



Teamsters Canada Rail Conference

General Committees of Adjustment
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Dave Able
General Chairman
Locomotive Engineers

Dave Olson
General Chairman
Conductors, Trainmen & Yardmen

February 13, 2009

Local Chairman West, LE & CTY
Teamsters Canada Rail Conference

Brothers,

RE: Implementation of Drug Card

This letter is in response to various inquiries regarding the status of the Drug Card.

Appended is a letter that this office has received from the Company in regards to this matter. As you will note, acceptance of the proposed Drug Card would come at a severe cost and/or downgrade to the benefits the members currently receive.

We have been working with our benefit advisor on this issue and agree with him that the Drug Card offer is unacceptable in its present form. We are confident that when you closely examine this letter you and the membership will agree that this is clearly an unacceptable offer.

We will continue to discuss and attempt to resolve with the Company. You will be informed of any progress made on behalf of the members in this regard.

Thank you for your attention to this matter, we remain,

Yours truly,

Dave Able

Yours truly,

Dave Olson

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Mr. D. Able
General Chairman
TCRC(E)

Mr. D Olson
General Chairman
TCRC (T)

Mr. T. Beaver
General Chairman
TCRC(E)

Mr. D. Genereux
General Chairman
TCRC (T)

December 11, 2008

Dear Sirs:

This refers to Appendix 5 of the December 5, 2007 memorandum of settlement in connection with the introduction of a cost neutral drug card.

As discussed, I am pleased to inform you that we are prepared to make a drug card available to your members subject to the following:

- The drug card will be subject to the same dispensing fee cap that is applied to the management "mid-line" plan; this is currently set at a maximum of \$7.50 per prescription and is reviewed on a regular basis against competitive practice.
- In order to obtain a drug card employees will be required to positively enroll their dependants and provide data about any other drug plan they have access to (eg. spousal benefit plan) in order to enable to co-ordination of benefits. Enrolment is voluntary.
- Implementation of a 25% cap for all employees on allowable pharmacy "markup" on all drug categories as compared to the current 50% allowable markup for generics and single-source brand name drugs and the current 15% allowable markup for brand name drugs where a generic exists. This change will match the markup limits in the management plan. Markup is what the plan allows the drug store to charge over and above what provincial drug boards set as the reasonable and customary charges per Drug Identification Number (DIN). The 25% cap is consistent with the management plan.
- Cards issued will be in effect until December 31, 2011. Should the Company incur additional costs beyond 10% during the usage period then the Company retains the right to cancel the cards or to renegotiate the drug card particulars with the Union.

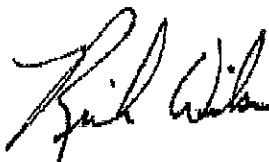
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We are developing a positive enrolment process to expedite the process.

If you have any questions we can discuss further.

Yours truly,



R.E. Wilson
Assistant Vice President,
Industrial Relations
Canadian Pacific

Cc: Mr. R.A. Shields
Mr. R. MacIntyre
Mr. D.J. Shewchuk
Mr. D. Finnon

I concur:

Dave Able
General Chairman TCRC (E)

Tim Beaver
General Chairman TCRC (E)

Dave Olson
General Chairman TCRC (T)

Daniel Genereux
General Chairman TCRC (T)