

27 May 2017
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Human Resources

Canadian National
Box 8100
Montreal, Quebec, Canada
H3C 3N4

Ressources Humaines

Canadien National
C.P. 8100
Montréal (Québec) Canada
H3C 3N4

May 27, 2017

Roland Hackl
Vice President
Teamsters Canada Rail Conference
130 Albert street Suite 1710
Ottawa, Ontario
K1P 5G4

R.S. Donegan
General Chairperson - TCRC-CTY
CN West (GO-120)
Teamsters Canada Rail Conference
610 – 3530 Millar Avenue
Saskatoon, SK S7P 0B6

Jim Robbins
General Chairperson – TCRC-CTY
Teamsters Canada Rail Conference
4 – 842 Upper Canada Drive
Sarnia, Ontario
N7W 1A4

John Holliday
General Chairperson – TCRC-CTY
Teamsters Canada Rail Conference
3394 William Avenue
North Vancouver, B.C.
V7K 2Z3

Daniel Joannette
General Chairperson – TCRC-CTY
Teamsters Canada Rail Conference
1026 St Jean Street, Suite 200
Quebec, Qc
G1R 1R7

Gentlemen,

Notice of Changes to Work Rules Applicable to Employees Covered by Collective Agreements 4.2, 4.3, 4.16 and to Conductors Working on the Former B.C. RAIL Territory and ACR

Please be advised that effective May 30, 2017 at [07:00 EDT], the Company will be implementing the following changes to the collective agreements 4.2, 4.3, 4.16 and the agreements governing the ACR and the former B.C. Rail Territory:

- 1. The movement of rail cars between yards in a terminal may be assigned to either road or yard service crews. In a Conductor-Only crew consist, a transfer allowance of \$13.00 will be payable over and above terminal time. If the crew includes a Conductor and an Assistant Conductor, the time involved in transferring the rail cars from one yard to another will be paid at yard rates of pay.**

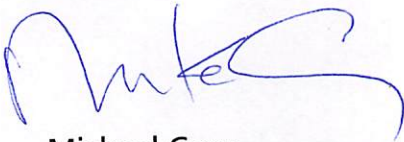
2. **A material change may be implemented by the Company after an advance 90 day notice period to the union has elapsed.** The Board of Review provisions are hereafter eliminated from the collective agreements and any dispute concerning adverse effects under the material change rule must be progressed for final and binding determination to CROA&DR in accordance with the rules of that Office, within 21 days of implementation. Should the union fail to progress a dispute within said 21 days of the implementation, the union is deemed to have accepted that there are no outstanding matters with regards to the mitigation of adverse effects flowing from the material change.

Effective June 2, 2017, all basic hourly, daily, and weekly rates of pay will be increased by 2%.

Please note that the Company will not entertain any grievances related to the aforementioned changes.

Employees will be notified of these changes, and of their requirement to comply, by CATS broadcast message and by advice notices in the bulletin books. Should we decide to make additional changes, we will advise you.

Yours truly,



Michael Cory
Executive Vice-President & Chief Operating Officer