



February 29, 2008

Rob Lumgair
#540 - 1199 West Pender Street
Vancouver, BC
V6E 2R1

Dear Mr. Lumgair:

In response to your letter of February 21, 2008, I'm pleased to hear that you've discussed the contents of our "Notice to Bargain" letters of January 14, 2008 and February 7, 2008 with both the GAC executive and the CEP Local Presidents. However, I am concerned about your perspective that the Union believes negotiations would be inappropriate and counterproductive. If the Union were to participate in bargaining, it would enable the parties to address a number of issues that the Union has identified as being very important to its members. The Union's approach has been to try to address these issues through the Labour Board and the grievance procedure. We believe all of these issues should be addressed through collective bargaining. Specifically, the Union has recently done the following:

1. Filed a Section 54 application to the Board to require the Employers to negotiate over the impact of technological change on the employees in Halifax. We served notice to bargain so that the parties can address these issues within the context of collective bargaining. The Union refuses to participate in bargaining.
2. Filed a grievance in Toronto over the failure of the employer to automatically provide benefit improvements to the Union staff in Toronto that are being given to non Union staff there. The Union has been advised that the Employers are willing to negotiate with respect to implementing benefit improvements in the context of collective bargaining. The Union refuses to participate in bargaining.
3. Your legal counsel wrote the CIRB to demand that the CIRB issue a decision within 30 days essentially so the Union can respond to the Digital News announcement. These issues should be dealt with through the process of collective bargaining. The Union refuses to participate in bargaining.

We served notice to bargain for the Eastern Bargaining Unit to enable the Parties to address a variety of issues that the Union has identified as urgent issues; benefit improvements, wage increases and severance issues for those employees impacted by the digital news implementation and to address those issues on a priority basis.

The proposal that I discussed with you for the Eastern bargaining unit provides a simplified process for negotiating these urgent issues in the East. For clarity, the proposal includes modest compensation increases and some improvements to severance pay. I further clarified that we would be looking at different severance options for Saskatoon and Winnipeg compared to Nova Scotia.



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In exchange for these increases, the Company wants a long term deal though 2011, status quo on the collective agreements and scope. Further, we would require a commitment from the Union that there would be no further applications to the Board, or any other action that would undermine the commitment made for the duration of the negotiated Eastern agreements.

I mentioned that I thought the Union would find our proposal appealing as we could make these improvements for the employees in the East and we would not be creating any issues that need to be unwound should the Union be successful in their reconsideration application.

I'd also like to address your comment that we would be disadvantaging the remaining members in the respective bargaining units in BC and Alberta if we don't treat the BC and Alberta bargaining units the same as the Eastern bargaining unit. From the Employers' perspective, the issues that need to be addressed in the BC and Alberta bargaining units are different than what needs to be addressed in the Eastern bargaining unit. Negotiations at each of the other two bargaining units in the West will be different as they operate with different collective agreements in different markets. As I mentioned, there are a number of language and flexibility issues that need to be addressed and we will want a full opportunity to have complete negotiations on all language and compensation issues. The CIRB ruled that there are three (3) separate bargaining units, and three (3) separate sets of negotiations take place. However, it appears that the Union is not interested in negotiating any of the three bargaining units given your recent suggestion to negotiate scope issues.

In response to your request to negotiate bargaining unit inclusions and exclusions, it is our position that the number of bargaining units does have a significant impact on those discussions. Scope issues are addressed within each respective bargaining unit. We proposed status quo scope and collective agreements for the Eastern Bargaining Unit. There is nothing that would prevent the Parties from setting aside any scope issues for the duration of any agreement and there is no compelling reason to address scope if the priority is to deal with economic and security issues.

We are sincere in our interest to address employee concerns. We would like to address the concerns raised by the employees in the Eastern bargaining unit first. Not only do the employees want their issues addressed quickly, but given that the Hamilton agreement is the last agreement in the Eastern Bargaining Unit and will expire on March 31, 2008, the Parties are ideally situated to commence collective bargaining and we look forward to doing so as soon as possible.



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Please contact me at your earliest convenience.

Yours truly,

A handwritten signature in blue ink, appearing to read "Carol Beisel".

Carol Beisel

Cc David Lewington, Kim Power, Lea Baturin, CEP
General Managers
CEP Local Presidents