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September 30, 2004



BY HAND

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

ENTERED
Office of Proceedings

SEP 30 2004

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Public Record

Re: Finance Docket No. 34342, Kansas City Southern – Control – The Kansas City Southern Railway Company, Gateway Eastern Railway Company, and the Texas Mexican Railway Company

Dear Secretary Williams:

I have enclosed for filing in the above-captioned proceeding an original and 25 copies of Union Pacific Railroad Company's Additional Comments Pursuant to Decision No. 11 (UP-11), as well as a 3.5-inch disk containing the text of the filing in a format compatible with WordPerfect 9.0.

I have also enclosed one extra copy of the Additional Comments. Please date-stamp and return the extra copy to our messenger.

Thank you for your assistance.

Sincerely,

Michael L. Rosenthal

*Attorney for Union Pacific
Railroad Company*

Enclosures

cc: All Parties of Record

2/2/17

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Part of
Public Record

UP-11

BEFORE THE
SURFACE TRANSPORTATION BOARD

Finance Docket No. 34342

KANSAS CITY SOUTHERN
- CONTROL -

THE KANSAS CITY SOUTHERN RAILWAY COMPANY, GATEWAY EASTERN
RAILWAY COMPANY, AND THE TEXAS MEXICAN RAILWAY COMPANY



**UNION PACIFIC RAILROAD COMPANY'S
ADDITIONAL COMMENTS PURSUANT TO DECISION NO. 11**

Union Pacific Railroad Company ("UP") submits, pursuant to Decision No. 11, these Additional Comments in support of the narrowly crafted conditions proposed in UP's August 2003 Comments.

I. INTRODUCTION AND BACKGROUND

Kansas City Southern's ("KCS's") Application presented for the Board's consideration the "NAFTA Rail" transaction - KCS's plan to acquire control of both The Texas Mexican Railway Company ("Tex Mex") and Transportación Ferroviaria Mexicana ("TFM"). As the Board explained in Decision No. 2, when it required KCS to supplement its Application with additional evidence addressing the effects of the TFM acquisition, the Tex Mex and TFM transactions were "in reality ... two components of a single, larger transaction with broader potential implications in the U.S." Decision No. 2 at 11.

In October 2003, following a vote by shareholders of Grupo TMM, S.A. ("Grupo TMM"), the indirect controlling shareholder of TFM, that called into question both

components of the NAFTA Rail transaction, the Board suspended this proceeding at KCS's request.¹

KCS has now asked to restart the proceeding, and the Board again has before it the same transaction that was pending in October 2003. KCS still expects to acquire both TFM and Tex Mex. It expects to acquire TFM via the same "TFM Acquisition Agreement" that was described in the Application (KCS-3/TM-3) and discussed in KCS's Supplement to the Application (KCS-10/TM-10). And it has already purchased a controlling interest in Tex Mex via a new "Stock Purchase Agreement" that KCS acknowledges is "substantially the same" as the one presented in its Application.² As KCS has stated publicly, the new Stock Purchase Agreement "is a small step forward toward realizing our vision for NAFTA Rail," and "KCS is confident the TFM deal will take place."³

This proceeding therefore resumes exactly where the Board and the parties left it in 2003. The evidence filed by UP (set forth in UP-7A, UP-7B, and UP's response to NITL's Comments (UP-8)) and by shippers and other interested parties who are concerned about the potential anticompetitive effects of KCS's acquisition of Tex Mex and TFM remains equally applicable today. Likewise, the commitments KCS made to address those potential anticompetitive effects remain applicable.

KCS has made three sets of commitments in this proceeding to address competitive concerns raised by its acquisition of Tex Mex and TFM:

¹ KCS urged the Board to hold this proceeding in abeyance rather than dismiss it, because KCS believed that it was "likely to eventually be successful in acquiring control of TFM," and "through it, control of Mexrail and Tex Mex." KCS-20 (Sept. 30, 2003), p. 5.

² KCS Status Report (Aug. 16, 2004), p. 3.

³ *Rail Business* (Aug. 23, 2004), p. 8 (quoting Warren Erdman, KCS's Vice President of Corporate Affairs) (Exhibit 1 hereto).

- to administer the International Bridge at Laredo in a non-discriminatory manner;
- to keep the Laredo Gateway open on commercially reasonable terms; and
- to continue to support international service with BNSF and UP via the Laredo Gateway.⁴

The Board routinely imposes conditions holding applicants to representations such as these.⁵ The Board should follow that practice here, because KCS's commitments are a productive starting point for addressing the competitive concerns raised by the proposed transaction. Moreover, KCS has accepted the Board's jurisdiction to enforce those commitments, stating that it expects the Board impose such conditions.⁶

However, as UP explained in its Comments, more is required in this case because the transaction raises serious concerns regarding competition via the Laredo Gateway, which the Board has previously recognized as vital to U.S.-Mexico commerce. Well over 300,000 carloads of rail traffic move between the United States and Mexico via Laredo, all of it handled by TFM. UP-7B, Gray VS at 10-12 & Exh. E. UP thus asked the

⁴ See UP-7A at 10-11 & nn.3-6 (citing numerous manifestations of these three commitments).

⁵ *CSX Corp. & CSX Transp., Inc., Norfolk Southern Corp. & Norfolk Southern Ry. – Control & Operating Leases/Agreements – Conrail Inc. & Consolidated Rail Corp.* (“Conrail”), 3 S.T.B. 196, 387 (1999); *Canadian National Ry., Grand Trunk Corp., & Grand Trunk Western R.R. – Control – Illinois Central Corp., Illinois Central R.R., Chicago, Central & Pacific R.R., & Cedar River R.R.* (“CN/IC”), 4 S.T.B. 122, 187 (1999); *Canadian National Ry., Grand Trunk Corp., & WC Merger Sub., Inc. – Control – Wisconsin Central Transp. Co., Wisconsin Central Ltd., Fox Valley & Western Ltd., Sault Ste. Marie Bridge Co., & Wisconsin Chicago Link, Ltd.* (“CN/WC”), STB Finance Docket No. 34000 (Decision No. 10, served Sept. 7, 2001), p. 28; *Canadian National Ry. & Grand Trunk Corp. – Control – Duluth, Missabe & Iron Range Ry., Bessemer & Lake Erie R.R., & The Pittsburgh & Conneaut Dock Co.*, STB Finance Docket No. 34424 (Decision No. 7, served Apr. 9, 2004), p. 24 (imposing condition requiring adherence to representations, including commitment to maintain open gateway).

⁶ See pages 8 and 15, below.

Board to require KCS to negotiate agreements that would implement its commitments in a meaningful and enforceable manner, and to remain available to resolve disputes in the event that affected parties were unable to reach agreement within a reasonable period of time.⁷

As we explain in these Additional Comments, nothing has changed during the one-year hiatus in this proceeding to reduce the need for two narrowly-crafted conditions that would implement KCS's commitments and assuage the competitive concerns raised by UP and others.

First, as we explain in Section II, the Board should require KCS to negotiate a new protocol that would implement in a meaningful way KCS's commitment to operate the Laredo Bridge in a neutral and non-discriminatory manner. Such a condition is necessary to avoid potential anticompetitive effects that would flow from KCS's acquisition of Tex Mex alone – whether or not KCS ever acquires control of TFM.

Second, as we explain in Section III, the Board should require that, if and when KCS gains control of TFM, it negotiate in good faith concrete arrangements that would implement its commitments to keep the Laredo Gateway open on commercially reasonable terms and continue to work with UP on efficient UP-TFM services. This condition is necessary to prevent KCS's control of TFM from interfering with shippers' access to efficient and competitively-priced UP-TFM interline transportation via the vital Laredo Gateway.

As we explain in Section III(D), moreover, there is a significant new example of government action in a similar context that supports the need for, and appropriateness of,

⁷ UP-7A at 12, 86-88, 90-105.

Board-imposed conditions aimed at protecting competition via the Laredo Gateway. In July 2004, the Canadian Competition Bureau announced that it had entered a Consent Agreement in connection with Canadian National Railway Company's ("CN's") acquisition of British Columbia Rail ("BC Rail"). That agreement was designed to implement in a measurable manner CN's commitments to keep the Vancouver gateway open for shippers served by BC Rail that had benefited from interline routes via Vancouver involving The Burlington Northern and Santa Fe Railway Company ("BNSF"), Canadian Pacific Railway Company ("CP") and UP. The Bureau demanded this relief because the transaction "raised serious competition issues" and CN's unilateral commitment to keep the gateway open provided an insufficient remedy.⁸ KCS's proposed NAFTA Rail transaction raises even more serious competitive issues and thus presents an even stronger case for government action to preserve existing competition.

II. THERE IS STILL A NEED FOR THE BOARD TO IMPOSE A CONDITION ADDRESSING THE TEX MEX COMPONENT OF THE NAFTA RAIL TRANSACTION

Because KCS's acquisition of a controlling interest in Tex Mex is a certainty (having already been completed, with the acquired shares placed into voting trust), we begin with that component of the NAFTA Rail transaction. As UP demonstrated in its August 2003 Comments, KCS's acquisition of Tex Mex alone – even if KCS were never to gain control of TFM – will cause competitive harm unless the Board imposes a condition

⁸ Canadian Competition Bureau, "Backgrounder: Competition Bureau Obtains Remedies in BC Rail Merger" (July 2, 2004) ("Competition Bureau Backgrounder") (Exhibit 8 hereto).

addressing KCS's new control over the vital International Bridge at Laredo. UP-7A at 55-58, 101; UP-7B, Barkley VS.⁹

The Need for Board Action

KCS's acquisition of Tex Mex would give it control over the northern half of the International Bridge, and thus operational control over all UP-TFM traffic moving through Laredo. See UP-7B, Barkley VS at 3-4 & Exh. A (map of Laredo Bridge). KCS control would be a significant change. Today, Tex Mex may have an incentive to use its control of the Bridge to favor traffic moving over its system instead of UP's, but it is not able to act on that incentive because it is controlled by TFM, which has in the past stepped in to ensure efficient use of the Bridge by UP-TFM traffic. UP-7A at 55-58; UP-7B, Barkley VS at 4-11. When TFM relinquishes control of Tex Mex to KCS, UP and its customers will no longer be able to rely on TFM's influence to ensure that the Bridge is operated in a fair and efficient manner. UP-7B, Barkley VS at 10-11.

Neither the 1951 agreement between UP and Tex Mex governing the Bridge nor the series of "protocols" agreed to over the years among UP, Tex Mex, and TFM will preclude KCS from exercising its control over the northern half of the Bridge in a manner that could adversely affect competition. As UP witness Barkley explained, KCS could readily interpret and apply these agreements in a manner that may appear superficially even-

⁹ UP also demonstrated that essentially no benefits would flow from KCS's control of Tex Mex. All of the supposed benefits identified by KCS in its Application were in fact already in the process of being implemented with or without KCS control. UP-7A at 58-63. Further progress since the fall of 2003 makes this even more clear. For example, in April 2004, KCS announced that it had completed implementation of its MCS system on Tex Mex. See *KCS News*, "Seamless MCS Implementation on Tex-Mex" (Apr. 7, 2004) (Exhibit 2 hereto).

handed but would significantly restrict UP-TFM traffic – especially in today’s capacity-constrained environment. UP-7A at 55-58, 101 n.170; UP-7B, Barkley VS at 8-14.

UP’s Narrowly-Tailored Condition Proposal

The appropriateness of a Board-imposed condition to address the effects of KCS control of the Bridge should not be controversial. Throughout this proceeding KCS has repeatedly committed to treat UP-TFM traffic fairly at the Laredo Bridge following its acquisition of Tex Mex. *See* UP-7A at 11 & n.3. UP demonstrated, however, that those commitments by themselves are not adequate – in large part because the existing agreements and protocols cannot prevent KCS from using its control over the Bridge to disadvantage UP-TFM routings. UP-7B, Barkley VS at 14-18. For the same reason, KCS’s promise in the new Stock Purchase Agreement to comply with “existing written contracts and protocols known to KCS which govern [the] use and operation [of the Laredo Bridge]” provides no meaningful protection.¹⁰ The new contract provision adds nothing to KCS’s prior commitments, which were themselves inadequate because the current agreements and protocols are not sufficiently precise.

As a result, it remains essential that the Board impose a narrowly crafted condition that would implement in an effective and workable manner KCS’s commitment not to use its control of the Bridge to disadvantage traffic for which shippers have selected UP-TFM routings. UP’s proposal is narrowly tailored to achieve this objective: it would merely require KCS to negotiate in good faith over a new protocol that would satisfy the reasonable criteria spelled out in UP’s prior Comments, backed by the Board’s power to

¹⁰ *See* Stock Purchase Agreement, § 5.1 (appended to KCS’s August 16, 2004 Status Report).

resolve disputes if the parties fail to agree. UP-7A at 101-03; UP-7B, Barkley VS at 14-18.¹¹

KCS has no legitimate basis for objecting to such a condition. Among its commitments in this proceeding is its undertaking to negotiate in good faith with UP to “develop new dispatching protocols.” See UP-7A at 11 n.3 (citing KCS-11/TM-11). KCS has also accepted that the Board should impose a condition holding KCS to its commitments regarding the Laredo Bridge. UP-7A, Exh. 2 (Applicants’ July 21, 2003 Letter).

Moreover, at the July 2003 hearing in this proceeding, KCS made much of the fact that it was already “in private negotiations with UP to adopt new bridge protocols,” and would be prepared to have the Board mediate the issues if the parties failed to reach agreement. Hearing Tr., July 31, 2003, p. 6 (statement of Michael Haverty). Mr. Davies reiterated this point and added that KCS expected to reach agreement with UP on new protocols assuring neutral operation of the bridge. *Id.*, p. 80. At the time, UP also expected to reach an agreement promptly.

Despite its seeming acquiescence in a condition along the lines UP has proposed, KCS nevertheless complains that the Board should not require it to negotiate a new protocol with UP. KCS characterizes any condition requiring an agreement as the “STB put[ting] a gun to KCS’ head,” forcing it to “acquiesce to UP’s views.” Hearing Tr. at

¹¹ Contrary to KCS’s suggestion (KCS-18A/TM-17A at 119-20), it would not be sufficient for the Board to rely on its “post-transaction” authority to address problems with Bridge operations if and when they arise. Although Board oversight and the retention of authority to hear complaints certainly has a role to play, it would not provide an effective means of ensuring that day-to-day operations remain efficient and non-discriminatory. It would be far more efficient and effective for the parties to reach agreement on an appropriate protocol to govern Bridge operations that would effectively prevent abuse from occurring in the first place, thereby obviating the need for future Board intervention.

74 (Statement of Gerald Davies). However, a condition requiring the parties to negotiate, backed up by the Board's authority to resolve any disputed issues if the parties fail to agree, would not be a "gun" at either party's head – unless that party expected the Board to act in an unreasonable and overreaching way. UP certainly has no such expectation. UP is optimistic that a fair and workable agreement could be reached if both parties were motivated to negotiate in good faith. If an agreement cannot be reached on all of the particulars of a new protocol, UP would expect the Board to establish terms that reflected a reasonable means of achieving the objectives of a new Bridge protocol. KCS has nothing to fear from this Board.

On the other hand, UP is quite concerned that unless the Board requires KCS to negotiate in good faith over a new protocol, and then also stands ready to resolve disputed issues if the parties fail to agree, KCS will lack sufficient motivation to reach any agreement at all, and its commitments will prove entirely hollow. Events subsequent to KCS's optimistic report to the Board at the July 2003 hearing demonstrate that this concern is well founded. As of the date of that hearing, the parties had exchanged proposals and met to discuss a new Bridge protocol, and shortly thereafter UP followed up on those discussions by forwarding a revised proposal. However, KCS never responded to UP's proposal, either in the period prior to TFM's repurchase of Mexrail stock in late August 2003, or in the month and a half since KCS reached its new agreement to buy Tex Mex. *See* accompanying Verified Statement of John Rebensdorf. A Board-imposed condition would provide the incentive that KCS apparently needs to negotiate with UP over a new protocol that would ensure the efficient future operation of the Bridge once it comes under KCS control.

III. THE BOARD SHOULD NOT APPROVE THE APPLICATION WITHOUT IMPOSING A NARROWLY-TAILORED CONDITION THAT WOULD IMPLEMENT IN A REASONABLE, WORKABLE AND EFFECTIVE WAY, KCS'S COMMITMENTS RELATING TO TFM

The Board should also impose the narrow condition that UP proposed to address the anticompetitive effects of KCS's acquisition of TFM. Nothing has changed to alter the need for the Board to impose an appropriate condition that would implement the commitments KCS has made to preserve the competitiveness of UP-TFM interline transportation options via Laredo following KCS control of TFM.

A. The Transaction for Which KCS Seeks Approval Continues to Be Just One Component of KCS's Broader "NAFTA Rail" Transaction Involving Both Tex Mex and TFM

The one-year hiatus in this proceeding has not altered the fact that the transaction before the Board involves KCS's acquisition of control of *both* Tex Mex and TFM – KCS's "NAFTA Rail" vision.

As the Board is aware, the hiatus in this proceeding resulted from a vote by the shareholders of Grupo TMM rejecting the proposed sale of TFM to KCS. This vote was soon followed by TFM's exercise of its contractual right to reacquire the Mexrail shares that KCS had previously acquired and placed in voting trust. *See* Decision No. 9 at 3; Decision No. 11 at 2-3. Notwithstanding this setback, KCS announced in fall 2003 that it believed it had a binding and enforceable agreement to acquire TFM (and with it Tex Mex), that it would pursue all available avenues to enforce that agreement, and that it was confident that it would eventually succeed.¹²

¹² *E.g.*, KCS-20 (Sept. 30, 2003) at 5.

Although KCS's August 16 Status Report notifying the Board of its new agreement to acquire Tex Mex vaguely notes that the TFM acquisition "remains in litigation and negotiation,"¹³ in fact all indications are that the entire NAFTA Rail transaction is alive and moving forward.¹⁴ As Warren Erdman, KCS's Vice-President of Corporate Affairs explained to the press when the new Stock Purchase Agreement was announced, "KCS is confident the TFM deal will take place. . . . 'This is a small step forward toward realizing our vision for NAFTA Rail.'" ¹⁵

KCS's confidence stems from the fact that an arbitration panel found in KCS's favor, concluding that the TFM Acquisition Agreement remained in full force and binding on KCS and TMM despite the TMM shareholder vote. *See* KCS Status Report (March 23, 2004) (attaching arbitration award). Following that ruling, KCS and TMM stipulated that each would proceed to "discharge in good faith all of the obligations" under that agreement. *See* KCS Status Report (May 3, 2004), p. 2. As KCS reported, the parties have been acting in accord with that stipulation. *Id.*

Subsequent events confirm that the parties are moving forward to complete KCS's acquisition of TFM. First, KCS and TMM agreed to extend the deadline for KCS to

¹³ KCS Status Report (Aug. 16, 2003), p. 3 n.2.

¹⁴ UP is relying solely on information KCS has announced publicly because KCS was unwilling to produce in discovery *any* information about the status of the TFM transaction beyond that set forth in public documents and KCS's periodic "status reports to the Board." KCS objected to all UP discovery seeking information about the TFM transaction, on the grounds, *inter alia*, that "whether or not KCS acquired TFM is irrelevant" and that the Board's Decision No. 11 "limits KCS's responsibility to advise the Board with respect to the TFM transaction" to such information as KCS's chooses to include in its status reports. *See* KCS-21, KCS's Responses and Objections to UP's Fourth Set of Discovery Requests to Applicants (Sept. 8, 2004), Specific Objections to Request Nos. 1, et seq.

¹⁵ *Rail Business* (Aug. 23 2004), p. 8 (Exh. 1).

complete its acquisition of TFM to June 15, 2005. KCS Status Report (Sept. 17, 2004). Because no provision of the TFM Acquisition Agreement would have obligated TMM to grant this extension, TMM's willingness to do so is further confirmation that it still desires to sell TFM to KCS.¹⁶ Second, both KCS and TMM have jointly returned to the Mexican Foreign Investment Commission ("FIC") to renew their request for approval of KCS's acquisition of TFM, confirming that they are jointly committed to the transaction and have resolved their dispute "over whether the Acquisition Agreement remains in effect." As KCS reported in August 2003, the FIC would not reconsider the transaction until the KCS-TMM dispute was resolved.¹⁷

KCS's ability to complete its planned acquisition of TFM is not yet a certainty. As KCS reported in its most recent Status Report, the FIC recently rejected the new KCS-TMM application. KCS Status Report (Sept. 17, 2004). However, the FIC's action appears to be at most a temporary obstacle. KCS characterizes that rejection as "technical" in nature, stemming from a deadline by which FIC was required to act.¹⁸ Also,

¹⁶ The TFM Acquisition Agreement permitted either party to terminate the agreement if closing did not occur by December 31, 2004. Agreement § 9.1(a)(vi) (excerpts are Exhibit 3 hereto). (TMM filed this agreement with the SEC. See, e.g., http://www.sec.gov/Archives/edgar/data/1163560/000104746903014387/a2106983zex-10_25.htm). The arbitration award did not require TMM to extend this deadline. It merely held that the agreement remained binding "according to its terms." Arbitration Award (attached to KCS March 23, 2004 Status Report).

¹⁷ KCS News, "Special Employee Update" (Aug. 28, 2003) (Exhibit 4 hereto); Decision No. 11 at 2.

¹⁸ As reported in the *Kansas City Star* on September 17:

"Mexico's Foreign Investment Commission was facing a Wednesday deadline on Kansas City Southern's application to acquire a majority stake in Grupo TFM, said Warren Erdman, Kansas City Southern's vice president of corporate affairs. Had the commission

(footnote continued ...)

KCS has announced that it and TMM are working with the FIC and believe they are “close to an agreement to resolve these matters.”¹⁹ KCS and TMM both remain “confident that they can ultimately obtain approval of the transaction.”²⁰

B. KCS Control of TFM Continues to Pose a Severe Threat to Effective Competition Via the Laredo Gateway

In its August 2003 Comments, UP demonstrated that KCS’s acquisition of TFM would have significant anticompetitive effects for huge volumes of cross-border traffic moving between the United States and Mexico via the Laredo Gateway. KCS competes with UP for a majority of the Laredo cross-border traffic via its own network as well as in cooperation with its interline partners (*see* UP-7B, Gray VS at 24-25 & Exh. J), and once it controls TFM, KCS will have both the incentive and ability to degrade UP-TFM competitive options to the disadvantage of shippers and U.S.-Mexican commerce. UP-7A at 34-55, 58-85; UP-7B, Gray VS, Hausman VS.

UP also demonstrated that the Board has jurisdiction and authority to address these effects in this case for several reasons: the TFM acquisition is part of the transaction at issue in this case; KCS will exercise its control over TFM *in this country*; and KCS’s ability to manipulate TFM participation in interline UP-TFM rate and service offerings will

(... footnote continued from previous page)

allowed the deadline to pass, the application would have automatically been approved, Erdman said.

“Kansas City Southern and TMM are negotiating with the commission to resolve any outstanding issues, Erdman said.

“‘It’s definitely a technical denial of the application,’ he said. ‘But we will file for that reconsideration, and TMM is supporting that filing.’”

See Exhibit 5.

¹⁹ KCS-Grupo TMM Press Release (attached to KCS Sept. 17, 2004 Status Report).

²⁰ KCS Status Report (Sept. 17, 2004).

adversely affect the competitive routing options of shippers *in this country*. UP-7A at 14-34.

In addition, conditioning KCS's control of Tex Mex and TFM to preserve effective two-railroad competition via the Laredo Gateway is essential to effectuate the relief ordered by the Board in the *UP/SP* merger proceeding. KCS has affirmatively relied on this Board's objective to "ensure effective competition for NAFTA traffic" in support of its Application. KCS-3/TM-3 (May 13, 2003) at 56 (quoting UP/SP Decision No. 44 at 149). In *UP/SP*, the Board concluded that effective two-railroad competition north of the U.S.-Mexico border provided vital benefits for U.S. shippers – despite the fact that a single Mexican railroad connected with both U.S. carriers – and it thus granted Tex Mex extensive trackage rights to preserve its competitive role. As UP pointed out in its Comments (UP-7A at 35-37), the same objective requires the Board to take action here – via conditions on the newly-combined KCS/Tex Mex – to preserve effective UP-TFM competition via Laredo. Were the Board instead to stand idle while KCS acquired unfettered control of TFM – thereby gaining the power to cause TFM to disengage (subtly or overtly) from effective cooperation with UP on all of the vital rate and service parameters of competitive interline rail transportation – it likely would lose forever the ability to preserve meaningful competition for traffic moving via Laredo.²¹

²¹ If the Board concludes that there is no need to protect rail competition for cross-border traffic in this case, it will have removed all justification for a continuation of Tex Mex's trackage rights. UP-7A at 37.

C. UP's Proposed Condition Is Appropriate and Reasonable

The appropriateness of a Board-imposed condition addressing the adverse effects of KCS's acquisition of control of TFM should not be any more controversial than one addressing the Laredo Bridge.

First, KCS has repeatedly committed in this proceeding that it will use its control of TFM – if and when acquired – to keep the Laredo Gateway “open on commercially reasonable terms” and to ensure that TFM continues to work with UP on cross-border traffic. As KCS's Gerald Davies stated to the Board at the hearing last July, “[w]e've given that commitment [to keep gateways open] over, and over, and over, and over again.” Hearing Tr. (July 31, 2003), p. 76.

Second, KCS has also acknowledged that a Board condition addressing this matter would be appropriate. As Mr. Davies explained at the July 2003 hearing: “I fully expect as you go through your deliberations that you will *impose a requirement* that the gateways be kept open on commercially reasonable terms, *and that's acceptable to us.*” *Id.* at 80 (emphasis added). There is thus no serious question about the appropriateness of addressing in this proceeding the manner in which KCS controls TFM – KCS's own commitments have opened that door.

In light of these KCS positions, UP believes that only two questions properly remain for the Board to decide: (1) when to impose a condition that effectively implements KCS's commitments; and (2) the precise form of such a condition.

A Condition Should Be Imposed Now

UP believes that the best time to impose a condition is now, upon the Board's approval of KCS's acquisition of control of Tex Mex. As we have demonstrated, the one-

year hiatus in this proceeding has not brought any change in the basic transactional facts: KCS still expects to acquire TFM pursuant to the same TFM Acquisition Agreement described in the original Application, and KCS has again acquired from TFM a controlling interest in Mexrail, which it has (again, like in 2003) placed into a voting trust.

That being said, UP is not proposing that any condition relating to TFM become effective immediately. Rather, such a condition should become effective only if and when KCS acquires control of TFM.²² This would save the parties and the Board the burden of attempting to work out the details of an arrangement to preserve competition via the Laredo Gateway until the need for such a condition arises. The Board should require that KCS continue to report on the status of the TFM transaction, and that the Board-imposed conditions to implement KCS's Laredo Gateway commitments will become effective immediately upon KCS's acquisition of control.²³

²² There is nothing unusual about conditions that would spring into effect upon the occurrence of specified events. For example, the STB routinely reserves jurisdiction to impose appropriate conditions in light of subsequent events. *See, e.g., Conrail*, 3 S.T.B. at 365; *CNIC*, 4 S.T.B. at 161; *see also* 49 C.F.R. § 1180.1(g). Similarly, the Board's new Class 1 merger rules expressly require parties to propose contingent obligations that would become binding only under certain circumstances. *See* 49 C.F.R. § 1180.6(b)(11).

²³ Alternatively, as UP explained in September 2003, if the Board chooses to defer a decision on the effects of KCS control of TFM until such control is certain, it should hold this docket open and require that KCS assent to continued Board jurisdiction and provide advance notice of its acquisition of control of TFM so that the Board will have an opportunity to issue a supplemental order addressing conditions needed to address the TFM aspects of the NAFTA Rail transaction. *See* UP-8 at 7 n.13.

UP's Narrowly-Tailored Condition Proposal

The nature of the condition UP seeks should likewise be uncontroversial at this stage of the proceeding.²⁴ UP seeks a very narrowly-tailored condition requiring KCS to negotiate in good faith to develop an effective and enforceable mechanism for implementing its commitments to keep the Laredo Gateway open on commercially reasonable terms and to continue to support UP-TFM service via the Laredo Gateway. UP-7A at 86-88, 90-100.²⁵ Although the Board should articulate the broad parameters for an appropriate implementing arrangement that would assure TFM's continued cooperation on rates and services in connection with viable UP-TFM interline services – along the lines UP outlined in its Comments – the Board need not address all of the particulars of such a mechanism at this time.²⁶ If the parties are able to reach agreement, the Board will not have to address all of those details. Nor would there be any need to address KCS's spurious assertions about the jurisdictional and other limits on the Board's ability to act with respect to cross-border rail transportation.

²⁴ UP demonstrated that the agreement between KCS and NIT League does not meaningfully address the impacts of the transaction on competition via the Laredo Gateway, and would in fact function to undermine that competition by precluding TFM from working with UP on rate and service offerings following KCS control. *See* UP-8 at 8-18.

²⁵ As UP explained, such a condition should also address the potential that KCS could adversely affect the efficiency of UP-TFM services by manipulating TFM's willingness to cooperate with UP for certain movements – such as empty returns – via the less-crowded Brownsville Gateway. *See* UP-7B, Gray VS at 32; Barkley VS at 3, 13.

²⁶ The Board routinely leaves the details of its conditions to be worked out by the parties through negotiation. *See* UP-7A at 87 n.131. In the *Conrail* case, for example, the Board instructed the parties to reach agreement implementing several conditions, including (a) the “East of Hudson” condition, which the Board imposed in a manner that left to the parties whether to implement it through haulage or trackage rights or perhaps some other agreed mechanism, and (b) the requirement that the parties negotiate “arrangements” with shortlines that “ha[ve] the effect” of avoiding expansion in the scope of “blocking provisions.” *Conrail*, 3 S.T.B. at 388-90 (Conditions 28 and 39).

On the other hand, if the parties are unable to reach agreement, the Board must be available to resolve their disputes and impose an appropriate arrangement that preserves competition via the Laredo Gateway. At that stage, the Board would have ample opportunity to consider whatever arguments KCS wished to make about the limits of the Board's powers. As discussed above, this backstop role does not mean that KCS would be negotiating with a "gun to its head." KCS certainly must recognize that the Board would not impose unreasonable terms on KCS. KCS's preferred approach – under which it would be completely free to interpret and apply its vague commitments however it pleases – is clearly unacceptable.

D. The Canadian Competition Bureau's Recent Actions With Respect to the CN-BC Rail Acquisition Provides an Important Example Supporting Board Action Here

During the hiatus in this proceeding, the Canadian government considered the competitive effects of CN's proposed acquisition of BC Rail. The Canadian Competition Bureau's resolution of that investigation – a conclusion that measurable remedies should be put in place to preserve competition via an important rail gateway – provides an important example of government action in similar circumstances that supports Board action in this case.

The CN-BC Rail transaction raised competitive issues somewhat similar to those at issue here, although the BC Rail interchange at Vancouver gateway pales in comparison with the TFM interchange at Laredo. In that case, CN was (like KCS here) acquiring a railroad that (like TFM) provided the only efficient rail transportation alternative for many shippers – although the volume of forest products and other traffic served by BC Rail is but a small fraction of the cross-border rail traffic to and from the industrial heartland

of Mexico that is reached by TFM's network and traverses the Laredo Gateway.²⁷

According to the Competition Bureau, it "carefully considered the implications this transaction would have on competition"²⁸ and negotiated the consent agreement in order to "preserve competition for interline transportation of lumber, and other commodities."²⁹

The Bureau's conclusions are consistent with UP's position in this case. It found that the "transaction raised serious competition issues" with respect to "rail interline transportation of commodities, such as lumber, between the BC Rail territory and various markets throughout North America."³⁰ Describing those concerns, the Bureau explained:

"Shippers on the BC Rail line have been able to reach various markets in North America by routing their traffic through CN at Prince George or through Canadian Pacific Railway Company, Burlington Northern and Santa Fe Railway Company or Union Pacific Corporation in Vancouver. *Maintaining these competitive options was a major concern for the Bureau.*"³¹

When it announced its acquisition of BC Rail, CN made a unilateral "Open Gateway Rate and Service Commitment" – similar to KCS's commitments in this

²⁷ In 2002, BC Rail interchanged less than 62,000 carloads with all carriers at all interchange points, and only 25,000 of those loads were interchanged with carriers other than CN. See "*Fairness Evaluation of the Restructuring of the BC Rail Freight Division*," Charles River Associates Report of Findings (Dec. 11, 2003), p. 40 (excerpts are Exhibit 6 hereto). This compares to well over 300,000 carloads of traffic moving between TFM and its connections at Laredo. See page 3 above.

²⁸ Canadian Competition Bureau, Press Release (July 2, 2004) (Exhibit 7 hereto). The Competition Bureau described its investigation as follows: it "conducted a comprehensive merger review to determine the competitive effects of this very complex transaction. The Bureau contacted market participants and gathered information from a wide range of sources, including shippers with facilities located on or near the BC Rail network, reload operators performing truck-rail movements, competing railways and other stakeholders." Competition Bureau Background, p. 1 (Exh. 8).

²⁹ Canadian Competition Bureau, Press Release (Exh. 7).

³⁰ Competition Bureau Background, p. 1 (Exh. 8).

³¹ *Id.* (emphasis added).

proceeding – that it would preserve “the option of routing traffic to other railways at the Vancouver gateway at lower average rates than those now charged by BC Rail.”³² The Competition Bureau correctly understood that this commitment would not suffice to preserve the competitive options via Vancouver unless implemented through concrete terms that would govern the merged railroad’s interactions with connections following its acquisition of BC Rail. The Bureau therefore insisted on supplanting CN’s unilateral promises with a formal Consent Agreement.

That agreement attempts to establish enforceable “open gateway” terms governing the important aspects – *i.e.*, rates, service and car supply – of CN’s cooperation with connecting carriers for traffic to/from the former BC Rail system following its acquisition of BC Rail.³³ The Bureau explained that “shippers will have direct access to competing rail carriers in Vancouver through the ‘open gateway’ arrangement,” that “CN will be required to publish rates for shipping on the BC Rail line to Vancouver, enabling connecting rail carriers to compete for long haul traffic,” and that “clear standards have been set to measure CN’s performance against its commitment to improve the transit times achieved by BC Rail.”³⁴ The Bureau also emphasized that the agreement contains provisions ensuring that CN would continue to supply cars for interline shipments. Thus,

³² CN Press Release, “CN Announces Partnership with BC Rail” (Nov. 25, 2003) (Exhibit 10 hereto). As CN also explained when it entered the consent agreement with the Competition Bureau, “[t]he consent agreement, filed with the Competition Tribunal today, builds on CN’s promise of last fall to share merger efficiencies with BC Rail shippers and assure them competitive transportation options through its Open Gateway Rate and Service Commitment.” CN Press Release, “CN Enters Consent Agreement with Canada’s Competition Bureau on BC Rail Partnership” (July 2, 2004) (Exhibit 11 hereto).

³³ A copy of the full Consent Agreement is included with these Comments at Exhibit 9.

³⁴ Canadian Competition Bureau, Press Release (Exh. 7).

“[s]afeguards have been added to ensure that shippers are not discriminated against through unfavourable car supply conditions for choosing competing carriers over CN for long haul transportation,” and the agreement provides that “[s]hippers will be allowed to order through CN additional cars from connecting carriers during times of car shortage and will continue to be able to lease additional cars as required.”³⁵

The details of the Canadian Consent Agreement are not necessarily suitable for the much larger Laredo Gateway, and UP therefore is not advocating that the Board impose precisely the same form of relief in this case.³⁶ Rather, as discussed above, UP proposes only that the parties be required to work out some effective way of implementing KCS’s commitments that preserves UP-TFM options on commercially reasonable terms and ensures that TFM continues to work with UP on traffic to/from Mexico. But the fact that the Canadian Competition Bureau insisted on more than CN’s “open gateway” commitments strongly confirms both the importance of preserving competition by keeping the Laredo Gateway open and the advisability of establishing a mechanism to accomplish that objective rather than merely relying upon the acquiring railroad’s expressed intention to “keep the gateway open.”

CONCLUSION

KCS’s commitments in this case provide a useful framework for resolving the competitive concerns posed by its proposed acquisition of control of Tex Mex, with its critically important International Bridge at Laredo, and of TFM, which provides vital access

³⁵ Competition Bureau Backgrounder, p. 2 (Exh. 8).

³⁶ Indeed, as one of the railroads that formerly connected (indirectly) with BC Rail at Vancouver, UP believes that the Bureau’s Consent Agreement is not as effective as it could be at preserving pre-merger competitive options.

to the industrial heartland of Mexico. However, KCS's voluntary compliance with those commitments will not adequately protect competition. KCS should be required, as a condition to approval of this transaction, to negotiate with UP and other interested parties concerning agreements that would implement KCS's commitments in an effective but reasonable way. If, but only if, such negotiations fail, the STB should impose appropriate implementing terms.

Respectfully submitted,

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Attorneys for Union Pacific Railroad Company

September 30, 2004

CERTIFICATE OF SERVICE

I, Michael L. Rosenthal, hereby certify that on this 30th day of September, 2004, I served a copy of Union Pacific's Additional Comments Pursuant to Decision No. 11 by hand on:

William A. Mullins
Baker & Miller PLLC
2401 Pennsylvania Avenue, N.W.
Washington, DC 20037

Richard H. Streeter
Barnes & Thornburg
750 Seventeenth Street, NW
Suite 900
Washington, DC 20006

and by overnight mail on:

W. James Wochner
Thomas J. Healy
Kansas City Southern
427 West 12th Street
Kansas City, MO 64105

Allan Van Fleet, Esq.
Vinson & Elkins
2300 First City Tower
1001 Fannin
Houston, TX 77002-6760

and by first-class mail, postage prepaid, or by a more expeditious manner of delivery on all other parties of record in Finance Docket No. 34342.


Michael L. Rosenthal

REBENS DORF

VERIFIED STATEMENT

OF

JOHN H. REBENS DORF

My name is John H. Rebensdorf. I am Vice President-Network Planning and Operations for Union Pacific Railroad Company ("UP"). I hold a Bachelor's Degree in Civil Engineering from the University of Nebraska and a Master's Degree in Business Administration from Harvard University. I began my railroad career in 1961 in the Mechanical Department of the Chicago, Burlington & Quincy Railroad Company, and between 1962 and 1967 I was employed in the Operating and Engineering Departments of the Chicago, Rock Island and Pacific Railroad Company. I joined Union Pacific Corporation in 1968. In 1971, I came to UP as Manager of Budget Research, becoming Assistant Controller in 1976, Assistant Vice President-Planning & Analysis in 1980, Assistant Vice President-Finance in 1984, Vice President-Strategic Planning in 1987, and Vice President-Network and Service Planning in 1998. I was appointed to my present position in 2003.

I am submitting this statement in support of UP's request that the Board require Kansas City Southern ("KCS") to negotiate a new protocol to implement KCS's commitment to operate the International Railroad Bridge at Laredo, Texas (the "Laredo Bridge") in a neutral and non-discriminatory manner. Stephen R. Barkley, UP's former Regional Vice President – Southern Region, has previously explained UP's concerns about the effect of KCS's proposed acquisitions on operations at the Laredo Bridge and UP's view of the terms necessary to ensure neutral and non-discriminatory operations. UP-7B, Barkley VS.

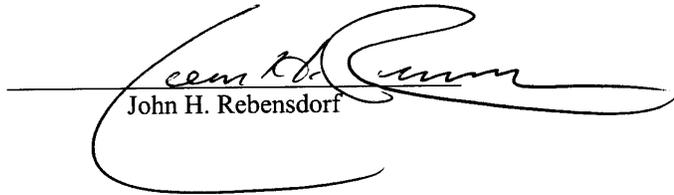
Shortly before the Board's July 2003 hearing in this matter, UP and KCS had exchanged draft proposals and met to discuss a new bridge protocol that would address UP's concerns and implement KCS's commitments regarding the Laredo Bridge. Messrs. Haverty and Davies referenced these negotiations in their presentations to the Board. Shortly after the hearing UP provided KCS with a revised proposal. However, KCS did not respond to UP's proposal (either orally or in writing) before the Board suspended the procedural schedule. Nor has KCS communicated with UP about a new Bridge protocol in the month and a half since it entered a new agreement to acquire Tex Mex and has asked the Board to reinstate the procedural schedule.

I understand that KCS has committed to negotiate in good faith new bridge protocols, but this issue is too important to rely on KCS's good faith. The Board should require the parties to develop a new protocol, and it should give the parties a strong incentive to reach a negotiated agreement by making clear that it will impose an appropriate arrangement if the parties cannot reach agreement.

AFFIRMATION

I, John H. Rebensdorf, declare under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file this statement.

Executed on September 8, 2004.


John H. Rebensdorf

EXHIBITS

1

TMM sells Tex Mex, KCS network reaches Mexico

Kansas City Southern (KCS) finalized a \$32.7 million (mn) purchase of the shortline **Texas Mexican Railway (Tex Mex)** from **Grupo TMM** August 16, raising expectations that the two companies may yet work out a deal to create the crossborder **NAFTA Rail** railroad.

The sale comes nearly a year after TMM stunned KCS by reneging on its original sale of Tex Mex to KCS, as part of efforts to back out of a May 2003 agreement to sell Mexico's largest railroad, **Transportation Ferroviaria Mexicana (TFM)** to KCS for \$412mn.

The TFM sale would have created a 6,000-mile NAFTA Rail system.

TMM, Mexico's largest transportation company, has been more amicable in relations after arbitration ruled the NAFTA Rail agreement still valid in March.

The Tex Mex sale extends KCS' network to the US-Mexico border. The sale is subject to STB approval, which is widely expected, and requires KCS to buy the remaining 49 pct of Tex Mex stock for \$31.4mn by Oct. 31, 2005.

"Upon approval, we will look to find ways to increase business on the Tex Mex and make it more profitable," said Warren Erdman, KCS vice-president of corporate affairs. KCS is confident the TFM deal will take place, he said. "This is a small step forward toward realizing our vision for NAFTA Rail," he said.

That assessment was shared by UBS rail analyst Rick Paterson in a report that stated the Tex Mex deal shows TMM is negotiating in good faith: "TMM would not have gone through with this transaction if its intent was to block the NAFTA rail deal."

This bullish assessment comes a week after speculation that TMM was inching out of the deal after strengthening its hand by successfully refinancing \$368mn in debt (RB, 8/16/04).

The debt swap simply buys TMM three or four more years to pay off the bonds, which by then will cost more than \$600mn with interest, Paterson said. "There's only one place they can get that sort of money, and that's by selling TMM. It's just simple mathematics," he said.

TMM won't get the money from a potential \$900mn tax rebate for TFM by the Mexican government. It is highly unlikely the Mexican government can come up with that amount, so what is expected is a swap of its 20-pct stake in TFM in place of the tax rebate. Of the remaining privately held shares in TFM, KCS owns 49 pct and TMM owns 51 pct.

Analysts estimate that even if TFM were to get \$900mn in cash from the Mexican government, TMM would not be able to extract enough, maybe as much as \$100mn, to pay off its debts.

A tax rebate/stock swap could occur in the next few months, Paterson said.

One railroad analyst is more skeptical than Wall Street's positive outlook. The peripheral Tex Mex line is not crucial to TFM operations, he said, noting that TMM can still get to the border at Laredo, Texas, where it can interline with all three carriers: UP, BNSF and KCS.

TMM quiet on future

TMM spokesman Brad Skinner said the sale of the 550-mile Tex Mex railroad does not signal momentum to sell the 2,600-mile TFM.

"I think that's premature. These are two separate issues," Skinner said. "We're all abiding by the arbitration agreement. We're all continuing to communicate. I think this is evidence that the companies are communicating, and, where it makes sense, agreeing on things."

The Tex Mex sale makes KCS a "stronger second U.S. rail carrier" to the border at Laredo, which benefits TMM, TMM Chairman Jose Serrano said in a statement announcing the deal.

Serrano agreed to the TFM sale as TMM chairman, but in his dual capacity as TMM's majority shareholder, three months later he rejected the deal, which KCS officials allege is a breach of contract.

Port of NY/NJ plans expansion of new Elizabeth terminal Express Rail

The Board of Commissioners for the **Port Authority of New York/New Jersey** has agreed to spend \$5 million (mn) to plan and design an expansion of the ExpressRail intermodal facility at the Elizabeth-Port Authority Marine Terminal.

The new intermodal facility will begin operation in September. The planned expansion would increase its rail infrastructure from 10 to 18 tracks. The authorization also will finance the design of a second lead track that would allow trains to arrive and depart the facility simultaneously.

The rail work at the Elizabeth terminal is part of a \$600mn program to develop dedicated rail facilities for the Port Authority's major container terminals.

2



April 7, 2004

Seamless MCS implementation on Tex-Mex

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The state-of-the-art Management Control System (MCS) was implemented last week on Tex-Mex with a transition that was virtually transparent to customers. The Tex-Mex version of MCS includes the same framework and basic functionality as the KCS version, and also includes components for transborder shipments including the Automated Manifest System for northbound shipments from Mexico to the U.S. and Despacho Previo for shipments crossing the border from the U.S. into Mexico. So far, the new Customs clearing process is working well and no major train delays have occurred.

"Tex-Mex is adapting well to the change," said Tex-Mex general manager, Jim Riney. "While employees are faced with a bit of a learning curve, now that the system is in place we're pleased that everything is working well and we're ready to capitalize on the benefits the system can provide."

"We are pleased with the ease of the transition and the anticipated benefits for our customers," said Dan Beers, TFM senior vice president intermodal, automotive and North American sales. It is anticipated that with the operating efficiencies gained with the system, the cost of capital will be realized within the first year following implementation.

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3

ACQUISITION AGREEMENT

by and among

KANSAS CITY SOUTHERN,
a Delaware corporation,

KARA Sub, Inc.,
a Delaware corporation,

GRUPO TMM, S.A.,
a *sociedad anonima* organized under
the laws of the United Mexican States,

TMM HOLDINGS, S.A. de C.V.,
a *sociedad anonima de capital variable*
organized under the laws of the United Mexican States,

and

TMM MULTIMODAL, S.A. de C.V.,
a *sociedad anonima de capital variable*
organized under the laws of the United Mexican States

DATED AS OF APRIL _____, 2003

ACQUISITION AGREEMENT, dated as of April 27, 2003 (this "Agreement"), by and among KANSAS CITY SOUTHERN, a Delaware corporation ("KCS"), KARA Sub, Inc., a Delaware corporation ("KARA Sub"), GRUPO TMM, S.A., a *sociedad anonima* organized under the laws of the United Mexican States ("UMS") ("TMM"), TMM HOLDINGS, S.A. de C.V., a *sociedad anonima de capital variable* organized under the laws of the UMS and a subsidiary of TMM ("TMMH") and TMM MULTIMODAL, S.A. de C.V., a *sociedad anonima de capital variable* organized under the laws of the UMS ("MM") and a subsidiary of TMMH (collectively, the "Parties").

WHEREAS, each of the Boards of Directors of KCS, TMM, TMMH and MM has approved and declared advisable the acquisition by KCS of all of MM's interest in GRUPO TRANSPORTACION FERROVIARIA MEXICANA, S.A. de C.V., a *sociedad anonima de capital variable* organized under the laws of the UMS ("GTFM") through (i) the purchase by KARA Sub from MM of all of the capital stock of GTFM held by MM (the "Stock Purchase"), (ii) the investment by MM in KARA Sub (the "Subsidiary Investment") and (iii) the merger of KARA Sub with and into KCS (the "Merger") upon the terms and subject to the conditions of this Agreement (collectively, the Stock Purchase, Subsidiary Investment and the Merger comprise the "Acquisition"); and

WHEREAS, certain of the Parties and other parties are entering into ancillary agreements (the "Ancillary Agreements," identified hereinafter) to carry out certain of the objectives of this Agreement and of the Acquisition.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE 1

STOCK PURCHASE

Section 1.1 Stock Purchase.

Upon the terms and subject to satisfaction or waiver of the conditions set forth in Article 8, at the Closing, KARA Sub shall purchase, acquire and receive from MM, and MM shall sell, assign, transfer, convey and deliver to KARA Sub, all GTFM Shares held by MM, consisting of 25,500 shares of Series "A" fixed capital stock of GTFM and 3,842,901 shares of Series "A" variable capital stock of GTFM (collectively the "GTFM Shares"), for the consideration described in Section 1.2 (the "Stock Purchase Price").

Section 1.2 Stock Purchase Price.

The Stock Purchase Price to be paid by KARA Sub to MM at the Closing for the purchase of the GTFM Shares shall be paid by the delivery of: (i) \$200 million, in immediately available funds, by wire transfer to the account designated by TMM to KCS at least three business days prior to the Closing Date (the "TMM Account"), provided, that KCS may, at its option, elect to pay up to \$80 million of such amount by delivering to MM a number of shares of

(i) TMM shall have received the consents of the holders of the 2003 Notes and of the 2006 Notes referred to in Section 5.5, provided that TMM shall have used its commercially reasonable efforts to obtain such consents; and

(j) TMM shall have received the release referred to in Section 7.15.

ARTICLE 9

TERMINATION

Section 9.1 Termination.

(a) This Agreement may be terminated prior to the Closing as follows:

(i) by written consent of KCS and TMM;

(ii) by KCS or TMM if any order of any Governmental Authority permanently restraining, enjoining or otherwise prohibiting the consummation of the Acquisition shall have become final and non-appealable or if any of the approvals of any Governmental Authority to perform the transactions herein, imposes any condition or requirement, the satisfaction of which is reasonably likely to result in either a KCS Material Adverse Effect or a GTFM Material Adverse Effect;

(iii) by KCS if any condition to the obligations of KCS hereunder becomes incapable of fulfillment through no fault of KCS and is not waived by KCS;

(iv) by TMM if any condition to the obligations of Sellers hereunder becomes incapable of fulfillment through no fault of Sellers and is not waived by TMM;

(v) by KCS if TMM shall have experienced a Change of Control, or by TMM if KCS shall have experienced a Change of Control; and

(vi) by KCS or TMM if the Closing does not occur by the close of business on or prior to December 31, 2004 (the "Termination Date"); provided, however, that the Termination Date may be extended by KCS and TMM by written agreement.

(b) The termination of this Agreement shall be effectuated by the delivery by the party terminating this Agreement to the other Parties of a written notice of such termination. If this Agreement so terminates, it shall become null and void and have no further force or effect, except as provided in Section 9.2.

Section 9.2 Survival after Termination.

If this Agreement is terminated in accordance with Section 9.1 hereof and the transactions contemplated hereby are not consummated, this Agreement and each Ancillary Agreement shall become void and of no further force and effect, without any liability on the part of any party hereto, except for the provisions of Sections 7.12, 12.5 and 12.11 and this Article 9. Notwithstanding the foregoing, nothing in this Section 9.2 shall relieve any party to this

Agreement of liability for a breach of any provision of this Agreement or any agreement made as of the date hereof or subsequent thereto pursuant to this Agreement.

ARTICLE 10

INDEMNIFICATION

Section 10.1 Survival of Representations, Warranties and Covenants; Exclusive Monetary Remedies.

(a) All representations and warranties in this Agreement or in any instrument executed and delivered in fulfillment of the requirements of this Agreement shall survive the Closing for the following periods of time following the Closing Date (in each case, the "Expiration Date"). The representations and warranties of the Sellers set forth in Sections 5.1, 5.2, 5.3, 5.4, 5.5, and 5.17 shall survive until the fifth anniversary of the Closing. The representations and warranties of the Sellers set forth in Section 5.11 shall survive for the applicable statute of limitations. All other representations and warranties of the Sellers shall survive until the third anniversary of the Closing, provided, if the Spin-off Merger referred to in the Stockholders' Agreement that is part of the Ancillary Agreements shall have occurred, such representations and warranties shall survive only until the second anniversary of the Closing. The representations and warranties of KCS set forth in Sections 6.1, 6.2, 6.3, 6.4 and 6.7 shall survive until the fifth anniversary of the Closing. The representations and warranties of KCS set forth in Section 6.15 shall survive for the applicable statute of limitations. All other representations and warranties of KCS shall survive until the second anniversary of the Closing. All covenants or other agreements in this Agreement shall terminate at the Effective Time, except the covenants in Sections 7.6, 7.9 and 7.13 which shall survive the Closing indefinitely or for the period of the respective statutes of limitation relating thereto.

(b) Notwithstanding anything in this Agreement to the Contrary, the sole and exclusive basis on which any party may recover monetary damages for any breach of this Agreement by any other party, whether based upon breach of representations and warranties, breach of any covenant, or otherwise, shall be in accordance with the indemnification provisions set forth in this Article 10, and subject to the limitations and exclusions set forth in this Article 10, provided however, that such exclusive remedies for monetary damages shall not preclude any party from pursuing the remedies of specific performance, injunctive relief, declaratory judgment or any other non-monetary equitable remedies available to such party under Applicable Law.

(c) All Losses (as defined below) for which any party may seek indemnification hereunder shall be net of (i) any insurance recoveries received by such party or to which such party is entitled and (ii) any amounts which such party has received or is entitled to receive from any third party under any indemnification or other similar agreement.

Section 10.2 Indemnification by Sellers.

Subject to the limitations contained in this Article 10, Sellers, jointly and severally, shall indemnify and hold KCS, the Surviving Company and each of their Subsidiaries, and each of their respective officers, directors, employees, members, stockholders, agents and representatives ("KCS Indemnitees") harmless from and against all losses, damages, liabilities, claims, demands,

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first above written.

KANSAS CITY SOUTHERN

By: MR. Haverty
Name: Michael R. Haverty
Title: Chairman, President & CEO

KARA Sub, Inc.

By: MR. Haverty
Name: Michael R. Haverty
Title: Chairman, President & CEO

GRUPO TMM, S.A.

By: _____
Name:
Title:

By: _____
Name:
Title:

TMM HOLDINGS, S.A. de C.V.

By: _____
Name:
Title:

By: _____
Name:
Title:

TMM MULTIMODAL, S.A. de C.V.

By: _____
Name:
Title:

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first above written.

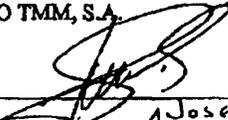
KANSAS CITY SOUTHERN

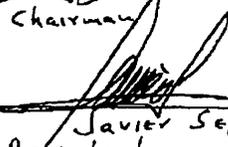
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Title:

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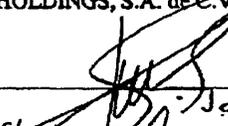
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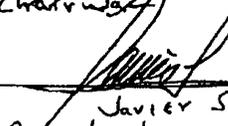
GRUPO TMM, S.A.

By: 
Name: Jose Serrano
Title: Chairman

By: 
Name: Javier Segovia
Title: President

TMM HOLDINGS, S.A. de C.V.

By: 
Name: Jose Serrano
Title: Chairman

By: 
Name: Javier Segovia
Title: President

TMM MULTIMODAL S.A. DE C.V.

By: 
Name: Jose Serrano
Title: Chairman

By: 
Name: Javier Segovia
Title: President

4



August 28, 2003

Special Employee Update

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In an effort to keep employees informed of the steps being taken to resolve the present dispute with TMM, the KCS News will keep you advised when significant events take place.

Yesterday, KCS announced it will deliver a notice of dispute to TMM in accordance with the dispute resolution provisions of the Acquisition Agreement. This written notice of dispute will initiate a 60-day negotiation period between KCS and TMM. If the parties are unable to resolve the disputes within that period of time, KCS intends to initiate a binding arbitration in accordance with the terms of the Agreement. KCS is committed to pursuing good faith negotiations with TMM to resolve the outstanding disputes between the parties.

Also, KCS announced yesterday that it received notice from the Mexican Foreign Investment Commission (FIC) of the FIC's decision to defer KCS' application to acquire control of Grupo TFM (GTFM) and, thus, TFM, until after the dispute is resolved between KCS and Grupo TMM, S.A. (TMM) over whether the Acquisition Agreement remains in effect.

Michael R. Haverty, Chairman, President, and Chief Executive Officer of KCS commented, "We believe the FIC decision would allow the transaction to move forward once the dispute between the parties is resolved. The FIC decision reaffirms the Mexican government's commitment to the rule of law. We believe that once the transaction is completed, NAFTA Rail should provide a major boost to the Mexican railroad sector."

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Tuesday, Sep 28, 2004

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Posted on Fri, Sep. 17, 2004

KC Southern's Mexican rail bid rebuffed

By RANDOLPH HEASTER
The Kansas City Star

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A Mexican government agency has rejected Kansas City Southern's bid to buy a majority interest in Mexico's biggest railroad.

However, both Kansas City Southern and Grupo TMM, its Mexican partner, said they will seek a reconsideration of the regulator's ruling.

Mexico's Foreign Investment Commission was facing a Wednesday deadline on Kansas City Southern's application to acquire a majority stake in Grupo TFM, said Warren Erdman, Kansas City Southern's vice president of corporate affairs. Had the commission allowed the deadline to pass, the application would have automatically been approved, Erdman said.

Kansas City Southern and TMM are negotiating with the commission to resolve any outstanding issues, Erdman said.

"It's definitely a technical denial of the application," he said. "But we will file for that reconsideration, and TMM is supporting that filing."

In April 2003, TMM agreed to sell its 43 percent stake in TFM to Kansas City Southern for \$412 million in cash and stock. However, TMM's biggest shareholder rejected the sale a few months later, leading to a dispute between the two transportation companies.

After beginning arbitration to settle the matter, both sides in April agreed to set aside arbitration in an effort to resume negotiations and complete the deal. Part of that process included the filing with the Foreign Investment Commission on June 23, Erdman said.

Kansas City Southern and TMM have extended the deadline to complete the sale of TFM. Under the original agreement in April 2003, that deadline was Dec. 31. The two sides have agreed to extend the deadline to June 15, Erdman said.

Discussion Boards
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Kansas City Southern, which currently owns 37 percent of TFM, is seeking a majority stake in the railroad to form a new transnational carrier to be called Nafta Rail. If the sale is completed, Nafta Rail will be a 6,000-mile railroad stretching from the Midwest to Mexico City.

Last month, TFM agreed to sell to Kansas City Southern a majority interest in the short-line railroad that links Kansas City Southern to TFM. The U.S. Surface Transportation Board must approve that transaction.

Shares in Kansas City Southern closed Thursday at \$15, down 7 cents a share.

To reach Randolph Heaster, call **(816) 234-4746** or send e-mail to rheaster@kcstar.com.

First glance

- *Mexico's Foreign Investment Commission was facing a Wednesday deadline on Kansas City Southern's application to acquire a majority stake in Grupo TFM. Had the commission allowed the deadline to pass, the application would have automatically been approved.*

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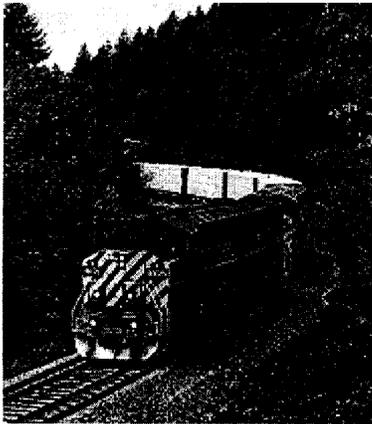
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Report of Findings

**Fairness Evaluation of the Restructuring
of the BC Rail Freight Division**



Prepared for:

The Honourable Judith Reid
Minister of Transportation
Ministry of Transportation
Parliament Buildings, Room 306
Victoria, British Columbia V8V 1X4

Prepared by:

Charles River Associates Incorporated
Attention: Larry Shughart
200 Clarendon St., T-33
Boston, Massachusetts 02116
(617) 425-3381

December 11, 2003

Executive Summary

Charles River Associates (CRA) was retained by the British Columbia Ministry of Transportation (the Province) through a competitive process to act as fairness advisor in the matters of the BC Rail Freight Division restructuring and the BC Rail Port Subdivision restructuring. This report contains a detailed review of the process adopted to transfer the operations of the BC Rail Freight Division from the provincially owned Crown Corporation, British Columbia Railway Company (BCRC), to a private operator. In addition, this report documents the considerations and efforts of the Province throughout the process to ensure that the interests of all stakeholders were understood and considered in the evaluation of the various proposals. Finally, this report provides an independent analysis of the value of the BC Rail Freight Division with adjustments to reflect the cost and commercial synergies that would be expected to accrue to the successful proponent.

Consistent with our Interim Report of November 14, 2003, CRA has concluded that the Province and its advisors designed and managed the BC Rail restructuring process in a manner consistent in all material respects with current best practices usually followed in similar transactions. Furthermore, we found the process was designed and managed to be fair to the proponents. We also found that the Province and the Evaluation Committee employed an objective and structured process in the evaluation of the proposals.

CRA believes that, compared to the status quo, the BC Rail transaction will improve the competitiveness of British Columbia industries, promote growth of new passenger services and freight products, including intermodal, and make a long-term, positive contribution to communities and First Nations. In addition, we believe the transaction agreement includes sufficient and appropriate controls that will ensure sustained economic development, preserve competition among freight rail service providers, and minimize impacts to the employees.

The financial value obtained by the Province was above what might be expected, based upon a quantitative comparison of the BC Rail transaction to recent, similar railroad transactions. We believe the purchase price properly reflects BC Rail's efficient operations, potential for market growth, and the stability and quality of British Columbia's economic base.

CRA developed and applied a detailed discounted cash flow model to validate further that the Province received fair and reasonable compensation for BC Rail. In our estimation, the restructuring of the BC Rail Freight Division provided the Province a significant net value increase over what would have been received had the BC Rail transaction not occurred. This value will be enhanced further upon the completion of the BC Rail Port Subdivision transaction.



Review of Non-Financial Strategic Value to the Province as Representative of its Citizens

those other geographic markets. Indeed, there is no assurance that the cars within 30km or 60km will switch from the BNSF network to the CN network, only that CN has the opportunity to compete more vigorously for that subset of traffic as a result of the BC Rail transaction. But, in traditional railroad mergers, the successful proponent often has been able to use a combination of price and single line service to entice much of the volume away from the status quo routes.¹⁸

Table 4—BC Rail 2002 Traffic by Origin and Destination Railroad

(CAD\$ in 000s)		Destination RR									
		BCOL		CN		CPR		OMNITRAX / BNSF		Other	
		Carloads	Revenue	Carloads	Revenue	Carloads	Revenue	Carloads	Revenue	Carloads	Revenue
Origin RR	BCOL	92,164	\$136,304	31,732	\$29,291	2,229	\$3,900	8,453	\$22,033	14,305	\$30,393
	CN	4,579	\$5,166	169	\$156	6	\$5				
	CPR	185	\$293								
	OMNITRAX / BNSF	96	\$137								
	Other	83	\$206								

Table 5A—BC Rail 2002 Traffic Destined Within 30km and 60km of a CN Station

(CAD\$ in 000s)			Destination RR									
			BCOL		CN		CPR		OMNITRAX / BNSF		Other	
			Carloads	Revenue	Carloads	Revenue	Carloads	Revenue	Carloads	Revenue	Carloads	Revenue
Origin RR	BCOL	30km	70,565	\$110,076	31,732	\$29,291	1,743	\$2,783	939	\$2,630	936	\$2,313
		60km	78,306	\$124,722	31,732	\$29,291	1,860	\$3,076	1,420	\$3,816	1,615	\$3,131
	CN	30km	1,409	\$1,665	169	\$156	6	\$5				
		60km	1,896	\$2,138	169	\$156	6	\$5				
	CPR	30km	3	\$2								
		60km	10	\$6								
	OMNITRAX / BNSF	30km	2	\$4								
		60km	75	\$100								
	Other	30km	11	\$35								
		60km	16	\$70								

¹⁸ In the selected proposal, CN agreed that aggregate rates to the Vancouver interchange would average seven percent less than the BC Rail base case, limiting its ability to use price as a lever to divert business from existing routes.



Review of Non-Financial Strategic Value to the Province as Representative of its Citizens

Table 5B—BC Rail 2002 Traffic Destined Within 30km and 60km of a CPR Station

	(CAD\$ in 000s)	Destination RR									
		BCOL		CN		CPR		OMNITRAX / BNSF		Other	
		Carloads	Revenue	Carloads	Revenue	Carloads	Revenue	Carloads	Revenue	Carloads	Revenue
BCOL	30km	42,855	\$79,313	6,648	\$9,605	2,229	\$3,900	739	\$2,026	730	\$1,485
	60km	47,664	\$89,309	7,629	\$11,091	2,229	\$3,900	1,253	\$3,342	819	\$1,640
CN	30km	1,191	\$1,501	131	\$138	6	\$5				
	60km	1,671	\$1,963	131	\$138	6	\$5				
CPR	30km										
	60km	6	\$2								
OMNITRAX / BNSF	30km										
	60km	73	\$96								
Other	30km										
	60km										

Table 5C—BC Rail 2002 Traffic Destined Within 30km and 60km of an OmniTRAX/BNSF Station

	(CAD\$ in 000s)	Destination RR									
		BCOL		CN		CPR		OMNITRAX / BNSF		Other	
		Carloads	Revenue	Carloads	Revenue	Carloads	Revenue	Carloads	Revenue	Carloads	Revenue
BCOL	30km	42,855	\$79,313	2,221	\$4,209	690	\$1,674	8,453	\$22,033	6,852	\$16,705
	60km	47,468	\$89,066	2,247	\$4,248	756	\$1,802	8,453	\$22,033	7,232	\$17,655
CN	30km	1,191	\$1,501	87	\$117						
	60km	1,669	\$1,953	87	\$117						
CPR	30km										
	60km	6	\$2								
OMNITRAX / BNSF	30km										
	60km										
Other	30km										
	60km										

To determine which of the three proponents has the greatest opportunity to divert traffic through a merger with BC Rail, we simply sum the traffic originating on BC Rail and terminating on another railroad, as listed in Table 5A, Table 5B, and Table 5C, less the portion of that traffic already terminating on the selected proponent's railroad. The results are shown below in Table 6. The proponent that has the most potential to move traffic off of other companies' lines and onto its own is the OmniTRAX/BNSF. Table 5C shows that most of this traffic is currently moving via "Other," which, for the most part, is the Union Pacific Railroad. The proponent that has the least potential to divert traffic from another companies' lines is CN. Indeed, by choosing CN as the successful proponent, the Province not only has increased the competitiveness of the BC Rail freight that was already interchanged to the CN



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COMPETITION BUREAU

Competition Bureau Obtains Remedies in BC Rail Merger

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Ottawa, July 2, 2004 - Today, the Competition Bureau filed a Consent Agreement with the Competition Tribunal providing a package of safeguards enabling Canadian National Railway ("CN") to complete its partnership transaction with British Columbia Rail ("BC Rail"). The agreement aims to preserve competition for interline transportation of lumber, and other commodities, and maintains competitive rates and services for grain transportation from the Peace River area.

"We carefully considered the implications this transaction would have on competition," said Robert Lancop, Assistant Deputy Commissioner of Competition. "The agreement provides remedies in response to issues raised by rail customers, grain handlers and other stakeholders."

The Consent Agreement includes the following key elements:

On rail interline traffic:

- shippers will have direct access to competing rail carriers in Vancouver through the "open gateway" arrangement;
- CN will be required to publish rates for shipping on the BC Rail line to Vancouver, enabling connecting rail carriers to compete for long haul traffic;
- clear standards have been set to measure CN's performance against its commitment to improve the transit times achieved by BC Rail;

On grain transportation from the Peace River area:

- shippers will have competitive price protection measures;
- existing rail service will be maintained;
- safeguards have been added to ensure the non-discriminatory supply of covered hopper cars for the transportation of grain.

The Competition Bureau is an independent law enforcement agency that promotes and maintains fair competition so that all Canadians can benefit from competitive prices, product choice and quality service. It oversees the application of the Competition Act, the Consumer Packaging and Labelling Act, the Textile Labelling Act and the Precious Metals Marking Act.

Please see attached backgrounder for more information

For media enquiries, please contact:

Tim Weil
Director of Strategic Communications
Communications Branch
(819) 953-9271

For general enquiries, please contact:
Information Centre
Competition Bureau
(819) 997-4282
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Competition Bureau Obtains Remedies in BC Rail Merger

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Background

On November 25, 2003, the Government of British Columbia announced that Canadian National Railway ("CN") was the successful bidder to operate BC Rail. Under the terms of the transaction, CN will acquire all the shares of BC Rail Ltd. and partnership units in the BC Rail Partnership and the long-term right to operate over its railbed. The B.C. Government will retain ownership of the track and railbed with CN assuming responsibility for rail transportation and infrastructure maintenance.

The Competition Bureau conducted a comprehensive merger review to determine the competitive effects of this very complex transaction. The Bureau contacted market participants and gathered information from a wide range of sources, including shippers with facilities located on or near the BC Rail network, reload operators performing truck-rail movements, competing railways and other stakeholders.

The transaction raised serious competition issues in two main areas: rail interline transportation of commodities, such as lumber, between the BC Rail territory and various markets throughout North America and rail transportation of grain from the Peace River area.

The Bureau's policies and practices regarding the treatment of confidential information limit its ability to disclose specific information obtained during the course of a merger review. However, general findings on the relevant competition issues are summarized below.

Rail Interline Transportation

Shippers on the BC Rail line have been able to reach various markets in North America by routing their traffic through CN at Prince George or through Canadian Pacific Railway Company, Burlington Northern and Santa Fe Railway Company or Union Pacific Corporation in Vancouver. Maintaining these competitive options was a major concern for the Bureau. The [Consent Agreement](#) provides the following remedies:

Open Gateway Rates

- CN must publish and maintain Open Gateway Tariffs. These tariffs will give shippers direct access to competing rail carriers in Vancouver for the long haul transportation of their products to markets.
- Tariffs will include rates charged by CN to connecting rail carriers for haulage of traffic between BC Rail points and

Vancouver where these competing carriers pick up the cars for transportation to final destinations. Specific rates will be provided for each of BC Rail's five distinct geographic zones and four different load weight categories.

- Rates will be adjusted annually, using an index well-known to the North American rail industry, called the Rail Cost Adjustment Factor (adjusted for productivity gains) ("RCAF-A").
- Published rates cannot be adjusted below initial levels but they are maximum rates. CN and connecting carriers can still agree to lower rates in confidential contracts, a practice which currently exists in the industry.

Transit Times

- CN's performance on transit times will be measured against the 2003 BC Rail average transit time data on interchange traffic from each of the five zones identified in the Open Gateway Tariffs to the Vancouver interchanges as follows:

Zone	BC Rail benchmark transit in hours
Vancouver - Lillooet	95
Exeter - Williams Lake	100
Quesnel - Prince George	120
Mackenzie - Fort St John	150
Fort Nelson	170

- Financial penalties will be assessed against CN when its average transit performance for a specific zone in a given period exceeds one of the corresponding transit time benchmarks identified above. The penalties will go into a trust fund maintained by the British Columbia Railway Company ("BCRC") and dedicated to fund upgrades of the BC Rail line. Disputes about penalties will be referred to commercial arbitration.
- Post-merger, CN has a penalty-free transition period of one year followed by a four-year period with the penalty regime in place.
- The Commissioner of Competition will be entitled to reinstate the penalty regime for a further period of five years, if the Commissioner determines that CN has not respected its transit time covenants.

Car Allocation

- Safeguards have been added to ensure that shippers are not discriminated against through unfavourable car supply conditions for choosing competing carriers over CN for long haul transportation.
- Shippers will be allowed to order through CN additional cars from connecting carriers during times of car shortage and will continue to be able to lease additional cars as required.

Transportation of Grain from the Peace River Area

Pre-merger, CN and BC Rail competed vigorously through rates and services provided to grain elevators located on their respective lines at Dawson Creek, B.C., and Rycroft in north-western Alberta. The Consent Agreement includes the following remedies which are aimed at preventing CN from materially increasing rates or curtailing service levels in the transportation of grain from the Peace River area:

- pricing levels for Single Car Rates have been linked on export grain movements to Vancouver and Prince Rupert to competitive zones;
- multi-car incentives in the Peace River area will continue to be available to the extent they are available at competitive points;
- frequency of pre-existing switching service levels have been maintained, and
- safeguards have been added to ensure non-discriminatory supply of covered hopper cars for the transportation of grain.

Monitoring and Compliance

Under the Consent Agreement, the Commissioner of Competition has specific authority for the purpose of assessing and securing CN's compliance with its commitments. The Commissioner may appoint a monitor with the authority to obtain records from CN and interview CN officials, and designate an auditor to examine CN records to ensure compliance.

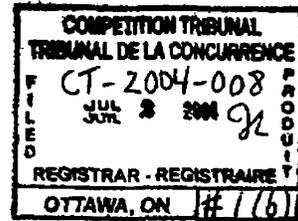
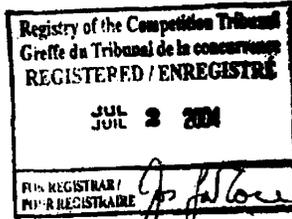
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July 2, 2004

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IN THE MATTER of the *Competition Act*, R.S.C., 1985, c. C-34;

AND IN THE MATTER of an inquiry pursuant to section 10 of the *Competition Act* to review the proposed acquisition of control by Canadian National Railway Company of BC Rail Ltd. and BC Rail Partnership;

AND IN THE MATTER of the filing and registration of a Consent Agreement pursuant to section 105 of the *Competition Act*;

BETWEEN

THE COMMISSIONER OF COMPETITION

AND

BRITISH COLUMBIA RAILWAY COMPANY

for itself and as agent for

HER MAJESTY THE QUEEN IN RIGHT OF THE

PROVINCE OF BRITISH COLUMBIA

AND

CANADIAN NATIONAL RAILWAY COMPANY

July 2, 2004

CONSENT AGREEMENT

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THIS CONSENT AGREEMENT entered into pursuant to Section 105 of the *Competition Act* this 2nd day of July, 2004,

BETWEEN:

THE COMMISSIONER OF COMPETITION appointed under subsection 7(1) of the *Competition Act*,
("Commissioner")

AND:

BRITISH COLUMBIA RAILWAY COMPANY, a company continued under the *British Columbia Railway Act* having an office at 221 West Esplanade, North Vancouver, British Columbia, V7M 3J1, for itself and as agent for Her Majesty the Queen in Right of the Province of British Columbia,
("BCRC")

AND:

CANADIAN NATIONAL RAILWAY COMPANY, a corporation continued under the laws of Canada and having its registered office at 935 de la Gauchetière Street West, 16th floor, Montreal, Quebec, H3B 2M9, acting for itself and for any of its Affiliates, including those involved in the operation of the former BC Rail line of railway, as and from the Closing Date,
("CN")

WITNESSES THAT:

WHEREAS BCRC, BCR Properties Ltd. and CN have entered into a Transaction Agreement dated November 25, 2003 pursuant to which BCRC and BCR Properties Ltd. have agreed to sell, assign and transfer to CN, and CN has agreed to purchase all of the issued and outstanding shares in the capital of BC Rail and all of the issued and outstanding partnership units in BC Rail Partnership not owned by BC Rail;

WHEREAS BCRC, BCR Properties Ltd. and CN have requested a "no-action letter" be issued by the Commissioner in connection with the Transaction;

WHEREAS the Commissioner has expressed concerns that without the specific commitments contained herein there is a reasonable likelihood that CN could use the market power it may

acquire as a result of the Transaction to substantially prevent and/or lessen competition in the affected product or geographic markets;

WHEREAS the parties hereto have agreed to enter into this Agreement to address the Commissioner's aforesaid concerns by committing to specific, enforceable and transparent standards and covenants to prevent anti-competitive behaviour;

WHEREAS CN shall, subject to the commitments contained in this Agreement and any applicable Laws, retain the right to operate BC Rail, including the right to allocate cars within the BC Rail Territory, in a manner that is consistent with the commercial policies and operational practices applied throughout its Canadian rail network;

WHEREAS CN has further agreed to observe and perform all of the covenants or obligations on its part to be observed and performed under the Other Agreements and not to withdraw same or amend or withdraw the material terms thereof without the prior consent of the Commissioner;

WHEREAS the Commissioner's consent to this Agreement is conditional on CN's compliance with its covenants and obligations under the Other Agreements listed in Schedule D hereto;

WHEREAS the Commissioner is satisfied that the remedies herein, together with CN's covenants and obligations in the Other Agreements listed in Schedule D hereto, remedy the substantial lessening and/or prevention of competition to the point it is no longer substantial, and the Commissioner will not bring an application under section 92 of the *Competition Act* in connection with the Transaction;

NOW THEREFORE in consideration of the promises and the mutual covenants set out herein, the parties represent, covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, capitalized terms shall have the respective meanings set out in Schedule A hereto and grammatical variations of such terms shall have corresponding meanings.

1.2 Gender And Number

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing genders include all genders.

1.3 Recitals

Each of the recitals hereof is made an integral part of this Agreement and these recitals shall be taken into account in the construction or interpretation of this Agreement.

1.4 Headings And Table Of Contents

The inclusion of headings and a table of contents in this Agreement are for convenience only and shall not affect the construction or interpretation of this Agreement.

1.5 Governing Law

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Each of the parties irrevocably attorns and submits to the non-exclusive jurisdiction of the Competition Tribunal.

1.6 Statutory References

Unless otherwise stated herein, any reference to a statute includes all regulations made under that statute and includes all amendments made to the statute and the regulations in force from time to time, and any statute or regulation that supplements or replaces that statute or regulation.

1.7 Schedules

The following Schedules are delivered concurrently with, and incorporated into, this Agreement:

<u>Schedule</u>	<u>Subject</u>	<u>First Section Reference</u>
A.	Definitions	1.1
B.	Open Gateway Tariffs	3.2
C.	Certificate of Fitness	8.2
D.	Other Agreements	Definitions
E.	Twenty-Five (25) Mile Rate Group	6.2

1.8 Performance On Holidays

If any action is required to be taken pursuant to this Agreement on or by a specified date, which is not a Business Day, then such action shall be valid if taken on or by the next succeeding Business Day.

1.9 Calculation Of Time

Except as otherwise specifically noted herein, in this Agreement, a period of days shall be deemed to begin on the first day after the event, which began the period, and to end at 5:00 p.m. (Vancouver time) on the last day of the period. If, however, the last day of the period does not fall on a Business Day, the period shall terminate at 5:00 p.m. (Vancouver time) on the next Business Day.

**ARTICLE 2
TERM**

2.1 Term

Except as provided for under paragraphs 4.5, 6.8 and 8.1 hereof, the term of this Agreement shall be coterminous with the term of the Revitalization Agreement as renewed from time to time.

**ARTICLE 3
OPEN GATEWAY RATE COMMITMENTS**

3.1 Statement Of Principle

In order to ensure that shippers continue to have access to existing rail competition with the Connecting Carriers at Vancouver, CN undertakes and agrees to offer and maintain the following enforceable rate commitments.

3.2 Price Zone Definition

CN shall publish and maintain Open Gateway Tariffs. The Open Gateway Tariffs with BNSF, CP and UP, the three (3) Connecting Carriers as at the date of the Agreement, are attached hereto for reference as Schedule B. The Open Gateway Tariffs with BNSF, CP and UP shall, notwithstanding the effective date shown thereon, come into effect on the Closing Date.

3.3 Annual Adjustment Of Rates, Discounts And Surcharges

The zone rates and surcharges published in the rate tables attached as Schedule B hereto shall be adjusted annually, using the RCAF-A Index. Subject to the provisions hereof, commencing on the first anniversary of the Closing Date, indexation shall be applied to the then-applicable rates on each anniversary date of the Closing Date, based on the variance between the last quarterly available RCAF-A Index, versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments shall be rounded to the nearest dollar. The resulting rates shall then be in effect from that anniversary date until the next annual adjustment.

Notwithstanding the foregoing, regardless of the actual level of the RCAF-A Index for any given year, under no circumstances shall the rates be adjusted at lower levels than the initial rates shown in the rate tables attached hereto as Schedule B, which levels shall be deemed an absolute

floor on rate reductions that are required under this paragraph, unless CN in its discretion voluntarily decides to reduce rates further, or agrees with a shipper or Connecting Carrier to reduce rates further, or is compelled under Law or by Governmental Authority to reduce rates further. There shall be no ceiling on the amount of any rate increases that may result from the annual application of the RCAF-A Index under this paragraph.

**ARTICLE 4
TRANSIT TIMES COMMITMENTS**

4.1 Statement Of Principle

In order to ensure that Interline Traffic is not materially adversely affected through a curtailment by CN in the service level offered on Interline Traffic, CN undertakes and agrees to improve the transit times achieved by BC Rail, measured against the base year 2003, on traffic interlined with Connecting Carriers, the whole as more fully set out below.

4.2 Measurement Of Pre-Merger BC Rail Transit Times

The 2003 BC Rail average transit time data on Interline Traffic, from each of the five zones identified in the Open Gateway Tariffs, has been used. The 2003 BC Rail average transit time data is measured from customer release, to placement on the interchanges with BNSF and CP in Vancouver, adjusted upwards by 10% to reflect the anticipated impact of passenger service. The benchmark transit times are as follows:

Zone	BC Rail benchmark transit in hours
1- Vancouver -- Lillooet	95
2- Exeter -- Williams Lake	100
3- Quesnel -- Prince George	120
4- MacKenzie -- Fort St John	150
5- Fort Nelson	170

4.3 Measurement Of CN Post-Merger Transit Times On BC Rail

CN's transit times shall, subject to changes required in response to material sustained reduction in traffic which would cause CN to reduce frequency of train service, be measured against the pre-merger BC Rail benchmark transit times set out in the above table and calculated from the car release (where cars shall be considered as being released when all billing information shall have been supplied to CN), to the time the car is interchanged with BNSF and CP at the Vancouver Gateways. Transit times shall be averaged by zone on a monthly basis. Any traffic subject to Force Majeure shall not be taken into account in the measurement of CN's transit time hereunder.

4.4 Comparison Of CN's Performance To BC Rail Pre-Merger Performance

Beginning six (6) months after the Closing Date, CN's transit performance by BCOL zone shall be measured monthly on a six (6) months rolling average basis and compared with the transit hours identified in the above table.

4.5 Term Of Application Of The Measurements And Performance Penalties

For a period of five (5) years from the Closing Date and for such further period as required by the Commissioner pursuant to paragraph 8.1 hereof, CN shall monitor and report to the Agency under the authority of the Transit Times Oversight Agreement, its six (6) months rolling average performance on a monthly basis. Any material sustained reduction in traffic as contemplated under paragraph 4.3 hereof shall be noted in the report to the Agency. Upon request from the Agency or the Commissioner, CN shall provide evidence to substantiate such material sustained reduction in traffic.

ARTICLE 5 CAR ALLOCATION COMMITMENTS

5.1 Statement Of Principle

In order to ensure that Interline Traffic is not materially adversely affected through a curtailment by CN in the service level offered on Interline Traffic, CN shall not discriminate in its allocation and supply of cars amongst BCOL Shippers by reason of such BCOL Shippers shipping some or all of their volume through Connecting Carriers in preference to CN. Discrimination shall be measured having regard to the type and numbers of cars made available to individual BCOL Shippers. .

In assessing whether discrimination has occurred as against a BCOL Shipper shipping through Connecting Carriers in preference to CN as aforesaid, the following factors shall, in respect of individual shippers, be considered: (i) the number of cars ordered; (ii) the number of cars committed by CN; (iii) the number of cars filled by CN; (iv) historical car requirements and shipment volumes of the BCOL Shippers; and (v) the commercial policies and operational practices prevalent throughout CN's Canadian rail network, it being understood that CN shall have the burden to demonstrate these policies were prevalent before the alleged discrimination and were not designed or applied to discriminate against BCOL Shippers shipping some or all of their volume through Connecting Carriers in preference to CN.

5.2 Guaranteed Car Order Program

CN shall perform a weekly review of its ability to meet customer car demands, through the advance order information of CN's Guaranteed Car Order Program. When car shortages are

forecasted through this weekly process, CN shall allow Connecting Carriers, without obligating them, to provide cars to supplement the CN fleet.

Supplemental cars from Connecting Carriers shall be accepted by CN at the Vancouver Gateways, for movement under the terms of the Open Gateway Tariff prevailing between CN and the Connecting Carrier. CN shall accept supplemental cars from the Connecting Carrier and shall be responsible for car hire, at rates as agreed from time to time between CN and the Connecting Carrier; accessorial charges shall be for the account of CN. The Connecting Carrier shall supply CN with the necessary information for CN's car ordering process. The supplemental cars shall be added to CN's general fleet for distribution to BCOL Shippers, and to be shipped to any destination territory or Connecting Carrier, using the normal CN car allocation process. Without limiting the generality of the foregoing, it is acknowledged and agreed that CN shall make Reasonable Commercial Efforts to ship supplemental cars supplied by a given Connecting Carrier to said Connecting Carriers' destinations.

ARTICLE 6 PEACE RIVER GRAIN COMMITMENTS

6.1 Statement Of Principle

In order to ensure that CN does not use the potential market power it may acquire as a result of the Transaction to eliminate the competitive dynamic in the Peace River Area by materially increasing rates and/or curtailing service levels in respect of the BCOL served Peace River Area Grain markets, CN undertakes and agrees to the following.

6.2 Single Car Rate - Export Grain

With respect to the pricing of export Grain movements to Vancouver, B.C., in covered hopper cars from the Peace River Area, CN shall:

- (a) price traffic via the shortest rail route existing post merger regardless of whether CN discontinues or abandons a portion of that shortest route in the future;
- (b) maintain published single car rates from all Peace River Area origination points at a level that does not exceed the average of published single car rates from CN origination points within the comparable twenty-five (25) mile rate group, as attached hereto as Schedule E, on CN's main line through Edmonton, Alberta (in the case of ARN), and Melville, Saskatchewan (in the case of RLMN), for the movement of the same type of Grain under substantially similar conditions for a substantially similar distance to destination; and
- (c) maintain published single car rates so that the rate from Dawson Creek, B.C. shall be at least 10% lower than the rate from Rycroft, Alberta, and the rate from Fort St. John, B.C. shall be set equal to the rate from Dawson Creek, for the movement of the same type of Grain under substantially similar conditions for a substantially similar distance to destination.

With respect to the pricing of export Grain movements to Prince Rupert, B.C. in covered hopper

cars from the Peace River Area, CN shall maintain published single car rates so that, for a Grain origination point, the rate to Prince Rupert shall not exceed the rate to Vancouver on a percentage basis by more than the percentage amount by which the rate to Prince Rupert prevailing as at the Closing Date exceeded the rate to Vancouver prevailing as at the Closing Date.

6.3 Single Car Rate - U.S. And Domestic Interlined (Fraser Valley)

With respect to the pricing of Interlined Grain exported to the U.S., rates from BCOL origination points shall be subject to the rate matrix set out in CN's Open Gateway Tariffs, including an annual adjustment based on the RCAF-A Index.

With respect to the pricing of Grain moved by CN in covered hopper cars to a point in the Fraser Valley of British Columbia for domestic use, the through rate from Dawson Creek, B.C to Fraser Valley destinations will not exceed the through rate from Greater Edmonton Area to the same destinations, and the through rate from Fort St. John, B.C. to Fraser Valley destinations will be set equal to the through rate from Dawson Creek, for the movement of the same type of Grain under substantially similar conditions for a substantially similar distance to destination.

With respect to the pricing of Interlined Grain moved by CN in covered hopper cars from Grain origination points on ARN lines and RLMN lines and interchanged at the Vancouver Gateways for export to a point in the states of Washington, Oregon, or California, and with respect to Grain moved by CN from those Grain origination points to a point in the Fraser Valley of British Columbia for domestic use, CN shall maintain published single car through rates to destination for movement of the same type of Grain under substantially similar conditions for a substantially similar distance so that:

- (a) the rate from an ARN point shall not exceed the rate from Greater Edmonton Area by more than 10%;
- (b) the rate from an RLMN point shall not exceed the rate from Greater Edmonton Area by more than 20%.

For the purposes of this Article 6, "the same type of Grain under substantially similar conditions for a substantially similar distance" shall have the meaning ascribed to that expression under section 149 of the Canada Transportation Act.

6.4 Multi-Car Incentive Rebates

For export Grain shipments, CN shall maintain published multi-car incentives available to qualifying facilities in the Peace River Area, at the same level as those available in the future to qualifying facilities in the Greater Edmonton Area for the movement of the same type of Grain under substantially similar conditions for a substantially similar distance to destination.

Published multi-car incentives available for shipments made at published single car rates shall

not be available for shipments otherwise subject to other rebates or allowances that may be provided under a confidential contract.

For Grain handling facilities at Rycroft, Alberta covered by existing confidential contracts with CN that provide for incremental incentive payments equivalent to the published multi-car incentives available for 100-car block shipments for two separate 50-car block shipments subject to conditions specified in export Grain rate publications and in contract, CN shall continue to provide such incremental incentive payments either until any CN contractual obligation to increase the car-spot capacity of the facility is met or until CN and the other party agree otherwise.

6.5 Frequency Of Switching Service

Subject to the terms of any existing or future confidential contract or other agreement between CN and a shipper of Grain, CN shall maintain or exceed BC Rail's existing pre-merger frequency of switching service with respect to BCOL Grain Shippers of three (3) switches per week, with additional switching service up to a maximum of five (5) switches per week when requested and warranted. Upon the Commissioner's prior written consent, which consent shall not be unreasonably withheld, CN shall be entitled to reduce the frequency of switching service in response to material sustained changes in volumes of traffic.

6.6 Transit Times

Interlined Grain traffic interchanged with Connecting Carriers at the Vancouver Gateways shall be governed by the service commitment set out in the Open Gateway Tariffs. As such, subject to the terms of any existing or future confidential contract or other agreement between CN and a shipper of Grain, for Interlined Grain movements CN shall monitor and measure its transit time by BCOL zones as provided under Article 4 hereof, it being understood that breach of its commitments shall lead to the imposition of penalties under paragraph 8.1 hereof.

In view of transit time variability caused by events beyond CN's reasonable control including frequent requirements for logistical coordination or staging of inbound Grain cars destined to unload facilities, CN shall make Reasonable Commercial Efforts to minimize transit time and improve supply chain for Grain traffic from BC Rail origination points and destined to export grain terminals at the West Coast ports and other receivers in the vicinity of Vancouver.

6.7 Grain Car Allocation

In order to ensure that transportation of Grain in covered hopper cars is not materially adversely affected through a curtailment by CN in the service level offered on such traffic for the Canadian Wheat Board zones 7 and 20 in the Peace River Area, assessed separately and independently, CN shall, subject to Force Majeure, allocate and supply cars without discrimination as compared to the Benchmark Territory.

A Grain shipper may provide and CN shall accept rail cars for the carriage by CN of the shipper's traffic from Grain loading facilities located at Grain origination points on BCOL. Where a shipper provides its own cars, these cars shall not be taken into account in determining

whether CN has allocated cars in a non-discriminatory manner as aforesaid. Furthermore, where a shipper provides its own cars, CN shall, at the request of the shipper, establish specific reasonable compensation to the shipper in a tariff for the provision of such cars.

6.8 Option To Extend Existing BC Rail Confidential Transportation Agreements

For any confidential contract between BC Rail and shippers located within the BC Rail Territory in effect as at November 25, 2003 that provides for payment of volume-related incentive rate allowances and/or rebates on shipments of Grain or that provides for specific service or car supply privileges, or both, CN shall offer the other party to the agreement an option to extend the term beyond the existing expiry date for a further period of five (5) years or such shorter period as the other party to the agreement may request; whether to accept an extension of five (5) years, or some shorter period if requested, is at the sole discretion of the other party to the agreement. This shall not preclude CN and that party from otherwise amending the agreement upon the consent of both parties.

ARTICLE 7 DEFAULT

7.1 Default

CN shall only be deemed in breach of its covenants hereunder if it fails to perform any covenant or obligation on its part to be observed or performed under this Agreement and such default continues for sixty (60) days after written notice thereof, or such longer period as agreed between CN and the Commissioner.

ARTICLE 8 REMEDIES

8.1 Remedies For Breach Of The Transit Time Commitments

The remedy for breach of the commitments set forth under Article 4 hereof shall be as follows.

If CN's six month rolling average transit performance from a specific zone in a given month exceeds the BC Rail average pre-merger performance identified in the table set forth in paragraph 4.2 from that zone, for each percentage of average time in excess of the BC Rail average, CN shall be assessed a performance penalty equal to 1% of the BC Rail Open Gateway Interline net revenues (gross line-haul revenues minus any applicable and paid rebates) for the month in question from that zone. Performance data and penalty calculation reports shall be prepared by CN and submitted to the Agency on a monthly basis, within 30 days from the end of each calendar month.

Within 15 days from the submission of a monthly report where penalties have been assessed, CN shall, unless CN disputes such assessment and diligently appeals same, transfer such penalty amounts into a trust fund established and maintained by BCRC and dedicated to fund upgrades of the BCOL to improve reliability and transit times. For greater clarity, funds are not to be used for ongoing regular maintenance of the BCOL or for expenditures CN would otherwise be

required to make under the terms of the Revitalization Agreement. BCRC shall, promptly after the end of BCRC's fiscal year and, in any event, within ninety (90) days after the end of BCRC's fiscal year, provide CN and the Commissioner with annual reports showing the status of change in the trust fund over the year, including the penalty deposits and a description of the capital projects where the funds were used.

Any dispute under this Article 8.1 shall be referred to binding arbitration under the Commercial Arbitration Act of British Columbia; BCRC and CN agree that the arbitration process shall be completed within thirty (30) days. BCRC shall be required to defend the penalty in the arbitration process with all reasonable diligence.

Except as provided hereafter, no penalties shall be assessed (i) during the first twelve months following the Closing Date; and (ii) after the fifth year following the Closing Date.

Notwithstanding the foregoing, the Commissioner shall be entitled to reinstate the monitoring contemplated under paragraph 4.5 hereof, together with the right to assess penalties under this paragraph 8.1 for one further period of five (5) years (or such other shorter period as the Commissioner considers adequate) if the Commissioner acting reasonably determines that, following such termination, CN engages in a pattern of breaches of its transit time covenants.

8.2 Remedies Under The Canada Transportation Act

The parties acknowledge and agree that, upon completion of the Transaction, BC Rail shall become a federally regulated railway, as evidenced by the conditional certificate of fitness issued by the Agency, a copy of which is attached hereto as Schedule C and, as such, all remedies available under the Canada Transportation Act shall be available as and from the Closing Date.

8.3 Remedies Under The *Competition Act*

The parties acknowledge and agree that the specific remedies contemplated hereunder shall be in addition to and not in lieu of the remedies available under the *Competition Act*, including for breach and/or non-performance of the covenants and obligations herein and those contained in the Other Agreements listed on Schedule D hereto, and for variation or rescission under section 106 of the *Competition Act*.

If CN is found in breach of its transit time commitments and penalties are assessed pursuant to paragraph 8.1 hereof, the assessment of such penalties shall constitute the remedy for that particular breach. Notwithstanding the foregoing, if CN engages in a pattern of breaches of such commitments, all other remedies available under the *Competition Act* shall be available.

**ARTICLE 9
RIGHT TO APPOINT A MONITOR**

9.1 Right To Appoint A Monitor

The Commissioner may appoint any individual, including any representative of the Commissioner, as a Monitor at any time and from time to time during the term of this Agreement for the purpose of assessing CN's compliance with its commitments under this Agreement.

CN shall, at the request of the Monitor:

- (a) upon ten (10) Business Days prior notice, produce to the Monitor copies of all books, ledgers, accounts, correspondence, memoranda, and other records and documents, which are the subject of the Monitor's request, in the possession or under the control of CN and relating to any commitments made by CN in this Agreement, excluding documents that are subject to solicitor-client or other legal privilege; and
- (b) upon ten (10) Business Days prior notice, CN shall make available for interview by the Monitor relating to any matters contained in this Agreement, officers, directors, or employees of CN or its affiliates, who may have counsel to CN present during such interview.

At the Commissioner's request, the Monitor will provide to the Commissioner written reports relating to any matter relevant to CN's compliance with its commitments under this Agreement.

Where the Monitor is of the opinion that CN is not in compliance with one or more of its commitments under this Agreement, the Monitor shall forthwith so inform the Commissioner.

The Monitor's remuneration and all expenses reasonably and properly incurred shall be paid by the Commissioner.

**ARTICLE 10
RIGHT TO AUDIT**

10.1 Right To Audit

The Commissioner shall be entitled at any time and from time to time to have all or any of the Records specially audited or examined by an independent professional consultant experienced in the railway industry designated by the Commissioner (the "Auditor"). The Auditor's remuneration and all expenses reasonably and properly incurred shall be shared equally between CN and the Commissioner.

10.2 Maintenance Of Records

CN undertakes and agrees to retain the Records for a period of (3) years from their creation, it being understood that CN shall not destroy or dispose of any Records requested by the Auditor unless and until destruction or disposal thereof has been authorized by the Auditor.

ARTICLE 11 OTHER AGREEMENTS

11.1 Other Agreements

CN undertakes and agrees to observe and perform any and all of the covenants or obligations on its part to be observed and performed under the Other Agreements. Furthermore, CN undertakes and agrees not to withdraw from any of the Other Agreements or amend or withdraw from the material terms thereof without the prior consent of the Commissioner.

ARTICLE 12 MISCELLANEOUS

12.1 Severability

If, in any jurisdiction, any provision of this Agreement or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.

12.2 Amendments

This Agreement may not be amended or varied except as provided for under Section 106 of the *Competition Act*. Notwithstanding the foregoing, the parties hereto acknowledge and agree that, except for a variation of paragraph 8.1 hereof and only insofar as paragraph 8.1 creates obligations on BCRC (in which case BCRC's consent shall be required), this Agreement may be amended or varied with the consent of the Commissioner and CN.

12.3 Binding Effect

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

12.4 English Language

The parties confirm that it is their wish that this Agreement, as well as any other documents relating to this Agreement, including notices, schedules and authorizations, have been and shall be drawn up in the English language only. *Les signataires confirment leur volonté que la présente convention, de même que tous les documents s'y rattachant, y compris tout avis, annexe et autorisation, soient rédigés en anglais seulement.*

12.5 Counterparts

This Agreement may be executed in any number of counterparts, each of which when delivered, either in original or facsimile form, shall be deemed to be an original and all of which together shall constitute one and the same document.

12.6 Notices

Every notice, request, demand or direction required or permitted to be given under this Agreement shall be in writing and delivered by hand or facsimile transmission or email to the party which is to be given as follows:

To the Commissioner:

Place du Portage, Phase 1
50 Victoria Street, 19th Floor
Gatineau, Quebec
K1A 0C9

Attention: Senior Deputy Commissioner, Mergers
Fax No.: (819) 994-0998

With a copy to:

Competition Law Division
50 Victoria Street, 22nd Floor
Gatineau, Quebec
K1A 0C9

Attention: Director, Competition Law Division, Department of Justice
Fax No.: (819) 953-9267

To BCRC:

British Columbia Railway Company
221 West Esplanade
North Vancouver BC
V7M 3J1

Attention: President and CEO
Fax No.: (604) 984-5201

To CN:

Canadian National Railway Company
935 de la Gauchetière Street West
16th Floor
Montreal, QC
H3B 2M9

Attention: Senior Vice-President
Public Affairs, Chief Legal Officer
and Corporate Secretary
Fax No.: (514) 399-4854

or to such other address or facsimile number as is specified by a party by notice to the other parties given in accordance with this subsection. Any such notice, request, demand or direction delivered or transmitted to a party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the notice, request, demand or direction is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day then it shall be deemed to have been given and received on the next Business Day.

IN WITNESS WHEREOF each of the parties has caused this Agreement to be duly executed as of the day and year first above written.

THE COMMISSIONER OF COMPETITION

Per: *Sheridan Scott*
Sheridan Scott
Commissioner of Competition

**BRITISH COLUMBIA RAILWAY COMPANY
For itself and as agent for Her Majesty the Queen in Right of
The Province of British Columbia.**

Per: _____
Kevin Mahoney
Vice-President, Corporate Affairs

CANADIAN NATIONAL RAILWAY COMPANY

Per: *Claude Mongeau*
Claude Mongeau, Executive Vice President
and Chief Financial Officer

Per: *Sean Finn*
Senior Vice-President Public Affairs, Chief Legal Officer
and Corporate Secretary

IN WITNESS WHEREOF each of the parties has caused this Agreement to be duly executed as of the day and year first above written.

THE COMMISSIONER OF COMPETITION

Per: _____
Sheridan Scott
Commissioner of Competition

BRITISH COLUMBIA RAILWAY COMPANY
For itself and as agent for Her Majesty the Queen in Right of
The Province of British Columbia.

Per: _____
Kevin Mahoney
Vice-President, Corporate Affairs

CANADIAN NATIONAL RAILWAY COMPANY

Per: _____
Claude Mongeau, Executive Vice President
and Chief Financial Officer

Per: _____
Senior Vice-President Public Affairs, Chief Legal Officer
and Corporate Secretary

**SCHEDULE A
DEFINITIONS**

"AAR" means the Association of American Railroads;

"Affiliate" means, with respect to any Person, at any time, any other Person that, alone or together with any other Person, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with such Person. For the purpose of this definition, **"control"** (including the terms **"controlling"**, **"controlled by"** and **"under common control with"**), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract, agency or otherwise;

"Agency" means the Canada Transportation Agency continued by Subsection 7(1) of the *Canada Transportation Act*;

"Agreement" means this Consent Agreement, including the recitals and the Schedules hereto, as the same may be amended or supplemented from time to time;

"ARN" means Alberta RailNet Inc.;

"BCOL" means the line of railway operated by BC Rail immediately prior to the Closing Date which shall include, for greater clarity, the "Tumbler Ridge Line";

"BCOL Shippers" means shippers located on the BC Rail Territory and shipping freight on BCOL;

"BC Rail" means BC Rail Ltd., the railway operating over the BC Rail Territory immediately prior to the Closing Date;

"BC Rail Territory" means the territory of BC Rail as at the Closing Date which shall include, for greater clarity, the "Tumbler Ridge Line";

"BCRC" means *British Columbia Railway Company*;

"Benchmark Territory" means the zone comprised of CN Train Runs in Alberta;

"BNSF" means Burlington Northern Santa Fe Railway Company;

"Business Day" means a day that is not a Saturday, Sunday or a statutory holiday in British Columbia, Quebec or Ontario;

"Canada Transportation Act" means the *Canada Transportation Act*, S.C. 1996, c. 10;

"Closing Date" means the date upon which the Transaction comes into effect;

"CN Train Runs in Alberta" means Competitive Grain origination points on the following

railway lines operated by CN:

Train Run	Name of Train Run
41.1	Vegreville Subdivision (including Vermilion, Lavoy, Lamont, Gaudin)
43.1	Wainwright Subdivision (including Viking)
43.2	Camrose Subdivision (including Camrose)
43.3	Alliance Subdivision
45.1	Edmonton Local (including Cargill ATL Edmonton)
45.2	Edson Subdivision (including Acheson)
45.4	Westlock Subdivision (including Morinville)
47.1	Oyen Subdivision
47.4	Drumheller Subdivision
47.6	Lyalta
49.2	Three Hills Subdivision (including Trochu, Equity, Calgary)
49.3	Sangudo Subdivision (including Joffre)

"Commissioner" means the Commissioner of Competition appointed under subsection 7(1) of the *Competition Act*;

"Competition Act" means the *Competition Act*, R.S.C. 1985, c. C-34;

"Competition Tribunal" means the Competition Tribunal established by subsection 3 (1) of the *Competition Tribunal Act*, R.S.C. 1985, c. 19;

"Connecting Carriers" means any rail carrier with whom traffic originating from or terminating within the BC Rail Territory is interchanged via CN at the Vancouver Gateways;

"CP" means Canadian Pacific Railway Company;

"Force Majeure" means any circumstances outside of CN's reasonable control including, without limitation, the following circumstances, whether they affect the BCOL or that of a Connecting Carrier: severe snow/ice storms, avalanches, washouts, forest fires, strikes or other labour or civil disruptions, shutdowns of network due to unauthorized occupation of railroad corridor and any circumstances arising from or as a result of the 2010 Olympic games and the occupation of the BC Rail network for the construction of the Sea to Sky highway;

"Governmental Authority" means a federal, provincial, regional, municipal or local government or subdivision hereof including an entity or person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government or subdivision;

"Grain" means any grain or crop included in Schedule II to the Canada Transportation Act that is grown in the Western Division, or any product of it included in Schedule II to the Canada Transportation Act that is processed in the Western Division;

“Greater Edmonton Area” means all grain origination points located on the railway lines operated by CN within the area east of the stations Acheson AB inclusive, and west of Lamont AB inclusive, and north of Camrose AB inclusive, and south of Morinville AB inclusive. This area includes the following elevators identified as licensed primary elevators by the Canadian Grain Commission as at May 7, 2004:

Station	Licensee
Stony Plain	United Grain Growers Limited DBA Agricore United
Camrose	United Grain Growers DBA Agricore United
Edmonton	Cargill Limited
Edmonton	United Grain Growers Limited DBA Agricore United
Gaudin	Providence Grain Group Inc.
Lamont	Pioneer Grain Company, Limited
Morinville	Westmor Terminals Inc.

“Guaranteed Car Order Program” means the Guaranteed Car Order Program established under CN’s Tariff CN-9000-C, as same may be amended or supplemented from time to time;

“Interlined Grain” means Grain movements in covered hopper cars interchanged at the Vancouver Gateways for furtherance by Connecting Carriers to B.C. destinations (including the Fraser Valley) or for export to the United States;

“Interline Traffic” means rail traffic originating from or terminating within the BC Rail Territory and interchanged with a Connecting Carrier, with the exception of traffic originating or terminating locally in Vancouver;

“Law” means any and all statutes, laws (including common law), regulations, ordinances, rules, codes, orders, bylaws, policies, directions, standards, guidelines and protocols, (where such standards, ordinances, rules, codes, policies, directions, guidelines and protocols have the force of law), and other lawful requirements of any Governmental Authority now or hereafter in effect;

“Monitor” means the monitor appointed by the Commissioner under paragraph 9.1 hereof;

“Open Gateway Tariffs” means an open tariff and haulage/proportional rate structure that can be used by the Connecting Carriers and shippers, for traffic between the Vancouver Gateways with Connecting Carriers and the specific zones on the BC Rail Territory;

“Other Agreements” means the agreements listed on Schedule D hereto;

“Peace River Area” means Grain origination points on the lines operated by BC Rail pre-merger, by ARN, and by RLMN, and on the CN line between Dawson Creek, B.C. and Hythe, Alberta;

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, incorporated organization or any other entity;

"RCAF-A Index" means the Rail Cost Adjustment Factor - adjusted for productivity gains, published by the AAR in its Railroad Cost Indices Publication available on the AAR website. If the RCAF-A Index is no longer published, CN shall apply such other annual indexation factor published in substitution for the RCAF-A Index or, if no such indexation factor is published in substitution for the RCAF-A Index, any replacement index using a comparable productivity gain factor designated by CN, acting reasonably, and approved by the Commissioner, acting reasonably;

"Reasonable Commercial Efforts" means efforts that are (i) carried out diligently and in good faith; and (ii) as applicable, appropriate to the urgency of the situation;

"Records" means the records of CN relevant to any of CN's commitments in this Agreement;

"Revitalization Agreement" means the Revitalization Agreement to be entered into between BCRC as landlord and BC Rail Partnership as tenant forthwith upon execution of this Agreement;

"RLMN" means RaiLink Mackenzie Northern;

"Service Improvement Undertaking" shall have the meaning ascribed thereto under the Revitalization Agreement;

"Transaction" means the proposed transaction as described under the first paragraph of the recitals to this Agreement;

"Transit Times Oversight Agreement" means the Transit Times Oversight Agreement to be entered into between CN and the Agency forthwith upon execution of this Agreement, upon terms and conditions consistent with the covenants set out under Article 4 hereof;

"UP" means Union Pacific;

"Vancouver Gateways" means the Vancouver stations through which freight moves from the BC Rail Territory to or from another Connecting Carrier; and

"Western Division" means the part of Canada lying west of the meridian passing through the eastern boundary of the City of Thunder Bay, including the whole of the Province of Manitoba.

**SCHEDULE B
OPEN GATEWAY TARIFFS**

New Issue

Canadian National Railway Company Freight Tariff CN ??????-AA

COMPETITIVE FREIGHT TARIFF

AND

HAULAGE RATES, CHARGES AND CONDITIONS

FROM OR TO POINTS

ON BCOL

AND THE

CN INTERCHANGE AT NORTH VANCOUVER, BC FOR FURTHERANCE TO/FROM THE INTERCHANGE WITH
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY (BNSF) AT BROWNSVILLE, BC

FROM	TO
VARIOUS STATIONS IN: BRITISH COLUMBIA	VARIOUS STATIONS IN: BRITISH COLUMBIA

Governed, except as otherwise provided herein, by Rules Tariff CN 6400, 6544 and 6580 series and CN 9000-series.

The Province of British Columbia and CN entered into an agreement whereby CN acquired all the outstanding shares of BC Rail Limited and of BC Rail Partnership, whereby CN acquired the industrial freight railway business and the right to operate BC Rail under a Federal Certificate of Fitness, and whereby CN leased the BC Rail roadbed and properties for 60 years, subject to renewal for an additional 30 years.

Pursuant to this agreement, this tariff is published to implement CN's commitment with the Province to maintain customers' competitive access to connecting railroads at Vancouver, through "Open Gateway" rates and service conditions that are set out in this tariff.

CN's commitment is binding upon it for the entire term of the lease, such that the tariff cannot be withdrawn by CN, and material provisions of this tariff cannot be changed, modified or withdrawn, nor may material provisions be added, without the consent of BNSF, consent that cannot be unreasonably withheld.

This tariff constitutes a binding agreement between CN and BNSF. The rates, terms and conditions of this Tariff shall be binding upon the successors and assigns of the parties.

ISSUED July XX, 2004

Effective July XX, 2004

Expires with termination of CN's lease of the BCOL lines

CANADIAN NATIONAL RAILWAY COMPANY is publishing this Tariff and contracting in its own name and on behalf of GRAND TRUNK WESTERN RAILROAD INCORPORATED (GTW), DULUTH, WINNIPEG AND PACIFIC RAILWAY COMPANY (DWP), ILLINOIS CENTRAL RAILROAD COMPANY (IC), CHICAGO CENTRAL & PACIFIC RAILROAD COMPANY (CC), CEDAR RIVER RAILROAD COMPANY (CEDR), WISCONSIN CENTRAL LIMITED (WC), ALGOMA CENTRAL RAILWAY INC. (AC), SAULT STE MARIE BRIDGE COMPANY (SSAM), FOX VALLEY & WESTERN LTD. (FVW), WISCONSIN CHICAGO LINK LTD. (WCCL) and BRITISH COLUMBIA RAILWAY COMPANY (BCOL) and these companies do business under the name of and are collectively referred to as "CANADIAN NATIONAL" (CN).

Issued by Price Maintenance and Distribution, Automated Invoicing,
Canadian National Railway Company, P.O. Box 8100, Montreal, P.Q. H3C 3N4

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CN Tariff No. ??????-AA

(CN ??????-AA)

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(printed in Canada)
TARIFF ??????-AA

RULES AND REGULATIONS

Item 5

Application of Rates, Discounts and Surcharge

This Tariff is applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on the BCOL line of railway, including any future extensions or modifications thereof, for furtherance via BNSF. This Tariff does not apply to traffic originating from any production facility served by a CN line of railway and being shipped by motor vehicle to a reload facility located on the BCOL line of railway for subsequent furtherance via BNSF. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another.

The rates, discounts and surcharges published in this Tariff may be applied by the shipper, or any party confirmed by the shipper as an agent acting on its behalf, as a proportional rate (Rule 11) or may be applied by BNSF as CN's revenue requirement in constructing an interline through rate or as CN's charge for the haulage of railcars in the account of BNSF to be interchanged with CN at North Vancouver, for furtherance to/from the interchange with BNSF at Brownsville, BC.

Item 10

Local North Shore Vancouver Traffic

This Tariff does not apply to local North Vancouver traffic interchanged between CN and BNSF.

Item 15

Liability

In the event that BNSF opts to use a haulage structure, the following liability rules shall apply between CN and BNSF.

1. The respective liability of CN and BNSF for losses or damages to railcars or their content under a haulage arrangement shall be as follows:
 - a) If caused by an infrastructure defect or resulting from an error in the management or operation of the train, CN shall be responsible for losses and damages to the railcars and their content.
 - b) If caused by a defect of a railcar in the account of BNSF, and supplied by BNSF, another connecting carrier or the shipper, the responsibility for all losses and damages resulting therefrom shall be that of BNSF.
 - c) If caused by a defect of a railcar in the account of BNSF, but supplied by CN, the responsibility for all losses and damages resulting therefrom shall be that of CN.
 - d) If caused by a defect of a railcar in the account of CN, the responsibility for all losses and damages resulting therefrom shall be that of CN.
 - e) If the cause of the losses and damages cannot be identified, the losses and damages to the railcars and their content shall be shared between CN and BNSF, in that proportion which the number of railcars in CN and BNSF's account in the train containing such railcars shall bear to the total number of railcars in such train (excluding locomotives).
2. Notwithstanding the above, the parties agree that the liability of BNSF vis-à-vis its shippers/consignees shall be governed by the *Railway Traffic Liability Regulations* or other applicable contractual arrangements.
3. In the event of a claim or lawsuit by a third party against either CN or BNSF resulting from losses or damages occurring in the context of a haulage arrangement, each of CN and BNSF shall indemnify each other on the basis of the principles described in no. 1 above.

Item 20

Car Hire

Under a haulage arrangement, CN will keep the railcars into its account for car hire accounting purposes. Car hire rates for the various car types, generally negotiated from time to time, shall apply while BNSF cars are on BCOL.

Item 25**Car Supply**

All rates in Items 1050000 to 1190000 have been constructed assuming that cars will be supplied by CN or in CN's account for car hire and car mileage charge purposes while the cars are on BCOL's lines of railway from or to the interchange in North Vancouver.

In order to ensure that interline traffic is not materially adversely affected through a curtailment by CN in the service level offered on interline traffic, CN shall not discriminate in its allocation and supply of cars amongst BCOL shippers by reason of such BCOL shippers shipping some or all of their volume through BNSF in preference to CN. Discrimination shall be measured having regard to the type and numbers of cars made available to individual BCOL shippers.

In assessing whether discrimination has occurred as against a BCOL shipper shipping through BNSF in preference to CN as aforesaid, the following factors shall, in respect of individual shippers, be considered: (i) the number of cars ordered; (ii) the number of cars committed by CN; (iii) the number of cars filled by CN; (iv) historical car requirements and shipment volumes of the BCOL shippers; and (v) the commercial policies and operational practices prevalent throughout CN's Canadian rail network, it being understood that CN shall have the burden to demonstrate these policies were prevalent before the alleged discrimination and were not designed or applied to discriminate against BCOL shippers shipping some or all of their volume through BNSF in preference to CN.

Customers shall order all cars directly through CN but, to achieve the objective of minimizing car supply shortages, CN will perform a weekly review of its ability to meet customer car demands, through the advance order information of CN's Guaranteed Car Order Program. When car shortages are forecast through this weekly process, CN will allow BNSF to provide cars, which BNSF is not obligated to provide, to supplement the CN fleet. The supplemental cars from BNSF will be accepted by CN at North Vancouver, for movement under the terms of this tariff. CN will accept supplemental cars from BNSF and will be responsible for car hire, at rates as agreed from time to time between the parties; accessorial charges will be for the account of CN. BNSF will supply CN with the necessary information for CN's car ordering process. The supplemental cars will be added to CN's general fleet for distribution to customers served by BCOL, and to be shipped to any destination territory or interchange carrier, using the normal CN car process, but CN will make best efforts to match customer orders to BNSF destinations.

Any issue with regard to the fair allocation of cars shall be escalated by written notice to the attention of CN's General Manager of Car Fleet for resolution. Any dispute resulting from the failure to resolve these issues shall be submitted to commercial arbitration following the same process as described in Item 55 for service issues.

The CN Guaranteed Car Order Supply Program, pursuant to CN Tariff 9000, shall apply to all customers located on the BCOL territory with the exception of covered hopper cars for grain shipments. In addition to CN's Guaranteed Car Order Supply Program, subject to reaching agreement with individual customers, CN will reserve a level of cars based on minimum weekly historical customer requirements.

For grain shipments in covered hopper cars, customers located on the BCOL territory shall order cars directly through CN in accordance with the CN weekly Western Canada grain covered hopper car ordering procedures, or with the car ordering procedures specified in the applicable tariffs for CN Grain Train programs, as amended from time to time. BNSF will not be required to supply any cars for grain shipments made under this tariff.

Item 30**Private Equipment Discount**

Rates for "private" shipper supplied cars, for which no car-hire or mileage charges are applied, will be discounted by \$225 per car.

Item 35**Dangerous Goods Surcharge**

A surcharge of \$650 per car will be applied to all dangerous goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations.

Item 40**Tariffs and Surcharges**

Except for accessorial charges as defined and levied by CN, pursuant to general tariffs series CN 9000, 6400, 6544 and 6580 and their successors, the charges set out hereunder shall be the only charges applicable to the movement of rail cars governed by this tariff.

Item 45**Currency and Billing**

Except as otherwise specified, all rates and charges in this Tariff are published in Canadian Funds.

Billing shall be accomplished on the basis of data contained in a billing form mutually agreed to between the parties and submitted electronically. Such billing form shall contain sufficient detail to permit computation of payments to be made hereunder. BNSF shall pay CN through electronic fund transfers at the Office of the Treasurer, or at such other location as CN may from time to time designate, all the compensation and charges of every name and nature which by this agreement BNSF is required to pay in lawful money of Canada within thirty (30) days after the rendition of bills therefore. For payments not received within 30 days, monthly interest will be charged based on CN credit terms with customers, subject to change from time to time.

Errors or disputed items in any bill shall not be deemed a valid excuse for delaying payment, but shall be paid subject to subsequent adjustment; provided, no exception to any bill shall be honored, recognized or considered if filed after the expiration of three (3) years from the last day of the calendar month during which the bill is rendered and no bill shall be rendered later than three (3) years (i) after the last day of the calendar month in which the expense covered thereby is incurred, or (ii) in the case of claims disputed as to amount or liability, after the amount is settled and/or the liability is established.

So much of the books, accounts, and records of each party hereto as are related to the subject matter of this agreement shall at all reasonable times be open to inspection by the authorized representatives and agents of the parties hereto. All books, accounts, and records shall be maintained to readily furnish full information for each item in accordance with any applicable laws and regulations.

Any issue resulting from the application of the currency and billing terms shall be escalated by written notice to the attention of CN's Marketing Director for Forest Products for resolution. Any dispute resulting from the failure to resolve the issue shall be submitted to binding commercial arbitration following the same process as described in Item 55 for service issues.

Item 50**Annual Adjustment of Rates, Discounts and Surcharges****Applicable Index**

The zone rates in Items 1050000 to 1190000 series will be adjusted annually, with the first adjustment to be made on July 1, 2005. The rates will be adjusted using the Rail Cost Adjustment Factor - Adjusted for productivity gains (the "RCAF-A Index"), published by the Association of American Railroads (AAR) in its Railroad Cost Indices Publication available on the AAR website. Subject to the provisions of this paragraph, indexation will be applied to the then applicable rates on each anniversary date of the closing of the transaction, based on the variance between the last quarterly available RCAF-A Index, versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. The resulting rates will then be in effect from that anniversary date until the next annual adjustment.

Index Floor

Notwithstanding the foregoing, regardless of the actual level of the RCAF-A Index for any given year, under no circumstances will the rates be adjusted at lower levels than the initial rates shown in items 1050000 to 1190000, which levels shall be deemed an absolute floor on rate reductions that are required under this paragraph, unless CN in its discretion voluntarily decides to reduce rates further, or agrees with a shipper or interline carrier to reduce rates further, or is compelled under law or by regulatory authority to reduce rates further. There shall be no ceiling on the amount of any rate increases that may result from the annual application of the RCAF-A Index under this paragraph. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.

Replacement Index

If this index is no longer published, CN shall apply such an annual indexation factor published in substitution for the RCAF-A Index, or, if no such indexation factor is published in substitution for the RCAF-A Index, any replacement index using a comparable productivity gain factor designated by CN acting reasonably.

The discount factor for private car supply in Item 30 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted using the RCAF-A Index, or its replacement index, under the same conditions as for the zone rates as described above.

The surcharge for dangerous goods in Item 35 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.

Any issue resulting from the application of the above indexation factors shall be escalated by written notice to the attention of CN's Marketing Director for Forest Products for resolution. Any dispute resulting from the failure to resolve the issue shall be submitted to binding commercial arbitration following the same process as described in Item 55 for service issues.

Item 55

Service

General Service Commitment

CN will operate BCOL under CN's "scheduled railroad" philosophy, and the integration of both railroads' operations will allow the elimination of physical interchanges at North Vancouver and Prince George, and the elimination of intermediate handlings at Squamish. As a result, after a normal transition and integration period, CN commits that service performance for customers' traffic to and from the interchanges with other carriers at Vancouver will be better in terms of transit time and reliability, between customer release and the Vancouver interchange, as compared to the BCOL pre-transaction service levels for comparable traffic volumes.

CTA Oversight Period

CN will provide actual transit times, between customer release and interchange with BNSF at Brownsville, to the Canadian Transportation Agency (CTA) and to BNSF, on a monthly basis for a 5-year oversight period. These actual transit times will be averaged for each of the five rate zones. CN will also provide actual transit times to the CTA and to BNSF for its own traffic. The CTA will retain jurisdiction to reinstate the oversight process if the actual service performance warrants such continued reporting, at the CTA's discretion.

Detailed Service Commitment

CN shall accept, handle, switch, transport and deliver all permitted BNSF traffic moving over the BCOL Lines to/from North Vancouver without discrimination including, but not limited to, promptness, quality of service and efficiency, for both loaded and empty rail cars, that is comparable to the service level achieved by CN in favor of traffic moving in CN's account (excluding traffic moving in unit trains) and other carriers' account to/from Vancouver-area interchanges. Transit times will be measured from customer releases and eight (8) hours will be added to CN's transit times on its own traffic to North Vancouver to properly compare to the transit times for the BNSF traffic that include the transfer between North Vancouver and the BNSF interchange at Brownsville. This includes frequency of customer switching, car dwell times in yards, and train service frequency including train run through between North Vancouver and CN Thornton yard in Vancouver or direct interchange connection with BNSF, once implemented through a progressive service implementation process on BCOL Lines. CN shall adopt no policies, including but not limited to demurrage and absorption of switching fees, that discriminate against BNSF's traffic moving over the BCOL Lines.

The parties agree that all rail cars moving onto or from the BCOL Lines shall be moved and exchanged pursuant to the Interline Service Protocol in place between CN and BNSF as mutually agreed to between the parties and subject to change from time to time.

CN shall cooperate with BNSF to provide service on their traffic moving over the BCOL Lines that is as efficient and competitive as for CN's own traffic and for other carriers' traffic in the Vancouver corridor. All the CN, BNSF and other carriers' traffic will be handled in train service as defined in CN's train service plan. CN will provide BNSF with all updated Train Service Plans as they become available from time to time. After BCOL will be fully integrated to CN's operation, CN will report all transportation events on BCOL into its Transportation Systems (SRS system) that will allow both customers and BNSF to follow the movement of this traffic while on BCOL.

CN shall pick up and deliver all the BNSF and CN traffic released from or ordered to customers' sidings on the BCOL Lines with scheduled train and switcher service defined in the train service plan. Set off and lifts of the BNSF traffic at the defined Interchange Locations will be handled and interchanged pursuant to the Interline Service Protocol.

BNSF will benefit in all operational efficiencies gained in CN operations to and from customer sidings, as CN and BNSF traffic will be handled in same train / switching service pursuant to the train service plan which may be changed from time to time to reflect the efficiencies in operations and traffic volumes.

CN will be operating and handling BNSF's traffic according to the Interline Service Protocol and the Train Service Plan in effect. In the event of a service deficiency by CN or by BNSF, the affected party shall provide written notice to the other party of the service deficiency who shall immediately work to correct such service deficiency. The party at fault will provide the other party with a written action plan identifying how it will correct such service deficiency within five (5) working days from receipt of written notice and with physical implementation within ten (10) working days from receipt of written notice. The parties may mutually agree on longer time periods for providing the action plan or for the implementation schedule when appropriate. For example, implementation of solutions that would require substantial changes with crew scheduling would have to comply with a notice requirement as per labor agreements in place (currently 30 days).

Whenever BNSF is of the view that CN is not performing comparable to the level of service achieved on CN's own traffic and other carriers' traffic to or from Vancouver, BNSF will have the right to request that CN supply service performance information concerning the traffic originating or terminating on the BCOL Lines that is reasonably available, allowing the comparison of the service performance on the former BCOL for the BNSF traffic, the CN traffic and the other carriers' traffic. CN shall provide this information within 30 days from a written request from BNSF that describes the nature of the problem to be resolved.

Problem Escalation for Resolution and/or Arbitration

In the event that the parties have any disputes under this Item, such dispute shall be escalated by written notice to the area Superintendent for either party. In the event that such Superintendents are unable to resolve such dispute within five (5) working days from receipt of written notice, the dispute shall be escalated to the Vice-President of Operations of either party for a determination. In the event that such Vice-Presidents are unable to resolve the dispute within ten (10) days, either party shall be entitled to request that any matter, which is not finalized, be submitted to the arbitration of a single arbitrator. Customers can consult with BNSF to initiate this problem escalation process.

Any request for arbitration shall be made by notice in writing from one party to the other party, and such notice shall describe the issue(s) to be arbitrated. In the event that the parties are unable to agree on the appointment of the arbitrator within five (5) days, one shall be appointed by the Canadian Transportation Agency. The provisions of the Commercial Arbitration Act of British Columbia shall apply to the arbitration, and the decision of the arbitrator shall be final and binding upon each of the parties. Regardless of the outcome of the arbitration, each party to the arbitration shall pay its own costs, fees and expenses of counsel, and the expenses of the arbitrator will be shared equally by the parties. Any arbitration shall be completed ninety (90) days from the date of the appointment of the arbitrator.

TARIFF ??????-AA

Participating Carriers
(Alphabetized By Standard Carrier Abbreviation)

The Following Carriers are Parties to this Tariff Under Powers of Attorney or Concurrences Issued to Assistant Comptroller, Canadian National Railway.

Abbreviation	Name of Carrier
CN	CANADIAN NATIONAL RAILWAY COMPANY



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 105000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via BNSF.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via BNSF. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
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CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1050000-AA
Item Pages: 2

Origin	Destination	A	B	C	D
BC BIRKEN	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC BRITANNIA	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC BRUNSWICK	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC CHEAKAMUS	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC CREEKSIDE	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC DARCY	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC GARIBALDI	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC GATES	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC HORSESHOE BAY	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC MARNE	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC MONS	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC MOUNT CURRIE	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC PEMBERTON	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC PORTEAU	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC RETASKIT	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC SEATON	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC SHALALTH	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC SPETCH	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC SQUAMISH	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC SQUAMISH DCK	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC TISDALL	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC WEDGE	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC WHISTLER	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1060000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via BNSF.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via BNSF. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1060000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1060000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1060000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
BC CANIM	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1060000-AA
Item Pages: 2

Origin	Destination	A	B	C	D
BC CHASM	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC CLINTON	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC ENTERPRISE	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC EXETER	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC FLYING U	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC FOUNTAIN	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC GLENFRASER	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC GRAHAM	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC KELLY LAKE	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC KOSTER	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC LAC LA HACHE	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC LILLOOET	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC LIME	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC LONE BUTTE	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC MORAN	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC ONWARD	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC PAVILION	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC POTTER	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC TATTON	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC WILLIAMS LAKE	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC WRIGHT	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905



CANADIAN NATIONAL

TARIFF CN 77777-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1070000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via BNSF.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via BNSF. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1070000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1070000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1070000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.
 - (2) Applies only from rail facilities at Prince George located on BCOL.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
BC ALEXANDRIA	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1070000-AA
Item Pages: 2

Origin	Destination	A	B	C	D
BC AUSTRALIAN	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC BARLOW	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC BARNEY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC BRIDGE	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC COLEBANK	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC COTWOOD	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC CRYSDALE	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC DRAGON	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC DUNKLEY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC FRASERVIEW	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC GIBRALTER	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC GREENING	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC HIXON	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC KERSLEY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC KILLY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC MACALISTER	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC MACKIN	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC MCEWAN	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC ODELL	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC PRINCE GEORGE (2)	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC PRINCE GEORGE JCT	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC QUAW	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC QUESNEL	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC REDROCK	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC SALMON VALLEY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC SODA CREEK	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC STONER	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC TABOR	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC WALKER	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC WESTPLY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1080000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

Note(s) :

- Price applies in Canadian funds.
- In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in item 40.
- Rates apply to the load movement with no charge for the empty car movement.
- These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via BNSF.
- These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via BNSF. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
- A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
- A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
- The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1080000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
- The discount factor for private car supply in Item 1080000 will be adjusted annually, beginning with XX [First Anniversary of Closing Date of Transaction]. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
- The surcharge for dangerous goods in Item 1080000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
- If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.
- (2) Applies only to customer facilities at Dawson Creek located on BCOL.
- (3) Line infrastructure not graded for 286,000 lbs.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 108000-AA
Item Pages: 2

Origin	Destination	A	B	C	D
BC AZOUZETTA	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC BALDONNEL	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC BLUFF	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC BOND	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC BULKLEY HOUSE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC CARP	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC CASWELL	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC CHETWYND	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC CONNELLY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC DAWSON CREEK (2)	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC DOKIE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC DRIFTWOOD	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC FALLS	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC FOSS	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC FT ST JAMES	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC FT ST JOHN	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC GARBITT	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC GROUNDHIRCH	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC HODDA	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC HULCROSS	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC KENNEDY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC KISKATNAW	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC LEMORAY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC LEO CREEK	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC LIERSCH	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC LOVELL	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC MACKENZIE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC MCINTYRE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC MERTON	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC MINARET	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC MOSQUE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NATION	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC PERRY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC PINESUL	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC PROGRESS	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC SEPTIMUS	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC SLOANE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC SUNDANCE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TACHEEDA	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC TACHIE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TAKLA	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TAYLOR	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TEKO	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TETANA	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TREMBLAY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TREMBLEUR	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC URQUHART	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC WABI	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC WAKELY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC WORTH	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 109000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via BNSF.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via BNSF. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1090000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1090000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1090000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.
 - (3) Line infrastructure not graded for 286,000 lbs between Chetwynd, BC and Fort Nelson, BC.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
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CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1090000-AA
Item Pages: 2

Origin	Destination	A	B	C	D
BC BEATTON	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC BLUE HILLS	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC BUICK	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC EKWAN	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC ELLEH	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC FONTAS	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC FT NELSON	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC GUTAH	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC KLUA	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC MURDALE	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NEEDLEY	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NITEAL	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC SIKANNI	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC SILVER LAKE	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC TAMARACK	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC ZEKE	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A



CANADIAN NATIONAL

TARIFF CN ??????-AA

**Effective July XX, 2004.
Expires with CN lease termination.**

**Item No: 115000-AA
Item Pages: 2**

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via BNSF.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via BNSF. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1150000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1150000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1150000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC BIRKEN	\$ 693	\$ 717	\$ 766	\$ 815



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1150000-AA
Item Pages: 2

Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC BRITANNIA	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC BRUNSWICK	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC CHEAKAMUS	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC CREEKSIDE	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC DARCY	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC GARIBALDI	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC GATES	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC HORSESHOE BAY	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC MARNE	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC MONS	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC MOUNT CURRIE	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC PEMBERTON	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC PORTEAU	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC RETASKIT	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC SEATON	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC SHALALTH	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC SPETCH	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC SQUAMISH	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC SQUAMISH DCK	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC TISDALL	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC WEDGE	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC WHISTLER	\$ 693	\$ 717	\$ 766	\$ 815



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 116000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via BNSF.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via BNSF. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1160000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1160000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1160000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC CANIM	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 116000-AA
Item Page: 2

Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC CHASM	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC CLINTON	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC ENTERPRISE	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC EXETER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC FLYING U	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC FOUNTAIN	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC GLENFRASER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC GRAHAM	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC KELLY LAKE	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC KOSTER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC LAC LA HACHE	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC LILLOET	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC LIME	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC LONE BUTTE	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC MORAN	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC ONWARD	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC PAVILION	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC POTTER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC TATTON	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC WILLIAMS LAKE	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC WRIGHT	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905



CANADIAN NATIONAL

TARIFF CN 77777-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 117000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via BNSF.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via BNSF. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1170000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1170000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1170000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.
 - (2) Applies only to rail facilities at Prince George located on BCOL.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
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CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 117000-AA
Item Pages: 2

Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC ALEXANDRIA	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC AUSTRALIAN	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC BARLOW	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC BARNEY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC BRIDGE	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC COLEBANK	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC COTWOOD	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC CRYSDALE	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC DRAGON	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC DUNKLEY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC FRASERVIEW	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC GIBRALTER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC GREENING	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC HIXON	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC KERSLEY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC KILLY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC MACALISTER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC MACKIN	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC MCEWAN	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC ODELL	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC PRINCE GEORGE (2)	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC PRINCE GEORGE JCT	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC QUAW	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC QUESNEL	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC REDROCK	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC SALMON VALLEY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC SODA CREEK	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC STONER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC TABOR	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC WALKER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC WESTPLY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 118000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via BNSF.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via BNSF. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1180000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1180000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1180000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.
 - (2) Applies only to customer facilities at Dawson Creek located on BCOL.
 - (3) Line infrastructure not graded for 286,000 lbs.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 118000-AA
Item Pages: 2

Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC AZOUZETTA	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC BALDONNEL	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC BLUFF	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC BOND	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC BULKLEY HOUSE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC CARP	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC CASWELL	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC CHETWYND	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC CONNELLY	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC DAWSON CREEK (2)	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC DOKIE	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC DRIFTWOOD	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC FALLS	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC FOSS	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC FT ST JAMES	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC FT ST JOHN	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC GARBITT	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC GROUNDBIRCH	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC HODDA	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC HULCROSS	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC KENNEDY	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC KISKATINAW	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC LEMORAY	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC LEO CREEK	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC LIERSCH	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC LOVELL	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC MACKENZIE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC MCINTYRE	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC MERTON	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC MINARET	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC MOSQUE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC NATION	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC PERRY	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC PINESUL	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC PROGRESS	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC SEPTIMUS	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC SLOANE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC SUNDANCE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TACHEEDA	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC TACHIE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TAKLA	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TAYLOR	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TEKO	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TETANA	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TREMBLAY	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TREMBLEUR	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC URQUHART	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC WABI	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC WAKELY	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC WORTH	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A

 CANADIAN NATIONAL	TARIFF CN ??????-AA Effective July XX, 2004. Expires with CN lease termination.	Item No: 1190000-AA Item Pages: 2
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Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

Note(s) :

- Price applies in Canadian funds.
- In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in item 40.
- Rates apply to the load movement with no charge for the empty car movement.
- These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via BNSF.
- These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via BNSF. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
- A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
- A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
- The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1190000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
- The discount factor for private car supply in Item 1190000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
- The surcharge for dangerous goods in Item 1190000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
- If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.
- (3) Line infrastructure not graded for 286,000 lbs between Chetwynd, BC and Fort Nelson, BC.

Definitions

A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
 B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
 C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
 D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
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CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 119000-AA
Item Pages: 2

Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC BEATTON	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC BLUE HILLS	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC BUICK	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC EKWAN	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC ELLEH	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC FONTAS	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC FT NELSON	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC GUTAH	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC KLUA	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC MURDALE	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC NEEDLEY	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC NITEAL	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC SIKANNI	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC SILVER LAKE	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC TAMARACK	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC ZEKE	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A

New Issue

Canadian National Railway Company Freight Tariff CN ??????-AA

COMPETITIVE FREIGHT TARIFF

AND

HAULAGE RATES, CHARGES AND CONDITIONS

FROM OR TO POINTS

ON BCOL

AND THE

CN INTERCHANGE AT NORTH VANCOUVER, BC

FOR FURTHERANCE TO/FROM THE INTERCHANGE WITH
THE CANADIAN PACIFIC RAILWAY COMPANY (CPR) AT SAPPERTON, BC

FROM	TO
VARIOUS STATIONS IN: BRITISH COLUMBIA	VARIOUS STATIONS IN: BRITISH COLUMBIA

Governed, except as otherwise provided herein, by Rules Tariff CN 6400, 6534 and 6580 series and CN 9000-series.

The Province of British Columbia and CN entered into an agreement whereby CN acquired all the outstanding shares of BC Rail Limited and of BC Rail Partnership, whereby CN acquired the industrial freight railway business and the right to operate BC Rail under a Federal Certificate of Fitness, and whereby CN leased the BC Rail roadbed and properties for 60 years, subject to renewal for an additional 30 years.

Pursuant to this agreement, this tariff is published to implement CN's commitment with the Province to maintain customers' competitive access to connecting railroads at Vancouver, through "Open Gateway" rates and service conditions that are set out in this tariff.

CN's commitment is binding upon it for the entire term of the lease, such that the tariff cannot be withdrawn by CN, and material provisions of this tariff cannot be changed, modified or withdrawn, nor may material provisions be added, without the consent of CPR, consent that cannot be unreasonably withheld.

This tariff constitutes a binding agreement between CN and CPR. The rates, terms and conditions of this Tariff shall be binding upon the successors and assigns of the parties.

ISSUED July XX, 2004

Effective July XX, 2004

Expires with termination of CN's lease of the BCOL lines

CANADIAN NATIONAL RAILWAY COMPANY is publishing this Tariff and contracting in its own name and on behalf of GRAND TRUNK WESTERN RAILROAD INCORPORATED (GTW), DULUTH, WINNIPEG AND PACIFIC RAILWAY COMPANY (DWP), ILLINOIS CENTRAL RAILROAD COMPANY (IC), CHICAGO CENTRAL & PACIFIC RAILROAD COMPANY (CC), CEDAR RIVER RAILROAD COMPANY (CEDR), WISCONSIN CENTRAL LIMITED (WC), ALGOMA CENTRAL RAILWAY INC. (AC), SAULT STE MARIE BRIDGE COMPANY (SSAM), FOX VALLEY & WESTERN LTD. (FVW), WISCONSIN CHICAGO LINK LTD. (WCCL) and BRITISH COLUMBIA RAILWAY COMPANY (BCOL) and these companies do business under the name of and are collectively referred to as "CANADIAN NATIONAL" (CN).

(CN ?????-AA)

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(printed in Canada)
TARIFF ?????-AA

RULES AND REGULATIONS

Item 5

Application of Rates, Discounts and Surcharge

This Tariff is applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on the BCOL line of railway, including any future extensions or modifications thereof, for furtherance via CPR. This Tariff does not apply to traffic originating from any production facility served by a CN line of railway and being shipped by motor vehicle to a reload facility located on the BCOL line of railway for subsequent furtherance via CPR. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another.

The rates, discounts and surcharges published in this Tariff may be applied by the shipper, or any party confirmed by the shipper as an agent acting on its behalf, as a proportional rate (Rule 11) or may be applied by CPR as CN's revenue requirement in constructing an interline through rate or as CN's charge for the haulage of railcars in the account of CPR to be interchanged with CN at North Vancouver, for furtherance to/from the interchange with CPR at Sapperton, BC.

Item 10

Local North Shore Vancouver Traffic

This Tariff does not apply to local North Vancouver traffic interchanged between CN and CPR.

Item 15

Liability

In the event that CPR opts to use a haulage structure, the following liability rules shall apply between CN and CPR.

1. The respective liability of CN and CPR for losses or damages to railcars or their content under a haulage arrangement shall be as follows:
 - a) If caused by an infrastructure defect or resulting from an error in the management or operation of the train, CN shall be responsible for losses and damages to the railcars and their content.
 - b) If caused by a defect of a railcar in the account of CPR, and supplied by CPR, another connecting carrier or the shipper, the responsibility for all losses and damages resulting therefrom shall be that of CPR.
 - c) If caused by a defect of a railcar in the account of CPR, but supplied by CN, the responsibility for all losses and damages resulting therefrom shall be that of CN.
 - d) If caused by a defect of a railcar in the account of CN, the responsibility for all losses and damages resulting therefrom shall be that of CN.
 - e) If the cause of the losses and damages cannot be identified, the losses and damages to the railcars and their content shall be shared between CN and CPR, in that proportion which the number of railcars in CN and CPR's account in the train containing such railcars shall bear to the total number of railcars in such train (excluding locomotives).
2. Notwithstanding the above, the parties agree that the liability of CPR vis-à-vis its shippers/consignees shall be governed by the *Railway Traffic Liability Regulations* or other applicable contractual arrangements.
3. In the event of a claim or lawsuit by a third party against either CN or CPR resulting from losses or damages occurring in the context of a haulage arrangement, each of CN and CPR shall indemnify each other on the basis of the principles described in no. 1 above.

Item 20**Car Hire**

Under a haulage arrangement, CN will keep the railcars into its account for car hire accounting purposes. Car hire rates for the various car types, generally negotiated from time to time, shall apply while CPR cars are on BCOL.

Item 25**Car Supply**

All rates in Items 1050000 to 1190000 have been constructed assuming that cars will be supplied by CN or in CN's account for car hire and car mileage charge purposes while the cars are on BCOL's lines of railway from or to the interchange in North Vancouver.

In order to ensure that interline traffic is not materially adversely affected through a curtailment by CN in the service level offered on interline traffic, CN shall not discriminate in its allocation and supply of cars amongst BCOL shippers by reason of such BCOL shippers shipping some or all of their volume through CPR in preference to CN. Discrimination shall be measured having regard to the type and numbers of cars made available to individual BCOL shippers.

In assessing whether discrimination has occurred as against a BCOL shipper shipping through CPR in preference to CN as aforesaid, the following factors shall, in respect of individual shippers, be considered: (i) the number of cars ordered; (ii) the number of cars committed by CN; (iii) the number of cars filled by CN; (iv) historical car requirements and shipment volumes of the BCOL shippers; and (v) the commercial policies and operational practices prevalent throughout CN's Canadian rail network, it being understood that CN shall have the burden to demonstrate these policies were prevalent before the alleged discrimination and were not designed or applied to discriminate against BCOL shippers shipping some or all of their volume through CPR in preference to CN.

Customers shall order all cars directly through CN but, to achieve the objective of minimizing car supply shortages, CN will perform a weekly review of its ability to meet customer car demands, through the advance order information of CN's Guaranteed Car Order Program. When car shortages are forecast through this weekly process, CN will allow CPR to provide cars, which CPR is not obligated to provide, to supplement the CN fleet. The supplemental cars from CPR will be accepted by CN at North Vancouver, for movement under the terms of this tariff. CN will accept supplemental cars from CPR and will be responsible for car hire, at rates as agreed from time to time between the parties; accessorial charges will be for the account of CN. CPR will supply CN with the necessary information for CN's car ordering process. The supplemental cars will be added to CN's general fleet for distribution to customers served by BCOL, and to be shipped to any destination territory or interchange carrier, using the normal CN car process, but CN will make best efforts to match customer orders to CPR destinations.

Any issue with regard to the fair allocation of cars shall be escalated by written notice to the attention of CN's General Manager of Car Fleet for resolution. Any dispute resulting from the failure to resolve these issues shall be submitted to commercial arbitration following the same process as described in Item 55 for service issues.

The CN Guaranteed Car Order Supply Program, pursuant to CN Tariff 9000, shall apply to all customers located on the BCOL territory with the exception of covered hopper cars for grain shipments. In addition to CN's Guaranteed Car Order Supply Program, subject to reaching agreement with individual customers, CN will reserve a level of cars based on minimum weekly historical customer requirements.

For grain shipments in covered hopper cars, customers located on the BCOL territory shall order cars directly through CN in accordance with the CN weekly Western Canada grain covered hopper car ordering procedures, or with the car ordering procedures specified in the applicable tariffs for CN Grain Train programs, as amended from time to time. CPR will not be required to supply any cars for grain shipments made under this tariff.

Item 30**Private Equipment Discount**

Rates for "private" shipper supplied cars, for which no car-hire or mileage charges are applied, will be discounted by \$225 per car.

Item 35**Dangerous Goods Surcharge**

A surcharge of \$650 per car will be applied to all dangerous goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations.

Item 40**Tariffs and Surcharges**

Except for accessorial charges as defined and levied by CN, pursuant to general tariffs series CN 9000, 6400, 6544 and 6580 and their successors, the charges set out hereunder shall be the only charges applicable to the movement of rail cars governed by this tariff.

Item 45**Currency and Billing**

Except as otherwise specified, all rates and charges in this Tariff are published in Canadian Funds.

Billing shall be accomplished on the basis of data contained in a billing form mutually agreed to between the parties and submitted electronically. Such billing form shall contain sufficient detail to permit computation of payments to be made hereunder. CPR shall pay CN through electronic fund transfers at the Office of the Treasurer, or at such other location as CN may from time to time designate, all the compensation and charges of every name and nature which by this agreement CPR is required to pay in lawful money of Canada within thirty (30) days after the rendition of bills therefore. For payments not received within 30 days, monthly interest will be charged based on CN credit terms with customers, subject to change from time to time.

Errors or disputed items in any bill shall not be deemed a valid excuse for delaying payment, but shall be paid subject to subsequent adjustment; provided, no exception to any bill shall be honored, recognized or considered if filed after the expiration of three (3) years from the last day of the calendar month during which the bill is rendered and no bill shall be rendered later than three (3) years (i) after the last day of the calendar month in which the expense covered thereby is incurred, or (ii) in the case of claims disputed as to amount or liability, after the amount is settled and/or the liability is established.

So much of the books, accounts, and records of each party hereto as are related to the subject matter of this agreement shall at all reasonable times be open to inspection by the authorized representatives and agents of the parties hereto. All books, accounts, and records shall be maintained to readily furnish full information for each item in accordance with any applicable laws and regulations.

Any issue resulting from the application of the currency and billing terms shall be escalated by written notice to the attention of CN's Marketing Director for Forest Products for resolution. Any dispute resulting from the failure to resolve the issue shall be submitted to binding commercial arbitration following the same process as described in Item 55 for service issues.

Item 50**Annual Adjustment of Rates, Discounts and Surcharges****Applicable Index**

The zone rates in Items 1050000 to 1190000 series will be adjusted annually, with the first adjustment to be made on July 1, 2005. The rates will be adjusted using the Rail Cost Adjustment Factor - Adjusted for productivity gains (the "RCAF-A Index"), published by the Association of American Railroads (AAR) in its Railroad Cost Indices Publication available on the AAR website. Subject to the provisions of this paragraph, indexation will be applied to the then applicable rates on each anniversary date of the closing of the transaction, based on the variance between the last quarterly available RCAF-A Index, versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. The resulting rates will then be in effect from that anniversary date until the next annual adjustment.

Index Floor

Notwithstanding the foregoing, regardless of the actual level of the RCAF-A Index for any given year, under no circumstances will the rates be adjusted at lower levels than the initial rates shown in items 1050000 to 1190000, which levels shall be deemed an absolute floor on rate reductions that are required under this paragraph, unless CN in its discretion voluntarily decides to reduce rates further, or agrees with a shipper or interline carrier to reduce rates further, or is compelled under law or by regulatory authority to reduce rates further. There shall be no ceiling on the amount of any rate increases that may result from the annual application of the RCAF-A Index under this paragraph. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.

Replacement Index

If this index is no longer published, CN shall apply such an annual indexation factor published in substitution for the RCAF-A Index, or, if no such indexation factor is published in substitution for the RCAF-A Index, any replacement index using a comparable productivity gain factor designated by CN acting reasonably.

The discount factor for private car supply in Item 30 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted using the RCAF-A Index, or its replacement index, under the same conditions as for the zone rates as described above.

The surcharge for dangerous goods in Item 35 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.

Item 35	Service
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General Service Commitment

CN will operate BCOL under CN's "scheduled railroad" philosophy, and the integration of both railroads' operations will allow the elimination of physical interchanges at North Vancouver and Prince George, and the elimination of intermediate handlings at Squamish. As a result, after a normal transition and integration period, CN commits that service performance for customers' traffic to and from the interchanges with other carriers at Vancouver will be better in terms of transit time and reliability, between customer release and the Vancouver interchange, as compared to the BCOL pre-transaction service levels for comparable traffic volumes.

CTA Oversight Period

CN will provide actual transit times, between customer release and interchange with CPR at Sapperton, to the Canadian Transportation Agency (CTA) and to CPR, on a monthly basis for a 5-year oversight period. These actual transit times will be averaged for each of the five rate zones. CN will also provide actual transit times to the CTA and to CPR for its own traffic. The CTA will retain jurisdiction to reinstate the oversight process if the actual service performance warrants such continued reporting, at the CTA's discretion.

Detailed Service Commitment

CN shall accept, handle, switch, transport and deliver all permitted CPR traffic moving over the BCOL Lines to/from North Vancouver without discrimination including, but not limited to, promptness, quality of service and efficiency, for both loaded and empty rail cars, that is comparable to the service level achieved by CN in favor of traffic moving in CN's account (excluding traffic moving in unit trains) and other carriers' account to/from Vancouver-area interchanges. Transit times will be measured from customer releases and eight (8) hours will be added to CN's transit times on its own traffic to North Vancouver to properly compare to the transit times for the CPR traffic that include the transfer between North Vancouver and the CPR interchange at Sapperton. This includes frequency of customer switching, car dwell times in yards, and train service frequency including train run through between North Vancouver and CN Thornton yard in Vancouver or direct interchange connection with CPR, once implemented through a progressive service implementation process on BCOL Lines. CN shall adopt no policies, including but not limited to demurrage and absorption of switching fees, that discriminate against CPR's traffic moving over the BCOL Lines.

The parties agree that all rail cars moving onto or from the BCOL Lines shall be moved and exchanged pursuant to the Interline Service Protocol in place between CN and CPR as mutually agreed to between the parties and subject to change from time to time.

CN shall cooperate with CPR to provide service on their traffic moving over the BCOL Lines that is as efficient and competitive as for CN's own traffic and for other carriers' traffic in the Vancouver corridor. All the CN, CPR and other carriers' traffic will be handled in train service as defined in CN's train service plan. CN will provide CPR with all updated Train Service Plans as they become available from time to time. After BCOL will be fully integrated to CN's operation, CN will report all transportation events on BCOL into its Transportation Systems (SRS system) that will allow both customers and CPR to follow the movement of this traffic while on BCOL.

CN shall pick up and deliver all the CPR and CN traffic released from or ordered to customers' sidings on the BCOL Lines with scheduled train and switcher service defined in the train service plan. Set off and lifts of the CPR traffic at the defined Interchange Locations will be handled and interchanged pursuant to the Interline Service Protocol.

CPR will benefit in all operational efficiencies gained in CN operations to and from customer sidings, as CN and CPR traffic will be handled in same train / switching service pursuant to the train service plan which may be changed from time to time to reflect the efficiencies in operations and traffic volumes.

CN will be operating and handling CPR's traffic according to the Interline Service Protocol and the Train Service Plan in effect. In the event of a service deficiency by CN or by CPR, the affected party shall provide written notice to the other party of the service deficiency who shall immediately work to correct such service deficiency. The party at fault will provide the other party with a written action plan identifying how it will correct such service deficiency within five (5) working days from receipt of written notice and with physical implementation within ten (10) working days from receipt of written notice. The parties may

mutually agree on longer time periods for providing the action plan or for the implementation schedule when appropriate. For example, implementation of solutions that would require substantial changes with crew scheduling would have to comply with a notice requirement as per labor agreements in place (currently 30 days).

Whenever CPR is of the view that CN is not performing comparable to the level of service achieved on CN's own traffic and other carriers' traffic to or from Vancouver, CPR will have the right to request that CN supply service performance information concerning the traffic originating or terminating on the BCOL Lines that is reasonably available, allowing the comparison of the service performance on the former BCOL for the CPR traffic, the CN traffic and the other carriers' traffic. CN shall provide this information within 30 days from a written request from CPR that describes the nature of the problem to be resolved.

Problem Escalation for Resolution and/or Arbitration

In the event that the parties have any disputes under this Item, such dispute shall be escalated by written notice to the area Superintendent for either party. In the event that such Superintendents are unable to resolve such dispute within five (5) working days from receipt of written notice, the dispute shall be escalated to the Vice-President of Operations of either party for a determination. In the event that such Vice-Presidents are unable to resolve the dispute within ten (10) days, either party shall be entitled to request that any matter, which is not finalized, be submitted to the arbitration of a single arbitrator. Customers can consult with CPR to initiate this problem escalation process.

Any request for arbitration shall be made by notice in writing from one party to the other party, and such notice shall describe the issue(s) to be arbitrated. In the event that the parties are unable to agree on the appointment of the arbitrator within five (5) days, one shall be appointed by the Canadian Transportation Agency. The provisions of the Commercial Arbitration Act of British Columbia shall apply to the arbitration, and the decision of the arbitrator shall be final and binding upon each of the parties. Regardless of the outcome of the arbitration, each party to the arbitration shall pay its own costs, fees and expenses of counsel, and the expenses of the arbitrator will be shared equally by the parties. Any arbitration shall be completed ninety (90) days from the date of the appointment of the arbitrator.

TARIFF ?????-AA

**Participating Carriers
(Alphabetized By Standard Carrier Abbreviation)**

**The Following Carriers are Parties to this Tariff Under Powers of Attorney or Concurrences Issued to
Assistant Comptroller, Canadian National Railway.**

Abbreviation	Name of Carrier
CN	CANADIAN NATIONAL RAILWAY COMPANY



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1050000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via CPR.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via CPR. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
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CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 105000-AA
Item Pages: 2

Origin	Destination	A	B	C	D
BC BIRKEN	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC BRITANNIA	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC BRUNSWICK	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC CHEAKAMUS	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC CREEKSIDE	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC DARCY	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC GARIBALDI	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC GATES	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC HORSESHOE BAY	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC MARNE	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC MONS	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC MOUNT CURRIE	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC PEMBERTON	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC PORTEAU	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC RETASKIT	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC SEATON	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC SHALALTH	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC SPETCH	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC SQUAMISH	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC SQUAMISH DCK	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC TISDALL	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC WEDGE	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC WHISTLER	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815



CANADIAN NATIONAL

TARIFF CN ??????-AA

**Effective July XX, 2004.
Expires with CN lease termination.**

**Item No: 106000-AA
Item Pages: 2**

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via CPR.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via CPR. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
BC CANIM	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1060000-AA
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Origin	Destination	A	B	C	D
BC CHASM	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC CLINTON	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC ENTERPRISE	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC EXETER	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC FLYING U	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC FOUNTAIN	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC GLENFRASER	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC GRAHAM	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC KELLY LAKE	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC KOSTER	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC LAC LA HACHE	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC LILLOET	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC LIME	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC LONE BUTTE	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC MORAN	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC ONWARD	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC PAVILION	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC POTTER	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC TATTON	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC WILLIAMS LAKE	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC WRIGHT	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1070000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via CPR.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via CPR. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.
 - (2) Applies only from rail facilities at Prince George located on BCOL.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
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 CANADIAN NATIONAL	TARIFF CN ??????-AA	
	Effective July XX, 2004. Expires with CN lease termination.	Item No: 107000-AA Item Pages: 2

Origin	Destination	A	B	C	D
BC ALEXANDRIA	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC AUSTRALIAN	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC BARLOW	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC BARNEY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC BRIDGE	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC COLEBANK	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC COTWOOD	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC CRYSDALE	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC DRAGON	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC DUNKLEY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC FRASERVIEW	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC GIBRALTER	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC GREENING	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC HIXON	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC KERSLEY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC KILLY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC MACALISTER	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC MACKIN	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC MCEWAN	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC ODELL	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC PRINCE GEORGE (2)	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC PRINCE GEORGE JCT	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC QUAW	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC QUESNEL	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC REDROCK	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC SALMON VALLEY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC SODA CREEK	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC STONER	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC TABOR	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC WALKER	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC WESTPLY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 108000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

Note(s) :

- Price applies in Canadian funds.
- In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
- Rates apply to the load movement with no charge for the empty car movement.
- These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via CPR.
- These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via CPR. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
- A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
- A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
- The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
- The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
- The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
- If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.
- (2) Applies only to customer facilities at Dawson Creek located on BCOL.
- (3) Line infrastructure not graded for 286,000.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

 CANADIAN NATIONAL	TARIFF CN ?????-AA	
	Effective July XX, 2004. Expires with CN lease termination.	Item No: 108000-AA
		Item Pages: 2

Origin	Destination	A	B	C	D
BC AZOUZETTA	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC BALDONNEL	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC BLUFF	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC BOND	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC BULKLEY HOUSE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC CARP	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC CASWELL	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC CHETWYND	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC CONNELLY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC DAWSON CREEK (2)	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC DOKIE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC DRIFTWOOD	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC FALLS	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC FOSS	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC FT ST JAMES	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC FT ST JOHN	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC GARBITT	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC GROUNDHIRCH	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC HODDA	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC HULCROSS	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC KENNEDY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC KISKATINAW	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC LEMORAY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC LEO CREEK	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC LIERSCH	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC LOVELL	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC MACKENZIE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC MCINTYRE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC MERTON	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC MINARET	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC MOSQUE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NATION	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC PERRY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC PINESUL	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC PROGRESS	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC SEPTIMUS	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC SLOANE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC SUNDANCE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TACHEEDA	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC TACHIE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TAKLA	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TAYLOR	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TEKO	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TETANA	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TREMBLAY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TREMBLEUR	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC URQUHART	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC WABI	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC WAKELY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC WORTH	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 109000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
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 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via CPR. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.
 - (3) Line infrastructure not graded for 286,000 lbs between Chetwynd, BC and Fort Nelson, BC.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
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CANADIAN NATIONAL

TARIFF CN ?????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1090000-AA
Item Pages: 2

Origin	Destination	A	B	C	D
BC BEATTON	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC BLUE HILLS	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC BUICK	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC EKWAN	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC ELLEH	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC FONTAS	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC FT NELSON	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC GUTAH	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC KLUA	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC MURDALE	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NEEDLEY	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NITEAL	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC SIKANNI	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC SILVER LAKE	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC TAMARACK	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC ZEKE	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 115000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via CPR.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via CPR. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC BIRKEN	\$ 693	\$ 717	\$ 766	\$ 815



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

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Origia	Destination	A	B	C	D
BC NORTH VANCOUVER	BC BRITANNIA	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC BRUNSWICK	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC CHEAKAMUS	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC CREEKSIDE	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC DARCY	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC GARIBALDI	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC GATES	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC HORSESHOE BAY	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC MARNE	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC MONS	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC MOUNT CURRIE	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC PEMBERTON	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC PORTEAU	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC RETASKIT	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC SEATON	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC SHALALTH	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC SPETCH	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC SQUAMISH	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC SQUAMISH DCK	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC TISDALL	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC WEDGE	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC WHISTLER	\$ 693	\$ 717	\$ 766	\$ 815



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 116000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via CPR.
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 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC CANIM	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905



CANADIAN NATIONAL

TARIFF CN ?????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 116000-AA
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Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC CHASM	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC CLINTON	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC ENTERPRISE	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC EXETER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC FLYING U	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC FOUNTAIN	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC GLENFRASER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC GRAHAM	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC KELLY LAKE	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC KOSTER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC LAC LA HACHE	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC LILLOET	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC LIME	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC LONE BUTTE	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC MORAN	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC ONWARD	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC PAVILION	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC POTTER	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC TATTON	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC WILLIAMS LAKE	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905
BC NORTH VANCOUVER	BC WRIGHT	\$ 1,227	\$ 1,504	\$ 1,722	\$ 1,905



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 117000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via CPR.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via CPR. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
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 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
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 - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.
 - (2) Applies only to rail facilities at Prince George located on BCOL.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
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CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 117000-AA
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Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC ALEXANDRIA	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC AUSTRALIAN	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC BARLOW	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC BARNEY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC BRIDGE	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC COLEBANK	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC COTWOOD	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC CRYSDALE	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC DRAGON	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC DUNKLEY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC FRASERVIEW	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC GIBRALTER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC GREENING	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC HIXON	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC KERSLEY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC KILLY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC MACALISTER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC MACKIN	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC MCEWAN	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC ODELL	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC PRINCE GEORGE (2)	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC PRINCE GEORGE JCT	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC QUAW	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC QUESNEL	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC REDROCK	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC SALMON VALLEY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC SODA CREEK	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC STONER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC TABOR	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC WALKER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC WESTPLY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026

 CANADIAN NATIONAL	TARIFF CN ??????-AA Effective July XX, 2004. Expires with CN lease termination.	Item No: 118000-AA Item Pages: 2
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Conditions Applicable Against All Traffic	
Commodity(ies) :	All Commodities.
STCC Number(s) :	
Route(s) :	CN 0: CN
Charge(s) :	PER CAR
Note(s) :	<ul style="list-style-type: none"> - Price applies in Canadian funds. - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40. - Rates apply to the load movement with no charge for the empty car movement. - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via CPR. - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via CPR. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling. - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000). - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable. - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4. - The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note. - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period. - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories. - (2) Applies only to customer facilities at Dawson Creek located on BCOL. - (3) Line infrastructure not graded for 286,000.

Definitions	
A	- APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
B	- APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
C	- APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
D	- APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

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Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC AZOUZETTA	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC BALDONNEL	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC BLUFF	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC BOND	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC BULKLEY HOUSE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC CARP	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC CASWELL	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC CHETWYND	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC CONNELLY	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC DAWSON CREEK (2)	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC DOKIE	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC DRIFTWOOD	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC FALLS	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC FOSS	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC FT ST JAMES	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC FT ST JOHN	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC GARBITT	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC GROUND BIRCH	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC HODDA	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC HULCROSS	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC KENNEDY	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC KISKATINAW	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC LEMORAY	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC LEO CREEK	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC LIERSCH	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC LOVELL	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC MACKENZIE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC MCINTYRE	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC MERTON	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC MINARET	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC MOSQUE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC NATION	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC PERRY	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC PINESUL	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC PROGRESS	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC SEPTIMUS	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC SLOANE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC SUNDANCE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TACHEEDA	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC TACHIE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TAKLA	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TAYLOR	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TEKO	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TETANA	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TREMBLAY	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TREMBLEUR	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC URQUHART	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC WABI	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC WAKELY	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC WORTH	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1190000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STOC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via CPR.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via CPR. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.
 - (3) Line infrastructure not graded for 286,000 lbs between Cherwynd, BC and Fort Nelson, BC.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
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CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1190000-AA
Item Pages: 2

Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC BEATTON	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC BLUE HILLS	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC BUICK	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC EKWAN	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC ELLEH	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC FONTAS	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC FT NELSON	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC GUTAH	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC KLUA	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC MURDALE	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC NEEDLEY	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC NITEAL	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC SIKANNI	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC SILVER LAKE	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC TAMARACK	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC ZEKE	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A

New Issue

Canadian National Railway Company Freight Tariff CN ??????-AA

COMPETITIVE FREIGHT TARIFF

AND

HAULAGE RATES, CHARGES AND CONDITIONS

FROM OR TO POINTS

ON BCOL

AND THE UNION PACIFIC (UP) AT NORTH VANCOUVER, BC

FOR FURTHERANCE TO/FROM THE INTERCHANGES WITH
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY (BNSF) AT BROWNSVILLE, BC AND WITH
THE CANADIAN PACIFIC RAILWAY COMPANY (CPR) AT SAPPERTON, BC

FROM	TO
VARIOUS STATIONS IN: BRITISH COLUMBIA	VARIOUS STATIONS IN: BRITISH COLUMBIA

Governed, except as otherwise provided herein, by Rules Tariff CN 6400, 6544 and 6580 series and CN 9000-series.

The Province of British Columbia and CN entered into an agreement whereby CN acquired all the outstanding shares of BC Rail Limited and of BC Rail Partnership, whereby CN acquired the industrial freight railway business and the right to operate BC Rail under a Federal Certificate of Fitness, and whereby CN leased the BC Rail roadbed and properties for 60 years, subject to renewal for an additional 30 years.

Pursuant to this agreement, this tariff is published to implement CN's commitment with the Province to maintain customers' competitive access to connecting railroads at Vancouver, through "Open Gateway" rates and service conditions that are set out in this tariff.

CN's commitment is binding upon it for the entire term of the lease, such that the tariff cannot be withdrawn by CN, and material provisions of this tariff cannot be changed, modified or withdrawn, nor may material provisions be added, without the consent of UP, consent that cannot be unreasonably withheld.

This tariff constitutes a binding agreement between CN and UP. The rates, terms and conditions of this tariff shall be binding upon the successors and assigns of the parties.

ISSUED July XX, 2004

Effective July XX, 2004

Expires with termination of CN's lease of the BCOL lines

CANADIAN NATIONAL RAILWAY COMPANY is publishing this Tariff and contracting in its own name and on behalf of GRAND TRUNK WESTERN RAILROAD INCORPORATED (GTW), DULUTH, WINNIPEG AND PACIFIC RAILWAY COMPANY (DWP), ILLINOIS CENTRAL RAILROAD COMPANY (IC), CHICAGO CENTRAL & PACIFIC RAILROAD COMPANY (CC), CEDAR RIVER RAILROAD COMPANY (CEDR), WISCONSIN CENTRAL LIMITED (WC), ALGOMA CENTRAL RAILWAY INC. (AC), SAULT STE MARIE BRIDGE COMPANY (SSAM), FOX VALLEY & WESTERN LTD. (FVW), WISCONSIN CHICAGO LINK LTD (WCCL) and BRITISH COLUMBIA RAILWAY COMPANY (BCOL) and these companies do business under the name of and are collectively referred to as "CANADIAN NATIONAL" (CN).

Issued by Price Maintenance and Distribution, Automated Invoicing.

(CN ??????-AA)

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(printed in Canada)
TARIFF ??????-AA

RULES AND REGULATIONS

Item 5 Application of Rates, Discounts and Surcharge

This Tariff is applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on the BCOL line of railway, including any future extensions or modifications thereof, for furtherance via UP. This Tariff does not apply to traffic originating from any production facility served by a CN line of railway and being shipped by motor vehicle to a reload facility located on the BCOL line of railway for subsequent furtherance via UP. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another.

The rates, discounts and surcharges published in this Tariff may be applied by the shipper, or any party confirmed by the shipper as an agent acting on its behalf, as a proportional rate (Rule 11) or may be applied by UP as CN's revenue requirement in constructing an interline through rate or as CN's charge for the haulage of railcars in the account of UP to be interchanged with CN at North Vancouver, for furtherance to/from the interchanges with BNSF at Brownsville, BC and CPR at Sapperton, BC.

Item 10 Conditional Applicability of the Tariff

The application of this tariff is conditional on the existence of an agreement between UP and BNSF that provides UP access to the CN/BNSF interchange at Brownsville, BC and of an agreement between UP and CPR that provides UP access to the CN/CPR interchange at Sapperton, BC. The option for UP to use this tariff for the haulage of cars in UP's account is subject to the existence of agreements between UP and BNSF and between UP and CPR to this effect.

Item 15 Liability

In the event that UP opts to use a haulage structure, the following liability rules shall apply between CN and UP.

1. The respective liability of CN and UP for losses or damages to railcars or their content under a haulage arrangement shall be as follows:
 - a) If caused by an infrastructure defect or resulting from an error in the management or operation of the train, CN shall be responsible for losses and damages to the railcars and their content.
 - b) If caused by a defect of a railcar in the account of UP, and supplied by UP, another connecting carrier or the shipper, the responsibility for all losses and damages resulting therefrom shall be that of UP.
 - c) If caused by a defect of a railcar in the account of UP, but supplied by CN, the responsibility for all losses and damages resulting therefrom shall be that of CN.
 - d) If caused by a defect of a railcar in the account of CN, the responsibility for all losses and damages resulting therefrom shall be that of CN.
 - e) If the cause of the losses and damages cannot be identified, the losses and damages to the railcars and their content shall be shared between CN and UP, in that proportion which the number of railcars in CN and UP's account in the train containing such railcars shall bear to the total number of railcars in such train (excluding locomotives).
2. Notwithstanding the above, the parties agree that the liability of UP vis-à-vis its shippers/consignees shall be governed by the *Railway Traffic Liability Regulations* or other applicable contractual arrangements.
3. In the event of a claim or lawsuit by a third party against either CN or UP resulting from losses or damages occurring in the context of a haulage arrangement, each of CN and UP shall indemnify each other on the basis of the principles described in no. 1 above.

Item 20**Car Hire**

Under a haulage arrangement, CN will keep the railcars into its account for car hire accounting purposes. Car hire rates for the various car types, generally negotiated from time to time, shall apply while UP cars are on BCOL.

Item 25**Car Supply**

All rates in Items 1050000 to 1190000 have been constructed assuming that cars will be supplied by CN or in CN's account for car hire and car mileage charge purposes while the cars are on BCOL's lines of railway from or to the interchange in North Vancouver.

In order to ensure that interline traffic is not materially adversely affected through a curtailment by CN in the service level offered on interline traffic, CN shall not discriminate in its allocation and supply of cars amongst BCOL shippers by reason of such BCOL shippers shipping some or all of their volume through UP in preference to CN. Discrimination shall be measured having regard to the type and numbers of cars made available to individual BCOL shippers.

In assessing whether discrimination has occurred as against a BCOL shipper shipping through UP in preference to CN as aforesaid, the following factors shall, in respect of individual shippers, be considered: (i) the number of cars ordered; (ii) the number of cars committed by CN; (iii) the number of cars filled by CN; (iv) historical car requirements and shipment volumes of the BCOL shippers; and (v) the commercial policies and operational practices prevalent throughout CN's Canadian rail network, it being understood that CN shall have the burden to demonstrate these policies were prevalent before the alleged discrimination and were not designed or applied to discriminate against BCOL shippers shipping some or all of their volume through UP in preference to CN.

Customers shall order all cars directly through CN but, to achieve the objective of minimizing car supply shortages, CN will perform a weekly review of its ability to meet customer car demands, through the advance order information of CN's Guaranteed Car Order Program. When car shortages are forecast through this weekly process, CN will allow UP to provide cars, which UP is not obligated to provide, to supplement the CN fleet. The supplemental cars from UP will be accepted by CN at North Vancouver, for movement under the terms of this tariff. CN will accept supplemental cars from UP and will be responsible for car hire, at rates as agreed from time to time between the parties; accessorial charges will be for the account of CN. UP will supply CN with the necessary information for CN's car ordering process. The supplemental cars will be added to CN's general fleet for distribution to customers served by BCOL, and to be shipped to any destination territory or interchange carrier, using the normal CN car process, but CN will make best efforts to match customer orders to UP destinations.

Any issue with regard to the fair allocation of cars shall be escalated by written notice to the attention of CN's General Manager of Car Fleet for resolution. Any dispute resulting from the failure to resolve these issues shall be submitted to commercial arbitration following the same process as described in Item 55 for service issues.

The CN Guaranteed Car Order Supply Program, pursuant to CN Tariff 9000, shall apply to all customers located on the BCOL territory with the exception of covered hopper cars for grain shipments. In addition to CN's Guaranteed Car Order Supply Program, subject to reaching agreement with individual customers, CN will reserve a level of cars based on minimum weekly historical customer requirements.

For grain shipments in covered hopper cars, customers located on the BCOL territory shall order cars directly through CN in accordance with the CN weekly Western Canada grain covered hopper car ordering procedures, or with the car ordering procedures specified in the applicable tariffs for CN Grain Train programs, as amended from time to time. UP will not be required to supply any cars for grain shipments made under this tariff.

Item 30**Private Equipment Discount**

Rates for "private" shipper supplied cars, for which no car-hire or mileage charges are applied, will be discounted by \$225 per car.

Item 35**Dangerous Goods Surcharge**

A surcharge of \$650 per car will be applied to all dangerous goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations.

Item 40**Tariffs and Surcharges**

Except for accessorial charges as defined and levied by CN, pursuant to general tariffs series CN 9000, 6400, 6544 and 6580 and their successors, the charges set out hereunder shall be the only charges applicable to the movement of rail cars governed by this tariff.

Item 45**Currency and Billing**

Except as otherwise specified, all rates and charges in this Tariff are published in Canadian Funds.

Billing shall be accomplished on the basis of data contained in a billing form mutually agreed to between the parties and submitted electronically. Such billing form shall contain sufficient detail to permit computation of payments to be made hereunder. UP shall pay CN through electronic fund transfers at the Office of the Treasurer, or at such other location as CN may from time to time designate, all the compensation and charges of every name and nature which by this agreement UP is required to pay in lawful money of Canada within thirty (30) days after the rendition of bills therefore. For payments not received within 30 days, monthly interest will be charged based on CN credit terms with customers, subject to change from time to time.

Errors or disputed items in any bill shall not be deemed a valid excuse for delaying payment, but shall be paid subject to subsequent adjustment; provided, no exception to any bill shall be honored, recognized or considered if filed after the expiration of three (3) years from the last day of the calendar month during which the bill is rendered and no bill shall be rendered later than three (3) years (i) after the last day of the calendar month in which the expense covered thereby is incurred, or (ii) in the case of claims disputed as to amount or liability, after the amount is settled and/or the liability is established.

So much of the books, accounts, and records of each party hereto as are related to the subject matter of this agreement shall at all reasonable times be open to inspection by the authorized representatives and agents of the parties hereto. All books, accounts, and records shall be maintained to readily furnish full information for each item in accordance with any applicable laws and regulations.

Any issue resulting from the application of the currency and billing terms shall be escalated by written notice to the attention of CN's Marketing Director for Forest Products for resolution. Any dispute resulting from the failure to resolve the issue shall be submitted to binding commercial arbitration following the same process as described in Item 55 for service issues.

Item 50**Annual Adjustment of Rates, Discounts and Surcharges****Applicable Index**

The zone rates in Items 1050000 to 1190000 series will be adjusted annually, with the first adjustment to be made on July 1, 2005. The rates will be adjusted using the Rail Cost Adjustment Factor - Adjusted for productivity gains (the "RCAF-A Index"), published by the Association of American Railroads (AAR) in its Railroad Cost Indices Publication available on the AAR website. Subject to the provisions of this paragraph, indexation will be applied to the then applicable rates on each anniversary date of the closing of the transaction, based on the variance between the last quarterly available RCAF-A Index, versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. The resulting rates will then be in effect from that anniversary date until the next annual adjustment.

Index Floor

Notwithstanding the foregoing, regardless of the actual level of the RCAF-A Index for any given year, under no circumstances will the rates be adjusted at lower levels than the initial rates shown in items 1050000 to 1190000, which levels shall be deemed an absolute floor on rate reductions that are required under this paragraph, unless CN in its discretion voluntarily decides to reduce rates further, or agrees with a shipper or interline carrier to reduce rates further, or is compelled under law or by regulatory authority to reduce rates further. There shall be no ceiling on the amount of any rate increases that may result from the annual application of the RCAF-A Index under this paragraph. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.

Replacement Index

If this index is no longer published, CN shall apply such an annual indexation factor published in substitution for the RCAF-A Index, or, if no such indexation factor is published in substitution for the RCAF-A Index, any replacement index using a comparable productivity gain factor designated by CN acting reasonably.

The discount factor for private car supply in Item 30 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted using the RCAF-A Index, or its replacement index, under the same conditions as for the zone rates as described above.

The surcharge for dangerous goods in Item 35 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index – All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.

The surcharge for dangerous goods in Item 35 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index – All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.

Any issue resulting from the application of the above indexation factors shall be escalated by written notice to the attention of CN's Marketing Director for Forest Products for resolution. Any dispute resulting from the failure to resolve the issue shall be submitted to binding commercial arbitration following the same process as described in Item 55 for service issues.

Item 55

Service

General Service Commitment

CN will operate BCOL under CN's "scheduled railroad" philosophy, and the integration of both railroads' operations will allow the elimination of physical interchanges at North Vancouver and Prince George, and the elimination of intermediate handlings at Squamish. As a result, after a normal transition and integration period, CN commits that service performance for customers' traffic to and from the interchanges with other carriers at Vancouver will be better in terms of transit time and reliability, between customer release and the Vancouver interchange, as compared to the BCOL pre-transaction service levels for comparable traffic volumes.

CTA Oversight Period

CN will provide actual transit times, between customer release and interchange with UP (through BNSF at Brownsville or through CPR at Sapperton, as the case may be), to the Canadian Transportation Agency (CTA) and to UP, on a monthly basis for a 5-year oversight period. These actual transit times will be averaged for each of the five rate zones. CN will also provide actual transit times to the CTA and to UP for its own traffic. The CTA will retain jurisdiction to reinstate the oversight process if the actual service performance warrants such continued reporting, at the CTA's discretion.

Detailed Service Commitment

CN shall accept, handle, switch, transport and deliver all permitted UP traffic moving over the BCOL Lines to/from North Vancouver without discrimination including, but not limited to, promptness, quality of service and efficiency, for both loaded and empty rail cars, that is comparable to the service level achieved by CN in favor of traffic moving in CN's account (excluding traffic moving in unit trains) and other carriers' account to/from Vancouver-area interchanges. Transit times will be measured from customer releases and eight (8) hours will be added to CN's transit times on its own traffic to North Vancouver to properly compare to the transit times for the UP traffic that include the transfer between North Vancouver and the interchange with either BNSF at Brownsville or with CPR at Sapperton. This includes frequency of customer switching, car dwell times in yards, and train service frequency including train run through between North Vancouver and CN Thornton yard in Vancouver or direct interchange connection with either BNSF or CPR, once implemented through a progressive service implementation process on BCOL Lines. CN shall adopt no policies, including but not limited to demurrage and absorption of switching fees, that discriminate against UP's traffic moving over the BCOL Lines.

The parties agree that all rail cars moving onto or from the BCOL Lines shall be moved and exchanged pursuant to the Interline Service Protocols in place between CN and BNSF and between CN and CPR as mutually agreed to between the parties and subject to change from time to time.

CN shall cooperate with UP to provide service on their traffic moving over the BCOL Lines that is as efficient and competitive as for CN's own traffic and for other carriers' traffic in the Vancouver corridor. All the CN, UP and other carriers' traffic will be handled in train service as defined in CN's train service plan. CN will provide UP with all updated Train Service Plans as they become available from time to time. After BCOL will be fully integrated to CN's operation, CN will report all transportation events on BCOL into its Transportation Systems (SRS system) that will allow both customers and UP to follow the movement of this traffic while on BCOL.

CN shall pick up and deliver all the UP and CN traffic released from or ordered to customers' sidings on the BCOL Lines with scheduled train and switcher service defined in the train service plan. Set off and lifts of the UP traffic at the defined Interchange Locations will be handled and interchanged pursuant to the Interline Service Protocols.

UP will benefit in all operational efficiencies gained in CN operations to and from customer sidings, as CN and UP traffic will be handled in same train / switching service pursuant to the train service plan which may be changed from time to time to reflect the efficiencies in operations and traffic volumes.

CN will be operating and handling UP's traffic according to the Interline Service Protocols in place with BNSF and CPR and the Train Service Plan in effect. In the event of a service deficiency by CN or by the other carriers involved on behalf of UP, the affected party, including UP, shall provide written notice to the other party of the service deficiency who shall immediately work to correct such service deficiency. The party at fault will provide the other party with a written action plan identifying how it will correct such service deficiency within five (5) working days from receipt of written notice and with physical implementation within ten (10) working days from receipt of written notice. The parties may mutually agree on longer time periods for providing the action plan or for the implementation schedule when appropriate. For example, implementation of solutions that would require substantial changes with crew scheduling would have to comply with a notice requirement as per labor agreements in place (currently 30 days).

Whenever UP is of the view that CN is not performing comparable to the level of service achieved on CN's own traffic and other carriers' traffic to or from Vancouver, UP will have the right to request that CN supply service performance information concerning the traffic originating or terminating on the BCOL Lines that is reasonably available, allowing the comparison of the service performance on the former BCOL for the UP traffic, the CN traffic and the other carriers' traffic. CN shall provide this information within 30 days from a written request from UP that describes the nature of the problem to be resolved.

Problem Escalation for Resolution and/or Arbitration

In the event that the parties have any disputes under this Item, such dispute shall be escalated by written notice to the area Superintendent for either party. In the event that such Superintendents are unable to resolve such dispute within five (5) working days from receipt of written notice, the dispute shall be escalated to the Vice-President of Operations of either party for a determination. In the event that such Vice-Presidents are unable to resolve the dispute within ten (10) days, either party shall be entitled to request that any matter, which is not finalized, be submitted to the arbitration of a single arbitrator. Customers can consult with UP to initiate this problem escalation process.

Any request for arbitration shall be made by notice in writing from one party to the other party, and such notice shall describe the issue(s) to be arbitrated. In the event that the parties are unable to agree on the appointment of the arbitrator within five (5) days, one shall be appointed by the Canadian Transportation Agency. The provisions of the Commercial Arbitration Act of British Columbia shall apply to the arbitration, and the decision of the arbitrator shall be final and binding upon each of the parties. Regardless of the outcome of the arbitration, each party to the arbitration shall pay its own costs, fees and expenses of counsel, and the expenses of the arbitrator will be shared equally by the parties. Any arbitration shall be completed ninety (90) days from the date of the appointment of the arbitrator.

TARIFF ?????-AA

**Participating Carriers
(Alphabetized By Standard Carrier Abbreviation)**

**The Following Carriers are Parties to this Tariff Under Powers of Attorney or Concurrences Issued to
Assistant Comptroller, Canadian National Railway.**

Abbreviation	Name of Carrier
CN	CANADIAN NATIONAL RAILWAY COMPANY

 CANADIAN NATIONAL	TARIFF CN ??????-AA Effective July XX, 2004. Expires with CN lease termination.	Item No: 1050000-AA Item Pages: 2
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Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

Note(s) :

- Price applies in Canadian funds.
- In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
- Rates apply to the load movement with no charge for the empty car movement.
- These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via UP.
- These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via UP. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
- A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
- A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
- The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
- The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
- The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
- If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.

Definitions

A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
 B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
 C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
 D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
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 CANADIAN NATIONAL	TARIFF CN ??????-AA Effective July XX, 2004. Expires with CN lease termination.	Item No: 1050000-AA Item Pages: 2
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Origin	Destination	A	B	C	D
BC BIRKEN	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC BRITANNIA	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC BRUNSWICK	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC CHEAKAMUS	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC CREEKSIDE	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC DARCY	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC GARIBALDI	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC GATES	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC HORSESHOE BAY	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC MARNE	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC MONS	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC MOUNT CURRIE	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC PEMBERTON	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC PORTEAU	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC RETASKIT	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC SEATON	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC SHALALTH	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC SPETCH	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC SQUAMISH	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC SQUAMISH DCK	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC TISDALL	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC WEDGE	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815
BC WHISTLER	BC NORTH VANCOUVER	\$ 693	\$ 717	\$ 766	\$ 815

 CANADIAN NATIONAL	TARIFF CN ??????-AA Effective July XX, 2004. Expires with CN lease termination.	Item No: 106000-AA Item Pages: 2
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Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

Note(s) :

- Price applies in Canadian funds.
- In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
- Rates apply to the load movement with no charge for the empty car movement.
- These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via UP.
- These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via UP. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
- A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
- A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
- The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
- The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
- The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
- If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.

Definitions

A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
 B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
 C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
 D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
BC CANIM	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905

 CANADIAN NATIONAL	TARIFF CN ??????-AA	Item No: 106000-AA Item Pages: 2
	Effective July XX, 2004. Expires with CN lease termination.	

Origin	Destination	A	B	C	D
BC CHASM	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC CLINTON	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC ENTERPRISE	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC EXETER	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC FLYING U	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC FOUNTAIN	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC GLENFRASER	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC GRAHAM	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC KELLY LAKE	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC KOSTER	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC LAC LA HACHE	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC LILLOOET	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC LIME	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC LONE BUTTE	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC MORAN	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC ONWARD	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC PAVILION	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC POTTER	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC TATTON	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC WILLIAMS LAKE	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC WRIGHT	BC NORTH VANCOUVER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 107000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via UP.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via UP. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.
 - (2) Applies only from rail facilities at Prince George located on BCOL.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
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CN CANADIAN NATIONAL	TARIFF CN ??????-AA	
	Effective July XX, 2004. Expires with CN lease termination.	Item No: 107000-AA Item Pages: 2

Origin	Destination	A	B	C	D
BC ALEXANDRIA	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC AUSTRALIAN	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC BARLOW	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC BARNEY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC BRIDGE	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC COLBANK	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC COTWOOD	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC CRYSDALE	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC DRAGON	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC DUNKLEY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC FRASERVIEW	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC GIBRALTER	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC GREENING	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC HIXON	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC KERSLEY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC KILLY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC MACALISTER	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC MACKIN	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC MCEWAN	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC ODELL	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC PRINCE GEORGE (2)	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC PRINCE GEORGE JCT	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC QUAW	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC QUESNEL	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC REDROCK	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC SALMON VALLEY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC SODA CREEK	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC STONER	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC TABOR	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC WALKER	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC WESTPLY	BC NORTH VANCOUVER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1080000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

Note(s) :

- Price applies in Canadian funds.
- In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
- Rates apply to the load movement with no charge for the empty car movement.
- These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via UP.
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- A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
- A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
- The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
- The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
- The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
- If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.
- (2) Applies only to customer facilities at Dawson Creek located on BCOL.
- (3) Line infrastructure not graded for 286,000 lbs.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.



CANADIAN NATIONAL

TARIFF CN ?????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 108000-AA
Item Pages: 2

Origin	Destination	A	B	C	D
BC AZOUZETTA	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC BALDONNEL	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC BLUFF	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC BOND	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC BULKLEY HOUSE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC CARP	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC CASWELL	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC CHETWYND	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC CONNELLY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC DAWSON CREEK (2)	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC DOKIE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC DRIFTWOOD	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC FALLS	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC FOSS	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC FT ST JAMES	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC FT ST JOHN	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC GARBITT	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC GROUNDHIRCH	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC HODDA	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC HULCROSS	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC KENNEDY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC KISKATINAW	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC LEMORAY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC LEO CREEK	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC LIERSCH	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC LOVELL	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC MACKENZIE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC MCINTYRE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC MERTON	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC MINARET	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC MOSQUE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NATION	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC PERRY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC PINESUL	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC PROGRESS	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC SEPTIMUS	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC SLOANE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC SUNDANCE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TACHEEDA	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC TACHIE	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TAKLA	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TAYLOR	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TEKO	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TETANA	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TREMBLAY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC TREMBLEUR	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC URQUHART	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC WABI	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC WAKELY	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC WORTH	BC NORTH VANCOUVER	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1090000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
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 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.
 - (3) Line infrastructure not graded for 286,000 lbs between Chetwynd, BC and Fort Nelson, BC.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
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CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1090000-AA
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Origin	Destination	A	B	C	D
BC BEATTON	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC BLUE HILLS	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC BUICK	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC EKWAN	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC ELLEH	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC FONTAS	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC FT NELSON	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC GUTAH	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC KLUA	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC MURDALE	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NEEDLEY	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NITEAL	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC SIKANNI	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC SILVER LAKE	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC TAMARACK	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC ZEKE	BC NORTH VANCOUVER	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1150000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via UP.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via UP. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
 - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable.
 - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4.
 - The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC BIRKEN	\$ 693	\$ 717	\$ 766	\$ 815



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1150000-AA
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Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC BRITANNIA	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC BRUNSWICK	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC CHEAKAMUS	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC CREEKSIDE	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC DARCY	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC GARIBALDI	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC GATES	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC HORSESHOE BAY	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC MARNE	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC MONS	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC MOUNT CURRIE	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC PEMBERTON	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC PORTEAU	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC RETASKIT	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC SEATON	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC SHALALTH	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC SPETCH	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC SQUAMISH	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC SQUAMISH DCK	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC TISDALL	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC WEDGE	\$ 693	\$ 717	\$ 766	\$ 815
BC NORTH VANCOUVER	BC WHISTLER	\$ 693	\$ 717	\$ 766	\$ 815

 CANADIAN NATIONAL	TARIFF CN ??????-AA Effective July XX, 2004. Expires with CN lease termination.	Item No: 116000-AA Item Pages: 2
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Conditions Applicable Against All Traffic	
Commodity(ies) :	All Commodities.
STCC Number(s) :	
Route(s) :	CN 0: CN
Charge(s) :	PER CAR
Note(s) :	<ul style="list-style-type: none"> - Price applies in Canadian funds. - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40. - Rates apply to the load movement with no charge for the empty car movement. - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via UP. - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via UP. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling. - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000). - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable. - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4. - The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note. - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period. - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.

Definitions	
A	- APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
B	- APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
C	- APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
D	- APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC CANIM	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 116000-AA
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Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC CHASM	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC CLINTON	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC ENTERPRISE	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC EXETER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC FLYING U	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC FOUNTAIN	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC GLENFRASER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC GRAHAM	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC KELLY LAKE	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC KOSTER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC LAC LA HACHE	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC LILLOOET	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC LIME	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC LONE BUTTE	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC MORAN	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC ONWARD	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC PAVILION	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC POTTER	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC TATTON	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC WILLIAMS LAKE	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905
BC NORTH VANCOUVER	BC WRIGHT	\$ 1,227	\$ 1,504	\$ 1,772	\$ 1,905



CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 117000-AA
Item Pages: 2

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
 - Rates apply to the load movement with no charge for the empty car movement.
 - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via UP.
 - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via UP. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling.
 - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000).
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 - The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note.
 - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.
 - (2) Applies only to rail facilities at Prince George located on BCOL.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
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CANADIAN NATIONAL

TARIFF CN ??????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 1170000-AA
Item Pages: 2

Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC ALEXANDRIA	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC AUSTRALIAN	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC BARLOW	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC BARNEY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC BRIDGE	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC COLEBANK	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC COTWOOD	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC CRYSDALE	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC DRAGON	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC DUNKLEY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC FRASERVIEW	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC GIBRALTER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC GREENING	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC HIXON	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC KERSLEY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC KILLY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC MACALISTER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC MACKIN	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC MCEWAN	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC ODELL	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC PRINCE GEORGE (2)	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC PRINCE GEORGE JCT	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC QUAW	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC QUESNEL	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC REDROCK	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC SALMON VALLEY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC SODA CREEK	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC STONER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC TABOR	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC WALKER	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026
BC NORTH VANCOUVER	BC WESTPLY	\$ 1,521	\$ 1,580	\$ 1,886	\$ 2,026



CANADIAN NATIONAL

TARIFF CN ??????-AA

**Effective July XX, 2004.
Expires with CN lease termination.**

**Item No: 1180000-AA
Item Pages: 2**

Conditions Applicable Against All Traffic

Commodity(ies) : All Commodities.

STCC Number(s) :

Route(s) : CN 0: CN

Charge(s) : PER CAR

- Note(s) :
- Price applies in Canadian funds.
 - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in Item 40.
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 - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period.
 - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories.
 - (2) Applies only to customer facilities at Dawson Creek located on BCOL.
 - (3) Line infrastructure not graded for 286,000 lbs.

Definitions

- A - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
- B - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
- C - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
- D - APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.



CANADIAN NATIONAL

TARIFF CN ?????-AA

Effective July XX, 2004.
Expires with CN lease termination.

Item No: 118000-AA
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Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC AZOUZETTA	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC BALDONNEL	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC BLUFF	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC BOND	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC BULKLEY HOUSE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC CARP	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC CASWELL	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC CHETWYND	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC CONNELLY	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC DAWSON CREEK (2)	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC DOKIE	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC DRIFTWOOD	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC FALLS	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC FOSS	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC FT ST JAMES	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC FT ST JOHN	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC GARBITT	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC GROUND BIRCH	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC HODDA	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC HULCROSS	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC KENNEDY	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC KISKATTNAW	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC LEMORAY	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC LEO CREEK	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC LIERSCH	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC LOVELL	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC MACKENZIE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC MCINTYRE	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC MERTON	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC MINARET	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC MOSQUE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC NATION	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC PERRY	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC PINESUL	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC PROGRESS	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC SEPTIMUS	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC SLOANE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC SUNDANCE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TACHEEDA	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC TACHIE	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TAKLA	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TAYLOR	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TEKO	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TETANA	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TREMBLAY	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC TREMBLEUR	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC URQUHART	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC WABI	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A
BC NORTH VANCOUVER	BC WAKELY	\$ 1,957	\$ 2,136	\$ 2,489	\$ 2,671
BC NORTH VANCOUVER	BC WORTH	\$ 1,957	\$ 2,136	\$ 2,489	(3) N/A

 CANADIAN NATIONAL	TARIFF CN ??????-AA Effective July XX, 2004. Expires with CN lease termination.	Item No: 1190000-AA Item Pages: 2
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Conditions Applicable Against All Traffic	
Commodity(ies) :	All Commodities.
STCC Number(s) :	
Route(s) :	CN 0: CN
Charge(s) :	PER CAR
Note(s) :	<ul style="list-style-type: none"> - Price applies in Canadian funds. - In addition, rates herein are subject to chargeable services, where incurred, and all other rules stipulated in Tariff CN 9000 series, Tariff CN 6400, 6544 and 6580 series, supplements thereto and reissues thereof as provided for in item 40. - Rates apply to the load movement with no charge for the empty car movement. - These rates are applicable to all traffic, except as specified in this Tariff, destined to, or originating from, all current and future rail shipping facilities located on BCOL, including any future extensions or modifications, for furtherance via UP. - These rates do not apply to traffic originating from facilities located on and served by a CN line of railway and being shipped by motor vehicle to a reload facility located on BCOL for subsequent furtherance via UP. Reload and/or Transload Facilities shall mean facilities other than production facilities, automotive or intermodal facilities, or team tracks where freight is transferred from one mode to another. Rates are not applicable to dimensional loads, articulated cars or to other traffic that requires special handling. - A surcharge of \$650 will be applied to all Dangerous Goods shipments regulated under the Canadian Transportation of Dangerous Goods Regulations (commodities with STCC code series 4800000 and 4900000). - A discount of \$225 will be applied to shipper privately owned equipment and for which no car-hire or mileage charges are applicable. - The rates will be adjusted annually, with the first adjustment to be made on July 1, 2005, based on the variance between the last quarterly available RCAF-A Index versus the RCAF-A Index for the same quarter of the previous year. Indexation adjustments will be rounded to the nearest dollar. At no time will the rates be adjusted to amounts lower than the initial rates shown in item 1050000. For example: For a \$100 rate at year 1, if the RCAF-A Index produces a 1% reduction for year 2 and 3, and a 1% increase for year 4, the rate will remain at \$100 (the floor level) for year 2 and 3, and will be adjusted to \$101 at year 4. Conversely, if RCAF-A Index produces a 1% increase for year 2 and 3, and a 1% reduction at year 4, the \$100 starting rate will be \$101 at year 2, \$102 at year 3 and \$101 at year 4. - The discount factor for private car supply in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This discount will be adjusted by the year over year percentage increase or decrease in the RCAF - A Index calculated as per the previous note. - The surcharge for dangerous goods in Item 1050000 will be adjusted annually, with the first adjustment to be made on July 1, 2005. This surcharge will be adjusted by the year over year percentage increase or decrease in the Consumer Price Index - All Items as published by Statistics Canada in Table 1 of Catalog 62-001. For clarity, the arithmetical average of the last 12 months available will be divided by the arithmetical average of the previous 12 months period. - If future industry innovations allow car loadings in excess of 120 tons per car, CN will then publish a new weight category for cars with net weight over 120 tons by extrapolating from the rates in place for the lower weight categories. - (3) Line infrastructure not graded for 286,000 lbs between Chetwynd, BC and Fort Nelson, BC.

Definitions	
A	- APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 66 TONS.
B	- APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 85 TONS.
C	- APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 105 TONS.
D	- APPLICABLE FOR CARS WITH ACTUAL LOAD WEIGHT < 120 TONS.

Origin	Destination	A	B	C	D
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 CANADIAN NATIONAL	TARIFF CN ??????-AA Effective July XX, 2004. Expires with CN lease termination.	Item No: 1190000-AA Item Pages: 2
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Origin	Destination	A	B	C	D
BC NORTH VANCOUVER	BC BEATTON	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC BLUE HILLS	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC BUICK	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC EKWAN	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC ELLEH	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC FONTAS	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC FT NELSON	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC GUTAH	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC KLUA	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC MURDALE	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC NEEDLEY	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC NITEAL	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC SIKANNI	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC SILVER LAKE	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC TAMARACK	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A
BC NORTH VANCOUVER	BC ZEKE	\$ 2,716	\$ 2,896	\$ 3,267	(3) N/A

**SCHEDULE C
CERTIFICATE OF FITNESS**

Office
des transports
du Canada



Canadian
Transportation
Agency

Date: 2004-03-15

Certificat n°
Certificate No. 97001-1

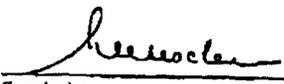
Certificat d'aptitude délivré à

Certificate of fitness issued to

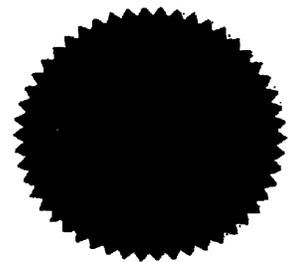
Canadian National Railway Company/
Compagnie des chemins de fer nationaux du Canada

par l'Office des transports du Canada conformément à l'alinéa 93(1)c) de la *Loi sur les transports au Canada*, L.C. (1996), ch. 10, permettant à la Compagnie des chemins de fer nationaux du Canada et à toutes ses filiales, détenues en propriété exclusive ou non, lesquelles sont énoncées en annexe, d'exploiter ou de construire des chemins de fer au Canada.

by the Canadian Transportation Agency pursuant to paragraph 93(1)(c) of the *Canada Transportation Act*, S.C., 1996, c. 10 which permits the Canadian National Railway Company and all of its subsidiaries, wholly-owned or not, as set out in the Appendix, to operate or construct railways in Canada.


pour le Secrétaire
Office des transports du Canada

for Secretary
Canadian Transportation Agency



Canada

Annexe

Compagnie des chemins de fer nationaux du Canada

Propriétés ferroviaires du Canadien National Inc.

Compagnie du chemin de fer de Québec et du Lac St-Jean

Compagnie canadienne du chemin de fer du Nord québécois

St. Clair Tunnel Company

Compagnie du complexe ferroviaire Shawinigan

Canada Southern Railway Company

Ecorail Ltd.

BC Rail Ltd.

Appendix

Canadian National Railway Company

Canadian National Railway Properties Inc.

Quebec and Lake Saint John Railway Company

Canadian Northern Quebec Railway Company

St. Clair Tunnel Company

Shawinigan Terminal Railway Company

Canada Southern Railway Company

Ecorail Ltd.

BC Rail Ltd.



**SCHEDULE D
OTHER AGREEMENTS**

- Service Improvement Undertaking
- Open Gateway Tariffs

**SCHEDULE E
TWENTY-FIVE MILE RATE GROUPS**

25 Mile Rate Group	Peace River Area Origination Points to VC			CN Mainline Origination Points to VC		
	ORIGIN		Mileage to VC	ORIGIN		Mileage to VC
725-750				STONY PLAIN	AB	742.7
751-775	ALBRICHT*	AB	757.2	ACHESON	AB	751.5
	HYTHE*		763.1	EDMONTON	AB	766.8
776-800	GRANDE PRAIRIE	AB	798.4	STURGEON	AB	780.2
	WEMBLEY*	AB	786.0	BRAMER	AB	789.6
	DIMSDALE*	AB	792.6	FT SASKATCHEWAN	AB	791.7
				GAUDDY	AB	792.6
801-825	CLAIRMONT	AB	804.9	LAMONT	AB	802.1
	SEYMITH	AB	811.9	RYLEY	AB	815.4
				MUNDARE	AB	823.6
				HOLDEN	AB	824.2
826-850	WOKING	AB	835.2	VEGREVILLE	AB	836.6
	RYCROFT	AB	847.9	VIKING	AB	845.6
				LAVOY	AB	846.3
851-875	SPIRIT RIVER	AB	852.1	IRMA	AB	872.4
	WANHAM	AB	865			
876-900				VERMILION	AB	894
901-925	CIROUXVILLE	AB	920.5	CHALVIN	AB	923.2
926-950	FALHER	AB	926.6	LLOYDMINSTER	SK	934.5
	DONNELLY	AB	929.8	MARSHALL	SK	946.3
	McKENNAN	AB	938.3			
951-975	KINUSO	AB	953.2	MAIDSTONE	SK	969
	RENO	AB	960.6	UNITY	SK	972.2
	HIGH PRAIRIE	AB	966			
	NAMPA	AB	967.2			
976-1000	JUDAH	AB	978.3	SCOTT	SK	987.4
	PEACE RIVER	AB	985.3			
1001-1025	CRIMSHAW	AB	1001.7	LANDIS	SK	1007.5
				NORTH BATTLEFORD	SK	1018.9
				BRADA	SK	1023
1026-1050				BIGGAR	SK	1030.1
1051-1075	MANNING	AB	1052.6	RADISSON	SK	1062.7
	HOTCHKISS	AB	1066.4			
1076-1100	HAWK HILLS	AB	1081.4	SASKATOON	SK	1085.8
				CLAYBY	SK	1100
1101-1125	KBO RIVER	AB	1125.6	ALLAN	SK	1118.6
1126-1150				WATROUS	SK	1148.4
1151-1175				DIXON	SK	1162
				HUMBOLDT	SK	1166.6
				NOKOMIS	SK	1171.2
1176-1200	HIGH LEVEL	AB	1180.2	SEMAN'S	SK	1185.2
				BOOTH	SK	1190.1
				RAYMORB	SK	1194.5

* denotes Post-Transaction mileage.

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CN announces partnership with BC Rail

Partnership will benefit province's forest products industry, ensure effective rail competition and promote economic development of B.C.'s North

VANCOUVER, Nov. 25, 2003 - CN announced today it will pay the B.C. government \$1 billion in cash to acquire the outstanding shares of BC Rail Ltd., along with the right to operate over BC Rail's roadbed under a long-term lease. BC Rail's rail bed will remain in public hands, with CN assuming responsibility for rail transportation and infrastructure maintenance.

E. Hunter Harrison, president and chief executive officer of CN, said: "CN is pleased that the B.C. government has selected us to partner with BC Rail. Our financial strength, operating excellence, and investment in the future of BC Rail will create lasting economic value for all of B.C.

"Purchasing the BC Rail franchise is a strategically important initiative for CN, one that will strengthen our forest products business and that has significant scope for shareholder value creation.

"We firmly believe our plan for BC Rail will best serve the province's forest products industry, northern communities and vital tourism trade. The rail combination will offer BC Rail shippers unparalleled routes to major NAFTA and international markets - a new network of routes that will strengthen the competitiveness of the B.C. economy.

"Our partnership with B.C. also reflects CN's commitment to promote open and fair competition and to share the transaction's synergies with shippers. We will offer BC Rail's shippers the 'best of both worlds' - the efficiencies and route advantages of CN's single line-service to key markets, and the option of routing traffic to other railways at the Vancouver gateway at lower average rates than those now charged by BC Rail."

Harrison said: "Another key objective of our partnership is economic and community development in B.C.'s North. First, we will locate our B.C. North Division office in Prince George and inject new work into the city's BC Rail shop complex. These initiatives will assure local decision-making and a highly responsive work force to meet the needs of BC Rail shippers, and help mitigate the employment impact of new rail efficiencies. Second, CN is committed to grow freight volumes in the Northwest Corridor in cooperation with the Port of Prince Rupert. And third, we will actively support the introduction of new and exciting train tours over BC Rail between Vancouver, Whistler and the B.C. North. CN and BC Rail will soon request proposals from qualified companies to select third party operators for these trains."

CN plans to invest one million dollars in a new state-of-the-art wheel shop at BC Rail's Prince George Shop complex, and will in-source wheel work currently contracted out and assign CN system freight car and locomotive work to the facility.

Harrison also said: "CN has extensive experience in working with Aboriginal groups, supports the treaty process and will respect existing agreements and protocols with BC Rail."

The integration of CN and BC Rail operations will be conducted in step-by-step fashion over a three-year period, ensuring a smooth transition for shippers and fair treatment of employees.

Excluding 115 employees who are already inactive, BC Rail currently has a workforce of 1,380 employees. CN's operating plan in future will require a workforce of 950, including 95 employees who would be surplus were it not for the company's plan to perform new mechanical work at BC Rail's Prince George shops, and 60 employees to be relocated within CN's system in Western Canada. CN estimates 250 BC Rail employees are eligible for early retirement, and that the remaining 180 job reductions will be accomplished by attrition or severance.

"We will do our utmost to work with BC Rail communities to pursue growth opportunities and to find creative ways to lessen the impact of our operating plan on employment levels," said Harrison.

CN expects the combined CN/BC Rail networks to generate revenue gains from market share captured from trucks, and to produce cost synergies from new operating efficiencies and greater asset utilization. CN will finance the transaction with debt and expects it to be accretive to its earnings per share and free cash flow in the first year of BC Rail operation.

Harrison said: "CN is a shareholder focused company. Since the company's initial public offering in November 1995, CN's share price has grown by almost 500 per cent.

"CN has a record of flawlessly bringing other railroads into its system. This success has delivered real benefits to shippers, shareholders and employees. We expect nothing less in the integration of BC Rail into CN's network."

The B.C. government will enact legislation to effect the partnership with CN. The transaction is subject to approval by Canada's Competition Bureau and is expected to close in the first quarter of 2004.

Information on the partnership and maps of the combined networks are available at www.cn.ca/BCRailpartnership, or click on the CN-BC Rail icon on CN's home page.

This news release contains forward-looking statements. CN cautions that, by their nature, forward-looking statements involve risk and uncertainties and that its results could differ materially from those expressed or implied in such statements. Reference should be made to CN's most recent Form 40-F filed with the United States Securities and Exchange Commission, and the Annual Information Form filed with the Canadian securities regulators, for a summary of major risks.

Canadian National Railway Company spans Canada and mid-America, from the Atlantic and Pacific oceans to the Gulf of Mexico, serving the ports of Vancouver, Prince Rupert, B.C., Montreal, Halifax, New Orleans, and Mobile, Ala., and the key cities of Toronto, Buffalo, Chicago, Detroit, Duluth, Minn./Superior, Wis., Green Bay, Wis., Minneapolis/St. Paul, Memphis, St. Louis, and Jackson, Miss., with connections to all points in North America.

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Nov. 28, 2003)

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News Releases

CN enters consent agreement with Canada's Competition Bureau on BC Rail Partnership

\$1-billion transaction expected to close by mid-July 2004

VANCOUVER, July 2, 2004 — CN announced today that it has reached a consent agreement with Canada's Competition Bureau regarding its BC Rail Partnership and plans to close the \$1-billion transaction by mid-July 2004.

The consent agreement, filed with the Competition Tribunal today, builds on CN's promise of last fall to share merger efficiencies with BC Rail shippers and assure them competitive transportation options through its Open Gateway Rate and Service Commitment.

Under that commitment, shippers will be able to choose CN to reach markets, enjoying faster transit times, or they can route traffic over BC Rail to connecting railways at the Vancouver gateway at lower rates and with better service than exist today on BC Rail. CN has negotiated agreements with three connecting railroads at Vancouver – Canadian Pacific, Burlington Northern Santa Fe and Union Pacific – to ensure shippers routing options.

The consent agreement will also maintain competitive rates and service for grain shippers in the Peace River region.

E. Hunter Harrison, president and chief executive officer of CN, said: "CN is pleased to move ahead with this transaction and is ready to integrate the 1,500-mile BC Rail into our North American network spanning Canada and mid-America. We brought Illinois Central and Wisconsin Central into the CN family in a flawless fashion, and we expect nothing less in our integration of BC Rail.

"As we move forward with our partnership, we firmly believe CN's network and service advantages will strengthen the competitiveness of BC Rail shippers and help position Northern B.C. for new economic growth."

The Competition Bureau began its review of the CN-BC Rail Partnership after CN and the British Columbia government announced Nov. 25, 2003, that CN would acquire all shares outstanding of BC Rail, and the right to operate over BC Rail's roadbed under a long-term lease. Provincial legislation approving the partnership became law in December 2003. No further approvals are required before closing.

Information on the partnership is available at www.cn.ca/BCRailpartnership

This news release contains forward-looking statements. CN cautions that, by their nature, forward-looking statements involve risk and uncertainties and that its results could differ materially from those expressed

or implied in such statements. Reference should be made to CN's most recent Form 40-F filed with the United States Securities and Exchange Commission, and the Annual Information Form filed with the Canadian securities regulators, for a summary of major risks.

Canadian National Railway Company spans Canada and mid-America, from the Atlantic and Pacific oceans to the Gulf of Mexico, serving the ports of Vancouver, Prince Rupert, B.C., Montreal, Halifax, New Orleans, and Mobile, Ala., and the key cities of Toronto, Buffalo, Chicago, Detroit, Duluth, Minn./Superior, Wis., Green Bay, Wis., Minneapolis/St. Paul, Memphis, St. Louis, and Jackson, Miss., with connections to all points in North America.

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