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May 1, 2015

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Re: Agreement between Canadian Pacific and Teamsters Canada Rail Conference
Running Trades Employees and Rail Canada Traffic Controllers for Terminally Ill
Employees

As you know, Arbitrator Kaplan issued an award on December 19, 2012 which included changes to the pension entitlements of terminally ill employees, with the details to be worked out by the parties. Subsequent mediation/arbitration resolved a dispute over such details on November 19, 2014. 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) CP employee in a position represented by TCRC, 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 with 50% continuance to the spouse if the employee has a spouse, 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 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) CP employee in a position represented by TCRC, 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 reflecting the employee's actual marital status with 50% continuance to the spouse if the employee has a 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 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.

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) CP employee in a position represented by TCRC, 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.
- b) 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.

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Sincerely,



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Myron Becker
Assistant Vice President, Labour Relations

cc: Peter Edwards
John Derry
Kathie Brown



Mr. Doug Finnon
~~Vice President~~
MF

Shelly Brownlee
General Chairperson



Mr. Greg Edwards
General Chairman



Mr. Dave Fulton
General Chairman



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