



**CANADIAN
PACIFIC**

Alia Azim Garcia
Director
Labour Relations

Gulf Canada Square
401 – 9th Avenue S.W
Suite 600.
Calgary Alberta
T2P 4Z4

December 1, 2011

Mr. D. Able
General Chairman- Engineers West
Teamsters Canada Rail Conference
101-10820 24 Street SE
Calgary AB T2Z 4C9

Mr. D. Olson
General Chairman- Trainmen West
Teamsters Canada Rail Conference
101-10820 24 Street SE
Calgary AB T2Z 4C9

Mr. B. Benoit
General Chairman- Engineers East
Teamsters Canada Rail Conference
926 Montee Ste-Therese
Prevost Quebec J0R 1T0

Mr. B. Hiller
General Chairman- Trainmen East
Teamsters Canada Rail Conference
309-136 Aspen Springs Drive
Bowmanville ON L1C-0H2

RE: Clarification regarding Letters/Notices included in Company's demands

Dear Sirs:

This letter is a formal response to your query about the Company's plans to take action on the three letters served as part of the Company's demands on October 20, 2011.

Specifically, the letters in question are:

- Notice of Cancellation
- Notice of Intention to Establish Common Pools
- Notice to provide HSA as per national negotiated agreement

Your query was based on provision 50 (b) of the Canada Labour Code which specifies that terms or conditions of employment, or any right or privilege of the employees in the bargaining unit, shall not be altered until the provisions of paragraphs 89 (1)(a) to (d) have been met, or unless such consent of such a term or condition has been granted.

The Company views that consent has been granted for three of the letters listed in the Notice of Cancellation. Specifically, they are the Sparwood Agreement, the local rules at Kamloops, Fort Steele/Cranbrook, and Revelstoke that provide for rest beyond 24 hours, and the Booking Sick Pilot letter. Each of these letters is subject to agreed-upon notice provisions for termination that have been properly executed by the Company or, alternatively, an explicit end date for the agreement.

The remaining letters listed in the Notice of Cancellation do not have similar notice provisions and, as such, cannot be acted upon on January 1st, 2012. These are the Letter of Understanding – Re: Time pools, Scheduled Days Off, Job Sharing and Voluntary Layoff at Cranbrook and Fort Steele and the Coaching Clinic Claim letter.

In keeping with the same principles, the Notice to provide HSA as per national negotiated agreement and the Notice of Intention to Establish Common Pools cannot be acted upon on January 1, 2012.

In recognition of the fact that we are in the early stages of collective bargaining, please be advised that the Company will not enact the three letters (Sparwood Agreement, the local rules at Kamloops, Fort Steele/Cranbrook, and Revelstoke that provide for rest beyond 24 hours, and the Booking Sick Pilot letter) on January 1, 2012.

Please also be advised that this does not preclude the Company from taking action on these letters at a later date, prior to the conclusion of bargaining. In that case, the Company will provide the Union, on a without precedent and prejudice basis, with 14 days written notice prior to cancelling any of these three aforementioned agreements.

I trust this provides clarity.

Sincerely,

A handwritten signature in black ink, appearing to be 'AA' with a large flourish above it.

Alia Azim Garcia
Director, Labour Relations