



**CANADIAN
PACIFIC
RAILWAY**

Jason Copping
Director
Labour Relations

Suite 600
401-9th Avenue S.W.
Calgary, Alberta
T2P 4Z4

September 9, 2006

Mr. D. Able
General Chairman- Engineers West
Teamsters Canada Rail Conference
101-10820 24 Street SE
Calgary AB T2Z 4C9

Mr. D. Finnson
General Chairman- Trainmen West
Teamsters Canada Rail Conference
101-10820 24 Street SE
Calgary AB T2Z 4C9

Mr. T. Beaver
General Chairman- Engineers East
Teamsters Canada Rail Conference
173 Simcoe Street N
Oshawa ON L1G4S8

Mr. D. Genereux
General Chairman- Trainmen East
Teamsters Canada Rail Conference
55 Annonciation
Oka PQ J0N1E0

Re: Local Rules and Practices Review

Dear Sirs,

This letter is to advise that commencing January 1, 2007, the Company will conduct a review of all local rules and practices at each terminal on the system.

The intent of this assessment is to ensure that all local rules are codified, standardized (where appropriate), and to ensure compliance with provisions of the Collective Agreement, namely that local rules are in fact endorsed by the appropriate Company and Union Officer. The review will also encompass regional and national understandings with the intent of completing the entire review by December 31, 2007.

The purpose of this exercise is to ensure a common understanding and central source of the local rules and understandings and reduce the amount of disputes and errors associated with the administration of such rules.

Please note that there will be no change in the application of these rules, practices or understandings pending the completion of the assessment, unless cancelled through the normal mechanisms currently outlined in the local rules or collective agreement. Once the review is completed, any local rules or written practices that are not endorsed by the appropriate Company and Union Officers, or cancelled as mentioned above, will be deemed cancelled effective December 31, 2007 and the normal application of the collective agreement will apply.

Sincerely,

Jason Copping
Director, Labour Relations

Cc: Doug McFarlane, AVP- Operations West
Scott MacDonald, AVP – Operations Central
Guido Deciccio, AVP – Operations East