

**Sales and Marketing**

J.J. Ruest
Executive Vice-President and
Chief Marketing Officer

935 de La Gauchetière Street West
Montreal, QC H3B 2M9
Canada
Telephone: (514)-399-6734

Ventes et marketing

Jean-Jacques Ruest
Vice-président exécutif et
Chef du marketing

935, de La Gauchetière ouest
Montréal (Québec) H3B 2M9
Canada
Téléphone: (514) 399-6734

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Dear Valued Customer,

As a follow up to the CN customer communication sent June 28, 2014, over the last several months with the US ILWU contract deadline approaching, CN has continually requested that our business partners protect the service of our regular customers by controlling the flow of temporary US import diversions via the Canadian West Coast gateways.

The supply chain through Port on dock rail loading daily capacity, and destination terminals require longer term asset and infrastructure planning to handle a large, temporary surge in imports, if it is to be done in respect of the service to regular and existing business.

Despite this warning, we have seen a major change in rail import volume patterns to the US at both Vancouver and Prince Rupert. This volume has been diverted by Ocean Carriers either directly or by their customers. Much of the increased cargo has not been identified in the 4 week rolling workload forecasts provided to us, further complicating our operating plan and service commitment to our regular customers.

The resulting congestion has an adverse dwell time impact on all rail traffic leaving the ports and risks compromising CN's ability to meet its service obligations to year round customers. The situation has therefore become untenable and CN has no alternative but to act to address it in a decisive fashion. Accordingly, in order to avoid increased dwell at the port on all imports, CN will be taking action to curtail any further increased discharge of US temporary cargo. CN will establish the US import allocation by carrier and terminal based on regular volume offerings received earlier this year, plus an allotted percentage over and above the "normal volume". CN will provide the allocation individually to customers. All traffic over established allocation levels, will either not be handled, handled after other prioritized cargo or will be subject to a surcharge which will be applicable throughout the "diversion" period.

CN will continue to work with the Ocean Terminals to maintain priority on train car loading for regular Canadian destination traffic followed by the regular US train schedules.

Your account manager will be discussing allocation with you over the next two days. We thank you in advance for working with us during this temporary challenging times.

Sincerely,