Prince Rupert - North America’s New Gateway

TRB 2006 Summer Conference

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Paul Butcher
Intermodal - IMX
Great North American Franchise

- Seamless service
- Unique 3-coast network
- Deep reach into the U.S.

- Transborder 33%
- Domestic U.S. 22%
- Domestic Canada 24%
- Offshore 21%
Unconstrained Capacity

**Cars**
- faster cycles
- generic fleets
- 24/7 operation

**Track**
- siding extensions
- routing protocols
- co-production

**Yards**
- by-pass (service design)
- re-configure (Memphis)
- Smart Yard
- demurrage / storage policies

**Precision railroading creates capacity**
Positioned for Intermodal Growth

Intermodal Revenues and Margins

- Controlled growth, significant margin increase with IMX
- Sustainable, profitable growth
- Solid growth, low margins pre-IMX


Intermodal revenues
Margins

Velocity
US gateways
CN Worldwide
Prince Rupert
The New World Port

“To be a leading trade corridor ‘gateway’ between North America and Asian markets.”
World Container Forecast

- Growth Rate (CAGR) 1994 to 2004: 8.3%
- Growth Rate (CAGR) 2004 to 2014: 6.1%
- Growth Rate (CAGR) 2014 to 2024: 5.0%

Source: Global Insight
Partners in Development

Phase I - $170M

- British Columbia: $30M
- Maher Terminals: $60M
- Canada: $30M
- CN: $25M
- Other: $25M
With Ability for Expansion

Phase II – 2M TEUs
2010
Construction Timeline

- Demolition phase – complete Dec / 05
- Wharf Construction – Feb/06 – May/07
- Crane Delivery – July/07
- Phase 1 Operational – October /07
- Phase 2 Construction Complete – 2010
The Prince Rupert Advantage

Phase I - $170M

Precision Railroading
Key Features of Prince Rupert

- Best and safest natural harbour in the world
- Deepest in all of North America
- Ice-free harbour, operational twelve months per year
- 1 – 1,300’ berth
- 3 ultra post panamax cranes amongst largest in the world
- Storage of 7,000 TEUs – 4 containers high
- Uniquely designed as pure intermodal – rail transfer facility
An Experienced Operator

- World's largest independent multi-user container terminal operators
- Maher operates facilities in the Port of New York and New Jersey where it has operated since 1946
Best rail line to the Pacific Coast in North America

- Edmonton – 39 hrs
- Winnipeg – 61 hrs
- Saskatoon – 47 hrs
- Calgary
- Houston
- Memphis – 136 hrs
- New Orleans
- Prince Rupert
- Prince George
- Toronto – 108 hrs
- Vancouver – 61 hrs
- Halifax
- Montreal – 115 hrs
- Chicago – 107 hrs
Faster Total Transit Times

- Phase I - $170M

Hours:
- Hong Kong
- Shanghai
- Busan

- Vancouver - CN
- Vancouver - CP
- Los Angeles - UP
- Los Angeles - BNSF
- Prince Rupert
Opportunities for Backhaul Shipments

100,000 containers move empty to CN-served Ports

Empty Containers to CN-served Ports

- 2005: 100,000 containers
- 2008: 270,000 containers

Impact of Prince Rupert
In 2007... Comes Prince Rupert

- Shortest route between Asia and North America
- Deepest harbor in North America
- No port congestion
- High capacity rail line
- Export Opportunities
- By 2007.....Phase I 500,000 TEU capacity
- By 2010.....Phase II quadrupling of capacity
CN Worldwide

- International freight forwarding company
- 100% wholly owned CN Subsidiary
- Headquartered in Rotterdam, Netherlands

One contract, one rate, one bill of lading and one invoice