

MEMORANDUM OF SETTLEMENT

DATED

February 24, 2017

BETWEEN



(Hereinafter referred to as the Company)

And the

UNITED STEELWORKERS LOCAL 1976

(Hereinafter referred to as the Union)

CONCERNING

APPLICATION OF WAGE INCREASES AND OTHER CHANGES  
COVERING THE YEARS 2018, 2019, 2020, 2021 and 2022

The Company reserves the right to add to, revise, modify, substitute, amend, or withdraw any of the following, at its sole discretion. Any settlement or agreement reached on any item or items is conditional upon the conclusion of a global, total, and comprehensive memorandum of settlement, which has been ratified.

## **PREAMBLE**

The terms and conditions of this memorandum of settlement are in recognition of the significant term of this agreement. The items outlined in this settlement are reflective of the extraordinary efforts made by the parties in entering into a five year settlement.

### **1. TERM OF CONTRACT**

Each Collective Agreement as outlined in Appendix 1 between the Company and the United Steelworkers will be renewed for a period of five (5) years commencing January 1, 2018 through to December 31, 2022.

Amend Rule 41 to read:

*41.1 This Agreement shall remain in effect until December 31, 2022 and thereafter; subject to 120 days advanced notice in writing from either party to the other of their desire to revise, amend or terminate it. Such notice may be served at any time subsequent to May 1, 2022.*

### **2. WAGES**

It is understood that the following rate increases are in reference to hourly wage rates only and do not apply to any other payments such as shift differentials, or any other payments not explicitly mentioned herein.

- a) Effective January 1, 2018, increase by 2% the rates in effect on December 31, 2017.
- b) Effective January 1, 2019, increase by 2% the rates in effect on December 31, 2018.
- c) Effective January 1, 2020, increase by 2% the rates in effect on December 31, 2019.
- d) Effective January 1, 2021, increase by 2% the rates in effect on December 31, 2020.
- e) Effective January 1, 2022, increase by 2% the rates in effect on December 31, 2021.
- f) See letter at Appendix 2 regarding Application of General Wage Increase for the Term of Agreement

### **3. BENEFITS**

#### Plan Amendment Document

Immediately, upon final settlement, the appropriate documents will be updated to reflect the following benefit terms.

#### **Life Insurance**

- a) Effective January 1, 2018, the group life insurance coverage will be increased from \$51,000 to \$52,000 for employees who have service with the Company on or subsequent to that date.
- b) Effective January 1, 2019, the group life insurance coverage will be increased from \$52,000 to \$53,000 for employees who have service with the Company on or subsequent to that date.
- c) Effective January 1, 2020, the group life insurance coverage will be increased from \$53,000 to \$54,000 for employees who have service with the Company on or subsequent to that date.
- d) Effective January 1, 2021, the group life insurance coverage will be increased from \$54,000 to \$55,000 for employees who have service with the Company on or subsequent to that date.
- e) Effective January 1, 2022, the group life insurance coverage will be increased from \$55,000 to \$56,000 for employees who have service with the Company on or subsequent to that date.

#### **Disability Benefits**

- a) Effective January 1, 2018, the maximum benefit will be increased to \$720.00.
- b) Effective January 1, 2019, the maximum benefit will be increased to \$730.00.
- c) Effective January 1, 2020, the maximum benefit will be increased to \$740.00.
- d) Effective January 1, 2021, the maximum benefit will be increased to \$750.00.

- e) Effective January 1, 2022, the maximum benefit will be increased to \$760.00.

### **Dental Plan**

Modify the provision concerning covered expenses as follows:

- a) Effective with treatment which commenced on or after January 1, 2018 covered expenses will be defined as the amounts in effect on the day of such treatment, as specified in the relevant provincial Dental Association Fee Guides for the year 2018.
- b) Effective with treatment which commenced on or after January 1, 2019 covered expenses will be defined as the amounts in effect on the day of such treatment, as specified in the relevant provincial Dental Association Fee Guides for the year 2019.
- c) Effective with treatment which commenced on or after January 1, 2020 covered expenses will be defined as the amounts in effect on the day of such treatment, as specified in the relevant provincial Dental Association Fee Guides for the year 2020.
- d) Effective with treatment which commenced on or after January 1, 2021 covered expenses will be defined as the amounts in effect on the day of such treatment, as specified in the relevant provincial Dental Association Fee Guides for the year 2021.
- e) Effective with treatment which commenced on or after January 1, 2022 covered expenses will be defined as the amounts in effect on the day of such treatment, as specified in the relevant provincial Dental Association Fee Guides for the year 2022.

### **Extended Health & Vision Care Plan**

- a) Appendix 3 - Replace Appendix A – 51 with February 24, 2017 Letter Regarding Drug Card Renewal.
- b) Effective January 1, 2018, the maximum amount of chargeable expenses for vision care will be increased from \$275.00 to \$325.00 (coverage will remain at 80%) in a 12 month period for persons under the age of 18 and in an 24 month period for persons age 18 and over.

- c) Effective January 1, 2018, Massage Therapy by a certified Massage Therapist will be added to the list of providers.

### **Benefits General**

Effective January 18, 2018, or as soon thereafter as it may be arranged, the various contracts and policies provided in the Employee Benefit Plan Supplemental Agreement and attached as Appendices to the Dental Plan and the Extended Health & Vision Care Plan, as well as they will be amended in conformity with the aforementioned changes.

## **4. WORK RULES**

1. Update Article 27.5 Admission of Responsibility to read:

*(a) Where an individual admits responsibility for an incident where the penalty to be assessed is a suspension of up to 5 working days (which may include record suspensions), and the individual chooses to waive the right to a formal investigation provided for in his/her Collective Agreement, discipline may be assessed without the need for such investigation.*

2. Starting rates for new employees who commence work on or subsequent to January 1, 2018 will be 90% of the Job Rate. Any reference to the 85% and 95% step rates will be removed from the Collective Agreement.

Amend Article 6.1 Starting Rates to read:

*(a) Employees entering the service will be compensated as follows:*

*1<sup>st</sup> 12 months of cumulative compensated service (CCS) will be at 90% of the job rate, thereafter at 100% of job rate.*

3. Employees hired on or subsequent to January 1, 2018 will be on probation until they have completed 120 days of cumulative compensated service.

Amend Article 21.5 Seniority to read:

*(a) A new employee shall be on probation and not be regarded as permanently employed until he/she has completed 120 days of cumulative compensated service and, if retained, shall then rank on the seniority list from the date first employed in a position covered by this agreement. In the meantime, unless removed for cause, which in the opinion of the Company renders the employee*

*undesirable for service, s/he shall be regarded as coming within the terms of the agreement. The parties may extend the 120 day period, subject to mutual agreement.*

4. Effective January 1, 2018, one (1) Seniority Coordinator position (Engineering Services) will be added to the list of classifications included under Article 5 – Right of Selection.

## **5. OTHER**

1. Appendix 1 - the parties agree to consolidate the 3 Collective Agreements identified within 6 months of ratification of the agreement.
2. Appendix 4 - Employee Share Purchase Plan.
3. Appendix A-22 - LTD Plan - remove specific reference to 1.08% and reflect “an amount specified by the Union”.
4. Appendix 5 - Joint Training program.
5. Appendix 6 - Winnipeg Network Service Center – Accounting Department.
6. Appendix 7 - Safety Apparel Subsidy.
7. Appendix 8 - Income Security Agreement.
8. Appendix 9 – Gainshare Program.
9. Appendix 10 – Crew Bus Drivers.
10. Appendix 11 – Terminally Ill Employees with a Short Life Expectancy.

## 6. DURATION

Unless otherwise referred to herein, this Agreement (including all Supplemental Agreements) shall remain in effect until December 31, 2022.

**SIGNED AT Montreal, Quebec this 24th day of February, 2017.**

**For Canadian Pacific:**

**For USW:**

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Myron Becker  
Assistant Vice President  
Labour Relations

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Steven Hadden  
President  
USW, Local 1976

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Dave Guerin  
Sr Director, Labour Relations

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Nancy Lapointe  
Vice President, District 5  
USW, Local 1976

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Brianne Sly  
Assistant Director, Labour Relations

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Nathalie Lapointe  
Staff Representative, USW

## APPENDIX 1

### Collective Agreements

<u>ORGANIZATION</u>	<u>AGR.#</u>	<u>CLASSIFICATION</u>	<u>LOCATION</u>
TC Local 1976 USW	Mainline	Clerks and other of employees	Lines in Canada
TC Local 1976 USW	Police Communications Center		Lines in Canada
TC Local 1976 USW	Pension Services		Lines in Canada



## APPENDIX 2

### Application of General Wage Increase for the Term of Agreement

**This letter Dated February 24, 2017 shall not form part of  
The Collective Agreement**

Mr. S. Hadden  
President - TC Local 1976, USW  
2360 de LaSalle Room 202  
Montreal, QC H1V 2L1

Dear Sir,

This refers to our discussions regarding a General Wage Increase over the 5 year term of the Collective Agreement covering January 1, 2018 to December 31, 2022.

During bargaining the Union expressed a desire for a five (5) year settlement. However, due to global economic instability and uncertainty reflected by economic downturns in 2008-2009 and as recent as 2015-2016, the Company was reluctant to extend wage settlement terms five (5) years into the future.

However, in recognizing labour stability that a long term settlement provides the parties, the Company is prepared to offer a five (5) year wage settlement term, subject to the general wage increases in years 2021 and 2022 being tied to the operating realities of the Company at that time.

The parties agree that the General Wage Increases associated with years 2021 and 2022 will be 2%.

However, there will be the opportunity for these General Wage Increases to escalate based on year-over-year percentage increases to the Company's Revenue Tonne Mileage (RTM) metric. RTMs are available externally on the Investor Relations website: <http://www.cpr.ca/en/investors/key-metrics>.

This option will be trigger based on the two criteria outlined below:

1. Base for future years cannot be less than the base performance for the period of December 1, 2015 – November 30, 2016.

2. If RTMs increase year-over-year and have satisfied Item 1 above, the following potential General Wage Increases will replace the currently agreed to 2%:

Increase to year-over-year RTMs	< 3%	3-4%	≥4%
Associated General Wage Increase	2%	2.5%	3%

For the purposes of determining the year-over year increases to RTMs the parties agree that the following 12 month periods will be used in this calculation:

<b>Wage Increase Effective January 1</b>	<b>Increase Over Base year period</b>	<b>Base year period</b>
2021	December 1, 2019-November 30, 2020	December 1, 2018 - November 30, 2019
2022	December 1, 2020-November 30, 2021	December 1, 2019-November 30, 2020

The parties agree that both criteria outlined above are based on freight service only. Additionally, should the Company enter into any sale or acquisition of business during these periods, the effect of these transactions' impact will be removed from the RTM snapshots for the all the periods outlined above.

If this reflects our understanding during negotiations leading to the tentative agreement between the parties, please sign in the space provided.

Yours Truly,

For USW,

Myron Becker  
Assistant Vice President  
Labour Relations

Steven Hadden  
President  
TC Local 1976, USW

## APPENDIX 3

### Regarding Drug Card Renewal

Letter Dated February 24, 2017

Mr. S. Hadden  
President - TC Local 1976, USW  
2360 de LaSalle Room 202  
Montreal, QC H1V 2L1

Dear Sir,

This refers to our discussions regarding a cost neutral drug card. The Company will continue 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 as 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 dependents and provide data about any other drug plan they have access to (e.g. spousal benefit plan) in order to enable co-ordination of benefits.
- A 25% cap for all employees on allowable pharmacy “markup” on all drug categories. This is consistent with 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).

Furthermore the following serves to clarify the definition of a “spouse” with respect to Extended Health, Vision Care and Dental benefits:

A spouse is:

The person who is legally married to you and who is residing with or supported by you, provided that there is no legally married “spouse” that is eligible, it is the person that qualified as a “spouse” under the definition of that word in Section 2(1) of the Canadian Human Rights Benefit Regulations, so long as such person who may be of the same or opposite sex was publicly represented by you as your “spouse” and cohabitated with you in a conjugal relationship for:

- At least one (1) year if you and that person were free to marry or;
- At least three (3) years if either of you was not free to marry the other.

In the case of separation of more than three months, or divorce, he/she is no longer eligible for coverage.

Effective January 1, 2014, USW-represented employees will have the option of obtaining their maintenance medications through either the home mailing service, currently provided by Express Scripts, or through the regular pharmacy process utilizing their drug card.

Any maintenance medications sourced through the mail order provider will continue to be reimbursed at the current benefit level outline in the USW Benefit Plan.

Should an employee chose not to use this service and obtain their maintenance medication from their own pharmacy, the reimbursement level will be consistent with that of the management plan for maintenance medications purchased at a pharmacy. This reimbursement level is currently at 70% and may be subject to change.

Employee may choose to have any mix of their maintenance medications through the mail order method or through their local pharmacy.

Although employees will not be obliged to get a drug card, please note that the same adjudication practices above will apply for drug claims reimbursed by submitting paper-based claims.

Cards issued will be in effect until December 31, 2021. Should the costs to the Company increase beyond 10% during the usage period, the Company will have the right to revert to the mandatory order pharmacy service in effect prior to January 1, 2014, with 90-days written notice. Prior to this notice being serviced, the parties will meet to discuss the Company's concerns and review opportunities.

If the above accurately reflects your understanding, please indicate your concurrence by signing below.

Yours Truly,

For USW,

Myron Becker  
Assistant Vice President  
Labour Relations

Steven Hadden  
President  
TC Local 1976, USW

## APPENDIX 4

### Employee Share Purchase Plan

**This letter Dated February 24, 2017 shall not form part of  
The Collective Agreement**

Mr. S. Hadden  
President - TC Local 1976, USW  
2360 de LaSalle Room 202  
Montreal, QC H1V 2L1

Dear Sir,

This refers to our discussion regarding the Company's Employee Share Purchase Plan.

The Company has indicated to the Union that, effective January 1, 2018 and subject to a successful ratification of the February 24, 2017 Memorandum of Settlement, employees subject to this agreement and participating in the Employee Share Purchase Plan will have the vesting period within the plan reduced from 8 quarters to 4 quarters.

Although included in this document for reference, the parties recognize that this is not a negotiated item and does not form part of the Collective Agreement. If this reflects our understanding during negotiations leading to the tentative agreement between the parties, please sign in the space provided.

Yours Truly,

For USW,

Myron Becker  
Assistant Vice President  
Labour Relations

Steven Hadden  
President  
TC Local 1976, USW

**APPENDIX 5**

**Joint Training program**

**This letter Dated February 24, 2017 shall not form part of  
The Collective Agreement**

Mr. S. Hadden  
President -TC Local 1976, USW  
2360 de Lasalle, Room 202  
Montreal, QC H1V 2L1

Dear Sir:

This refers to our discussions regarding the importance of maintaining positive relationships for both groups.

In an effort to continue our positive relationship, the parties agree to meet within ninety (90) days of the date of ratification to review opportunities for joint training opportunities for both management and local Union representatives. This includes, but is not limited to, Joint Investigation Training.

If the above accurately reflects your understanding, please indicate your concurrence by signing below.

Yours Truly,

For USW,

Myron Becker  
Assistant Vice President  
Labour Relations

Steven Hadden  
President  
TC Local 1976, USW

**APPENDIX 6**

**Winnipeg Network Service Center – Accounting Department**

**This letter Dated February 24, 2017 shall not form part of  
The Collective Agreement**

Mr. S. Hadden  
President - TC Local 1976, USW  
2360 de Lasalle, Room 202  
Montreal, QC H1V 2L1

Dear Sir:

This refers to our discussions regarding the current scheduling at the Winnipeg Network Service Center – Accounting department.

The parties agree to meet by March 31, 2018 to review opportunities for a pilot project of ten (10) hour shifts in the Winnipeg Network Service Center – Accounting department. We agree in the event a pilot project agreement is entered into, the fundamental result of such project is to improve productivity and not increase operating costs to the Company.

Although the Parties agree they are not obligated to do so, they may agree to meet prior to the referred to date to explore opportunities.

If the above accurately reflects your understanding, please indicate your concurrence by signing below.

Yours Truly,

For USW,

Myron Becker  
Assistant Vice President  
Labour Relations

Steven Hadden  
President  
TC Local 1976, USW

## APPENDIX 7

### Regarding Safety Apparel Subsidy

Letter Dated February 24, 2017

Mr. S. Hadden  
President - TC Local 1976, USW  
2360 de LaSalle Room 202  
Montreal, QC H1V 2L1

Dear Sir,

This refers to our discussion regarding the Union's request to review the existing clothing and footwear subsidies as it applies to the positions listed below today.

The parties agreed that effective January 1, 2018, the employees holding a position in one of the classifications outlined below on January 1<sup>st</sup> of each year of the agreement will receive a lump sum amount of \$225 (non-taxable allowance) during the 2<sup>nd</sup> pay period of each year.

- Checker – Car Compound
- Toplift Operator
- Crane Operator
- Utility/Ground Person
- Crew Bus Driver – Field Operations
- Perishable Inspector
- Dispatcher – Car Compound
- Security Guard
- Driver – Car Compound
- Sr. Storeperson
- General Clerk Inspector
- Storeperson
- Inventory Clerk – Car Compound
- Labourer

The parties agree that should an employee bid onto, or through the exercise of seniority elect one of the aforementioned positions after January 1<sup>st</sup> they may avail themselves of the existing Company Clothing and Footwear subsidies for that year.

If this reflects our understanding during negotiations leading to the tentative agreement between the parties, please sign in the space provided.

Yours Truly,

For USW,

Myron Becker  
Assistant Vice President  
Labour Relations

Steven Hadden  
President  
TC Local 1976, USW



**APPENDIX 8**

**Income Security Agreement**

**This letter Dated February 24, 2017 shall not form part of  
The Collective Agreement**

Mr. S. Hadden  
President - TC Local 1976, USW  
2360 de LaSalle Room 202  
Montreal, QC H1V 2L1

Dear Sir,

This refers to our discussion regarding the Union's request to include employees affected by changes made under Article 1.1(a) within Article 5.3(b) of the Income Security Agreement.

As a result of these discussions, the parties agreed that effective January 1, 2018 and for the term of the agreement, the Company will extend the provisions of Article 5.3 (b) of the Income Security Agreement to employees who are affected by changes made under Article 1.1(a), provided they meet the eligibility requirements of the Article.

If this reflects our understanding during negotiations leading to the tentative agreement between the parties, please sign in the space provided.

Yours Truly,

For USW,

Myron Becker  
Assistant Vice President  
Labour Relations

Steven Hadden  
President  
TC Local 1976, USW

## APPENDIX 9

### Gainshare Program

**This letter Dated February 24, 2017 shall not form part of  
The Collective Agreement**

Mr. S. Hadden  
President - TC Local 1976, USW  
2360 de LaSalle Room 202  
Montreal, QC H1V 2L1

Dear Sir,

During negotiations, the Company expressed its desire to cancel the Gainsharing program in its entirety. In an effort to maintain this program which is unique to the USW, the Union proposed an alternative to the immediate cancellation of the program.

The parties agree to the following:

1. The 2017 Gainsharing Program will payout as normal at the beginning of 2018.
2. For years 2019 and 2020, the payout value of 2018 will be evenly divided by the number of active employees who are active on January 1<sup>st</sup> of each year and who were employees as of the date of this agreement.
  - a. In the application of the foregoing, the parties agree that the payout in 2018, 2019 and 2020 shall not be less than the payout in 2017 of the 2016 Gainshare Program year
3. These payouts will remain non-pensionable.

Effective December 31, 2017, the Gainsharing program will be cancelled.

If this reflects our understanding during negotiations leading to the tentative agreement between the parties, please sign in the space provided.

Yours Truly,

For USW,

Myron Becker  
Assistant Vice President  
Labour Relations

Steven Hadden  
President  
TC Local 1976, USW

**APPENDIX 10**

**Crew Bus Drivers**

**This letter Dated February 24, 2017 shall not form part of  
The Collective Agreement**

Mr. S. Hadden  
President - TC Local 1976, USW  
2360 de Lasalle, Room 202  
Montreal, QC H1V 2L1

Dear Sir:

This refers to our discussions regarding Article 6 Basic Rates of Pay – Crew Bus Driver Field Ops classification.

During our discussions during bargaining the Union expressed their concern that employees not governed by the Collective Agreement are transporting train and engine crews within the home terminals. Additionally, the Union expressed a desire to discuss those times where employees, other than those represented by the USW, are transporting train and engine crews beyond the home terminal.

Although the Collective Agreement is silent on this matter, the Union requested the Company consider utilizing employees represented by the USW to haul crews beyond the home terminal.

The Company committed to explore the Union's request and will review with the Union matters related to insurance liability, access to employee driving records, capital expense, suitability and adaptability of existing employees and/or other unforeseen matters that may arise as part of this review.

Without prejudice to our respective positions on this matter, the parties agree to meet by January 31, 2018 to review the results of the foregoing review.

Although the parties agree they are not obligated to do so, they may agree to meet prior to the referred to date to explore opportunities. If the above accurately reflects your understanding, please indicate your concurrence by signing below.

Yours Truly,

For USW,

Myron Becker  
Assistant Vice President  
Labour Relations

Steven Hadden  
President  
TC Local 1976, USW

## APPENDIX 11

### Terminally Ill Employees with a Short Life Expectancy

**This letter Dated February 24, 2017 shall not form part of the Collective Agreement**

February 24, 2017

Steve Hadden  
President, TC Local 1976 USW  
2360 Lasalle, Room 202  
Montreal, QC H1V 2L1

Dear Sir,

This letter is regarding the benefits of terminally ill USW-represented employees with a life expectancy of one year or less. This letter presents the terms of our agreement on this matter. If you concur with the terms as presented, please sign this letter in the space below and return to me.

#### **1. Employees eligible for early retirement with an unreduced pension**

Employees eligible for early retirement with an unreduced pension who are expected not to live more than one year would be granted Company consent to retire, and would have an additional retirement option of the commuted value of their retirement pension, as outlined below:

##### Eligibility:

- a) Active CP employee currently in a position represented by USW, and
- b) Eligible for Company consent to retire early with an immediate unreduced pension option (age 55 or over, at least 25 years pensionable service, and age plus service total at least 85 years), or age 65, and
- c) Diagnosed to be terminally ill with a life expectancy of one year or less—the Chief Medical Officer (CMO), or their designate, must agree with the terminally ill designation and life expectancy of one year or less.

Benefit:

- a) The employee is granted the Company's consent to early retirement with an unreduced pension.
- b) In addition to the pension options normally available at retirement, the employee will have the additional option to receive the commuted value of the immediate unreduced pension, reflecting the employee's actual marital status, and using the same mortality assumptions as would be used in a regular termination or retirement commuted value calculation. If the employee has a spouse, a waiver from the spouse would be required for the commuted value option.
- c) The employee and his/her spouse will continue to be eligible for all group benefits that are available to active employees until the date the employee dies, but not past the date the member turns age 65. After that time, the surviving spouse is entitled to the same post-retirement benefits that would be available to the surviving spouse of a retired employee.

**2. Employees with at least 10 years of pensionable service, but not eligible for early retirement with an unreduced pension**

Employees with at least 10 years of pensionable service, but not eligible for early retirement with an unreduced pension, and who are expected not to live more than one year, would be eligible to retire with the equivalent to a disability pension. In addition to the options generally available to a disability retirement, they would have an additional retirement option of the commuted value of their disability pension, as outlined below:

Eligibility:

- a) Active CP employee currently in a position represented by USW, and
- b) At least 10 years pensionable service but not eligible for Company consent for early retirement with an unreduced pension, and
- c) Diagnosed to be terminally ill with a life expectancy of one year or less - the Chief Medical Officer (CMO), or their designate, must agree with the terminally ill designation and life expectancy of one year or less.

Benefit:

- a) The employee qualifies for an immediate unreduced disability pension.
- b) In addition to the pension options normally available at disability retirement, the employee will have the additional option to receive the commuted value of the immediate, unreduced pension. The commuted value would be based on standard mortality (normal life expectancy) and with 50% continuance to the spouse. If the employee has a spouse, a waiver from the spouse would be required for the commuted value option.
- c) In all cases, the commuted value will be equal to or greater than the commuted value to which the member would have been entitled in a regular termination or retirement commuted value calculation.
- d) The employee and his/her spouse will be entitled to the same post-retirement benefits that are available on a disability retirement.

**3. Employees with less than 10 years of pensionable service**

Employees with less than 10 years of pensionable service who are expected not to live more than one year would be permitted to cease membership in the pension plan and receive the termination benefits from the plan without having to terminate employment, as outlined below:

Eligibility:

- a) Active CP employee currently in a position represented by USW, and
- b) Less than 10 years pensionable service, and
- c) Diagnosed to be terminally ill with a life expectancy of one year or less—the Chief Medical Officer (CMO), or their designate, must agree with the terminally ill designation.

Benefit:

- a) The employee may cease to be an active member of the pension plan, and may elect to receive the commuted value of the accrued pension payable at age 65, calculated using the same assumptions and methods as would be used in a regular termination commuted value calculation.

The employee and his/her spouse will continue to be eligible for all group benefits that are available to active employees until the date the employee dies, but not past the date the member turns age 65.

If you concur with the terms as presented, please indicate your concurrence by signing below.

Sincerely,

I concur,

Myron Becker,  
AVP, Labour Relations

Steve Hadden  
President, TC Local 1976 USW