



August 28, 2015

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Dear Sirs:

As you know, on June 26, 2015 we gave notice to leave CROA&DR effective August 31, 2015. Since we provided notice, some of you have expressed minimal interest in the alternate options CP provided that would assist the parties in resolving your grievance backlog; yet we are very disappointed that no one has stepped forward and committed to use any of the alternative options we have proposed. It is also worthwhile to note that we've had positive discussions with some of you concerning our suggested reforms to the CROA&DR process. Clearly, the status quo of accomplishing little in the way of resolving grievances by utilizing an outdated arbitration process known as CROA&DR is what appears to be what the majority of the CROA&DR committee members are comfortable with.

Our review of CROA&DR dates covering September, 2014 to present demonstrates that only 71 or 48% of the 149 cases docketed by the Unions were actually heard. Clearly, CROA&DR in its current form is no longer a dispute resolution process that CP views as expeditious, effective or desirable. Our objective, as stated in our letters on this topic, is to move issues through dispute resolution as expeditiously as possible without a legalistic approach to handling each and every case. We also believe this meets the objectives you've continuously advised your organizations would like to receive.

As you know, we have offered the following solutions:

1. Hearing process – adopt three streams for:
 - expedited hearings (20 plus cases per day),
 - normal hearings (75 minutes per case) and
 - material change/policy grievances (3 hours per case).
2. Recorded CROA&DR Committee meetings – to protect all parties’ interests.
3. Hearing locations – provide better balance between East and West locations.
4. Grievance backlog reduction through assistance from FMCS.
5. CROA&DR Administrative Committee reforms, including associated costs.

Although the TCRC have consistently stated that they want their backlog of grievances resolved, their CROA&DR Committee members have categorically rejected the above.

We have also directed you to several reputable arbitrators with industry specific experience outside of CROA&DR who have provided approximately 80 days of hearing availability until the end of the year. As such, we continue to remain amenable to the parties resolving disputes outside of CROA&DR (using CROA style rules if necessary) if both Union and Company agree and if matters can be dealt with in a more expeditious manner. That stated, there appear to be those parties who have made it clear that they will only argue their cases through CROA&DR despite what we believe to be an antiquated process of dispute resolution that has far fewer arbitrators and dates available to help clear your grievance backlog(s).

We note that despite the Union’s attempt to create a false dichotomy - in which the Unions agree that CP can remain part of CROA&DR but not the Administrative Committee, the choice is not one the Unions have any right to impose upon others. We will, therefore, in good conscience, withdraw our June 26, 2015 letter and remain a member of the CROA&DR committee beyond August 31, 2015. That stated, as a member of CROA&DR and its Administrative Committee, we will exercise our rights as a member to advance our reform agenda. We will, in that vein, ask the members of the CROA&DR Administrative Committee to consider face to face meetings every 60 days and no less than six times from the date of this letter until August 31, 2016. Clearly, the reform we seek requires open and frank dialogue and face to face meetings will, in our view, provide the best opportunity for the parties to resolve our differences and not through telephone calls which, to date, have been unsuccessful in advancing any reform proposals. We also believe there is value gained by inviting the sitting Arbitrators to at least the first meeting to get their input into a process they will be required to work within.

At the present time, however, while we advance an agenda of reform by remaining within CROA&DR and its Administrative Committee, we note in closing that by choosing to remain with CROA&DR we are not giving credence to the Union's point of view that somehow CROA&DR has a perpetual existence that cannot be altered by the parties. Nor, to be clear, do our actions reflect any confirmation or acceptance of the Union's arguments in this regard.

In closing, we must express our dissatisfaction with the Unions' unwillingness or inability to explore many of the solutions offered by the Company to date to help clear your grievance backlog(s), including those grievances which at times appear to have been tactically stockpiled. Your rejection of the number of viable solutions, including efforts to reduce costs, offered by the Company as a means to address your grievances only hurts our employees and your membership in the end. We will, however, continue to seek the necessary reforms to CROA&DR as an active member of the Committee. We look forward to an ongoing dialogue in that setting.

Sincerely,

A handwritten signature in black ink, appearing to read "Myron Becker", with a long horizontal flourish extending to the right.

Myron Becker
Assistant Vice-President
Labour Relations

Cc: April Dumas, CROA&DR