

NOTICE: Effective April 1, 2008, CN is implementing a new mileage-based fuel surcharge option called CN 7403. This will offer customers a re-based CN 7402 fuel surcharge.

- CN will offer customers a new fuel surcharge option re-based from \$1.25 HDF to \$2.30 HDF effective April 1, 2008. This option will be available to customers upon expiration of existing agreements. All public prices will be converted to CN 7403 on April 1, 2008.
- The CN 7403 surcharge is a rail mileage-based surcharge. For simplicity, the surcharge will vary based on the two following types of commodities moved:
 - Bulk commodities: coal, fertilizer, and grain (See the List of Bulk STCCs – Applicable Under CN 7403 available at www.cn.ca/fuelsurcharge_bulkstcc)
 - All other carload commodities
- To ensure consistency and fairness, rail mileage is calculated using third party software PC*Miler | Rail Version 14 (ALK Technologies) on each linehaul movement. A mileage table of all Origin/Destination/Route combinations shipped in the last 12 months will be available when you login to Velocity eBusiness and select the Get Rail Miles tool. To get the mileage for any new Origin/Destination/Route combination, the customer will need to purchase the ALK Technologies software. The mileage table will be updated daily with any new moves.
NOTE: In the rare cases where rail miles for an Origin/Destination/Route combination are not available through ALK Technologies' PC*Miler software, CN will calculate and publish these miles in our Get Rail Miles mileage table.
- The new surcharge is calculated monthly, and is based on the average price of the Energy Information Administration (EIA) U.S. No. 2 Diesel Retail Sales by all Sellers (cents per gallon) On-Highway Diesel Fuel (HDF), starting from a base rate of \$2.30.
- Advance notice is provided, as the surcharge is based on the second calendar month prior to the month in which the surcharge is applied. For example, the surcharge in April will be calculated on the average HDF price for the month of February.
- The fuel price range in CN 7403 is in 3 cent (U.S.) increments, allowing it to track closely with fluctuations in HDF.
- For customers who are invoiced in Canadian dollars, the U.S. On-Highway Diesel surcharge is converted to Canadian currency. The exchange rate will be based on the Bank of Canada monthly average rate of exchange for U.S. funds. For example, the fuel surcharge in April will be calculated on the average HDF price for the month of February, and multiplied by the average rate of exchange for February.
- Confidential contract linehaul rate publications subject to the current fuel surcharges remain in effect until those arrangements expire.

For information regarding the application of the fuel surcharge, please contact your account manager or the CN Sales Center at 1-888-668-4626.



CANADIAN NATIONAL RAILWAY COMPANY

TARIFF CN 7403-A

APPLICATION OF FUEL SURCHARGE

ISSUED: FEBRUARY 21, 2008

EFFECTIVE: APRIL 1, 2008

CANADIAN NATIONAL RAILWAY COMPANY is contracting in its own name and for 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 RAILROAD INC (AC), SAULT STE MARIE BRIDGE COMPANY (SSAM), FOX VALLEY & WESTERN LTD (FVW) AND WISCONSIN CHICAGO LINK LTD (WCCL), DULUTH, MISSABE AND IRON RANGE RAILWAY COMPANY (DMIR), BESSEMER AND LAKE ERIE RAILROAD COMPANY (BLE), THE PITTSBURGH & CONNEAUT DOCK COMPANY, BC RAIL PARTNERSHIP AND BC RAIL LTD. (BCOL) and these companies do business under the name of and are collectively referred to as "CANADIAN NATIONAL" (CN).

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(CN 7403-A)

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CANADIAN NATIONAL RAILWAY COMPANY
TARIFF CN 7403-A

ITEM 100

FUEL SURCHARGE

CN will apply a fuel surcharge to the linehaul freight charge(s) based on the monthly average price of U.S. No. 2 Diesel Retail Sales by All Sellers (Cents per Gallon) On-Highway Diesel Fuel (HDF).

The source for the price of HDF is the U.S. Department of Energy’s EIA Retail On-Highway Diesel Prices Report, whose monthly average price is available under “2-M Diesel Prices – All Types” at <http://tonto.eia.doe.gov/oog/ftp/area/wogirs/xls/psw18vwall.xls>.

When the monthly average price of HDF equals or exceeds \$2.30 in the second calendar month prior to the month in which the fuel surcharge is applied, the fuel surcharge rate per mile as shown in the HDF Fuel Surcharge Table will be applied to the linehaul freight charge. For example, the surcharge amount in April will be calculated from the monthly average HDF price during February. Rail mileage is calculated using 3rd party software PC*Miler | Rail Version 14 (ALK Technologies) on each linehaul movement. Where the rail miles are not available through PC*Miler, CN will calculate and publish the mileage independently.

For example:

When the HDF rate is \$ 2.49, the fuel surcharge for a carload linehaul movement of 1,500 miles would be $\$0.0420 \times 1,500 = \63.00 .

For customers who are invoiced in Canadian dollars, the U.S. On-Highway Diesel surcharge will be converted to Canadian currency. The exchange rate will be based on the Bank of Canada monthly average rate of exchange for U.S. funds. For example, the fuel surcharge in April will be calculated on the average HDF price for the month of February, and multiplied by the average rate of exchange for February. The monthly average surcharge is available at <http://www.bankofcanada.ca/en/rates/exchange-avg.html>.

The date of surcharge shall be applied as follows:

HDF Average Price and Bank of Canada Average Exchange Rate (for invoices in Canadian funds) During the Calendar Month	...is used to calculate the surcharge on:
January	March 1
February	April 1
March	May 1
April	June 1
May	July 1
June	August 1
July	September 1
August	October 1
September	November 1
October	December 1
November	January 1
December	February 1

**CANADIAN NATIONAL RAILWAY COMPANY
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HDF FUEL SURCHARGE TABLE:

FUEL SURCHARGE MILEAGE RATE (US\$/Mile)

HDF Range		U.S. Dollars		HDF Range		U.S. Dollars	
From	To	Bulk	Carload	From	To	Bulk	Carload
2.300	2.329	0.0058	0.0060	3.110	3.139	0.1610	0.1680
2.330	2.359	0.0115	0.0120	3.140	3.169	0.1668	0.1740
2.360	2.389	0.0173	0.0180	3.170	3.199	0.1725	0.1800
2.390	2.419	0.0230	0.0240	3.200	3.229	0.1783	0.1860
2.420	2.449	0.0288	0.0300	3.230	3.259	0.1840	0.1920
2.450	2.479	0.0345	0.0360	3.260	3.289	0.1898	0.1980
2.480	2.509	0.0403	0.0420	3.290	3.319	0.1955	0.2040
2.510	2.539	0.0460	0.0480	3.320	3.349	0.2013	0.2100
2.540	2.569	0.0518	0.0540	3.350	3.379	0.2070	0.2160
2.570	2.599	0.0575	0.0600	3.380	3.409	0.2128	0.2220
2.600	2.629	0.0633	0.0660	3.410	3.439	0.2185	0.2280
2.630	2.659	0.0690	0.0720	3.440	3.469	0.2243	0.2340
2.660	2.689	0.0748	0.0780	3.470	3.499	0.2300	0.2400
2.690	2.719	0.0805	0.0840	3.500	3.529	0.2358	0.2460
2.720	2.749	0.0863	0.0900	3.530	3.559	0.2415	0.2520
2.750	2.779	0.0920	0.0960	3.560	3.589	0.2473	0.2580
2.780	2.809	0.0978	0.1020	3.590	3.619	0.2530	0.2640
2.810	2.839	0.1035	0.1080	3.620	3.649	0.2588	0.2700
2.840	2.869	0.1093	0.1140	3.650	3.679	0.2645	0.2760
2.870	2.899	0.1150	0.1200	3.680	3.709	0.2703	0.2820
2.900	2.929	0.1208	0.1260	3.710	3.739	0.2760	0.2880
2.930	2.959	0.1265	0.1320	3.740	3.769	0.2818	0.2940
2.960	2.989	0.1323	0.1380	3.770	3.799	0.2875	0.3000
2.990	3.019	0.1380	0.1440	3.800	3.829	0.2933	0.3060
3.020	3.049	0.1438	0.1500	3.830	3.859	0.2990	0.3120
3.050	3.079	0.1495	0.1560	3.860	3.889	0.3048	0.3180
3.080	3.109	0.1553	0.1620	3.890	3.919	0.3105	0.3240

For each \$0.03 per gallon increase thereafter apply an additional \$0.00575 per mile for Bulk commodities, and \$0.0060 per mile for all other Carload commodities.

Notification of any fuel surcharge changes will be posted a minimum of 30 days prior to the beginning of each calendar month on the CN website at www.cn.ca/fuelsurcharge and forms part of this tariff.

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APPLICATION

This fuel surcharge tariff, CN 7403, applies to all publications that directly reference the tariff, CN 7403.

All other contracts referencing fuel surcharges will continue to apply until they expire.

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COMMODITIES

This fuel surcharge tariff, CN 7403, applies to the two following types of commodities moved:

- Bulk commodities: **coal, fertilizer, and grain**
- **All other carload commodities**

Bulk commodities are defined as:

COAL:	COAL METALLURGI COKE PETROLEUM COKE
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FERTILIZER:	ANHYDROUS AMMONIA DRY FERTILIZERS LIQUID FERTILIZERS PEAT MOSS PHOSPHATE ROCK POTASH UREA
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GRAIN:	AGRI PROD-NOS ALFALFA ANIMAL FAT BARLEY BEANS, PEAS, DRY BIRD/CANAR/SEED CANOLA CANOLA ML CANOLA OIL CEREAL,PREPARED CONSUMER GOODS CORN CORN MEAL COTTON DRIED DISTILLERS GRAINS ETHANOL FLAXSEED FLR,SPECIALS GRAIN SCR HAY MALT, NOS MILL PRODUCTS MUSTARD SEED OATS PEAS RICE RYE SEEDS, NOS SORGHUM GRAIN SOYABEAN MEAL SOYBEAN OIL SOYBEANS STARCHES SWEETENERS WHEAT
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Most notably, bulk commodities **exclude sulphur, iron ore, aggregates, cement, sand and limestone.**

Detailed descriptions of these bulk commodities by Standard Transportation Commodity Code (STCC) is available at www.cn.ca/fuelsurcharge_bulkstcc.

The fuel surcharge tariff, CN 7403, applies to all other carload commodities, including automotive and Intermodal shipments moving as carload commodities. **CN 7403 does not apply to containers, trailers, finished vehicles, and AquaTrain.**