concerned of their desire to sell their house, the employee shall include pertinent particulars as outlined in sample form attached, including their option as to the fair market value of their house.
- (2) This fair market price of the house shall be the price determined as of a date sufficiently prior to the date of the change in order that the fair value will be unaffected thereby.
- (3) Within 15 working days from date of receipt of employees' advice of their desire to make a claim, the Company Officer shall advise the employee concerned whether the suggested fair market value is satisfactory and, if so, such price shall be the fair market value as contemplated by 107.15(6)(a).
- (4) If, however, the Officer concerned is not satisfied that the price requested by the employee is the fair market value, then an effort shall be made to resolve the matter through joint conference of the Officer and employee concerned and the appropriate Union Representative if so desired by the employee; such joint conference to be held within seven days from date of advice to employee concerned as referred to in (C) of this Appendix "A".
- (5) If such joint conference does not resolve the matter then within five days from the date of the final joint conference arrangements shall be made for an impartial appraisal to be undertaken as soon as possible by an independent real estate appraiser. The fair market price established by such appraiser shall become the fair market value for the purpose of this Article and such price shall be binding on both parties.
- (6) The employee and Company Officer concerned shall endeavour to mutually agree upon the independent appraiser referred to in (e) of Appendix A. If they are unable to agree, then the Minister of Labour shall be requested to appoint such an independent appraiser.
- (7) The residence shall not have been listed for sale with any appraiser appointed pursuant to the provisions of this Appendix "A", nor with such appraiser's employee, fellow employee or partner.
- (8) The fees and expenses of any appraiser appointed in accordance with (e) or (f) of Appendix A shall be paid by the Company.

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.

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PARTICULARS OF HOUSE TO BE SOLD			
Name of Owner:			
Address			
	No.	Street	City/Town
Type of House	Cottage	Bungalow	Split Level
Year Built:	No. of Rooms:	Bathrooms	
Type of Construction (i.e. brick, veneer, stucco, clapboard)			
Finished Basement	Yes	No	
Type of heating: (i.e. oil, gas, coal, electricity)			
Garage	Yes	No	
Size of Lot:			
Fair Market Value \$			
Other Comments:			
Date:			
Signature:			

Note: Article numbering to be reviewed and confirmed by the parties once the Consolidated Collective Agreement is complete.

B. Blue

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