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SURFACE TRANSPORTATION BOARD

OF COUNSEL
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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

December 15, 2005

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum Of Railroad Equipment No. 3 and Indemnity Agreement No. 3, dated as of December 1, 2005, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: Bank of Nova Scotia
44 King Street West
Toronto, Ontario
Canada M5H 1H1

Lessee: Canadian National Railway Company
935 de la Gauchetiere Street West
Montreal, Quebec
Canada H3B 2M9

Mr. Vernon A. Williams
December 15, 2005
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A description of the railroad equipment covered by the enclosed document is:

30 locomotives: CN 2220 – CN 2224 and CN 8000 – CN 8024.

A short summary of the document to appear in the index is:

Memorandum Of Railroad Equipment No. 3 and Indemnity Agreement No. 3.

Also enclosed is a check in the amount of \$33.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

DEC 16 '05 7 29 AM

(CN / BNS No. 3)

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF LEASE OF RAILROAD EQUIPMENT NO. 3 AND INDEMNITY AGREEMENT NO. 3 dated as of December 1, 2005 between **CANADIAN NATIONAL RAILWAY COMPANY**, a corporation continued under the laws of Canada (hereinafter called the **Lessee**), and **THE BANK OF NOVA SCOTIA**, a Canadian chartered bank (hereinafter called the **Lessor**).

WHEREAS, the Lessee and the Lessor are entering into that certain Lease of Railroad Equipment No. 3 dated as of the date hereof (hereinafter the **Lease**) covering (i) twenty-five (25) SD70M-2 locomotives and (ii) five (5) ES44DC locomotives, all as more particularly described on Schedule A hereto, and all additions thereto, alterations thereof, replacements thereof and substitutions therefor (hereinafter the **Locomotives**);

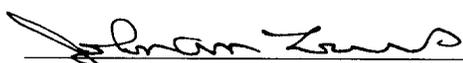
WHEREAS, the Lessee and the Lessor are entering into that certain Indemnity Agreement No. 3 dated as of the date hereof (hereinafter the **Indemnity**) relating to the Lease and the Locomotives;

WHEREAS, the terms and conditions of the Lease and the Indemnity are incorporated by reference in this Memorandum as if fully set forth herein;

AND WHEREAS, this Memorandum has been entered into for the purpose of satisfying the requirements for i) recordation with the Surface Transportation Board of the United States of America under Section 11301 of Title 49 of the *United States Code* and ii) deposit with the Registrar General of Canada under Section 105 of the *Canada Transportation Act*.

IN WITNESS WHEREOF, the parties wish to show for the public record, among other things, the ownership of the Locomotives by the Lessor, the leasehold interest therein of the Lessee and the rights of the Lessee from time to time to purchase the Locomotives or to renew the Lease and, accordingly have caused this Memorandum to be executed by their officers thereunto duly authorized, as of the day and year first above written.

CANADIAN NATIONAL RAILWAY COMPANY

By: 
Its: Sr. Manager, Asset Finance

THE BANK OF NOVA SCOTIA

By: _____
Its: _____

(CN / BNS No. 3)

MEMORANDUM OF LEASE OF RAILROAD EQUIPMENT NO. 3 AND INDEMNITY AGREEMENT NO. 3 dated as of December 1, 2005 between **CANADIAN NATIONAL RAILWAY COMPANY**, a corporation continued under the laws of Canada (hereinafter called the **Lessee**), and **THE BANK OF NOVA SCOTIA**, a Canadian chartered bank (hereinafter called the **Lessor**).

WHEREAS, the Lessee and the Lessor are entering into that certain Lease of Railroad Equipment No. 3 dated as of the date hereof (hereinafter the **Lease**) covering (i) twenty-five (25) SD70M-2 locomotives and (ii) five (5) ES44DC locomotives, all as more particularly described on Schedule A hereto, and all additions thereto, alterations thereof, replacements thereof and substitutions therefor (hereinafter the **Locomotives**);

WHEREAS, the Lessee and the Lessor are entering into that certain Indemnity Agreement No. 3 dated as of the date hereof (hereinafter the **Indemnity**) relating to the Lease and the Locomotives;

WHEREAS, the terms and conditions of the Lease and the Indemnity are incorporated by reference in this Memorandum as if fully set forth herein;

AND WHEREAS, this Memorandum has been entered into for the purpose of satisfying the requirements for i) recordation with the Surface Transportation Board of the United States of America under Section 11301 of Title 49 of the *United States Code* and ii) deposit with the Registrar General of Canada under Section 105 of the *Canada Transportation Act*.

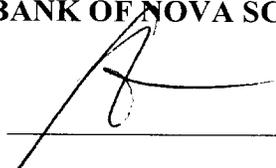
IN WITNESS WHEREOF, the parties wish to show for the public record, among other things, the ownership of the Locomotives by the Lessor, the leasehold interest therein of the Lessee and the rights of the Lessee from time to time to purchase the Locomotives or to renew the Lease and, accordingly have caused this Memorandum to be executed by their officers thereunto duly authorized, as of the day and year first above written.

CANADIAN NATIONAL RAILWAY COMPANY

By: _____
Its: Sr. Manager, Asset Finance

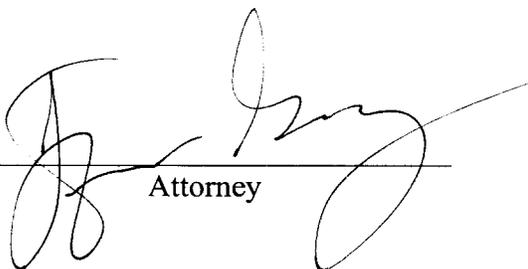
THE BANK OF NOVA SCOTIA

By: _____
Its: _____


STEVE C. GOSSSEL
Director, Leasing
Scotiabank

PROVINCE OF QUEBEC)
)
DISTRICT OF MONTREAL) ss.:

On this 13th day of December, 2005, before me personally appeared John A.N. Lamont, to me personally known, who, being by me duly sworn, says that he is Sr. Manager, Asset Finance of CANADIAN NATIONAL RAILWAY COMPANY, that the instrument was signed on behalf of said company by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.



Attorney

Bar Number: 188726-2

PROVINCE OF ONTARIO)
)
CITY OF TORONTO) ss.:

On this _____ day of December, 2005, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that he / she is _____ of THE BANK OF NOVA SCOTIA, that the instrument was signed on behalf of said bank by authority of its board of directors, and he / she acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Notary Public

My commission expires: _____

PROVINCE OF QUEBEC)
) ss.:
DISTRICT OF MONTREAL)

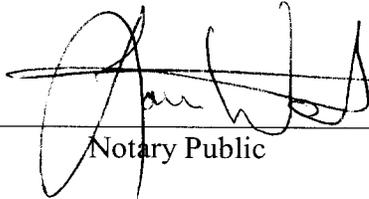
On this ____ day of December, 2005, before me personally appeared John A.N. Lamont, to me personally known, who, being by me duly sworn, says that he is Sr. Manager, Asset Finance of CANADIAN NATIONAL RAILWAY COMPANY, that the instrument was signed on behalf of said company by authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

Attorney

Bar Number: 188726-2

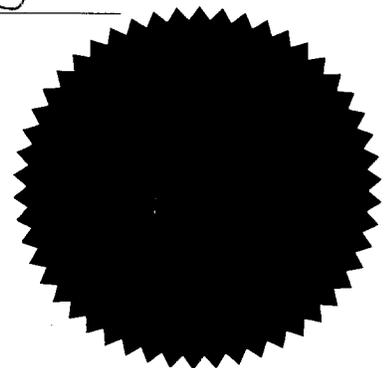
PROVINCE OF ONTARIO)
) ss.:
CITY OF TORONTO)

On this 14th day of December, 2005, before me personally appeared Steve Czegl, to me personally known, who, being by me duly sworn, says that ~~he~~ she is Director Scotia Leasing of THE BANK OF NOVA SCOTIA, that the instrument was signed on behalf of said bank by authority of its board of directors, and ~~he~~ she acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.



Notary Public

My commission expires: _____



SCHEDULE A

Equipment Description

25 SD70M-2 4,300 h.p. DC diesel-electric locomotives built by Electro-Motive Diesel, Inc. bearing the following marks and numbers:

CN 8000 to CN 8024 inclusive; and

5 ES44DC 4,360 h.p. DC diesel-electric locomotives built by General Electric Company bearing the following marks and numbers:

CN 2220 to CN 2224 inclusive.

A handwritten mark, possibly a signature or initials, consisting of a stylized 'C' or similar character with a long diagonal stroke extending upwards and to the right.