

MEMORANDUM OF SETTLEMENT

Dated

October 1, 2010

Between

CANADIAN NATIONAL RAILWAY COMPANY

And

TEAMSTERS CANADA RAIL CONFERENCE - CTY

Collective Agreements 4.2, 4.3, 4.16 and the agreement covering employees on the former BC Rail territory.

RE:

Application of Wage Increase and Other Changes Covering
July 23, 2010 to July 22, 2013

Rates of Pay effective as Indicated.

Other Changes effective the 1st of the month following ratification,
or as otherwise indicated.



Term of Contracts

1. Collective agreements 4.2, 4.3, 4.16 and the agreement covering employees on the former BC Rail territory represented by the Teamsters Canada Rail Conference/CTY, will be renewed for a period three years commencing July 23, 2010.

2. Wages

Effective July 23, 2010, a wage increase of 2.4% on all basic hourly, daily, weekly, bi-weekly, monthly, mileage and flat rates of pay in effect on July 22, 2010.

Effective July 23, 2011, a wage increase of 2.6% on all basic hourly, daily, weekly, bi-weekly, monthly, mileage and flat rates of pay in effect on July 22, 2011.

Effective July 23, 2012, a wage increase of 3% on all basic hourly, daily, weekly, bi-weekly, monthly, mileage and flat rates of pay in effect on July 22, 2012.

The increases referred to in this section shall be fully pensionable and retroactive for employees of CN Rail employed on or after July 23, 2010. Appropriate payments shall be made to the employees as stated above for wages, overtime, leave entitlements, and premiums. Employees who retire subsequent to July 23, 2010 will be paid their back time but such payments will not trigger a recalculation of their pension benefit.

3. Benefits

Short Term Disability - Sickness and Maternity Leave Benefits

Effective the first day of the month following ratification, increase maximum weekly benefits from \$620 to \$630.

Effective January 1, 2011, increase maximum weekly benefits to \$640.

Effective January 1, 2012, increase maximum weekly benefits to \$650.

The requirements of being treated by a licensed medical doctor and being declared unable to perform the duties of the employee's job remain, as they do for any disability.

Maximum Lifetime Benefits

Effective the first day of the month following ratification, the Maximum Lifetime Benefit as set out in the Extended Health Care Plan will be increased to \$50,000 per person for eligible employees and dependents.

Employee Share Investment Plan

Effective the first day of the month following ratification, the Company Employee Share Investment Plan will continue to be made available to eligible employees in accordance with the terms of the Plan. The Company may, at its discretion, alter, amend, revise or discontinue the Plan, in any manner, in whole or in part provided thirty days' notice in writing is given to the Union. **This provision will not form part of any of the Collective Agreements.**

Train Passes

Train passes will be continued as outlined in Attachment A hereto. **This letter will not form part of any of the Collective Agreements.**

Dental Plan

Effective the first day of the month following ratification, the waiting period for the Dental Plan coverage for new hires is eliminated.

Effective the first day of the month following ratification, the spouse of a CN employee who is covered under the Plan as an employee can be designated as a dependent of the employee for the Dental Plan coverage if such spouse loses his or her coverage.

The maximum annual benefit for the Dental Plan will be increased from \$1525 to \$1725 for treatment commencing on or after the first day of the month following ratification.

Effective with treatment commencing on or after the first day of the month following ratification, covered expenses will be defined as the amounts in effect on the day of such treatment, as specified in the relevant provincial Dental Association Fee Guidelines for the year 2010.

Effective with treatment commencing on or after January 1, 2011, covered expenses will be defined as the amounts in effect on the day of such treatment, as specified in the relevant provincial Dental Association Fee Guidelines for the year 2011.

Effective with treatment commencing on or after January 1, 2012, covered expenses will be defined as the amounts in effect on the day of such treatment, as specified in the relevant provincial Dental Association Fee Guidelines for the year 2012.

Because the Alberta Dental Association no longer publishes a dental fee guide, insurers, including Sun Life, establish their own reimbursement levels for dental services provided in Alberta using data compiled on an industry basis through the CLHIA. The dental fee guide established by Sun Life will be used for dental claims incurred in Alberta.

4. Scheduling

Scheduling is addressed as outlined in Attachment B hereto.

Modified Duties

5. The following language will be included as a new article in Collective Agreement 4.16:

Payment for Modified duties will be established as follows:

- (a) A period of 30 days immediately prior to the date of injury or illness will be identified. Any days off for miles, annual vacation, authorized leave of absence (including personal leave days) or bona fide illness will be excluded from the sampling period.
- (b) The earnings during the above 30-day period will be identified and will be used in calculating a daily rate.
- (c) To establish a daily rate, the earnings calculated in b) above will be divided by 30 or prorated if reduced by a) above.
- (d) The daily rate will be paid to employees based on a 7 days per week basis.
- (e) Employees on modified duties will protect their work on a 5 days per week basis.

Discipline (Investigations)

6. Amend Paragraph 82.2 b) of the 4.16 agreement and to read as follows:

82.2 b) An employee under Company investigation and/or his/her accredited representative shall have the right to attend any company investigation, which may have a bearing on the employee's responsibilities. The employee and/or their accredited representative shall have a right to ask any questions of any witness/employee during such investigation relating to the employee's responsibilities.

Amend Paragraph 117.2 of the 4.3 agreement to read as follows:

117.2 Employees may have an accredited representative appear with them at investigations, they will also have the right to hear all the evidence submitted and will be given an opportunity through the presiding officer to ask questions of witnesses whose evidence may have a bearing on the employee's responsibility. Questions and answers will be recorded and the employee will be furnished with a copy of the statement taken at the investigation. Employees under Company investigation and/or his/her accredited representative shall have the right to attend any Company investigation, which may have a bearing on the employee's responsibilities. The employee and/or their accredited representative shall have the right to ask questions of any witness/employee during such investigation relating to the employee's responsibilities.

Also amend corresponding provision in agreement 4.2 in the same manner as above.

Discipline (Grievances)

7. Amend Paragraph 84.1 (b) of the 4.16 agreement to read as follows:

84.1 In the application of this Article, grievances concerning the interpretation or alleged violation of this Agreement shall be processed in accordance with paragraph 84.2 except that:

- (a) appeals against discipline will be initiated at Step 2 of the Grievance Procedure;
- (b) appeals against discharge, suspension, demerit marks in excess of 30, or demerit marks which result in discharge for accumulation of demerits, restrictions (including medical restrictions) and conditions of "mobile accommodation" (i.e. whether or not they are comfortable and sanitary), will be initiated at Step 3 of the Grievance Procedure.

Addenda 74 & 124

8. Addendum 74 of collective agreement 4.3 and Addendum 124 of collective agreement 4.16 will be renewed for the term of the collective agreements.

Bargaining Agent

9. The Company agrees to amend the language contained in collective agreements 4.3, 4.16, 4.2, and collective agreement covering the former BCR employees to read "TCRC" where it presently reflects "UTU" with the exception of ancillary documents and appendices of historical significance.

BCR – Union dues

10. The Company agrees to amend the provisions of Article 309 of the BCR Agreement covering the former BC Rail employees to provide for the deduction of regular monthly dues in the same manner and pay period provided for in the 4.3 Collective Agreement.

Protecting Service on the Seniority Territory

11. See Attachment C hereto.

Training

12. See Attachment D hereto.

General

13. The foregoing changes are in full and final settlement of all requests served, by either party signatory hereto, on or subsequent to March 23, 2010.

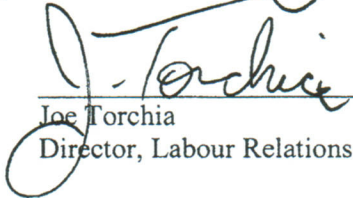
The collective agreements shall remain in full force and effect until July 22, 2013, and thereafter, subject to a 120-day notice in writing by either party to these agreements to revise, amend, or terminate them. Such notice may be served at any time subsequent to March 23, 2013 unless otherwise specified herein.

This Memorandum of Settlement is subject to endorsement and ratification by the Union within forty five (45) calendar days from the date of signing and the provisions herein shall become effective on the first day of the month following such ratification by the Union.

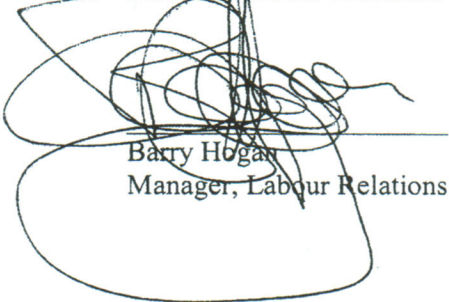
Signed at Montreal, Quebec this 1st day of October 2010.

FOR THE COMPANY



Kim Madigan
Vice-President, Human Resources

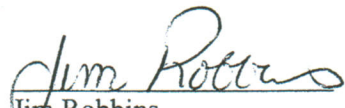

Joe Torchia
Director, Labour Relations

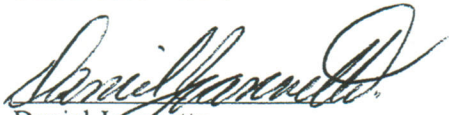

Doug VanCauwenbergh
Director, Labour Relations



Barry Hogan
Manager, Labour Relations

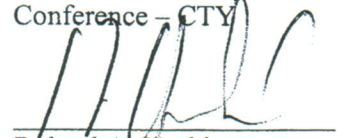
FOR THE UNION


Bryan Boechler
General Chairman, Teamsters Canada Rail
Conference - CTY


Jim Robbins
General Chairman, Teamsters Canada Rail
Conference - CTY


Daniel Joannette
General Chairman, Teamsters Canada Rail
Conference - CTY


John Holliday
General Chairman, Teamsters Canada Rail
Conference - CTY


Roland A. Hackl
Vice-General Chairman, Teamsters Canada Rail
Conference - CTY

This letter will not form part of any collective agreement.



Human Resources

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

Ressources humaines

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

www.cn.ca

October 1, 2010

Mr. B. Boechler
General Chairperson
Teamsters Canada Rail Conference
9622 – 42 Avenue, Suite 300, Bldg No. 2
Edmonton, AB
T6E 5Y4

Mr. J. Robbins
General Chairperson
Teamsters Canada Rail Conference
4 – 842 Upper Canada Drive
Sarnia, ON
N7W 1A4

Mr. D. Joannette
General Chairperson
Teamsters Canada Rail Conference
1026 St Jean Street, Suite 200
Quebec, QC
G1R 1R7

Subject: Train Passes

Gentlemen:

This has reference to the matter of pass transportation benefits presently applicable to employees of Canadian National Railway Company (CN) represented by your respective organization, and the status of this benefit as to its future application on trains operated now and in the future by VIA Rail Canada Inc.

This will confirm that the matter of pass transportation benefits has been resolved on the basis that, subject to the demands of the traveling public, the present pass policies on CN will be maintained for employees represented by you who were in the service of CN on or prior to March 13, 1979, until the time notices are served on or subsequent to March 22, 2013 and thereafter until the provisions of Section 89 of Part I of the Canada Labour Code have been complied with or until some other mutually satisfactory resolution of this matter is agreed.

Employees are required to return unused VIA Rail tickets to avoid unnecessary costs to CN. Employees who do not return unused tickets, will be notified their transportation privileges will be subject to suspension pending the return of unused tickets to the Company, within 30 days. Where timely notification is not received by CN, individual transportation privileges will be suspended and the respective General Chairman will be notified.

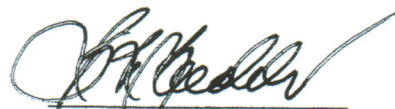
For the purpose of this letter, the word "employees" includes pensioners.

Yours truly,

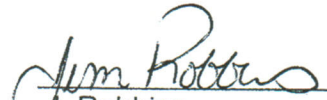


J. Torchia
Director, Labour Relations

We concur,



B. Boechler
General Chairman



J. Robbins
General Chairman



D. Joannette
General Chairman

Attachment B



People

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

Personnel

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

October 1, 2010

Bryan Boechler
General Chairperson – TCRC-CTY
Teamsters Canada Rail
Conference
Whitemud Business Park
9622 – 42 Avenue, Suite 300, Bldg,
No. 2
Edmonton, Alberta T6E 5Y4

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

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

Subject: Closed Period Commitment on Scheduling Pilot Committees

Gentlemen:

During this round of negotiations, the Union indicated a strong interest in employee scheduling. After lengthy discussions, the Company and the Union reached agreement that finding an appropriate scheduling solution would be appealing to the current employees, and would make careers at CN more attractive to new recruits. The TCRC argued that improvements in scheduling could address their concerns with board adjustments, the bulletining of assignments, and would decrease the uncertainty and inconvenience of being "on call" for undefined periods of time. The Company would like to find a way to schedule employees that is cost effective and more compatible (than the current situation) with running a precision operating plan.

Consequently, the parties agree to a closed period commitment where they would work together to accomplish these objectives in a spirit of cooperation for their mutual benefit. To that end, the parties will form committees to develop, test and validate pilot scheduling projects. The mandate of the committees (one in Eastern Canada and one in Western Canada) will be to develop pilot projects to achieve as many of the following goals as is mutually agreeable, respecting each others' objectives to the greatest extent practicable.

Scheduling Goals

- Establish time pools for road service and yard, road, traffic coordinators and joint spareboards as determined by the General Chairman and the Regional Senior Vice-President or their delegates
- Operate time pools and spareboards based on local requirements
- Time pools will be adjusted to ensure employees have the opportunity to earn 4300 miles in road service (including joint spareboards) and 5 shifts per week in yard and traffic coordinator service
- Continue to recognize existing workload allocations
- Establish time pools recognizing employees will be properly rested and available to protect their turn
- Establish a method to deal with service disruptions

Scheduling Committees

Scheduling committees shall be established in each applicable region and shall consist of two union representatives and two company representatives. One of the two union representatives shall be full time and appointed by the General Chairman; and the other shall be the local chairman (or designate) from the terminal being scheduled at the time. While working on the committee, the wages and expenses of the full time representative shall be paid by the Company. The local chairman (or designate) shall be removed from the working board and considered to be on Company business while working on the committee.

The scheduling committee shall identify and address rules that impede the ability to establish time pools in accordance with the agreed upon scheduling goals. No change to the existing collective agreement language may be effected without the express written concurrence of the General Chair responsible for the collective agreement for the union and the Director of Labour Relations for the company.

The scheduling committee shall identify concerns and issues that may arise during the implementation of time pools and work to resolve any such matters. Any matters that cannot be resolved will be directed to the Regional Vice-President or his delegate and the respective General Chairman or his delegate for their review. If not resolved at this level, the matter will be advanced to the Dispute Resolution process.

Regular Road Assignments - Agreement 4.3 only

Regular road assignments will be advertised to include the ordering time at the home and away-from-home terminal. Employees not ordered within 5 hours of the advertised departure time at the home terminal will either be deadheaded to the away from home terminal to work their assigned return trip or paid a basic day for each tour of duty of their regular assignment.

Road Switcher Assignments - Agreement 4.3 only

Road switcher assignments will be advertised with a regular start time. If not ordered within 5 hours of the advertised start time the employee will be paid a basic day, and will not be called prior to their next scheduled tour of duty. It is understood that the advertised starting time will not be advanced.

Dispute Resolution

Given the importance of this commitment, should there be any problems or issues arising that the parties are unable to resolve themselves, the parties agree to seek the assistance of the Federal Mediation and Conciliation Service in order to facilitate their discussions.

A handwritten signature in black ink, appearing to read "Joe Torchia". The signature is written in a cursive style with a large initial "J".

Joe Torchia
Director, Labour Relations



Human Resources

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

Ressources humaines

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

www.cn.ca

October 1, 2010

Mr. B. Boechler
General Chairperson
Teamsters Canada Rail Conference
9622 – 42 Avenue, Suite 300, Bldg No. 2
Edmonton, AB
T6E 5Y4

Subject: Protecting Service on the Seniority Territory

Mr. Boechler,

This is in reference to our discussions during this round of bargaining concerning the application of paragraph 148.11 of Agreement 4.3.

This will confirm the parties understanding that employees with a seniority date between March 17, 1982 and June 29th, 1990, if required to protect work at locations identified in article 107.39, will have 7 days to report without affecting any guarantee payments. Employees reporting after 7 days will forfeit any guarantee payments until such time as they report. Employees failing to report at the expiration of 30 days will forfeit all seniority rights and their services will be dispensed with unless they are able to give a satisfactory reason, in writing, to account for their failure to report.

I trust this addresses your concerns.

Yours truly,

A handwritten signature in black ink that reads 'J. Torchia'. The signature is written in a cursive style with a large initial 'J'.

J. Torchia
Director, Labour Relations



People

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

Personnel

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

October 1, 2010

Bryan Boechler
General Chairperson – TCRC-CTY
Teamsters Canada Rail Conference
Whitemud Business Park
9622 – 42 Avenue, Suite 300, Bldg, No. 2
Edmonton, Alberta T6E 5Y4

John Holliday
General Chairperson – TCRC-CTY
Teamsters Canada Rail Conference
3394 William Avenue
North Vancouver, B.C.
V7K 2Z5

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

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

Subject: Training

Gentlemen:

During the negotiations for the renewal of collective agreements 4.16, 4.3 and the agreement covering employees on the former BCR territory, the company and the union expressed concerns regarding conductors' training and qualifications.

In order to address these concerns, the parties have agreed to meet during the closed period to review and update, where necessary, the provisions of the collective agreements related to the qualifications and training for newly-hired conductors.

I trust the foregoing reflects our understanding.

Yours truly,

K. A. Madigan
Vice-president, Human Resources