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March 14, 2006

RECORDATION NO. 26243 FILED

MAR 14 '06 10-57 AM

SURFACE TRANSPORTATION BOARD

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 Lease of Railroad Equipment No. 3, dated as of March 1, 2006, 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: HSBC Bank Canada
885 West Georgia Street
Vancouver, British Columbia
Canada V6C 3E9

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

Mr. Vernon A. Williams
March 13, 2006
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A description of the railroad equipment covered by the enclosed document
is:

20 ES44DC diesel-electric locomotives: CN 2235 - CN 2254.

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

Memorandum of Lease of Railroad Equipment 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

MAR 14 '06 10-57 AM

(CN / HSBC No. 3)

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF LEASE OF RAILROAD EQUIPMENT NO. 3 dated as of March 1, 2006 between **CANADIAN NATIONAL RAILWAY COMPANY**, a corporation continued under the laws of Canada (hereinafter called the **Lessee**), and **HSBC BANK CANADA**, a Canadian chartered bank (hereinafter called the **Lessor**).

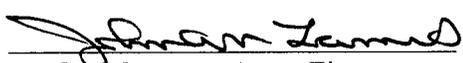
WHEREAS, the Lessee and the Lessor are entering into that certain Lease of Railroad Equipment No. 3 dated as of the date hereof (hereinafter the **Lease**) covering twenty (20) ES44DC locomotives, all as more particularly described on Schedule A hereto, and all additions thereto, alterations thereof, replacements thereof and substitutions therefor (hereinafter the **Locomotives**);

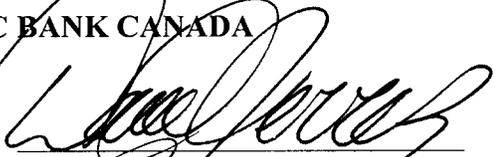
WHEREAS, the terms and conditions of the Lease are incorporated by reference in this Memorandum as if fully set forth herein;

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

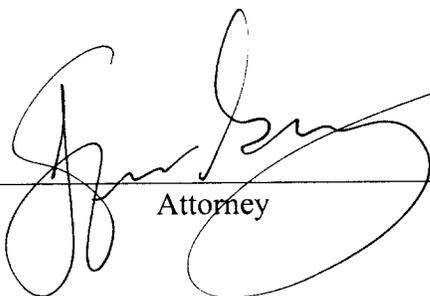
By: 
Its: Sr. Manager, Asset Finance

HSBC BANK CANADA
By: 
Its: Asst. Vice-President

By: 
Its: Sr. Account Manager

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

On this 7th day of March, 2006, 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 QUEBEC)
) ss.:
DISTRICT OF MONTREAL)

On this 6 day of March, 2006, before me personally appeared Daniel Perron + Bruno Dujardin, to me personally known, who, being by me duly sworn, says that he / she is Asst. V.P.; Senior Acc. Mgr. of HSBC BANK CANADA, 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.



Commissioner for Oaths



My commission expires: JULY 13, 2009

SCHEDULE A

Equipment Description

- 20 ES44DC 4,360 h.p. DC diesel-electric locomotives built by General Electric Company in 2006 bearing the following marks and numbers:

CN 2235 to CN 2254 inclusive.