

MEMORANDUM OF AGREEMENT

BETWEEN THE

**SOO LINE RAILROAD COMPANY (SOO)
d/b/a CANADIAN PACIFIC RAILWAY**

**INTERNATIONAL ASSOCIATION OF MACHINISTS AND
AEROSPACE WORKERS / (SOO)**

ARTICLE I – WAGES

Section 1 - First General Wage Increase

Effective January 1, 2016, basic hourly, daily, weekly and monthly rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two (2%) percent representing a general wage increase.

Section 2 - Second General Wage Increase

Effective September 1, 2017, basic hourly and monthly rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two (2%) percent representing a general wage increase.

Section 3 - Third General Wage Increase

Effective September 1, 2018, basic hourly and monthly rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two (2%) percent representing a general wage increase.

Section 4 - Fourth General Wage Increase

Effective September 1, 2019, basic hourly and monthly rates of pay in effect on the preceding day for employees covered by this Agreement shall be increased in the amount of two (2%) percent representing a general wage increase.

In determining new hourly rates, fractions of a cent will be disposed of by applying the next higher quarter of a cent.

ARTICLE II – HEALTH AND WELFARE

Continuation of Health and Welfare Plan

The Railroad Employees National Health and Welfare Plan (“the Plan”), the Railroad Employees National Dental Plan (“the Dental Plan”), the Railroad Employees National Early Retirement Major Medical Benefit Plan (“ERMA”), and the Railroad Employees National Vision Plan (“the Vision Plan”), and the Supplemental Sickness Benefit Plan covering Shop Craft Employees with respect to employees represented by the International Association of Machinists and Aerospace Workers, and their eligible dependents, will be continued as provided in this Article, subject to the provisions of the Railway Labor Act. All amendments to the aforementioned plans and amendments resulting from the settlement of the parties’ notices pursuant to Article 6 of the January 11, 2012 National Agreement shall be incorporated herein by reference and adopted by the parties to this agreement.

ARTICLE III – GENERAL PROVISIONS

Amend Rule 30 to reflect the following changes:

(a) All claims, grievances and appeals must be presented electronically via the electronic system(s) as designated by the Company, by or on behalf of the employee involved, to the officer of the Carrier authorized to receive same, within sixty (60) days from the date of the occurrence on which the claim or grievance is based. Should any claim or grievance be disallowed, the Company shall, within sixty (60) days from the date same is filed, notify whoever filed the claim or grievance (the employee or his representative) electronically of the reasons for such disallowance. If not so notified, the claim or grievance shall be allowed as presented, but this shall not be considered as a precedent or waiver of the contentions of the Company as to other similar claims or grievances.

(b) If a disallowed claim or grievance is to be appealed, such appeal must be presented electronically and must be taken within sixty (60) days

from notice of disallowance. Failing to comply with this provision, the matter shall be considered closed, but this shall not be considered as a precedent or waiver of the contentions of the employees as to other similar claims or grievances. It is understood, however, that the parties may, by agreement, at any stage of the handling of a claim or grievance on the property, extend the sixty (60) day period for either a decision or appeal, up to and including the highest officer of the Company designated for that purpose.

ARTICLE IV – Effect of this Agreement

- A. The purpose of this Agreement is to fix the general level of compensation and rules covering working conditions through December 31, 2019 and thereafter until changed or modified in accordance with the provisions of the Railway Labor Act, as amended.
- B. Neither party to this Agreement shall serve prior to November 1, 2019, not to become effective prior to January 1, 2020, any notice or proposal for the purpose of modifying, adding to, or deleting from the provisions of this Agreement.

The above provisions do not prohibit the parties from reaching agreements on any subject that may be mutually beneficial and agreeable.


- C. The parties exchanged various proposals and drafts antecedent to adoption of the various Articles that appear in this Agreement. It is our mutual understanding that none of such antecedent proposals and drafts will be used by any party for any purpose and that the provisions of this Agreement will be interpreted and applied as though such proposals and drafts had not been used or exchanged in the negotiation.
- D. In the event any Article of this Agreement is determined to be illegal, invalid, or unenforceable under any present or future law by a court of competent jurisdiction, the remainder of this Agreement will not be affected thereby. It is the intention of the parties that, if any such provision is held to be illegal or unenforceable, there will be added in lieu thereof a provision that is similar in terms to such provision as is possible to be legal, valid and enforceable.

E. Except to the extent specifically modified in this Memorandum of Agreement, all other terms and conditions contained in the IAM SOO Schedule of Agreement, remain unchanged.

F. This Agreement is effective on, October 1, 2018.

For the:

INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE
WORKERS / IAM



Kyle Loos
General Chairman
IAM

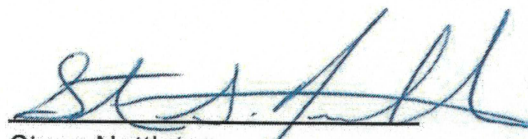
SOO LINE RAILROAD COMPANY
(d/b/a Canadian Pacific)



Myron Becker
AVP Labor Relations



Dale McPherson
Sr. Director Labor Relations – US



Steve Nettleton
Director Labor Relations

Side letter No. 1- Retroactivity and Eligibility

July 24, 2018

Mr. Kyle Loos
General Chairman / IAM
7220 Eagle Drive
Lincoln, NE 68507

Dear Sir,

This refers to our discussions regarding payment of the retroactive portion of the General Wage Increase effective January 1, 2016.


The Company shall endeavor to make the retroactive payments applicable to the period dating from January 1, 2016 up to the effective date of this agreement, within sixty (60) days from the effective date of this agreement, subject to all applicable taxes and deductions.

To be eligible to receive the retroactive payments provided herein, an employee must have a current employment relationship with the Company on the effective date of this Memorandum of Agreement. Employees who retired or died between May 1, 2018 and the effective date of this Memorandum of Agreement will be considered to have satisfied the eligibility requirements of this Side Letter No. 1.


In the event the Company is unable to make such payments within sixty (60) days, it shall notify the General Chairman of the reasons for the delay and the date on which such payments shall be made.

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

Yours Truly,


Myron Becker
Assistant Vice President
Labour Relations

For IAM,


Kyle Loos
General Chairman
IAM

Side Letter No. 2

July 24, 2018

Mr. Kyle Loos
General Chairman / IAM
7220 Eagle Drive
Lincoln, NE 68507

Dear Sir,

This refers to our discussions regarding a General Wage Increase over the four (4) year term of the Collective Agreement covering January 1, 2016 through and including December 31, 2019.

During bargaining the parties discussed the mutual value of a provision that would provide the option to extend the agreement term beyond four (4) years.

The parties have therefore agreed that upon receipt of written notice from either Party to the other between October 1, 2019 and November 1, 2019, of its desire to adopt the terms of this side letter and upon the concurrence of the Parties, the General Wage Increases applied on September 1 in each of the years 2020 and 2021 will be two percent (2%) each year and further, that the escalator formula set forth in herein would be used to determine that escalator percentage, if any, that would be applied to the base two (2) % GWI to be applied on September 1 of each of the years, 2020 and 2021.

The parties have agreed that the General Wage Increases applied in each of the years 2020 and 2021 will be two percent (2%) each year.

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 for review externally on the Investor Relations website: <http://www.cpr.ca/en/investors/key-metrics>.

This option will be triggered 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 (2016 year).

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 two percent (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 twelve (12) month periods will be used in this calculation:

Wage Increase Effective September 1	Performance Year Period	Base Year Period
2020	December 1, 2018- November 30, 2019	December 1, 2017 - November 30, 2018
2021	December 1, 2019- November 30, 2020	December 1, 2018- November 30, 2019

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.

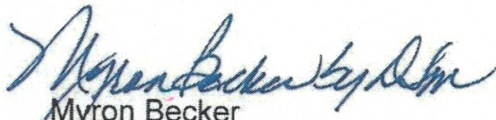
If you concur this reflects our understanding during negotiations leading to the tentative agreement between the parties, please sign in the space provided.

In the event the wage increases specified herein are adopted by the Parties, it is understood that should any dispute resolution applicable to the notice(s) served by either party on or after November 1, 2021 to amend the Agreement, this letter is intended to appraise any third party that the issue of wage increases for the years 2020 and 2021 have been concluded and are not subject to adjustment or consideration by such third party.


Conversely, either party may elect to forego and not accept the terms and applications of the wage increases set forth herein and, instead, serve formal notice pursuant to Section 6 of the RLA to bargain over any and all aspects of a successor agreement in the usual and customary manner.

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

Yours Truly,


Myron Becker
Assistant Vice President
Labour Relations

For IAM,


Kyle Loos
General Chairman
IAM

Side Letter No. 3

July 24, 2018

Mr. Kyle Loos
General Chairman / IAM
7220 Eagle Drive
Lincoln, NE 68507

Dear Sir,

This confirms our understanding regarding payment of retro wage increases pursuant to the parties' Tentative Agreement reached on July 24, 2018, and the associated arbitration pursuant to the Interest Arbitration Agreement ("Arbitration Agreement") between IAM and the NCCC. That interest arbitration will resolve the issue of whether a deduction to retroactive pay should be made on account of delay in implementation of the plan design changes set forth in the 2018 Agreement ("true-up").

The retroactive pay, as provided in Side Letter 1 of this Agreement, shall be adjusted to reflect the true-up amount at issue in the IAM – NCCC interest arbitration. If the Award issued in such arbitration provides no true-up, or adjusted true-up amount, shall be applied the Company will make an additional payment to affected individuals consistent with such Award. Such payment shall be made no later than the next regular payroll period following the date of the arbitrated award.

The actions and understandings described above are without prejudice to the positions of either party (i) with respect to interpretation and implementation of any of the terms of the 2018 Agreement, and (ii) in connection with the interest arbitration pursuant to the Arbitration Agreement.

Please acknowledge your agreement by signing your name in the space provided below.

Yours Truly,

For IAM,



Myron Becker
Assistant Vice President
Labour Relations



Kyle Loos
General Chairman
IAM