



Supply Chain Collaboration

James Cairns
VP Petroleum & Chemicals

May 3, 2011





Our 21,000 mile network reaches 75% of North America's population

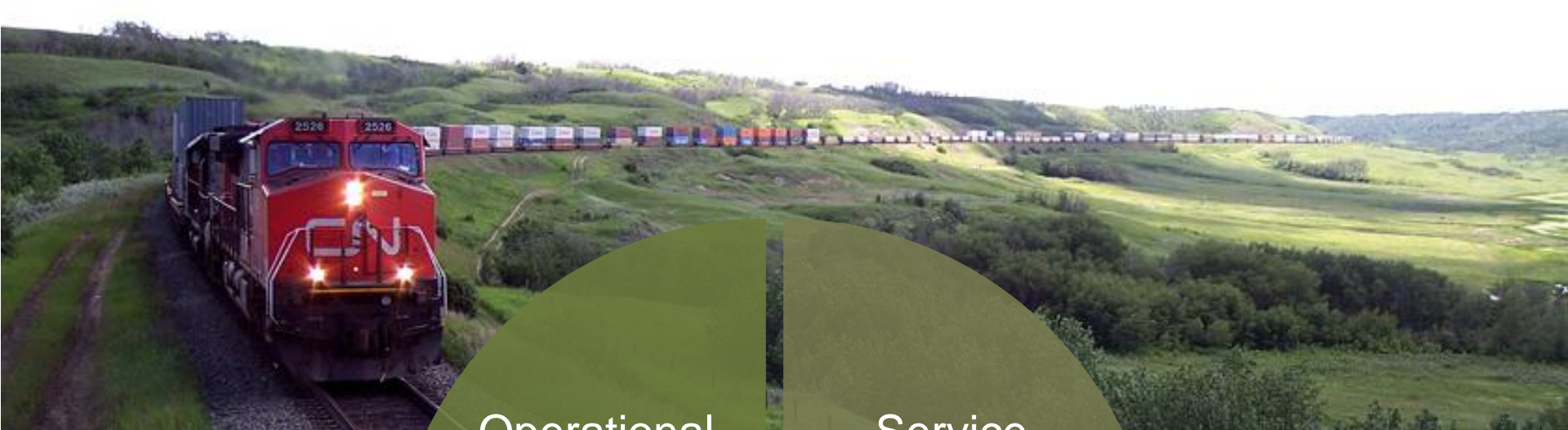
Only CN can offer rail connection to 3 coasts

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 Transportation Company



Our Strategic Agenda at CN



Supply Chain Mindset is Critical



Silos don't
work

Averages are
meaningless

Finger-pointing
is useless

End-to-end is
what matters



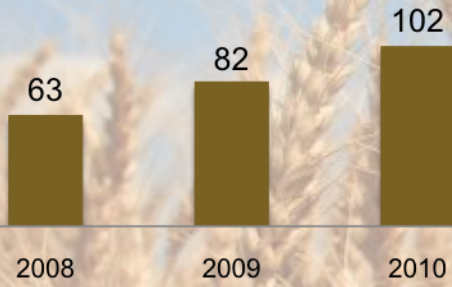
How Our Customers Look at Things

Ports	Prince Rupert	Vancouver	Montreal	Halifax
Port Framework Agreement	✓	✓	✓	✓
Terminal Operator Service Level Agreement (SLAs)	✓	✓	✓	✓
Daily scorecard	✓	2/3	✓	✓
Daily Conference Call	✓	✓	✓	✓
Vessel Data Sharing (EDI Transfer)	✓	1/3	✓	✓



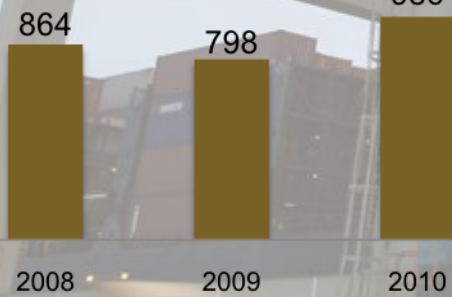
Supply Chain Agreements with Ports/Terminals

CN Carloads
(thousands)



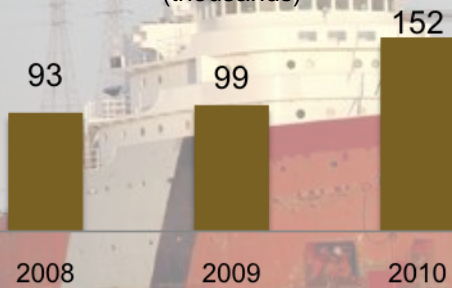
Growth in West Coast Grain

CN Units
(thousands)



Growth in Overseas Shipping

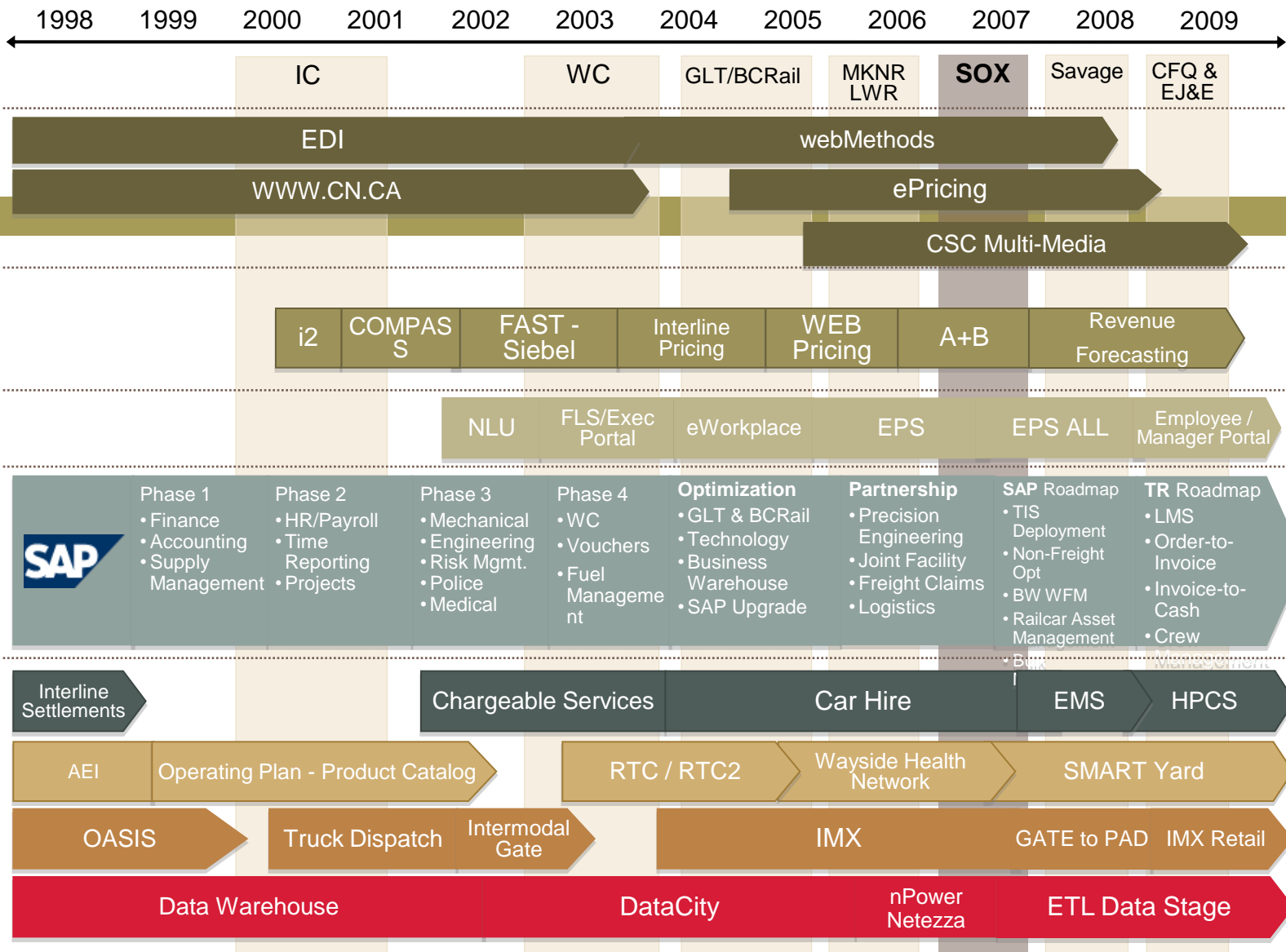
CN Carloads
(thousands)



Growth in Coal Exports




Emerging Success Stories



IT Enables Innovation





COAL LOGISTICS SYSTEM

Port

Pile	On Hand	Max	Enroute West Of		
			Ter	Prg	Other
RTI					
Trend	7500	120000	0	0	0
Coal Valley	1475	120000	0	0	0
Obed	80000	200000	0	0	0
Cheviot	80000	120000	0	0	0
Kamloops	120000	400	0	0	0
Teck	10000	80000	0	0	0
Tumbler	12000	200000	0	0	0
Falls	10000	80000	0	0	0

Pile	On Hand	Max	Enroute West Of		
			Kan	Jas	Other
Westshore					
GCC	21000	200000	0	0	0
Coal Valley	120000	120000	0	0	0
Obed	0	200000	0	0	0
Cheviot	0	170000	0	0	0

RAIL

Train	Last Reported	Time	Evt	ORIG 333	OPER CITY	LE	Car	SW	SE	DR
A41251-21	VERMILION	200807	TAPS	PRIGEORGE	COAVALLEY	E	1	0	1	0
A46051-23	NECHAKO	200808	TAPS	RIDLEY	PRIGEORGE	E	2	1	1	0
C72251-23	MCBRIDE	200808	TAPS	DECKER	PRIRUPERT	L	120	40	70	1
C73151-23	BASQUE	200808	TAPS	CORBEN	NYVANCOUVE	L	120	120	0	2
C75051-21	PRIGEORGE	200805	TAWO	RIDLEY	TUMBLER	E	87	0	80	1
C75851-22	FITZWILLI	200803	TAPS	RIDLEY	DALEHURST	E	120	0	100	1

Current Fleet Situation			Aging		
Leads	Empties	Total	>2 Hrs	>6 Hrs	>12 Hrs
Mine	200	200	400	400	400
Port	0	300	300	300	?
Spars	0	200	200	200	200
Staged	0	?	?	?	?
Stored	0	20	20	20	20
Train	200	700	1070	1070	1000
Yard	20	200	400	400	200
Total	707	1000	2400	2400	2000

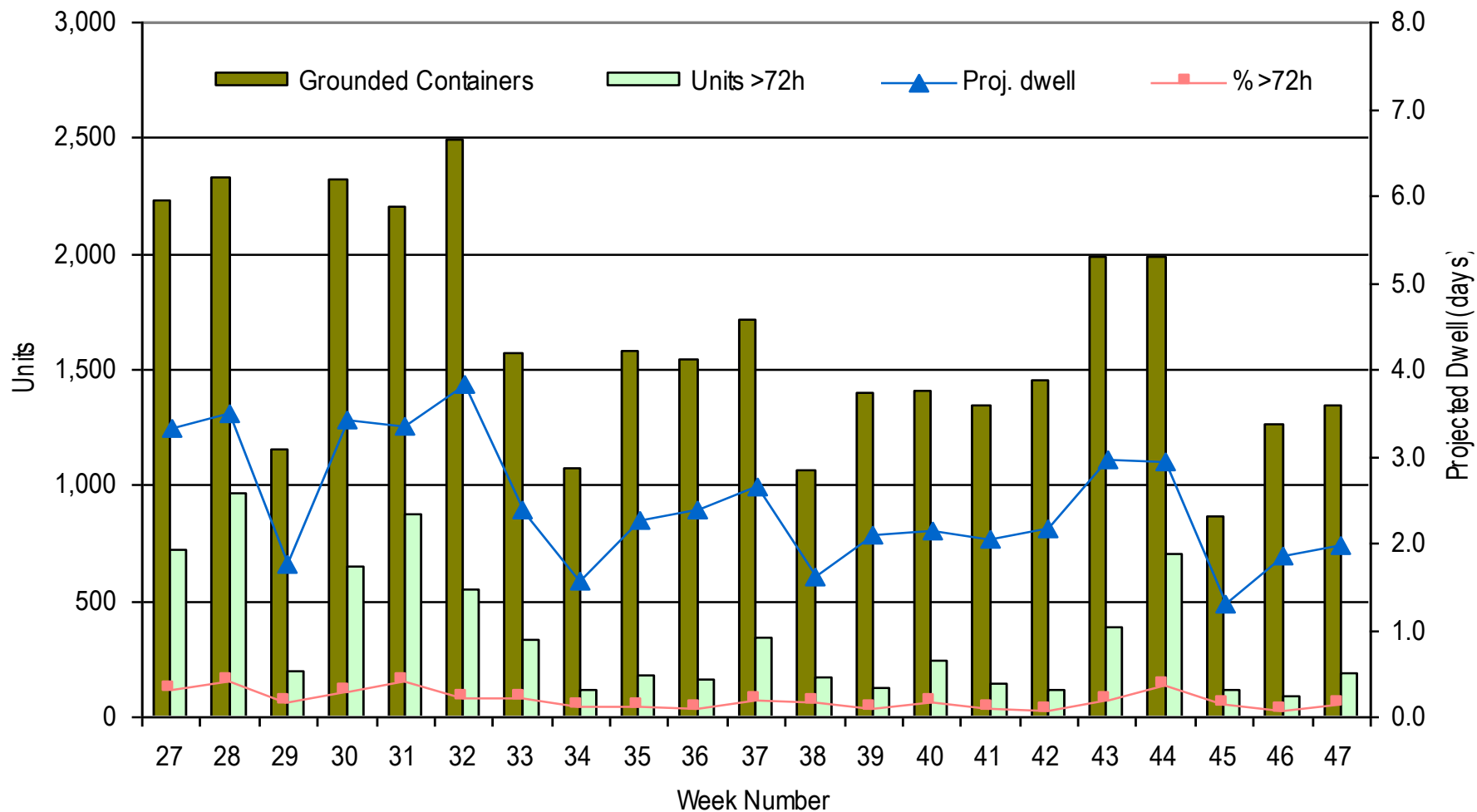
Mine

Mine	On Hand	Status	Volume Loaded Out			Empties
			24 Hrs	72 Hrs	7 Days	
Coal Valley	120000		0	27070	80000	200
Obed	120000		0	0	0	200
Cheviot	200000	Good	0	0	20000	200
GCC	80000	Max	0	0	20700	200
Trend	20000	Good	0	0	0	0
Tumbler	200000		0	12000	20000	87
Falls	80000		0	0	0	0
Teck	70000	Good	0	0	0	0



Bulk Supply Chains

2010 Deltaport Scorecard



Container dwell at port has decreased significantly



Pipeline*OnRail*

Low Cost, Low Risk Market Access



Rail Does Not Preclude Pipe

We're getting better at being green



34% reduction in
GHGs from 1990 to 2008



Significant environmental benefits

280

truck loads on a single
intermodal train



440

miles = 1 gallon of fuel



6x

less GHGs than heavy trucks



Total corridor fuel consumption = US gallon/ton

Prince Rupert (CN)

5.2 gallons

Vancouver (CN)

4.9 gallons

Seattle (UP)

6.6 gallons

Los Angeles (BNSF)

6.0 gallons

Chicago

- Canadian Rockies passage offers the lowest grade
- Rupert has the smallest above sea level elevation
- CN elevation route to Chicago generates the smallest fuel consumption and carbon footprint

Source: Independent Study from ICF International



Where you climb the Rockies becomes relevant



Dynamic
brakes

Low
idling

New engine
technologies

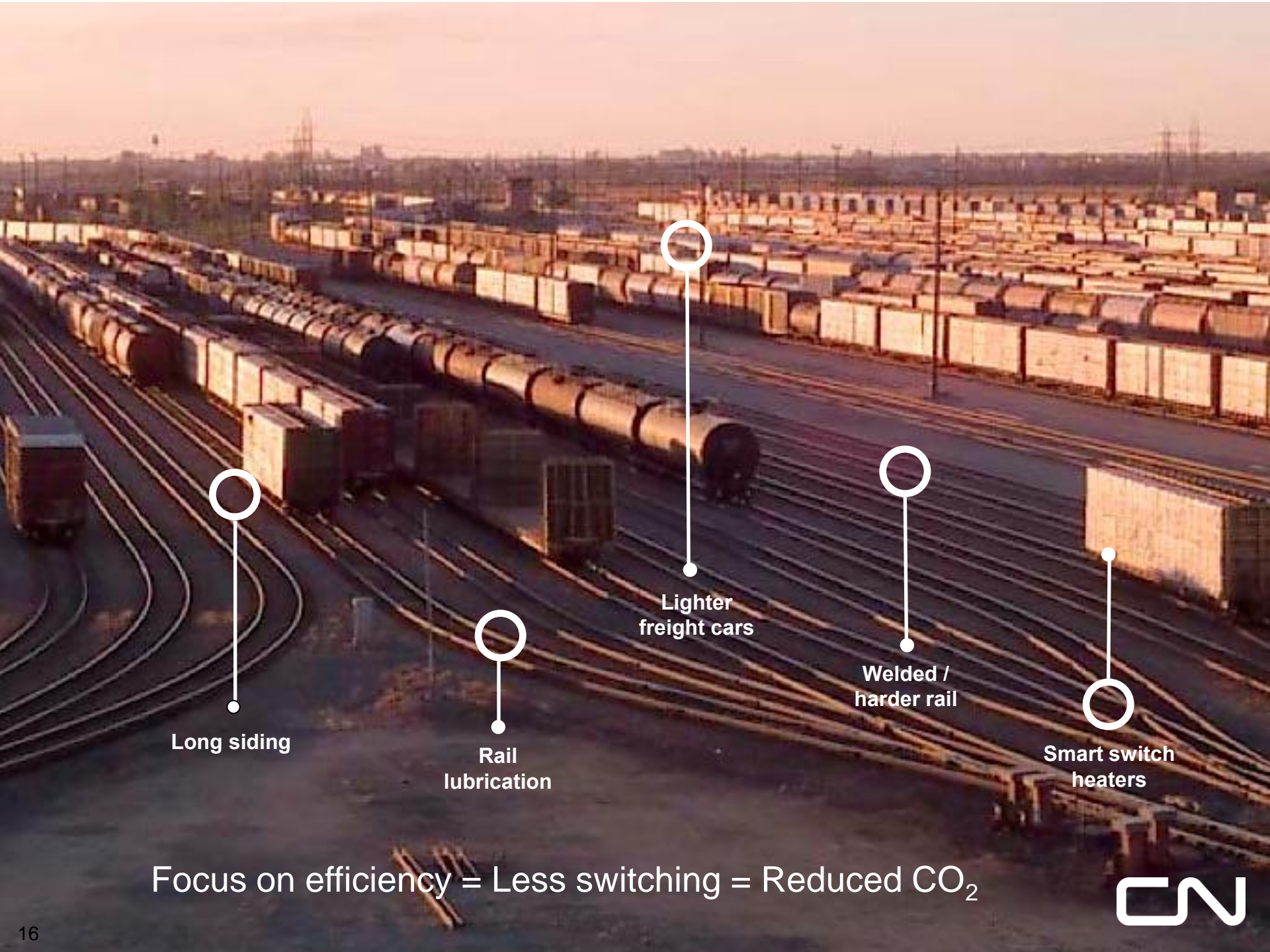
Rail / flange
lubrication

Throttle
control

Automatic
start / stop
devices

Distributed
Power

Better trains = Reduced CO₂



○
Long siding

○
Rail lubrication

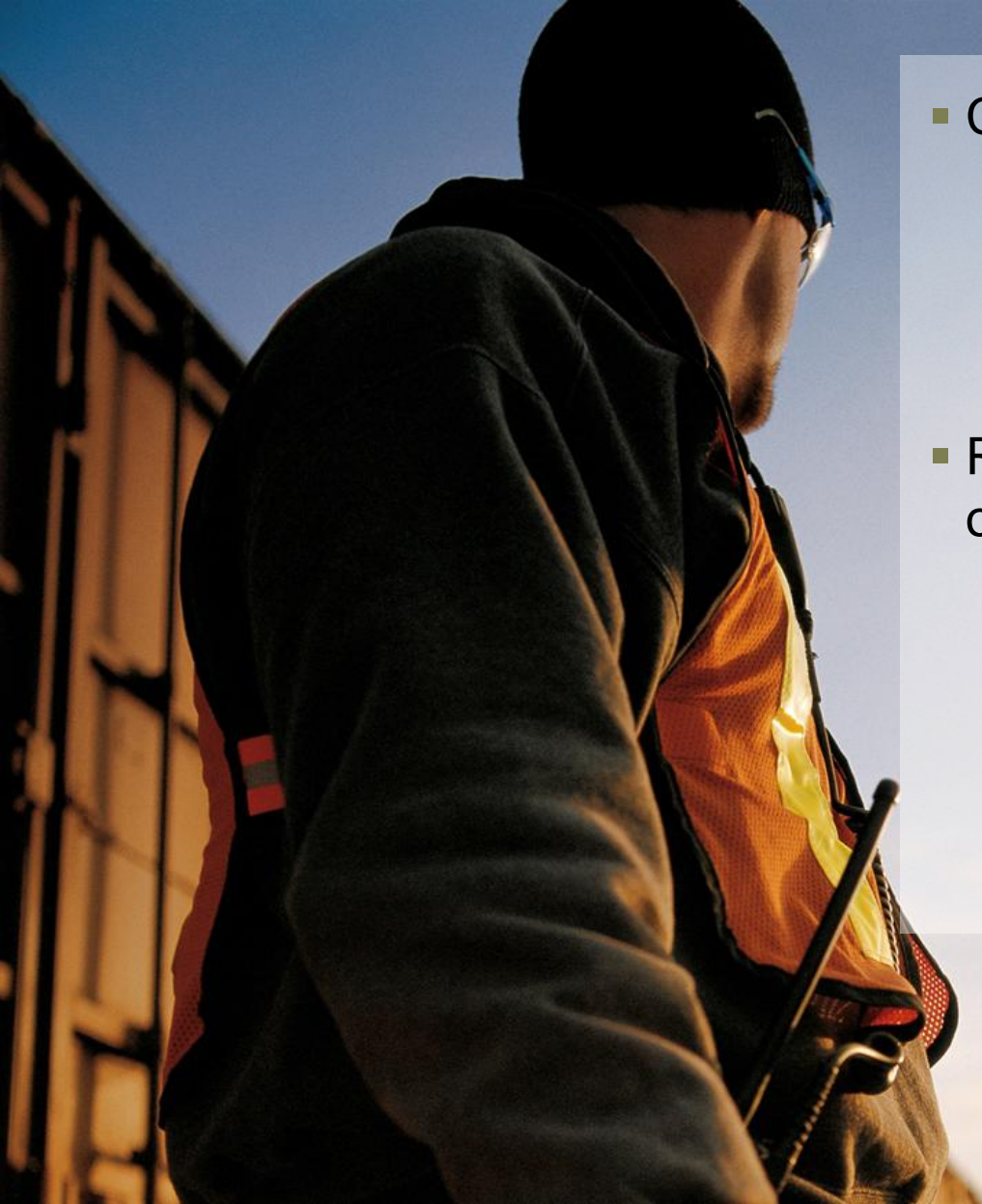
○
Lighter freight cars

○
Welded / harder rail

○
Smart switch heaters

Focus on efficiency = Less switching = Reduced CO₂





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



With an Unwavering Commitment to Safety



- Canada's world class inland infrastructure is a point of differentiation for Canadian importers and exporters
- Efficient supply chains create a competitive advantage for Canadian businesses competing in the global markets
- A deeper level of trust is imperative in order to support a collaborative approach to managing end-to-end supply chains
- Measurement and feedback are key to executing end-to-end with an eye on continuous sustainable improvement



In Summary