

March 17, 2006

Dear Customer,

Subject: Change in Optional Services Tariff Effective July 1, 2006

This is to advise you that, effective July 1, 2006, CN will be changing the provisions of the optional services tariff covering extended asset use (demurrage) as well as empty private railcar storage agreements for Edmonton and Sarnia yards.

We are implementing a new "**straight plan**" asset use program that is a much simpler and focused way of managing assets. The straight plan will improve asset utilization, simplify the reconciliation of invoices and reduce payment disputes. This straight plan will apply universally to all of our customers:

- In simple terms, customers will have one "**free day**" for the use of railroad equipment. This free day will begin at 00:01 (midnight) the day after the railcar is made available. After that, a fee will apply for the use of the assets. The daily per railcar fee is being reduced from the current \$75 per day to \$60 per day for railroad equipment and from the current \$50 per day to \$40 per day for private railcars.
- Customers using private railcars (loaded or empty), including those with private empty railcar storage agreements at Edmonton and Sarnia, will also join the straight plan program.
- Customers with assigned pools of railcars will retain four free days for use of the equipment before fees will apply. As we fine-tune the asset use program, the number of free days will be re-assessed.
- The fees for loaded railcars containing hazardous materials/dangerous goods will remain exactly the same as in the past.

Our Velocity eBusiness tool Demurrage allows you to monitor your asset use (demurrage) account status in real time. We suggest you subscribe to the service and use the tool to manage asset utilization on a more just-in-time basis.

Effective February 2007, you will receive bills weekly. As a result, your payment records will be more current and easier to reconcile. Our 30-30-30 guarantees will speed up invoicing and dispute resolution will continue to apply under the new weekly billing process.

Customers still shipping with an assigned pool of railroad equipment may want to consider some other options to avoid potential cost increases after July 1st, 2006:

- Switch over to our generic railcar fleet using the Guaranteed Car Order programme.
- Re-evaluate pool size and reduce it if possible.

The summary of revisions and amendments at the end of tariff CN 9000-G – Supplement 1 highlights all recent updates to the tariff and is available on our website at www.cn.ca/optionalservices. If you have questions or comments, please contact your Account Manager or CN's Account Development Group at 1-888-MOVIN CN.

Thank you for shipping with CN.

Sincerely,

James M. Foote
Executive Vice-President
CN Sales and Marketing