



**CANADIAN  
PACIFIC  
RAILWAY**

1670 Lougheed Highway  
Port Coquitlam BC  
V3B 5C8

January 19, 2001

Mr. G.M. Ranson  
Local Chairperson  
BLE - Division 320  
1575 Western Drive  
Port Coquitlam, BC

Mr. R.W. Hnatiuk  
Local Chairperson (C)  
UTU Local 422  
#314 - 3176 Gladwin Road  
Abbotsford, B.C. V2T 6R7

D A Ly  
Manager  
Vancouver  
Operations  
Area

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Dear Sirs:

**Subject: Fixed Rate CPR Trains Thru CN Thornton Yard**

This is further to our recent exchanges concerning payment for CPR train and engine crews who operate CPR trains on the CN Yale Subdivision through CN Thornton Yard. Our exchanges on this matter were triggered by our discussions related to the decision by the CPR and CN to begin running grain trains direct into one another's yard for furtherance to the North Shore and South Shore respectively. It is my understanding that this is currently expected to commence during the week of January 22, 2001 and it is anticipated that each railway will run three (3) such trains weekly.

One important issue to address with this operation is how to pay CPR crews who handle such trains. As you have noted, currently there is a flat rate established of 159 miles for CPR trains travelling from Boston Bar to Thornton. Therefore, it is agreed that if a CPR train terminates at Thornton, then this flat rate will apply.

However, it is also expected that it may most likely be necessary for CPR crews to bring their locomotive power through Sapperton back to Coquitlam. In this instance too, the Company agrees that this operation is little different than running through to Sapperton, which has a flat rate of 168 miles.

Given that the distance from Thornton to Sapperton is 7 miles, and allowing that the setting off of one's train at Thornton will constitute an "EC" claim of 13 miles, the Company is prepared to agree to fixed rates for these trains as follows:


- 1) If the train is set off at CN Thornton Yard and power is taken through to Coquitlam, a rate of 175 miles, and an "EC" claim of 13 miles will be allowed.
- 2) If the entire train, including locomotives, is yarded at CN Thornton Yard, a rate of 159 miles.
- 3) If the entire train is taken through CN Thornton Yard and


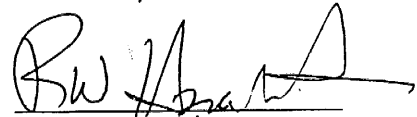
set off at Sapperton with the power either left at Sapperton or taken through to Coquitlam, a rate of 175 miles.

Should you concur to the foregoing would you please so indicate in the space provided below. Please note that this understanding may be cancelled by any of the three parties signatory hereto following thirty (30) days written notice.

Yours truly,

I CONCUR:

  
D.A. Lypka  
Manager Road Operations

  
Local Chair  
BLE, Division 320  
  
Local Chair  
UTU, Local 422



CANADIAN  
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1670 Lougheed Highway  
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February 28, 2001

Mr. G.M. Ranson  
Local Chairperson  
BLE - Division 320  
1575 Western Drive  
Port Coquitlam, BC

Mr. R.W. Hnatiuk  
Local Chairperson (C)  
UTU Local 422  
#314 - 3176 Gladwin Road  
Abbotsford, B.C. V2T 6R7

Dear Sirs:

Subject: Familiarizing of CPR Employees Thru CN Thornton

This is further to our understanding of January 19, 2001 (appended below for convenience) concerning payment for CPR train and engine crews who operate CPR trains on the CN Yale Subdivision through CN Thornton Yard and is further to our recent discussions and exchanges respecting how to determine "familiarization" for our employees operating through this territory. As info, it is understood that the decision by the CPR and CN to begin running grain trains direct into one another's yard for furtherance to the North Shore and South Shore respectively is now currently expected to be implemented commencing during the week of March 5, 2001.

As we have discussed, given the relatively small number of trains that will be operated and large numbers of employees to be qualified on both railroads, it is expected that CN will supply CN pilots for our trains from Matsqui to Sapperton, and the CPR will supply CPR pilots for CN trains from Mission to Sapperton. Of course, they may be instances when pilots are only required from Thornton or Coquitlam to Sapperton respectively.

In any event, since it is not the Pilotless Detouring Agreement that is applicable or appropriate to this current situation, it is understood that CPR employees will be allowed a maximum of three (3) trips between Matsqui (or Thornton as the case may be so long as a refresher has been made between Matsqui and Thornton within the preceeding six months) and Sapperton. Unless employees choose to declare themselves sufficiently familiar with the territory in question before having made three trips, CPR employees will be considered familiar after having made the maximum three (3) trips.


The CMC will arrange to update their "CN qualified" lists accordingly, taking these new arrangements and new categories of states of "CN qualified" into account. As further info, while the Company will keep track of both the locomotive engineers and the conductors who make these trips over the territory between Matsqui and Sapperton, so long as the CPR locomotive engineer is "familiar" with this territory, no other pilot will be called for a CPR train moving between Matsqui and Sapperton.


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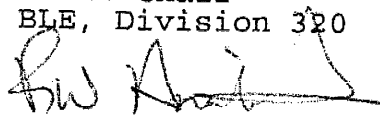
Thanks for your involvement in attending to these issues in advance of the new operation commencing next week.

Yours truly,

I CONCUR:

  
D.A. Lypka  
Manager Road Operations

  
G.M. Ranson  
Local Chair  
BLE, Division 320

  
R.W. Hnatiuk  
Local Chair  
UTU, Local 422