

Average cars per freight train

– Calculated by dividing loaded and empty car miles by train miles.

Average length of haul

– The average distance in miles one ton is carried. Computed by dividing total ton miles by tons of freight.

Canadian Transportation Agency (CTA)

– The CTA is an independent, quasi-judicial tribunal that makes decisions on a wide range of economic matters involving federally-regulated modes of transportation (air, rail and marine), and has the powers, rights and privileges of a superior court to exercise its authority. Along with its roles as an economic regulator and an aeronautical authority, the agency works to facilitate accessible transportation, and serves as a dispute resolution authority over certain transportation rate and service complaints. The agency deals with rate and service complaints arising in the rail industry, as well as disputes between railway companies and other parties over railway infrastructure matters. It also processes applications for certificates of fitness for the proposed construction and operation of railways, and approvals for railway line construction. The agency determines regulated railway interswitching rates and the railway

revenue caps for the movement of Western grain. The agency also develops costing standards and regulations; and audits railway companies' accounting and statistics-generating systems, as required.

Carload – A one-car shipment of freight from one consignor to one consignee.

Car velocity – Car velocity is an average speed calculation, expressed in miles per day, of the car movements from time of release at one location to arrival at the destination.

Class I railroad – As determined by the Surface Transportation Board, a freight railroad with annual operating revenues that exceed a threshold indexed to a base of \$250 million in 1991 U.S. dollars. The threshold in 2007 was \$359.6 million.

Container – A large, weatherproof box designed for shipping and/or transferring freight between rail, truck or marine modes. Specialized containers are equipped with heating and cooling capabilities for perishable products.

FRA train accidents per million train-miles – The number of accidents, multiplied by 1,000,000 and divided by total train-miles. Train accidents included in this metric meet or exceed the FRA (U.S. Federal Railroad Administration) U.S. dollar reporting threshold, which is adjusted annually.

Freight revenue per RTM – The amount of freight revenue earned for every RTM moved, calculated by dividing the total freight revenue by the total RTMs in the period.

Gross ton mile (GTM) – The number of tons behind the locomotives (cars and contents) including Company service equipment multiplied by the miles of road moved from originating to destination stations on a designated railroad.

Intermodal service – In railroad transportation, the movement of trailers or containers on railroad freight cars.

Linehaul – The movement of trains between terminals and stations on the main or branch lines of the road, exclusive of switching movements.

Main track – A track extending through and between stations upon which trains are operated.

Miles of road operated – The total length of all rail lines over which CN operates, excluding track on which the Company has haulage rights.

On-time performance – The ability to meet customer requirements as to pick-up and delivery schedule.

Operating ratio – The ratio of operating expenses to operating revenues.

Precision Engineering – A major CN initiative to consolidate many separate engineering processes into a single information system. In the next few years, engineering vehicles will be equipped with laptop computers running the new *Precision Engineering* application. The system will enable employees to access and input critical information in real time – such as plant condition and the completion of inspections. The end result is improved quality and execution of engineering inspections and repairs.





Precision Railroad – The *Precision Railroad* is an evolution of CN's scheduled railroad. Its emphasis is on planning and predictability, to ensure car performance according to a scheduled service plan with a focus on individual carloads. The *Precision Railroad* integrates all processes and involves all departments.

Reload centre – A transfer facility enabling the railway to expand market share through truck-to-rail service.

Revenue ton mile (RTM) – The movement of a ton of freight over one mile for revenue.

Right-of-way – A strip of land of various widths upon which a rail track is built.

Rolling stock – Transportation equipment on wheels, especially locomotives and freight cars.

Route miles – The miles of right-of-way owned or leased and operated by the designated railroad. Route miles exclude main line trackage operated under trackage rights. In multiple track territories only one main line track counts as route miles.

Scheduled railroad – Running a scheduled railroad is a disciplined process that handles individual car movements according to a specific plan where possible, and that manages expectations to meet agreed-upon customer commitments.

Siding – A track auxiliary to the main track for meeting or passing trains, or in the case of industrial siding, a track serving various industrial customers.

Track operated – First main track only. Excludes second and other main track, passing tracks and crossovers, industrial tracks, spurs and yard tracks.

Train-miles – A measure reflecting the distance traveled by the lead locomotive on each train operating over the Company's track.

Transport Canada (TC) – Transport Canada is the Canadian federal government department responsible for most of the transportation policies, programs and goals set by the Government of Canada to ensure that the national transportation system is safe, efficient and accessible to all its users. Its mission is to serve the public interest through the promotion of a safe and secure, efficient and environmentally responsible transportation system in Canada.

Transportation Safety Board of Canada (TSB) – The TSB is an independent agency created to advance transportation safety through the investigation of occurrences in the marine, pipeline, rail and air modes of transportation.

Trip plan – A trip plan is a detailed chain of train handling events describing how a car (or cars) can be handled from the shipper's door to the consignee's door. Trip plans are expressed in hours and are tailored to a specific customer location, day of week and time of release.

Unit train – A train with a fixed, coupled consist of cars operated continuously in shuttle service under load from origin and delivered intact at destination and returning usually for reloading at the same origin.

U.S. Federal Railroad Administration (FRA) – The FRA is a regulatory agency whose purpose is to promulgate and enforce rail safety regulations; administer railroad assistance programs; conduct research and development in support of improved railroad safety and national rail transportation policy; provide for the rehabilitation of Northeast Corridor rail passenger service; and consolidate government support for rail transportation activities.

U.S. Surface Transportation Board (STB) – The STB is a regulatory agency with jurisdiction over railway rate and service issues and rail restructuring, including mergers and sales.

Waybill – The document covering a shipment and showing the forwarding and receiving stations, the name of consignor and consignee, the car initials and number, the routing, the description and weight of the commodity, instructions for special services, the rate, total charges, advances and the waybill reference for previous services, and the amount prepaid.

Yard – A system of tracks within defined limits, designed for switching services.

Yard dwell – Yard dwell is the average duration, expressed in hours, that cars spend in a specific operating terminal.