



**15<sup>th</sup> Annual Railway Symposium**  
Quebec City  
March 23<sup>rd</sup>, 2011

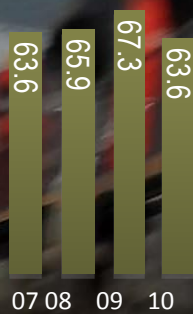




Revenues  
(cdn \$M)



Operating  
Ratio (%)



Free Cash Flow  
(cdn \$M)



Strong Performance





Our 21,000 mile network reaches 75% of the U.S. population

Only CN can offer rail connection to 3 coasts

Business Units	Share of CN Revenues
Intermodal	19%
Grain and Fertilizers	17%
Petroleum and Chemicals	16%
Forest Products	14%
Metals and Minerals	10%
Coal	7%
Automotive	6%
Other Revenues	11%

Note: Based on 2010 Revenues



A Unique Franchise



Claude Mongeau  
President and CEO

Keith Creel  
Chief Operating  
Officer

Jean-Jacques Ruest  
Chief Marketing  
Officer

Operations Teams

Product Teams

Vee Kachroo  
Industrial Products  
Montreal

James Cairns  
Petroleum & Chem.  
Calgary

Andy Gonta  
Bulk  
Edmonton

Jeff Liepelt  
Eastern Region  
Toronto

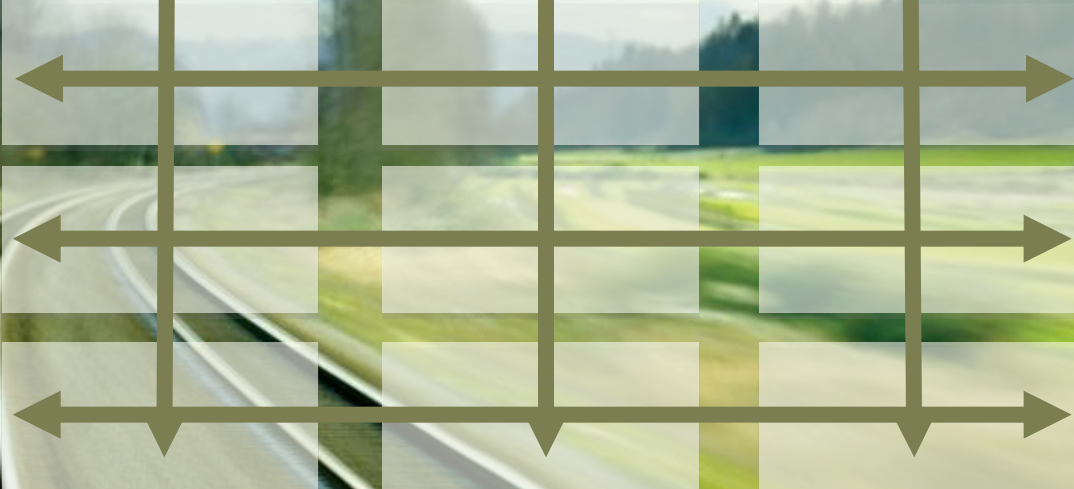
Paul Waite  
Intermodal  
Toronto

Mike Cory  
Western Region  
Edmonton

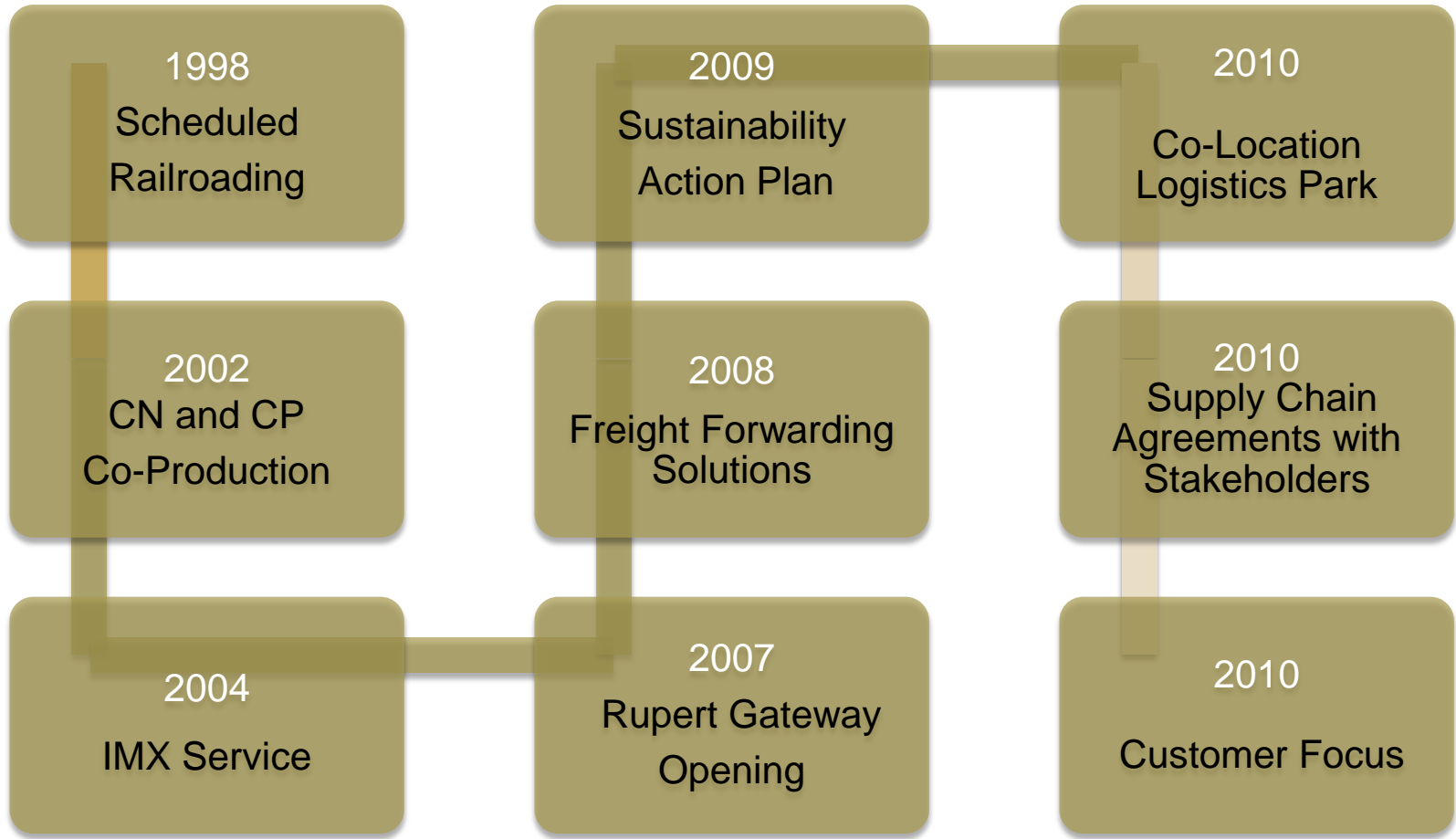
Doug MacDonald  
Corporate Marketing  
Montreal

Jim Vena  
Southern Region  
Chicago

Keith Reardon  
Supply Chain  
Solutions Chicago



A Great Team



A Track Record of Innovation

**Prince Rupert**  
Signed Sept 17



**Quebec**  
Signed Aug 28



**Halifax**  
Signed April 29



**Vancouver**  
Signed July 23



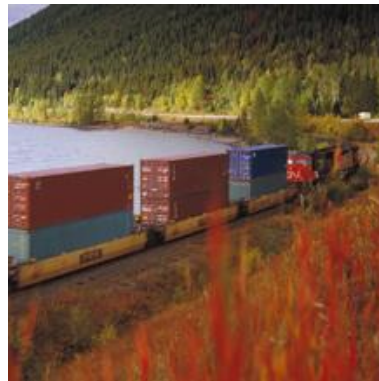
**Montreal**  
Signed Sept 24



- Focus on supply chain efficiencies
- Improve productivity
- Leverage performance improvements to increase the share of global container traffic



**Innovative Port Agreements**



- Start from how the customer's market works
- Think "end-to-end", e.g. from coal mine stockpile to export vessel sailing
- Covering all key links in the chain, e.g. producers, railways, terminal operators, and vessels
- Using Key Performance Indicators that set the beat: inside CN and outside KPIs
- Innovating in the supply chain also allows to increase productivity



Supply Chain Innovation





## 13 days

Vessel arrives in Vancouver 13 days after leaving the Port of Yantian

## 12 hrs

A crane lifts the container off the ship in the same day

## 60 hrs

After sitting on the dock the container is put on a railcar. Aging boxes given special attention

## 125 hrs

Train arrives in Toronto in just over 5 days

## 4 hrs

Container is unloaded and available very quickly

## Same day

Gate is open 24/7 for pickup by truck



Delivering Intermodal Traffic to Canadian Markets



- CN's 12 million tons of coal through Vancouver in 2009 – up 60% in the last 12 months
- Canadian coal mines export via the port terminals of:
  - Prince Rupert, BC
  - Vancouver, BC – Westshore and Neptune Terminals
  - Thunder Bay, ON



Delivering Canadian Coal



## Westshore Supply Chain Logistics

Vessel Lineup Tonnes Date	Westshore Inventory	Tonnage Required	Trains Req'd	Trains Loaded	Empty To Mine	Days Remaining	Mine XX Tonnage
74,200 Shi Dai 2 16-Nov	99,010	0	0.0			0	68,000
77,000 Kaiyo 16-Nov	Max allowed 200,000	52,190	4.4	1.0	2.0	5	48,012

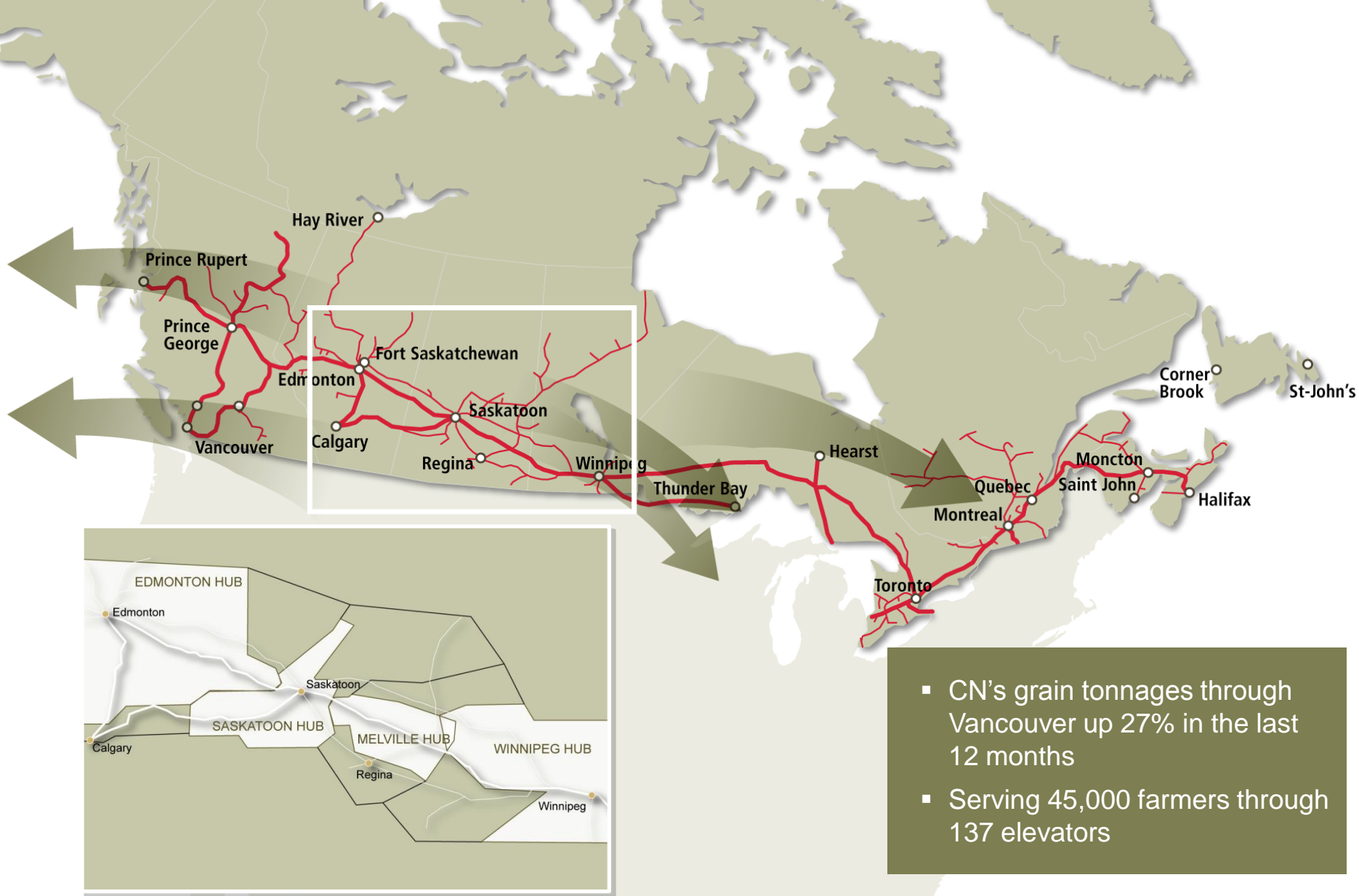


Innovating in the Coal Supply Chain





Coordinating Iron Ore – From Mine to Mill



Delivering Canadian Grain





- Proven solutions for oil and gas
- Positioned to be a single source provider
- Unmatched abilities
- End-to-end solutions

- Managed a single end-to-end transportation solution designed for 2.8 million tons of aggregate
- Complex logistics program consisting of:
  - Unit train service
  - Truck transportation
  - Development of receipt and distribution facilities
  - Inventory management
  - Consolidated billing



Managing the Complete Inventory



## IMTT-Quebec Terminal

- Canada's largest public liquid bulk terminal

## Growth

- Exponential growth: 134,000 tonnes handled in 1993 to over 2.8 million tonnes in 2010
- 25% growth in last two years despite decline in global economy

## Products

- The full range of liquid or semi-liquid products
  - Petroleum
  - Chemicals
  - Food products
  - Bio-fuels
  - Fuels, nitrogen

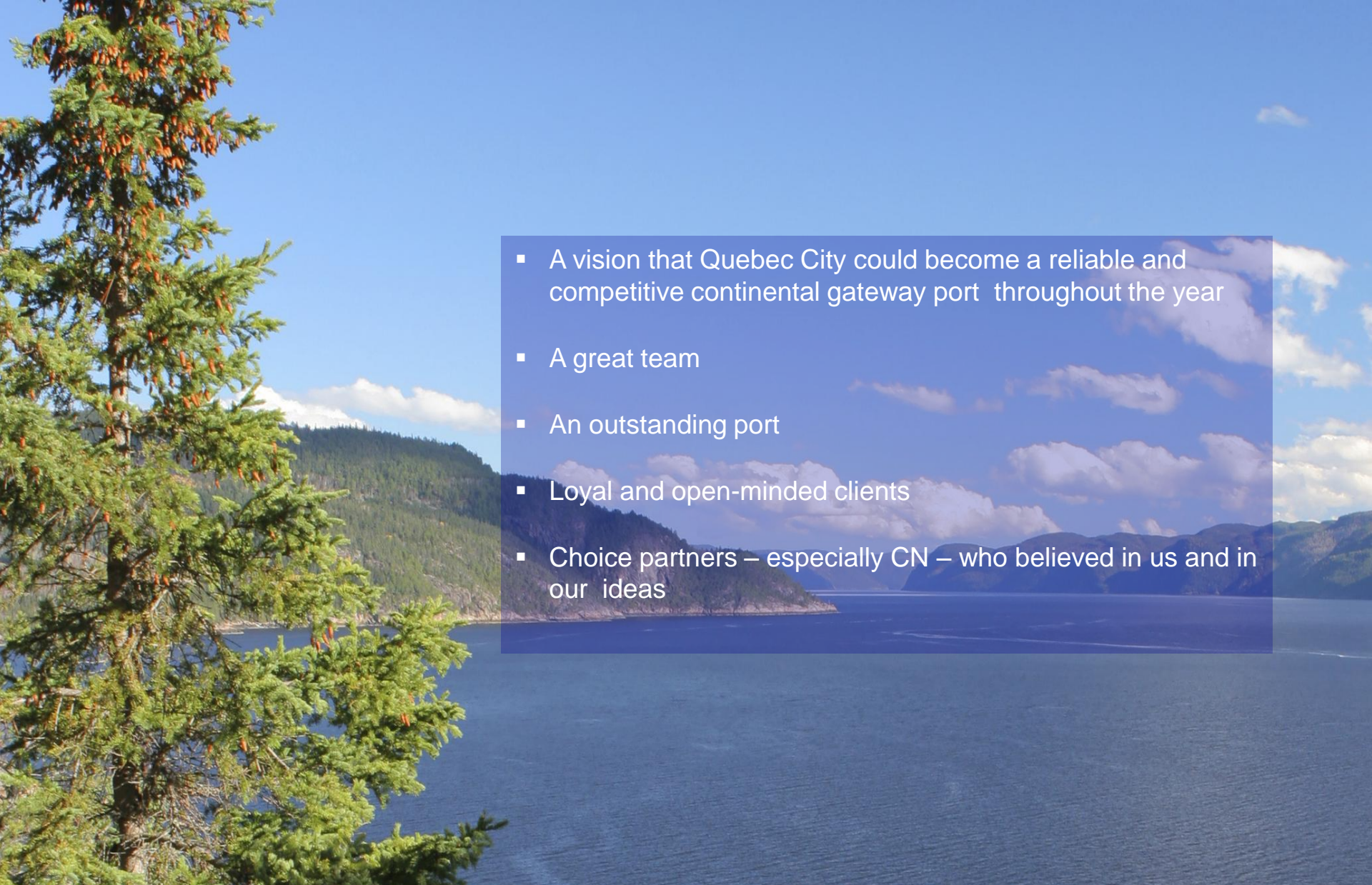
## Storage

- Major growth between 2007 and 2009
- Storage capacity jumped from 1,200,000 barrels to over 2,000,000 barrels



IMTT-Quebec



- 
- A vision that Quebec City could become a reliable and competitive continental gateway port throughout the year
  - A great team
  - An outstanding port
  - Loyal and open-minded clients
  - Choice partners – especially CN – who believed in us and in our ideas



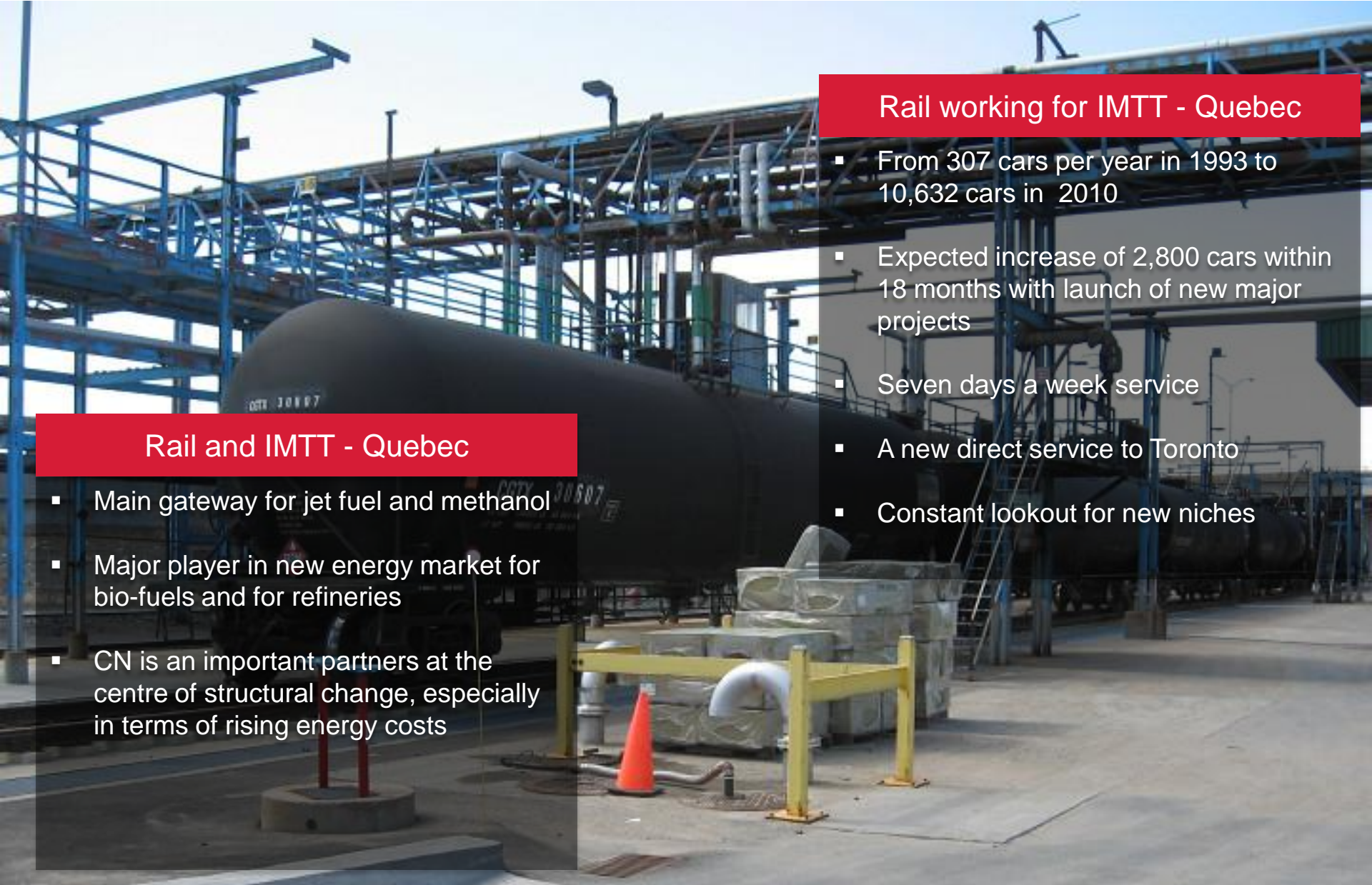
## CN

- Gateway to North American market throughout the year
- A choice partner who understands the need to:
  - Reduce transit time and thereby reduce car rental and inventory support costs
  - Provide a reliable service
  - Share a strategic, common vision to continuously develop and improve service



IMTT and CN – A Reliable Alliance





## Rail and IMTT - Quebec

- Main gateway for jet fuel and methanol
- Major player in new energy market for bio-fuels and for refineries
- CN is an important partners at the centre of structural change, especially in terms of rising energy costs

## Rail working for IMTT - Quebec

- From 307 cars per year in 1993 to 10,632 cars in 2010
- Expected increase of 2,800 cars within 18 months with launch of new major projects
- Seven days a week service
- A new direct service to Toronto
- Constant lookout for new niches



Rail Working for IMTT - Quebec



\* 2010 carloads allowed IMTT/CN to provide 50% of Air Canada jet fuel needs for Pearson Airport

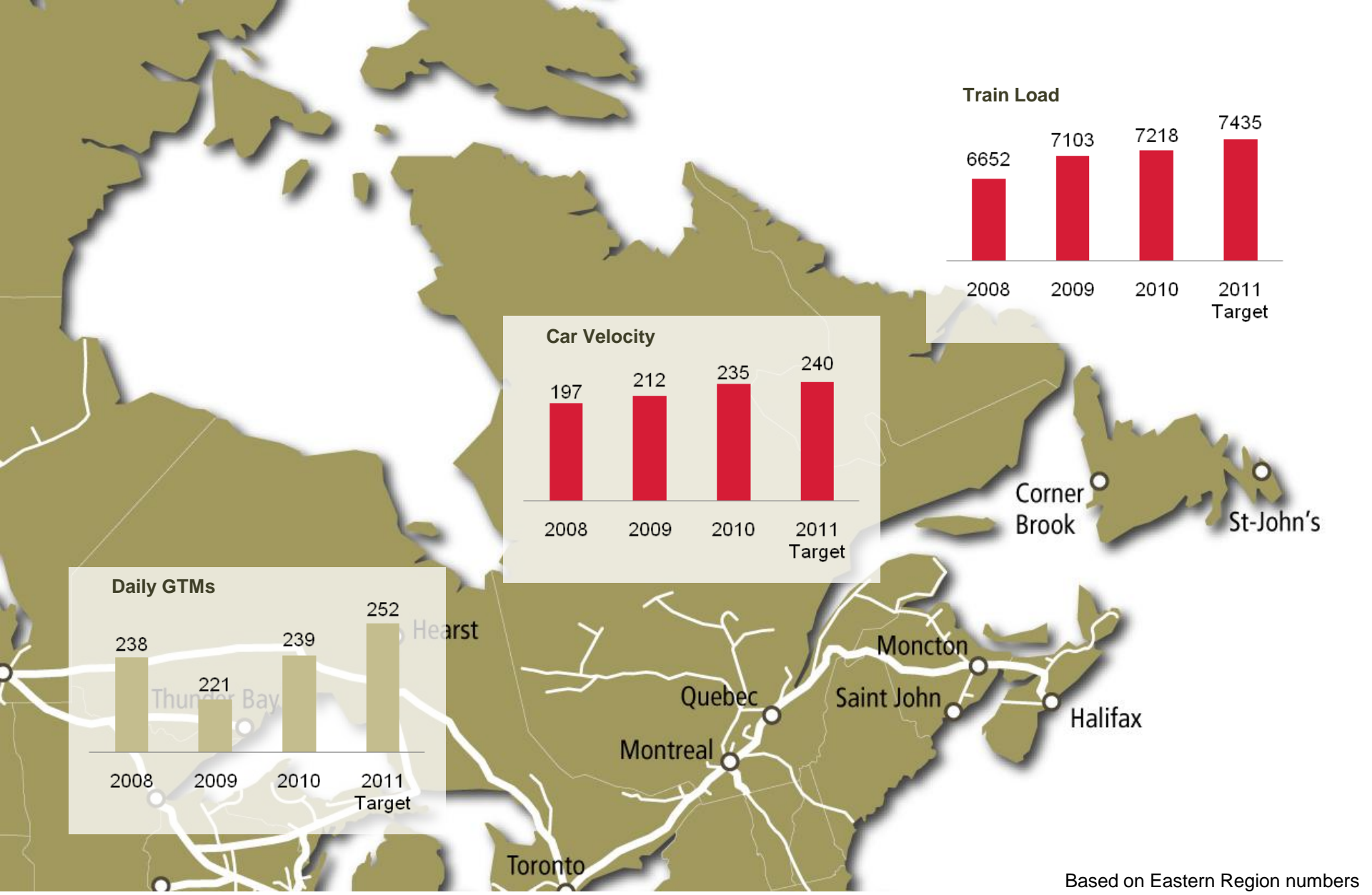


Limoilou – Toronto Service





Focus on Service and Operational Excellence



Maintaining Operational Excellence





## Quebec Port Authority

- Self-supporting federal agency
- Reporting to the federal Minister of Transport
- 30 wharves operational every season
- Some 25 million tonnes of freight handled annually
- Trade with over 60 countries
- More than 1,200 ships go through the port

## Investments and Developments

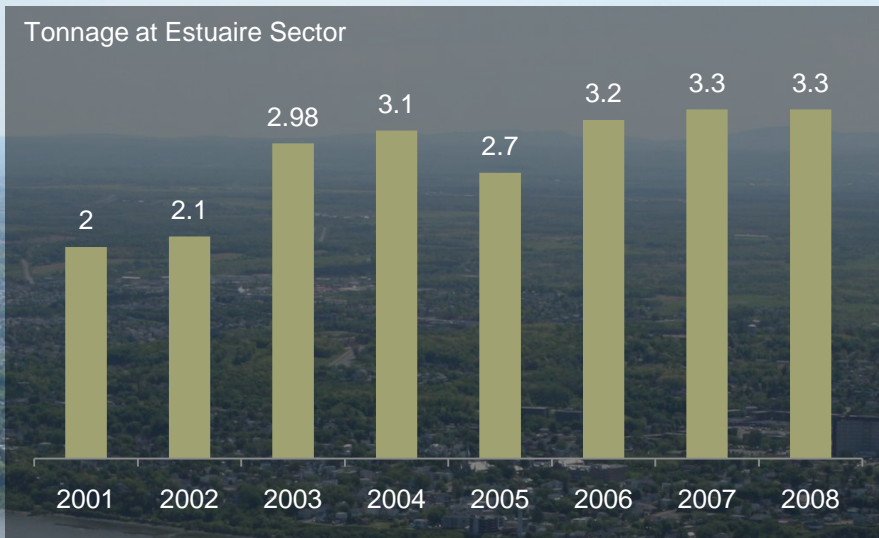
- More than \$200M has been invested since 1997
  - Transport of methanol
  - Transport of jet fuel
  - Redesign of bulk terminal
  - Hangars, tanks, handling equipment
  - Wharves, etc.



Port of Quebec – Investments and Development

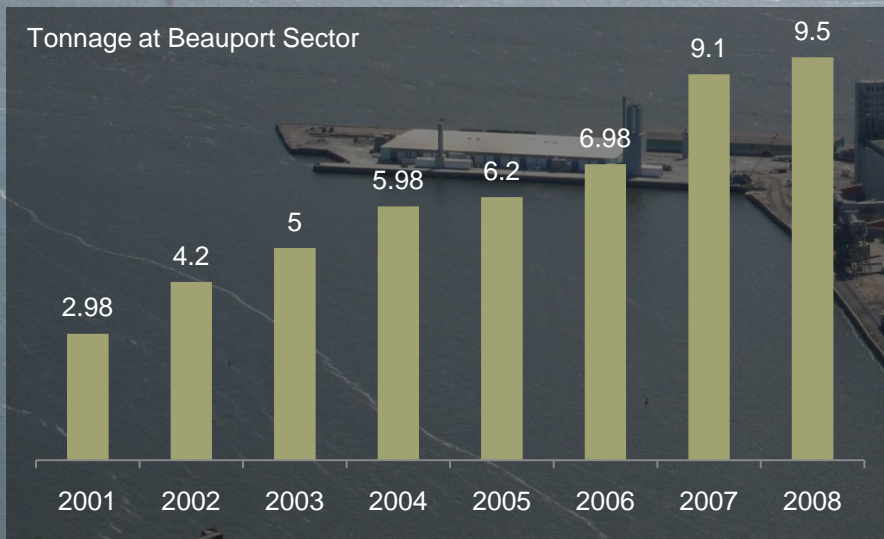


Tonnage at Estuaire Sector



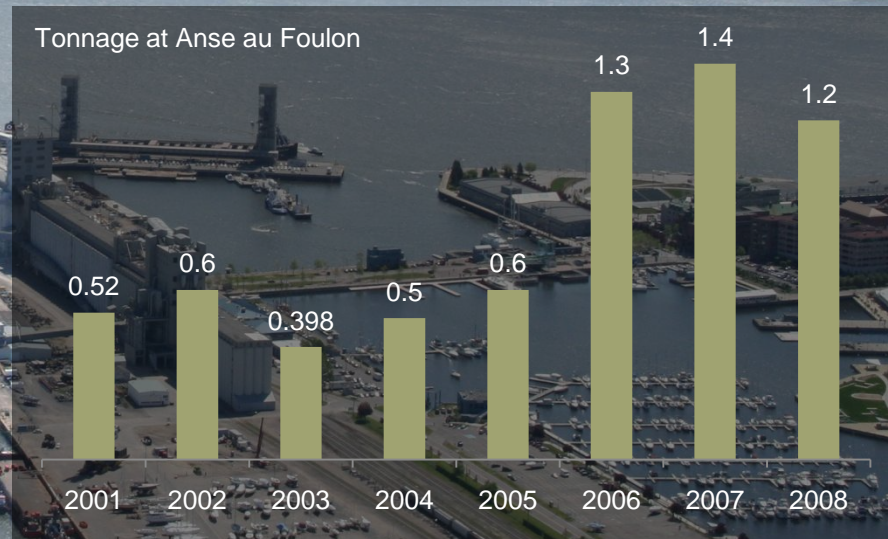
Note: Tonnage is in millions

Tonnage at Beauport Sector



Note: Tonnage is in millions

Tonnage at Anse au Foulon



Note: Tonnage is in millions








- Number of cars generated by sector in 2008
  - Beauport – 20,000
  - Estuaire – 10,000
  - Foulon – 1,000
- A 100% growth in under 10 years
- Freight – feed cereals and grains, ores and concentrates, jet fuel, scrap metal, fertilizer, chemicals
- Occasional transport of steel
- Low network use



- 
- An aerial photograph of the Port of Quebec, showing the St. Lawrence River, industrial buildings, a marina, and surrounding greenery. A semi-transparent dark grey box is overlaid on the center of the image, containing a bulleted list of issues.
- Transport service split between CN and QGR
  - Several “small” volumes among several niches
  - Seasonal traffic (grain)
  - Many points of origin and destination
  - Consignees
  - Pressure exerted on regional rail access
  - Service
  - Expected growth



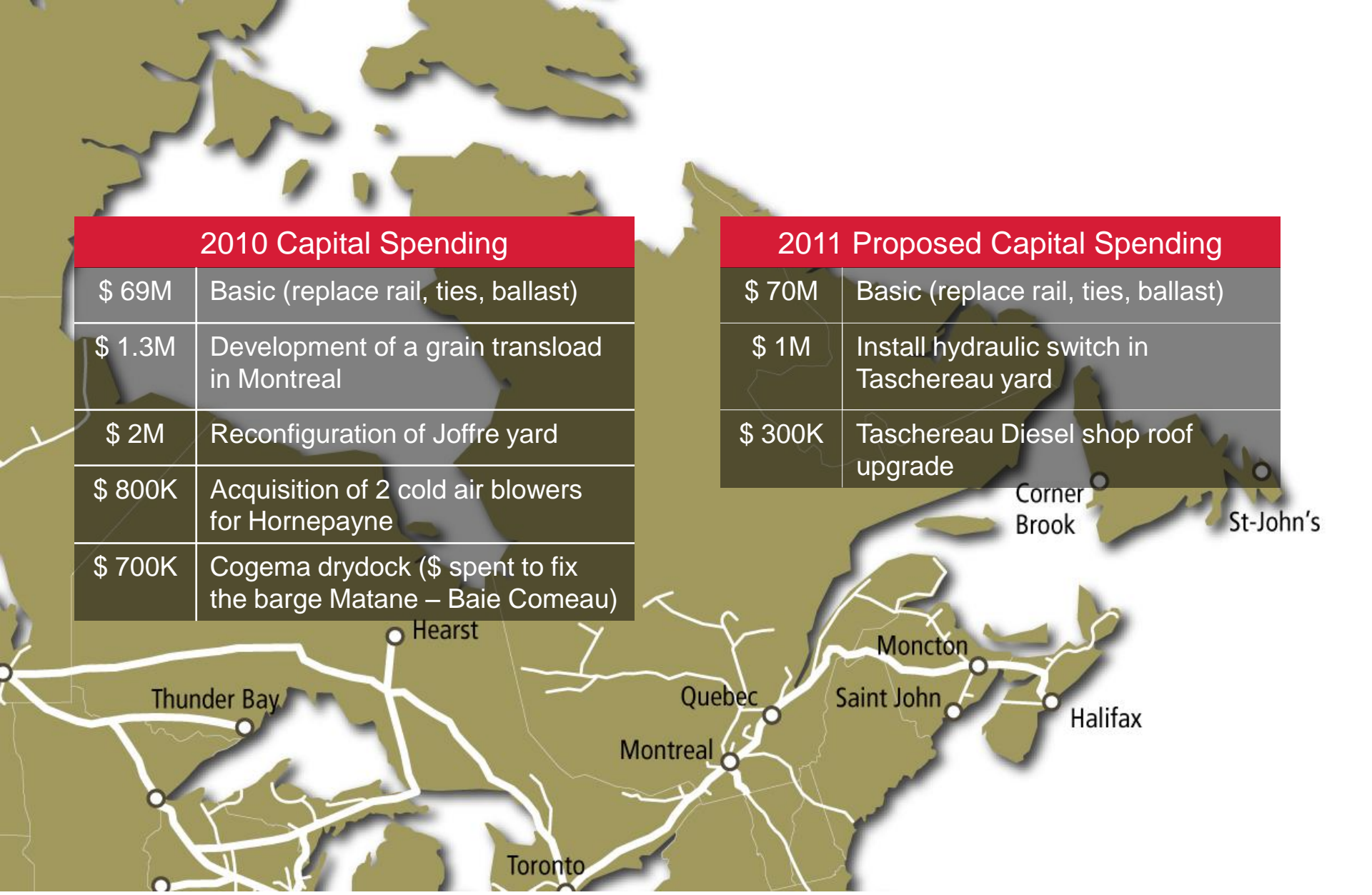


### 2010 Capital Spending

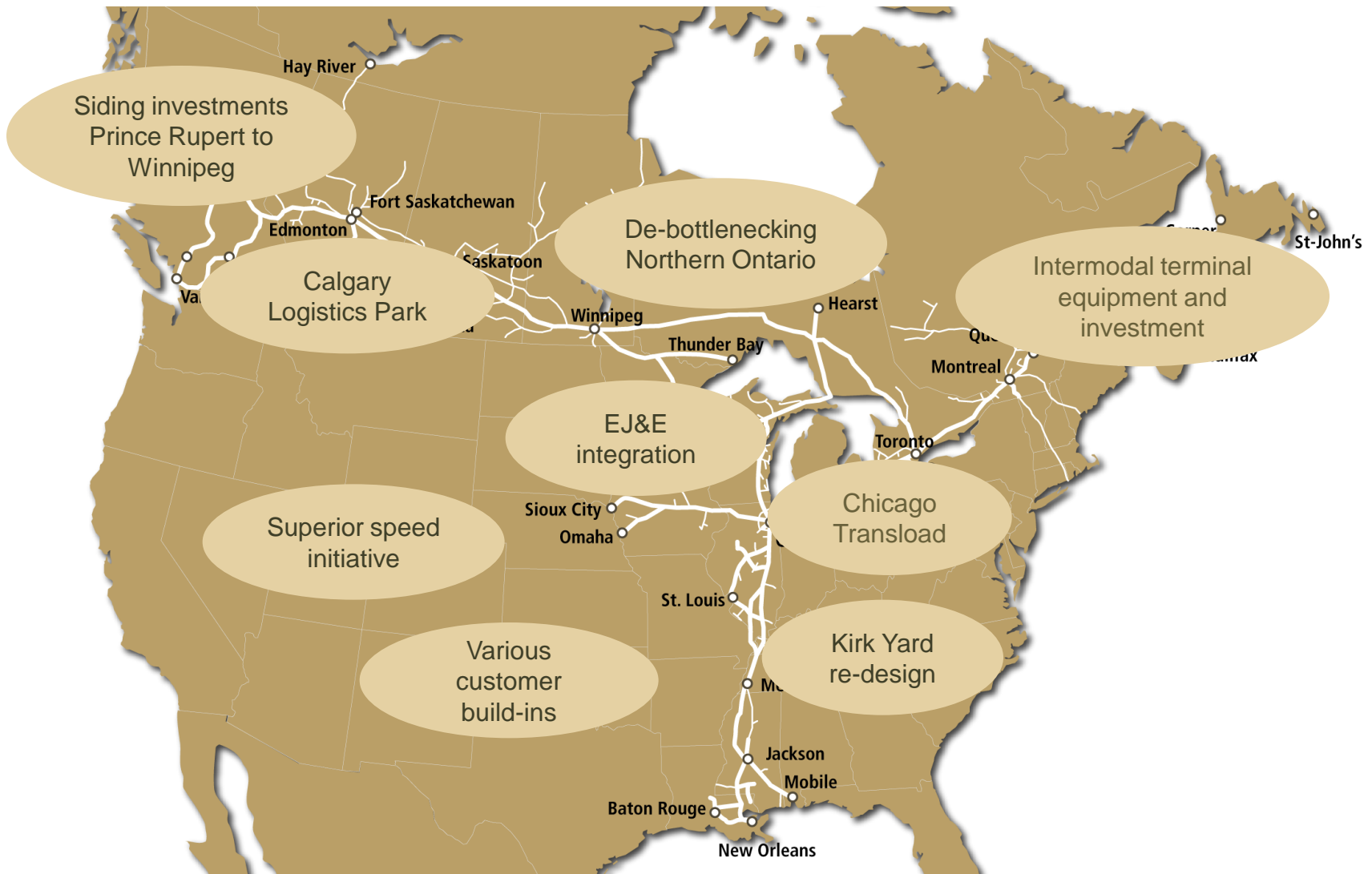
\$ 69M	Basic (replace rail, ties, ballast)
\$ 1.3M	Development of a grain transload in Montreal
\$ 2M	Reconfiguration of Joffre yard
\$ 800K	Acquisition of 2 cold air blowers for Hornepayne
\$ 700K	Cogema drydock (\$ spent to fix the barge Matane – Baie Comeau)

### 2011 Proposed Capital Spending

\$ 70M	Basic (replace rail, ties, ballast)
\$ 1M	Install hydraulic switch in Taschereau yard
\$ 300K	Taschereau Diesel shop roof upgrade



Investment in Quebec Region



Capital plan, a key driver of growth and productivity



Strategic Capital Initiatives





## Key Productivity Initiatives




- CN's Safety Management System and Culture
  - A journey that requires continued effort
  - New hires are a key focus area
- Safety survey shows strength and opportunity
  - 'Stay the course' on rules compliance
  - Continue to strengthen safety culture



Unwavering Commitment to Safety





Keith Creel  
Chief Operating Officer

Jeff Liepelt  
Senior VP  
Toronto

Michael Farkouh  
General Manager  
Champlain Division  
Montréal

Gilbert Dunberry  
Superintendant  
Québec City

Mario Pagé  
Assistant Superintendant  
Québec City



Operations team in Eastern Region