



February 20, 2015

Mr. D. Finnon
President
Teamsters Canada Rail Conference
1710- 130 Albert Street
Ottawa, ON K1P 5G4

Dear Mr. Finnon:

While our outstanding matters have been referred to a mediation-arbitration process, the interim agreement on Union Business, as per Order 738-NB of the Canada Labour Code has come to an end under the terms of that Order.

The Board in its letter to the parties on August 18, 2014 stated, "It was the Board's intent that the Order (738-NB) would expire on the earlier of the date that the parties either reach a new collective agreement or obtain the legal right to strike or lockout, more specifically once the requirements of Sections 89(1)(a) to (e) have been met."

Given the expiry of the Order, there are still two sections of the collective agreements which provide for union leaves as follows:

1. Article 64.01 of the TCRC-CTY West Agreement states that members of the General Committees are to be given leave of absences for committee work where the necessities of service will allow. Sufficient advance notice must be provided to permit such a leave.
1. Article 20 of the TCRC-LE West and TCRC – LE East Agreements allows for leaves of absence stating that reasonable requests will be granted when possible but conditional upon personnel being available to meet operating requirements.

While the Collective Agreement is relatively silent on Union business leave, with the exception of item 1, for consistency, we are prepared to operate under the above parameters for the four General Committees in Canada.

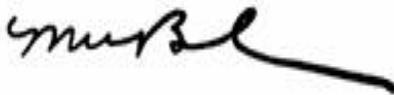
The Company understands the importance of Union business to the Union, especially when a union representative is representing an employee during a Company meeting, the Company, will abide by the terms of the Collective Agreement and as referred to above. In addition, on an interim basis, the Company will also consider granting Union Business leave on the following parameters:

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- Provided the Union gives the Company a list of union executives within the next seven (7) business days identifying who are required to be off for the monthly union meeting, as well as meeting dates, the Company will accommodate a leave of absence for those whose presence is essential for such meeting.
- The Company will give due consideration to all other requests for Union Business leave which will be subject to the discretion of the Local Superintendent. The Company's approval for such leaves will be based in part upon operational requirements.

I trust the foregoing clarifies the company's handling for union business requests.

Sincerely,

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

Myron Becker
Assistant Vice President, Labour Relations

cc: Peter Edwards
Guido DeCiccio
Scott MacDonald
Tony Marquis
Dave Guerin
Gurprit Parmar
Brian Scudds



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February 22, 2015

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By email

Re: Unilateral changes to working conditions

I have your correspondence of February 20, 2015 received late in the day purporting to unilaterally change working conditions and, in particular, unilaterally declare the Board's Order dated August 7, 2014 imposing the Parties' interim agreement on Union leave dated April 22, 2014 to be at an end.

On February 15, 2015 the Parties agreed to end the Union's lawful strike and entered into a Memorandum Of Agreement agreeing to arbitrate their disputes and, in the meantime, to "suspend the right to strike or lockout". The Parties also agreed to a Return to Work Agreement on the same date which provided that employees would be returning to work on the same terms and conditions of employment enjoyed prior to the strike. The effect of those Agreements was to once again freeze all working conditions.

The Company's actions are in violation of the Memorandum Of Agreement.

The Company's actions are also in violation of the Return to Work Agreement.

The Company is also engaging in an illegal lockout contrary to the Agreements and the *Canada Labour Code*, including Section 89.

The Company's action are in violation of the Board's Order dated August 7, 2014 imposing the Parties' interim agreement dated April 22, 2014. The Board's Order remains in effect in light of the fact the Parties have agreed to suspend the right to strike and lockout.

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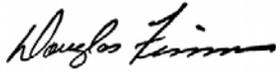
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The Company's actions are also in violation of the freeze provisions of the *Code*, including Section 50, and constitute interference with the Union and its representation of its members, contrary to Section 94(1) of the *Code*.

In the circumstances, the Company's actions also constitute bad faith.

We insist the Company rescind its declaration and return to the status quo. We require a response by noon Mountain Time tomorrow.

Yours truly,

A handwritten signature in black ink, appearing to read "Douglas Finnon". The signature is written in a cursive style with a long horizontal stroke at the end.

Douglas Finnon
President, TCRC

CC: Greg Edwards TCRC
Dave Fulton TCRC
Bruce Hiller TCRC
Benoit Brunet TCRC
Roland Hackl TCRC
Don Ashley TCRC
Peter Edwards CPR