MEMORANDUM OF AGREEMENT

This *MEMORANDUM OF AGREEMENT* ("Memorandum") is made and entered into this 22nd day of December, 2008, by and between the *Village of Mokena* ("Mokena"), an Illinois municipal corporation, and *Grand Trunk Corporation* (together with its U.S. rail operating subsidiaries, "GTC"), a wholly owned U.S. subsidiary and owner of the U.S. rail operating subsidiaries of Canadian National Railway Company and co-applicant before the Surface Transportation Board ("STB") in STB Finance Docket No. 35087, and shall apply to the successors and assigns of such parties. This Memorandum sets out certain commitments GTC is prepared to make to address the following issues resolved by the parties related to existing train traffic and changes in train traffic anticipated as a result of the proposed CN/EJ&EW transaction ("Transaction"), should that Transaction be authorized by the STB in STB Finance Docket No. 35087, and the corresponding agreement by Mokena that these commitments by GTC resolve any outstanding concerns Mokena has related to the Transaction. The specific terms of this Memorandum between GTC and Mokena are summarized below, and contained in the attached exhibits and will be effective upon the execution of this Memorandum by duly authorized representatives of Mokena and GTC.

A.

I Quiet Zones

A. GTC will support and provide at its sole cost and expense technical input to Mokena's application for a Quiet Zone. GTC will bear such cost until the application for the Quiet Zone has been approved by the appropriate authorities having jurisdiction over the same.

B. GTC will fund and install at GTC's sole cost constant warning time circuitry on the EJ&E line at the crossing at Wolf Road, at an estimated cost of $60,000. (See Exhibit 1)

C. GTC will fund all other mitigation items required (including four-quadrant gate systems, as well as medians or channelization devices) to achieve and maintain Quiet Zone status at the at-grade crossing at Wolf Road, including correction of the Wolf Road bike path crossing. Should there be any additional improvements to either attain or maintain a quiet zone beyond those currently planned by Frankfort and Mokena to the 116th Avenue crossing, for which funds have been appropriated, said costs will be borne solely by GTC.

D. Once the Quiet Zone has been approved, GTC will fund additional measures required to maintain the Quiet Zone designation on the EJ&EW line to be acquired by GTC within the village limits of Mokena should retention of the designation be jeopardized by additional GTC train volumes on that line. This

provision will be limited for a period of 10 years from the date of the acquisition by GTC of control of EJ&EW.

II. Noise

A. GTC will provide at its sole cost and expense (estimated at $300,000) an 8' berm to be placed between GTC right-of-way and existing neighborhoods located along the entire length of the north side of the existing railroad tracks from 116th Avenue to the western terminus of the Bridges of Mokena subdivision in Mokena. Although it is the intent of GTC to construct an 8' berm, the exact dimensions of the berm will be GTC's decision after consulting with Mokena. Mokena acknowledges that berms will not mitigate all noise, but are intended to act as a barrier between the railroad and private homeowners. The exact placement and location of the berming will be determined by mutual agreement of the parties prior to work commencing. The work shall be completed within three (3) years from the date of the acquisition by GTC of control of EJ&EW.

B. GTC will provide $150,000 to Mokena for the sole purpose of purchasing trees and/or vegetation to be planted along berms or on homeowners' private property. The maintenance of the trees and/or vegetation will be the responsibility of Mokena or, if located on private property, the respective property owner. Mokena shall provide GTC annual reports of the expenditure of the GTC-contributed funds for the matters in this paragraph. Any funds not used for this purpose within three (3) years from the date of the acquisition by GTC of control of EJ&EW, will be returned to GTC.

C. GTC will fund and install wheel Impact Load Detectors (WILD) and other similar kinds of safety-protective devices (such as hot-box, hot-wheel, and dragging-equipment detectors). They shall be appropriately placed and integrated into GTC's operations on the EJ&EW line to be acquired by GTC, including through Mokena.

III Emergency Response Training

GTC will provide training at its sole cost to Mokena for Mokena's emergency responders. GTC will complete a training plan in conjunction with the Police Chief and the Fire Chief. All training will be completed within a 3-year period following acquisition by GTC of control of the EJ&EW. This does not preclude additional training in years following that three-year period, for new employees and as a refresher.

IV Communications

GTC will fund at its sole expense a specific emergency protocol and dispatching view capability on behalf of Mokena. GTC agrees to bear the cost of the hardware, software

and communications equipment, which the parties jointly deem necessary. Mokena agrees to assist in the design, testing and training.

V Other

A. GTC will convey an easement at no charge for a planned pedestrian crossing at Wolf Road.

B.

CONDITIONS FOR GTC'S OBLIGATIONS UNDER THIS MEMORANDUM OF AGREEMENT

I. **The commitments of GTC set forth in this Agreement are conditioned upon the following:**

(A) STB approval of the application in STB Finance Docket No. 35087 to acquire control of EJ&EW, provided that such approval does not include the imposition upon GTC of any condition for mitigation in Mokena that is materially inconsistent with, in lieu of, or supplemental to the commitments in this Agreement (including but not limited to an imposed condition requiring further study and evaluation of impacts and mitigation options for Mokena); and

(B) Acquisition by GTC of control of the EJ&EW, pursuant to STB authorization.

(C) Mokena agrees that it shall not make further submissions in the proceeding without GTC's prior review and approval except in support of this agreement and prompt STB approval of the Transaction.

(D) As promptly and commercially reasonable, but not later than the end of 3 years after the acquisition by GTC of control of EJ&EW, GTC shall fulfill all of its commitments contained herein.

II. Confidentiality

This negotiated Memorandum and its terms shall be confidential, except to the extent disclosure may be essential for consideration by the Mokena corporate authorities at a public meeting and as otherwise required by law, and except that it may be submitted to the STB's Section of Environmental Analysis ("SEA"), subject to a request that it be kept confidential by SEA and the STB.

III. Sole Remedy

It is the intent of the parties to this Memorandum that the STB require GTC's compliance with this agreement in lieu of any additional or inconsistent mitigation that the STB might otherwise impose regarding environmental impacts in Mokena. SEA has asked that GTC provide copies of any formalized agreements between GTC and affected communities, and the parties agree that GTC shall provide a copy of this Memorandum to SEA upon execution.

IV Notices

All notices required to be sent by the respective parties to this Memorandum shall be given as follows:

If to Mokena:

Mr. John Downs
Village Administrator
Village of Mokena
11004 Carpenter Street
Mokena, IL 60448

With a Copy to:

Mr. Ken Grey
McKeown, Fitzgerald, Zollner,
Buck, Hutchison & Ruttle
28 Kansas Street
Frankfort, IL 60423

It to GTC/CN:

Mr. Gordon Trafton
Senior Vice President
Canadian National
17641 S. Ashland Avenue
Homewood, IL 60430

Mr. Eric Jakubowski
Director, Product Development
17641 S. Ashland Avenue
Homewood, IL 60430

All notices, requests, and other communications under this Memorandum shall be in writing and shall be personally delivered or sent by first-class, certified mail, postage prepaid, return receipt requested, by facsimile, or licensed overnight courier to the appropriate party at the address set forth above. Notice shall be deemed given at the time delivered, if personally delivered, at the time indicated on the duly completed postal service return receipt, if delivered by certified mail, at time the facsimile is transmitted, if delivered by facsimile, or on the next business day, after such notice is sent if delivered by overnight courier. Either Party may change its address for notices under this Agreement by giving written notice of such change to the other Party in accordance with the terms of this Section.

Agreed to:

Village of Mokena

By: _____
Village President

Date: 12/23/08

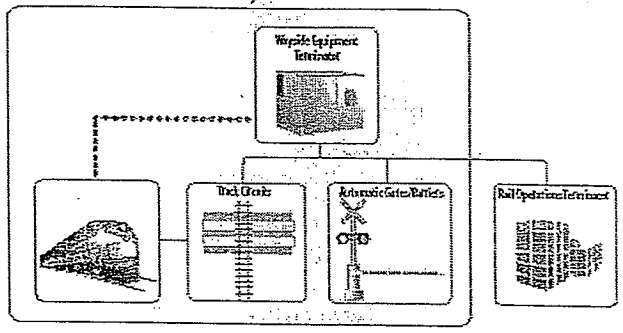
GTC

By: Eric J. Dubuhl

Title: Director CN

Date: 12/23/08

Constant Warning Time Circuitry

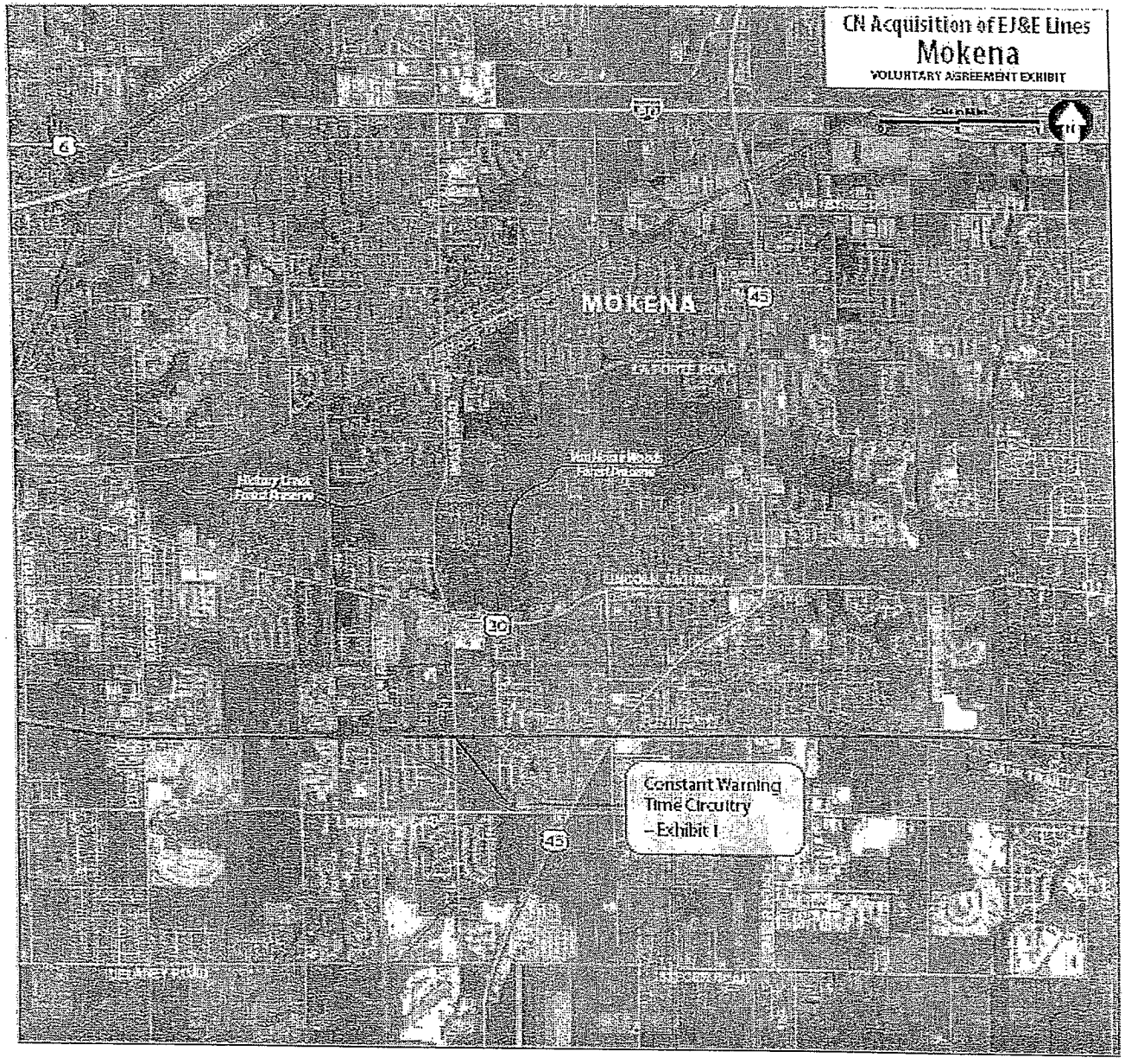


Constant Warning Time Circuitry is used to monitor the speeds of approaching trains so as to lower the crossing gates at the appropriate time. Traditional gate systems have a contact on the tracks upstream of the crossing. When the train crosses the contact, the gates go down. If the train is moving at a high speed, the gates come down just before the train crosses. If the train is moving at a low speed, the gates come down long before the train actually passes. Both situations can cause dangerous situations. When the latter occurs, drivers are more likely to become impatient and drive around the gates.

The constant warning system uses a number of track sensors or video detection to determine the speed of the train. The speed and distance are relayed back and the system determines the optimal time for the gates to come down. This improved timing promotes safer conditions for the driving public.

GTC will install constant warning time circuitry at the EJ&EW grade crossing at Wolf Road. GTC will be responsible for construction and maintenance.

The estimated cost of this improvement is $60,000.


CN Acquisition of EJ&E Lines
Mokena
VOLUNTARY AGREEMENT EXHIBIT
MOKENA
Constant Warning
Time Circuitry
– Exhibit I

AMENDMENT TO MEMORANDUM OF AGREEMENT

This *AMENDMENT TO MEMORANDUM OF AGREEMENT* ("Amendment") is made and entered into this 26th day of May, 2009, by and between the *Village of Mokena* ("Mokena") an Illinois municipal corporation, and *Grand Trunk Corporation* (together with its U.S. rail operating subsidiaries, "GTC"), a wholly owned U.S. subsidiary and owner of the U.S. railroad operating subsidiaries of Canadian National Railway Company and co-applicant before the Surface Transportation Board ("STB") in STB Finance Docket No. 35087 ("Transaction), and shall apply to the successors and assigns of such parties.

WHEREAS, Mokena and GTC entered into an agreement dated December 22, 2008 ("Memorandum") specifying the rights and obligations of the parties as they relate to the Transaction; and

WHEREAS, Section II.A of the Memorandum provides certain terms for the construction of an 8' berm at specified locations; and

WHEREAS, Section II.B of the Memorandum provides for a one-time payment from GTC to Mokena for purchase and installation of certain vegetation; and

WHEREAS, Mokena and GTC have determined that the berm as envisioned in the Memorandum is not feasible.

NOW, THEREFORE, the parties hereto, intending to be mutually bound, hereby agree as follows:

1. Sections II.A and II.B of the Memorandum shall be stricken in their entirety, and of no further force or effect, and shall be replaced in their entirety with the following provision, which shall be Section II.A:

   GTC will provide $450,000 to Mokena for the purposes of installing a vegetation shield for noise mitigation for neighborhoods adjacent to the EJ&EW. The design, installation, and maintenance of all vegetation will be the sole responsibility of Mokena or its designee. Mokena shall install all improvements on property other than the EJ&EW. The funds will be disbursed by GTC upon 90 day written notice by Mokena. Mokena shall provide GTC an annual report of the expenditures as spent during the preceeding year.

2. Section II.C shall be renumbered to Section II.B with no change to its contents.

3. New Section V.B shall be added to the Memorandum, and provide as follows:

   Mokena agrees to support a petition to be filed by GTC with the Illinois Commerce Commission (Docket Number T08-0077) for authority to

install a second railroad track through the grade crossing located at 116th Street. GTC will use all reasonable efforts to begin and complete the work of installing the second track during the closure of the 116th Street grade crossing for purposes of installing a parallel sidewalk and pathway. Mokena shall bear no additional expense for the project authorized in Docket T08-0077 as a result of GTC's installation of the second track.

4. All other terms and conditions of the Memorandum shall remain in full force and effect.

Agreed to:

Village of Mokena	GTC
By: _____	By: _____
Village President Pro Tem	Director – CN
Date: 5-26-09	Date: May 20, 2009