

MEMORANDUM OF UNDERSTANDING

BETWEEN:

Canadian National Railway Company
(hereinafter referred to as "CN" or the "Company")

-AND-

Teamsters Canada Rail Conference – Conductors, Trainpersons, Yardpersons
(hereinafter referred to as the "TCRC-CTY")

-AND-

Teamsters Canada Rail Conference – Locomotive Engineers
(hereinafter referred to as the "TCRC-LE")

(Collectively referred to herein as the "Parties")

The Parties hereby agree to the following:

1. Pursuant to section 75(1) of the *Canada Labour Code*, the Company and the TCRC-CTY agree to extend their current conciliation period until May 8, 2017, unless otherwise mutually agreed.
2. The TCRC-CTY and the Company will continue their current negotiations, along with representatives of the TCRC-LE representing the locomotive engineers bargaining unit covered by Agreements 1.1, 1.2 and that of the former BC Rail and ACR, with the intent of concluding agreements with both bargaining units for the renewal of their respective collective agreements, with an expiry date of December 31, 2020, unless otherwise mutually agreed, for all said collective agreements.
3. It is acknowledged that the TCRC-LE collective agreements do not formally open for bargaining until September 1, 2017 or later and are participating in the negotiations on a voluntary basis and may withdraw their participation at anytime. With the withdrawal of the TCRC-LE, the term of any agreement reached with the TCRC-CTY will then be as determined between the Company and the TCRC-CTY and subject to negotiation. If agreements cannot be reached for the renewal of their respective collective agreements with both bargaining units by April 21, 2017, unless otherwise mutually agreed, the TCRC-LE will cease to be involved in the negotiations and will revert to their regular bargaining schedule commencing September 1, 2017 for the renewal of their collective agreements. The TCRC-CTY will continue bargaining on behalf of the TCRC-CTY bargaining unit until the end of the conciliation period.

4. Should agreements be reached with both bargaining units, but either or both fail ratification, the parties agree to be governed as follows:
 - a. Should the TCRC-CTY agreement ratify and the TCRC-LE agreement fail ratification, the TCRC-CTY agreement will, as hereby agreed by the parties, be renewed with an expiry date of December 31, 2020 (unless otherwise mutually agreed) and the TCRC-LE unit will cease to be involved in this process and they shall resume their regular bargaining schedule commencing on or after September 1, 2017.
 - b. If the TCRC-LE agreement ratifies and the TCRC-CTY agreement fails to ratify, the TCRC-LE agreement will be renewed with a commencement date of January 1, 2018 and an expiry date of December 31, 2020 (unless otherwise mutually agreed), and the TCRC-CTY and the Company will proceed in their collective bargaining of the renewal of the TCRC-CTY collective agreements in accordance with the terms of the *Canada Labour Code*.
 - c. If both agreements fail ratification, the TCRC-LE will cease to be involved in this process and resume their regular bargaining schedule commencing on or after September 1, 2017, and the TCRC-CTY and the Company will proceed in their collective bargaining of the renewal of the TCRC-CTY collective agreements in accordance with the terms of the *Canada Labour Code*.
5. The Parties agree to meet jointly for the purposes outlined herein, at regular intervals from the date of the signing of this Memorandum of Understanding, as per the attached schedule, if not more frequently.
6. In the event that the Canada Industrial Relations Board or any other judicial or quasi-judicial tribunal find that the terms outlined in this Memorandum of Understanding are, in whole or in part, not legally binding, the Parties will meet at the earliest opportunity to correct any flaw(s) and enter into a revised agreement providing for the same objectives pursued under this Memorandum of Understanding.
7. Finally, on a without prejudice basis, recognizing that benefit adjustments are not applied on a retroactive basis, the Company agrees to provide improvements to the members of the TCRC-CTY bargaining unit of the following benefits effective January 1, 2017:

Short Term Disability - Sickness and Maternity Leave Benefits

Effective January 1, 2017, increase the maximum to \$710 for new claims.

Dental Plan (also applicable to ACR)

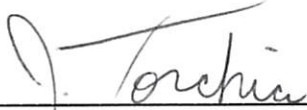
For treatment commencing on or after January 1, 2017, covered expenses will be defined as the amounts in effect on the day of such treatment, as specified in the relevant provincial Dental Association Fee Guides for the year 2017.

Life Insurance

Effective January 1, 2017, the amount of life insurance will increase from \$54,000 to \$55,000.

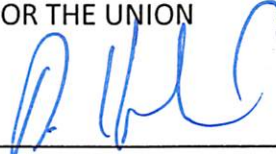
Signed at Edmonton, Alberta, this 16th day of September, 2016.

FOR THE COMPANY



for: Kimberly A. Madigan
Vice-President, Human Resources

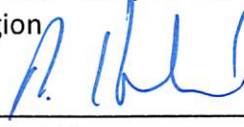
FOR THE UNION



Roland Hackl
National Vice President – TCRC




Ray Donegan
General Chairperson, TCRC-CTY Western
Region

for 


Jim Robbins
General Chairperson, TCRC-CTY Central Region
& ACR



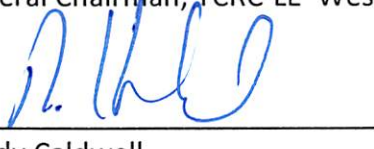
John Holliday
General Chairperson, TCRC-CTY BC Rail

for 


Daniel Joannette
General Chairperson, TCRC-CTY Eastern
Region

for 

Bruce Willows
General Chairman, TCRC-LE Western Region

for 

Randy Caldwell
General Chairman, TCRC-LE Central Region &
ACR

for 

Jean-Michel Hallé
General Chairman, TCRC-LE Eastern Region

APPENDIX 1

BARGAINING DATES BETWEEN CN, TCRC-CTY AND TCRC-LE

Week of March 1, 2017

The parties commit that the signatories to this agreement will confer via teleconference or email the week of September 19, 2016 in order to confirm further bargaining dates subsequent to March 1, 2017.