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Mr. Gary Vince
President
Canadian International Freight
Forwarders Association
170 Atwell Drive, Suite 480
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Ms. Ruth Snowden
Executive Director
Canadian International Freight
Forwarders Association
170 Atwell Drive, Suite 480
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Dear Mr. Vince and Ms. Snowden,

I wanted to circle back with you on my March 21st letter. As indicated, our number one priority was to take immediate action to help improve the supply chain fluidity and restore our service level that you have come to expect.

One of the first actions I took was to combine Intermodal Operations, CNTL (first mile/last mile trucking) and Marketing & Sales under the leadership of Keith Reardon, VP Intermodal and Automotive. By working as a cohesive unit we will be more nimble and responsive to our customer's day to day needs.

The two key metrics that we first focused on were port dwell on the West coast and carter turn time at our inland terminals. As of April 3, our current port dwell time is as follows:

Prince Rupert	1.8 days avg.
Deltaport	2.7 days avg.
Vanterm	5.2 days avg.
Centerm	5.0 days avg.

Our target is a dwell time of 3 days by terminal. We have made considerable progress since your letter of March 12th and are focused on keeping our ports and your freight moving consistently.

We recognize it is important for our trucking partners to get in and out of our terminals as expeditiously as possible. We have applied focus in this area and the last 14-day moving average for all terminals is 45 minutes with a target of 45 minutes for each terminal. Our key terminals of Brampton, Montreal and Vancouver are operating within target levels. We are focusing on Edmonton and Calgary, which have elevated carter turn times due to the recent surge in imports. We are working diligently to get these terminals operating within the 45 minute targets.

The Intermodal team is also focusing on on-time performance of export loads to vessel cut-off. To be specific, CN is targeting an on time to vessel cut off of 99%. We have seen significant improvement over the last few weeks and for the week of March 26 CN achieved a result of 98.2%.

We also completed a series of strategic investment decisions as it relates to our intermodal capacity and resiliency. Most notably, on order are 38 cranes, 37 shunt tractors as well as significant further additions to our domestic fleet of 53 foot dry containers, heated containers, chassis, and Gensets. We will be receiving these orders throughout 2018 and into Q1 2019.

As I outlined in my previous letter, a critical component of our ability to grow and add resiliency to the network is to invest in track capacity from the West Coast to Toronto and Chicago. $250 million in capital has been targeted for this Spring and Fall in advance of next Winter. This will create the needed track capacity to run more trains and create more reliability in our Western network that is experiencing tremendous growth in intermodal but also in grain, coal and merchandise.

Another key achievement that will reinforce our service reliability is the recently announced tentative agreement on a new labour contract for locomotive engineers in Canada. CN and the TCRC recognize that a long term productive agreement will help strengthen our customers supply chains.

CN has taken some significant and rapid capital decisions to get the service back on track. We have identified opportunities for improvement and we will be deploying additional resources upon delivery. These resources include, cranes, tractors, containers, chassis, crews, locomotives and track that will enable network and supply chain reliability.

We have a strong economic sentiment for international trade, and we want to work with our partners to make Canada the premier gateway into North America.

Thank you.

Sincerely,

JJ Ruest

JJ Ruest
President and Chief Executive Officer