



**November 17, 2014**

Ms. Kimberly Madigan  
Vice-President, Human Resources  
Canadian National Railway Co.  
935 de La Gauchetière Street West  
Montreal, Quebec H3B 2M9

Dear Ms. Madigan,

**RE: Extension to the terms of the October 24, 2006 Pension Consent Letter to 2020**

This letter is in reference to your broadcast message (email) to employees on September 25, 2014 under the heading: "EARLY RETIREMENT ON OR AFTER AGE 55: COMPANY CONSENT".

You explained that the Company has received questions about the Company's letter dated October 24, 2006 to CN Pension Plan members on granting consent for a period of 10-years through to October 2016 for unreduced pensions for any member who terminates or retires from the Company on or after age 55 and who has achieved, at the time of early retirement, age and Pensionable Service totalling eighty-five (85) points or more. This message went on to say that the matter was discussed with the Pension Committee and that the Company has decided to announce that they are extending the term of the 2006 letter to the end of 2020.

We would like to note the following for the record:

1. While we appreciate the advance notice, your broadcast message was not issued by, on behalf of, or with the approval of the Pension Committee or any of the unions.
2. Contrary to what Mr. Dakens stated in his letter of October 24, 2006 (which you have now purported to renew until 2020), the unions do not agree and have never agreed that CN has any discretion to deny consent to unreduced pensions in the above-mentioned circumstances (55/85), whether before or after 2020.
3. CN and the unions are bound by the terms of the Memorandum of Agreement dated January 7, 2009 (attached). Under those terms, should the Company ever attempt to deny consent to members who are 55 years of age or more and have at least 85 points, any signatory union may require that the suspended arbitration proceedings be resumed immediately before Arbitrator Michel Picher.

Needless to say, we are confident that the Company will honour its commitments going forward and that it will never be necessary to return to arbitration. Unfortunately, your recent message, like Mr. Dakens' 2006 letter, may well have the unintended effect of heightening employee anxieties rather than alleviating them.

Yours truly,

**Randy Koch**

President  
USW Local 2004  
CN Pension Committee Member

**Pierre Jacque**

Chief Steward, Mountain Region  
USW Local 2004  
CN Pension Committee Alternate Member

**Barry Kennedy**

President  
Unifor National Council 4000  
CN Pension Committee Member

**Ken Hiatt**

President  
Unifor Local 100  
CN Pension Committee Alternate Member

**Bruce Willows**

General Chairman – Western Region  
Teamsters Canada Rail Conference  
CN Pension Committee Member

**Bob Ermet**

Vice-General Chairman – Western Region  
Teamsters Canada Rail Conference  
CN Pension Committee Alternate Member

**Rénauld Plamondon**

CNR Police Association  
CN Pension Committee Member

**Wayne Telcs**

CNR Police Association  
CN Pension Committee Alternate Member

**Ron Hewson**

General Chairman – East  
IBEW System Council 11  
CN Pension Committee Alternate Member

Attachment – 5 pages:

January 7, 2009 Memorandum of Agreement Re: Consent for Unreduced Early Retirement Pensions

**MEMORANDUM OF AGREEMENT**

**Between:**

**Canadian National Railway Company**

**(the "Company")**

**and**

**National Automobile, Aerospace, Transportation and General Workers Union of Canada  
(CAW- Canada) (the "CAW")**

**and**

**Teamsters Canada Rail Conference (the "TCRC")**

**and**

**Teamsters Canada Rail Conference (the "TCRC/CTY")**

**and**

**Teamsters Canada Rail Conference (the "TCRC/RCTC")**

**and**

**International Brotherhood of Electrical Workers - System Council 11 (the "IBEW")**

**(termed collectively, the "Unions")**

**WHEREAS:**

1. On June 30, 2006, the CAW filed a policy grievance relating to Company consent for unreduced early retirement pensions under the CN Pension Plan (the "Plan"). A copy of the policy grievance is attached to this Memorandum as Appendix "A" (the "CAW Shopcraft Grievance").
2. On July 25, 2006, the TCRC filed a policy grievance relating to Company consent for unreduced early retirement pensions, a copy of which is attached to this Memorandum as Appendix "B".

3. On July 20, 2006, the UTU filed a policy grievance relating to Company consent for unreduced early retirement pensions, a copy of which is attached to this Memorandum as Appendix "C".
4. On June 22, 2006, the CAW filed a policy grievance relating to Company consent for unreduced early retirement pensions, a copy of which is attached to this Memorandum as Appendix "D" (the "CAW Clerical Grievance").
5. The IBEW objected to the Company's position on consent for unreduced early retirement pensions, and was granted status to intervene in the CAW Shopcraft Grievance.
6. Arbitrator Michel Picher (the "Arbitrator") was appointed to hear the CAW Shopcraft Grievance and the other grievances have been referred to him through CROA&DR.
7. The parties wish to adjourn all these grievances (termed, hereafter, collectively, the "Pension Consent Grievances").
8. This settlement is without prejudice to any of the signatory parties' positions concerning the merits of the Pension Consent Grievances or their validity.

THE PARTIES AGREE AS FOLLOWS:

1. The Pension Consent Grievances shall be adjourned *sine die*.
2. The Unions shall withdraw all individual grievances concerning the granting of Company consent for unreduced early retirement pensions.
3. The Company has informed the Unions that it will communicate to all Plan members that it will continue to deny consent for unreduced early retirement pensions or the commuted value thereof to employees who terminate their employment prior to reaching age 55, except in the circumstances described in paragraphs 4(a), (b), and (c) below.

4. The Company hereby confirms that it will henceforth grant consent to employees who are less than 55 years old at the date of cessation of employment if they would reach 85 points by age 65 and:
  - (a) have a terminal illness or condition as determined by the Company's Chief Medical Officer and resign; or
  - (b) cease their employment as a result of their death; or
  - (c) are discharged, dismissed or involuntarily severed as a result of their conduct or physical or mental capacity issues (except where the employee is discharged, dismissed or involuntarily severed, due to deliberate, wilful misconduct for the purpose of gaining an advantage under this Memorandum of Agreement).
  
5. In the event a competent tribunal or regulatory authority determines that this Memorandum:
  - (a) violates any law;
  - (b) is inconsistent with any provisions of any of the parties' collective agreements; or
  - (c) has the effect of creating a deemed Plan amendment affecting pensionable age or a deemed Plan amendment requiring the filing of an actuarial valuation or cost certificate,

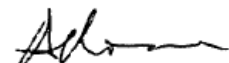
this Memorandum shall immediately cease to have any force or effect and any party may request the Arbitrator to resume or commence hearings in their Pension Consent Grievance, whether or not such determination is susceptible of review or appeal.

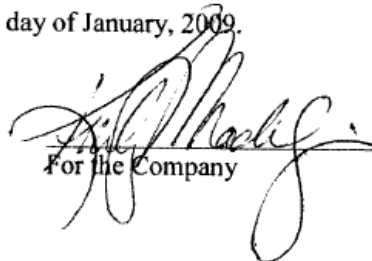
6. Except in the circumstances described in paragraph 7 below, the Unions shall not file or support any grievance, legal, or regulatory challenge to the Company's power to grant or deny consent under sections 6.7, 6.8 or any analogous provision of the Plan. The Unions

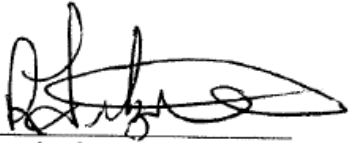
shall take a position consistent with the Company's in any proceeding described in paragraph 5 above, or any such challenge.

7. In the event the Company decides to withhold consent to an unreduced early retirement pension in respect of any employee represented by one of the Unions who is aged 55 or older and would otherwise be eligible therefor under the 55/85 Rule, any of the Unions may request the Arbitrator to resume or commence hearings in its Pension Consent Grievance, and the positions of the parties with respect to the estoppel arguments raised therein shall not be detrimentally affected by the terms of this Memorandum, the negotiation of a subsequent collective agreement or the passage of time.
8. In the event of an alleged violation of this Memorandum of Agreement, Arbitrator M. G. Picher (or in the event of his unavailability, an arbitrator selected by the parties, or failing agreement, an arbitrator appointed by the Minister of Labour) shall have jurisdiction to enforce the terms of this Memorandum by way of arbitration conducted in accordance with the terms of the *Arbitration Act* (Ontario).
9. The terms of this Memorandum are without prejudice or precedent to any future or similar matter between the parties.
10. Employees who have been discharged or dismissed or involuntarily severed as outlined in paragraph 4(c) above between June 8, 2006 and January 7, 2009, and who, on the date hereof, have a pending grievance, or the right to file a timely grievance, contesting their discharge or dismissal shall, unless reinstated, be treated in accordance with paragraph 4(c).
11. The parties agree that this Memorandum shall not form part of any collective agreement.

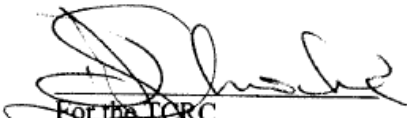
Signed at Montreal, Quebec this seventh day of January, 2009.

  
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For CAW Local 100

  
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For the Company



For the CAW National Council 4000



For the TCRC



For the TCRC/RCTC



For the TCRC/CTY



For System Council 11 of the IBEW