



**CANADIAN  
PACIFIC**

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July 2, 2010

**Dave Able**  
General Chairman – TCRC LE  
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**Dave Olson**  
General Chairman – TCRC CTY  
101 - 10820 24 Street SE  
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**RE: Six (6) month extension to Fort Steele Time Pools**

Dear Sirs,

This letter is with regard to our ongoing discussions relating to the Fort Steele fatigue management plan, as it applies to Locomotive Engineers, Conductors, Trainmen and Yardmen at Fort Steele.

The pilot project at Fort Steele is working well and all parties have received positive feedback. This is a remarkable achievement, considering the challenges associated with such programs. With that in mind, the Company is fully prepared to continue working on this project. As a result of our discussions on June 22 and 23, 2010, the Company and the Union have tentatively agreed on the following principles, in the interest of securing a six month extension on the current fatigue management pilot program.

- It will be the responsibility of the Local Chairpersons to regulate the LE and CTY pool sizes, as well as the LE Spareboard, on a weekly basis, in a manner that protects train operations. The Company will provide the data and will be available to make suggestions on the various Pool sizes, however the final decision will be that of the Union. In doing so, there will be no additional expense; this will take into consideration all factors that impact mileage regulation. Examples of such factors include, but are not limited to, changes to traffic levels, annual vacation and volume projections. The Company will maintain responsibility for ensuring that the CTY spareboards are sized properly and will be advised of pool sizing immediately after pool numbers are set each week. The responsibilities for pool regulation, as described herein, will remain in place until further advised by the Company; any

change to that responsibility will be discussed and agreed to by the General Chairperson and the Manager, LR.

- Employees may earn EMDs (Earned Miles Days). To qualify, employees must earn their miles in the previous month. The employee may take up to 2 days off for miles in advance during their EDO window (15, 16, 17 day of their mileage period)
  - o EMDs can be used on their own or combined with an EDO
  - o EMDs cannot be used outside of the assigned EDO window
  - o Locomotive Engineers' AV miles will be considered chargeable for the purposes of earning entitlement to EMDs
  
- Time Pool call time overlap will be reduced from two hours to one hour and this application will be assessed after one month. If it is deemed to work well, it will be extended through the period of this extension agreement.

The Company is prepared to extend the pilot for the noted six (6) month period, in order to test the above noted principles.

Through our discussions, the parties did not have the opportunity to fully address three additional concepts. The Company is prepared to further review them. They are:

- An alternative method to administer SDOs in the West Pool for Conductors and Locomotive Engineers.
- A change to the calling windows of the Split Spareboard for both crafts to 0800 – 2159 (days), 2200 – 0759 (nights)
- Auxiliary Board for the Locomotive Engineers

Through the course of our discussion, we also covered the concept of adding a third window to the North Pool. After reviewing this suggestion, the Company did not agree to the change based on the limited size of the North pool.

Of course, the alternatives and options noted in this document are put forth on a without precedent or prejudice basis and cannot be relied upon by either party without the express written consent of both parties.

I trust that you are also prepared to move forward with a six month extension and ask that you indicated your concurrence by signing below and returning to a copy to me for my records.

Sincerely,



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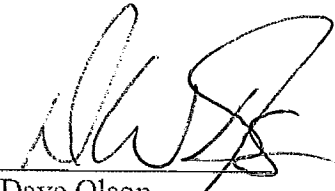
Alia Azim Garcia  
Director, Labour Relations

I concur,



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Dave Able  
General Chairman, LE



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Dave Olson  
General Chairman, CTY