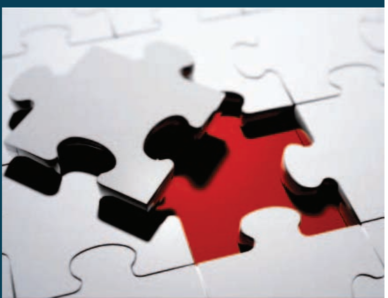
NATIONAL BANK FINANCIAL



Thematic Research

October 29, 2009

2009 CITT-NBF CANADIAN TRANSPORTATION & LOGISTICS SURVEY

INDUSTRY GAINING CONFIDENCE IN A REBOUND

HIGHLIGHTS

- **The Survey:** National Bank Financial (NBF) and the Canadian Institute of Traffic and Transportation (CITT) recently conducted a brief survey in order to gauge freight transportation spending trends and the current state of the freight markets in Canada.

- **Shippers Confident of a Recovery in Volumes in 2010:** The survey results indicate that transportation service providers, such as rails and especially trucks, are uncertain about the rebound in industry volumes next year, while shippers appear to be more confident that the industry may witness an improvement in 2010, calling for median volume growth of +8%.

- **Growth in Core Freight Rates Should Continue:** Both providers and shippers appear to be more certain about core pricing growth (excluding fuel surcharge), projecting a flat to modest improvement next year. The providers' median response was for pricing growth of +2%. As expected, rails are more positive about the pricing outlook versus trucks. Shippers expect a +2% increase next year, as well. We view the results favourably for the providers as it would appear shippers are factoring in further increases in core freight rates.

- **Competition Amongst Providers Continues to Heat Up:** While the rails and less-than-truckload carriers are managing their capacities fairly well, truckload carriers are facing more difficult conditions, given overcapacity and low barriers to entry. As a result, the rails are expected to retain the greatest pricing power upon recovery. Shippers do not anticipate changing their current transportation spend allocation.

- **Rails Well Positioned Over Trucks:** The survey results reflect a slightly positive outlook for the transportation industry, and our analysis leads us to conclude that the industry should emerge from the downturn next year with relatively modest volume and pricing growth and upside if the economy rebounds further, in our view. Against that backdrop, we continue to like the long-term fundamental rail story as the rails continue to exploit several critical advantages over trucks, take price increases commensurate with improved service levels, and manage costs and capacity to reduced levels of demand, which should position them well upon recovery. The rails are holding or improving operating ratios in the current downturn.

- **Canadian National Railway Well Positioned for a Recovery:** Transportation stocks tend to lead the stock market out of a trough, which is a reason why we like companies such as Canadian Pacific Railway (CP), Contrans and other transportation stocks we cover. However, as one of the more economically sensitive railroads, Canadian National Railway (CN) should be amongst the first to recover, especially given many of its end markets have been depressed for longer, the Company's strong capacity and cost management, and its more compelling valuation versus other transportation stocks. To frame the expected 8% volume growth and 2% pricing increase suggested by shippers, we are conservatively calling for 10.6% top-line growth at CN in 2010, 5.3% at CP and 4.6% at Contrans. If fuel and ancilliary surcharges and revenue mix are considered, then our assumptions appear to be very conservative.

EQUITY RESEARCH

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Industry Rating (Road & Rail): Overweight (NBF Economics & Strategy Group)
All dollar amounts in Cdn$ unless otherwise noted.

All NBF research mentioned in this document is available at www.nbfinancial.com

EXECUTIVE SUMMARY

National Bank Financial (NBF) and the Canadian Institute of Traffic and Transportation (CITT) recently conducted a brief survey in order to gauge freight transportation spending trends, as well as the current state of the freight markets in Canada. The survey, conducted during August 2009 as a cross-sectional study of both providers and users of transportation services, was designed to judge the degree to which Canadian freight transportation spending practices are changing in response to the current downturn. In particular, we were hoping to gain insight into current and projected volumes, pricing, overall transportation spending, service levels, competition amongst the various providers of transportation services, and other issues of the day. CITT is Canada's foremost professional development association in the supply chain and logistics sector that promotes excellence and career path development by offering professional certification, professional development and cooperative networking opportunities.

In terms of volume growth, key findings of the survey indicate that transportation service providers, such as rails and especially trucks, are uncertain about the rebound in industry volumes next year, in terms of timing and amount, while transportation service users or shippers appear to be more confident that the industry may witness an improvement in 2010. In fact, shippers project a median growth rate of +8%, with the larger shippers more certain than smaller ones. We are encouraged by this result as it is the source of volume, the shippers, who are more confident about the future. Further, it is understandable that the providers have mixed views given weak current and trailing volumes, albeit improving more recently.

On freight rates, the survey indicated that both providers and shippers appear to be more certain about core pricing growth (excluding fuel surcharge), projecting a flat to modest improvement next year. Providers expect core pricing to remain flat or increase next year, with a median projection of +2%, and as expected, rails are more positive about the pricing outlook, while trucks are highly uncertain. With more certainty, shippers expect a slight increase next year, with a median projection of +2%, as well, with larger entities, projecting flat to modest growth, more certain than the smaller ones, with no consensus on growth rate. We view the results favourably for the providers as it would appear shippers are factoring in further increases in core freight rates, which should allow rails and trucks to sustain core pricing growth.

The results also indicate that competition amongst providers has increased across the industry, given the intensity of the current downturn. The industry participants believe the rails and less-than-truckload (LTL) carriers are managing their capacities fairly well, while truckload (TL) carriers are facing more difficult conditions, given overcapacity and low barriers to entry, and thus they expect rails to retain the greatest pricing power upon recovery. Shippers do not anticipate shifting their transportation spend amongst the various modes of transportation (maintaining the current allocation) and find the external trucks' service performance holding firm or increasing, driven by trucks' efforts to recover lost business, in our view, while a majority of shippers think rails have maintained their service performance levels, given the various advantages rails have over trucks and the high level of service they already provide, which we believe continues to improve. That said, it would appear shippers tend to take a harder line when it comes to discussions about the rails, which we believe is a function of the rails' efforts to reign in capacity and be more selective about the business they are conducting, vs. the trucks, which continue to face overcapacity and tend to "chase" business.

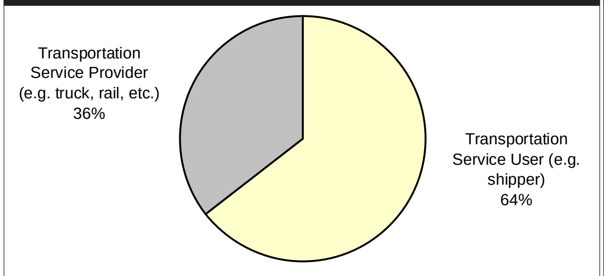
Overall, the survey results reflect a slightly positive outlook for the transportation and logistics industry, and our analysis leads us to conclude that the industry should emerge from the downturn next year with relatively modest volume and pricing growth, and upside if the economy rebounds further, in our view. As reflected by the survey results, we continue to like the long-term fundamental rail story as the rails continue to exploit several critical advantages over trucks, take price increases commensurate with improved service levels, and manage costs and capacity to reduced levels of demand, which should position the rails well upon full recovery from the recession of 2008-2009. The rails are holding or improving operating ratios in the current downturn.

Transportation stocks tend to lead the stock market out of a trough, which is a reason why we like companies such as Canadian Pacific Railway (CP – T; Sector Perform; $52.00 price target), Contrans (CSS.UN – T; Sector Perform; $8.00 price target) and other transportation stocks we cover. However, as one of the more economically sensitive railroads, Canadian National Railway (CNR – T; Outperform; $64.00 price target) should be amongst the first to recover, especially given many of its end markets have been depressed for longer, the Company's strong capacity and cost management, and its more compelling valuation versus other transportation stocks. To frame the expected 8% volume growth and 2% pricing increase suggested by shippers, we are conservatively calling for 10.6% top-line growth at CN in 2010, 5.3% at CP and 4.6% at Contrans. If fuel and ancilliary surcharges and revenue mix are considered, then our assumptions appear to be very conservative, pointing to even greater upside then we are projecting.

SECTION 1: RESPONDENT PROFILE

The 2009 CITT-NBF Transportation & Logistics Survey (Survey), conducted over the month of August 2009, was completed by 146 executives, managers and support personnel at various Canadian organizations utilizing transportation services, e.g. transportation departments of shippers, and those providing such services, e.g. rails and trucks. About two thirds of the respondents represented users of transportation services (shippers), while one third represented transportation service providers (providers). The majority (55%) of the respondents were supervisors/managers, followed by support personnel (27%) and executives (17%).

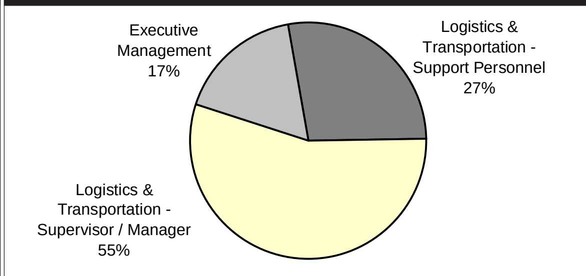
RESPONDENT PROFILE (BUSINESS TYPE)



Question: How would you describe your organization?

Source: NBF

RESPONDENT PROFILE (ROLE)

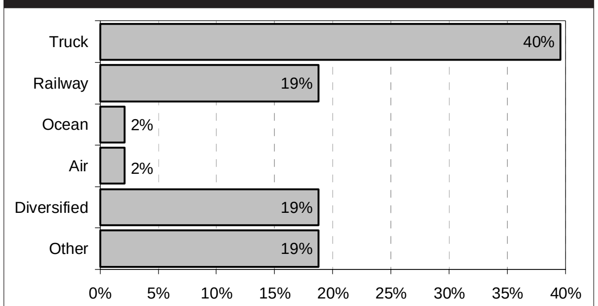


Question: How would you describe your role at your organization?

Source: NBF

The transportation providers surveyed constituted 40% trucks, 19% rails, 19% diversified services, 2% air freighters, 2% ocean freighters, and 19% others, a fairly representative sample of the Canadian transportation and logistics industry, in our view. The transportation shippers surveyed were asked to indicate their range of annual transportation spending in Canadian dollars. The results indicate that they each spend approximately $8.6 million per year, on average, with the 17 largest shippers each spending over $25 million, vs. the six smallest shippers, who spend less than $100,000 a year.

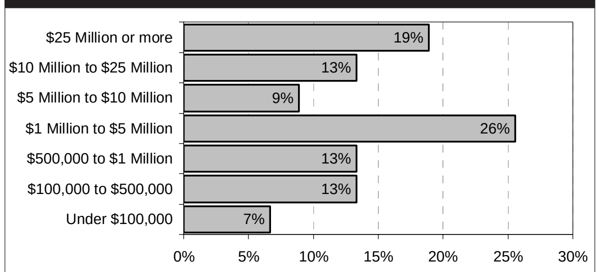
RESPONDENT PROFILE (SERVICE PROVIDER TYPE)



Question: If you are with a Transportation Service PROVIDER - please indicate type:

Source: NBF

RESPONDENT PROFILE (SHIPPER ANNUAL TRANSPORTATION SPEND)

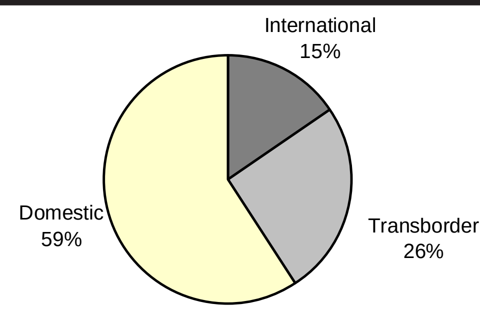


Question: If you are with a Transportation Service USER / SHIPPER - please indicate the range of your Company's total annual transportation spend:

Source: NBF

Respondents were also asked about their allocation of transportation spending (or equivalently revenue for providers) among domestic, transborder and international routes. The average mix was heavily weighted towards domestic (59%), followed by transborder (26%) and international (15%), with some variations between smaller and larger shippers. For example, smaller shippers had a larger international component and a smaller domestic component compared to larger shippers (21% and 57% vs. 9% and 66%, respectively). However, the transborder component was similar at ~22-25%. On the provider side, the rails and trucks were similar in their allocations with a small international component, and domestic revenue roughly twice the size of transborder, compared to the diversified providers, who put more weight on international vs. transborder (21% vs. 13%).

RESPONDENT PROFILE (MARKET BREAKDOWN)



Question: Please provide an approximate breakdown of your annual transportation spend (services performed or services used) by market:

Source: NBF

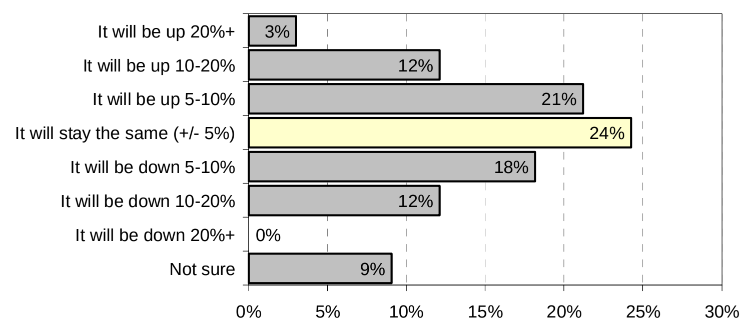
SECTION 2: MARKET OUTLOOK

In order to gauge sentiment in the market, respondents were asked for their projections of volume and core pricing (excluding fuel surcharge) over the next year.

Volume

About 24% of the providers forecast that volume will remain about the same next year (±5%), while others responded in a relatively balanced manner, with an even distribution of positive and negative responses, pointing to a great level of uncertainty in the service provider industry with respect to volumes. Further, only 30% of providers answered our "exact volume projection" question, also pointing to the uncertainty being felt by the suppliers of transportation services.

MARKET OUTLOOK (PROVIDER VOLUME PROJECTION)

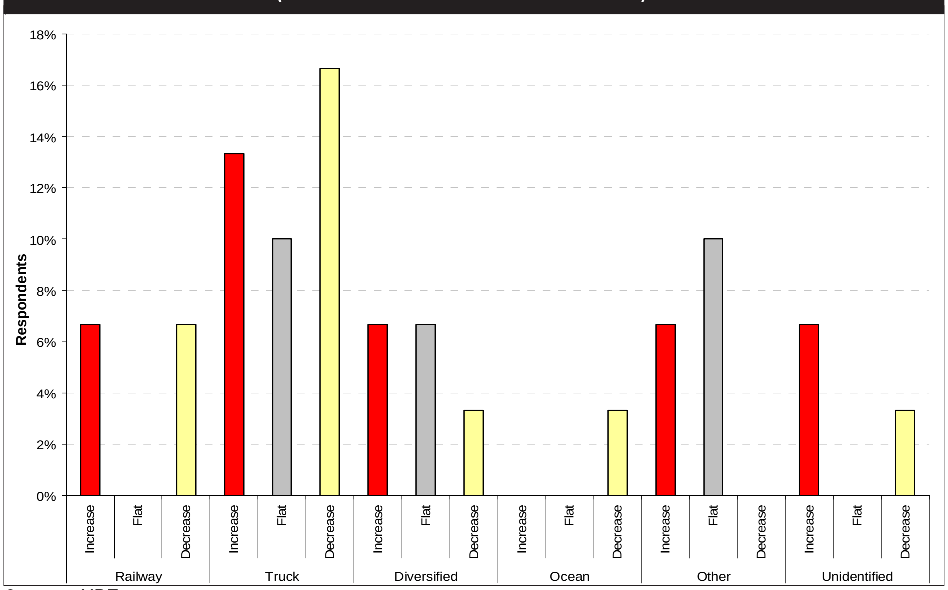


Question: What is Your Company's projection for shipment volume for the next year?

Source: NBF

According to our analysis, the uncertainty levels do not vary with the type of provider, or in other words, both the rails and trucks are almost equally uncertain about volumes over the next year, albeit the trucks are slightly more pessimistic.

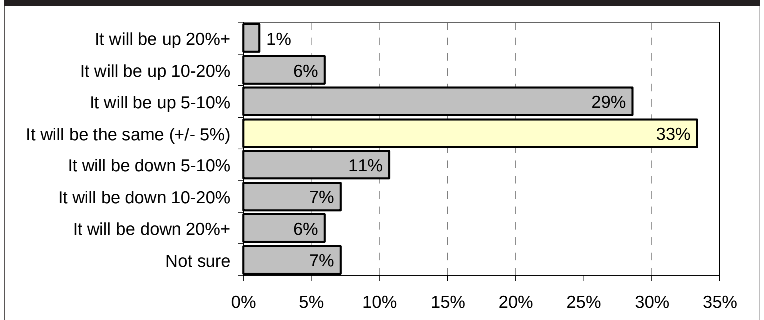
MARKET OUTLOOK (PROVIDER VOLUME PROJECTION) – BY PROVIDER TYPE



Source: NBF

Shippers, on the other hand, are less uncertain with respect to volumes and project a slight improvement next year, with 29% projecting a 5-10% volume increase and 33% forecasting flat (±5%) volumes next year. Moreover, a sizeable number of shippers responded to the "exact volume projection" question, with a median projection of +8% (mean +32%, std. dev. 42%, given large range of responses), which can be deemed as an approximation for the industry, given the number of responses was sufficient to analyze the information (referred to as statistically significant).

MARKET OUTLOOK (SHIPPER VOLUME PROJECTION)

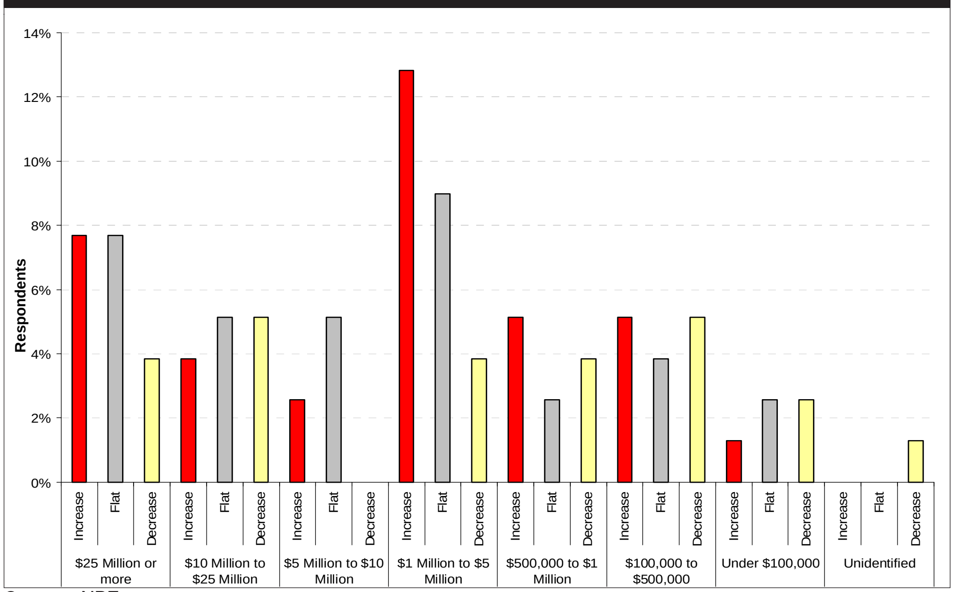


Question: What is your Company's projection for shipment volume for the next year?

Source: NBF

Unlike the providers, the uncertainty levels vary with size of the shipper. The larger shippers are more certain about the volumes, with flat to modest growth, while the smaller ones are somewhat uncertain, with more inclination towards positive growth.

MARKET OUTLOOK (SHIPPER VOLUME PROJECTION) – BY SHIPPER SIZE (ANNUAL TRANSPORTATION SPEND)



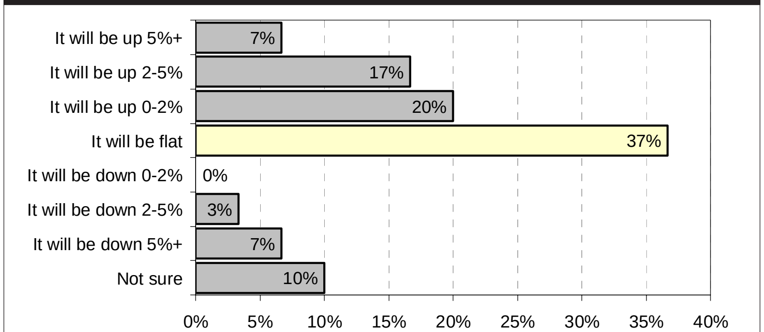
Source: NBF

Overall, our analysis of the results leads us to conclude that the providers are highly uncertain about volumes over the next year, while the shippers are projecting modest growth. We are encouraged by this result as it is the source of volume, the shippers, who are more confident about the future. Further, it is understandable that the providers have mixed views given weak current and trailing volumes, albeit improving more recently.

Pricing

The results indicate that core pricing (excluding fuel surcharge) should remain flat to increase next year, given 37% of the providers forecast flat (±5%) pricing next year, 44% forecast a pricing gain and a small proportion (10%) believes pricing will be under pressure. Unlike the projection on volumes, the cautious providers are quite certain about core pricing, with a median response to the "exact pricing gain" question of +2% (mean also +2%), which we can safely assume as an approximation for the industry given the information was statistically significant.

MARKET OUTLOOK (PROVIDER CORE PRICING PROJECTION)

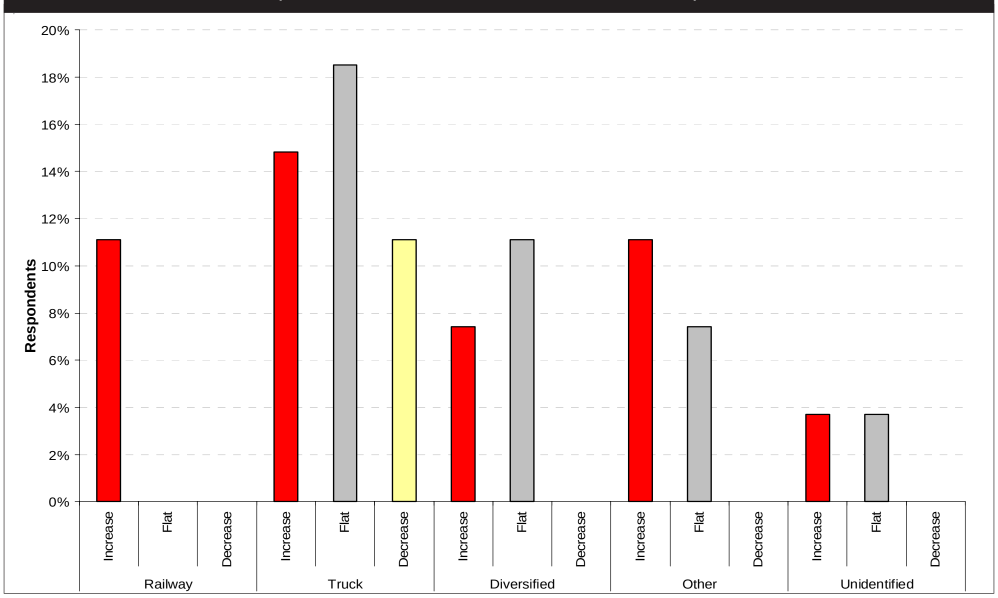


Question: What is your Company's projection for core transportation pricing (excluding fuel surcharge) for the next year?

Source: NBF

According to our analysis, and as expected, the rails are more positive about the pricing outlook, while the trucks are highly uncertain, as reflected by their almost even distribution of responses across the pricing spectrum.

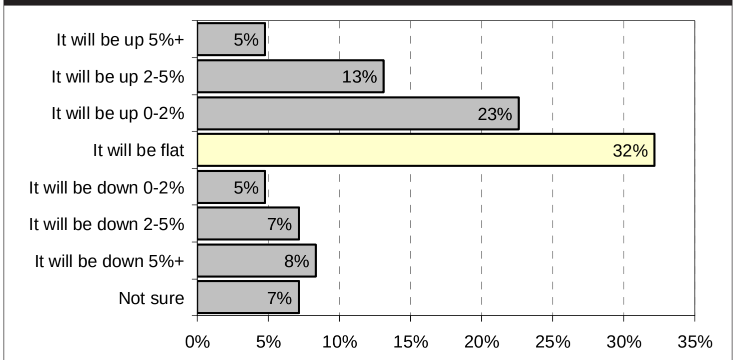
MARKET OUTLOOK (PROVIDER CORE PRICING PROJECTION) – BY PROVIDER TYPE



Source: NBF

Similar to the projection on volumes, shippers are also more certain about core pricing growth. The results point to a slight increase next year, with 23% projecting a 0-2% pricing increase and 32% forecasting a flat growth rate next year. Further, a relatively large number of shippers responded to the "exact pricing gain" question, with a median projection of +2% (mean also +2%), which can be generalized for the industry given the information was statistically significant. We view the results favourably for the providers as it would appear shippers are factoring in further increases in core freight rates, which should allow rails and trucks to sustain core pricing growth.

MARKET OUTLOOK (SHIPPER CORE PRICING PROJECTION)

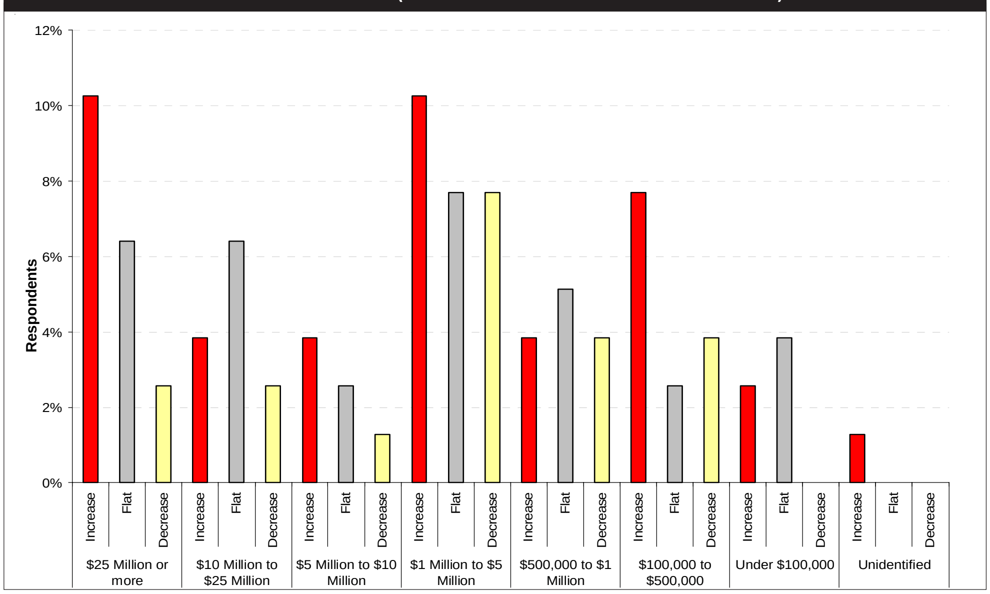


Question: What is your Company's projection for core transportation pricing (excluding fuel surcharge) for the next year?

Source: NBF

Similarly, the uncertainty levels vary with size of the shipper. The larger shippers are more certain about pricing, projecting flat to modest growth, in line with the entire group, while the smaller ones are uncertain, with no real consensus on growth rate.

MARKET OUTLOOK (SHIPPER CORE PRICING PROJECTION) – BY SHIPPER SIZE (ANNUAL TRANSPORTATION SPEND)



Source: NBF

In our view, the survey results reflect a slightly positive overall outlook for the industry, at least at the time of this year's survey, which we believe has improved since that time given the myriad of positive economic data released since then and sequential absolute volume improvements. The volume outlook appears uncertain, according to survey participants, although skewed towards positive territory, with the survey results highlighting a wide range of responses. Similarly, the pricing outlook appears positive. The inference we can draw from these results is that the transportation and logistics industry should emerge from the downturn next year with relatively modest volume and pricing growth, with upside if the economy rebounds further, in our view.

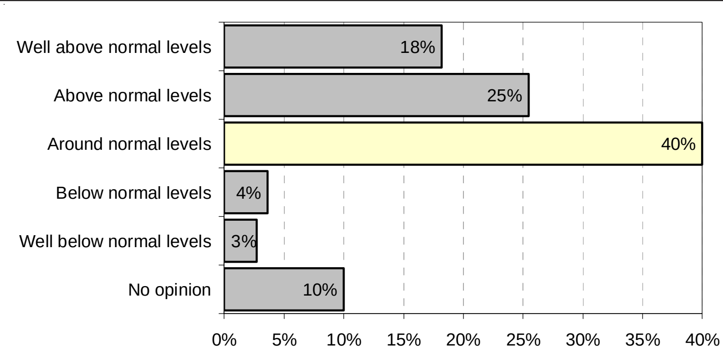
Although industry participants remain highly cautious, especially of a double-dip recession, we would highlight that the economic indicators shifted gears earlier this year. According to the Institute for Supply Management (ISM) in the U.S., the manufacturing sector grew for the second consecutive month in September, with the y/y growth in the ISM New Orders Index (manufacturing) bottoming in March at -12.5% (+55.1% y/y in September). Another useful measure to gauge the industry outlook is Statistics Canada's Inventory-Sales ratio, which peaked at 1.63 in May and declined since then to 1.49 in August (a decreasing trend is favourable). These results lead us to believe that the industry is poised to recover in 2010, given the lagged nature of the business, though we remain cautious.

SECTION 3: COMPETITIVE DYNAMICS

Degree of Competition

The economic downturn has not only impacted the current operating environment, but has also changed the competitive landscape amongst providers, with the strongest companies coming to the forefront, which could accelerate with expected consolidation. Given the uncertainty around customer demand, the industry has become far more competitive, which we gauged by asking the respondents for their view on the level of current competition. Not surprisingly, a large number of respondents (43%) believe that the level of competition has increased in the industry, while 40% find no change. Responses of both the rails and trucks were in accord.

COMPETITIVE DYNAMICS (DEGREE OF COMPETITION)



Question: What is your view of the level of competitive activity between the various Transportation Service Providers (rail versus rail, truck versus truck, rail versus truck)?

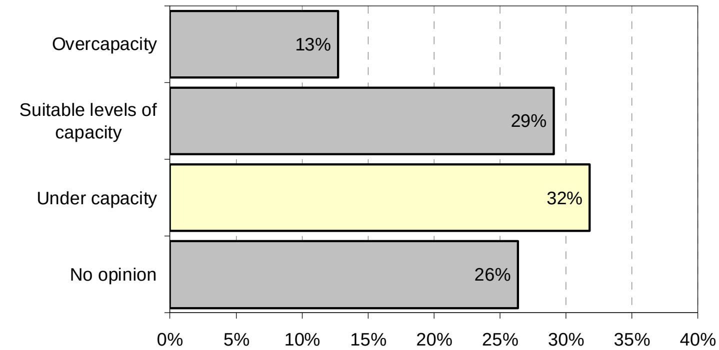
Source: NBF

Capacity

A majority (32%) of respondents believe that the rails are operating under capacity, while 29% find the current capacity at suitable levels and 13% think the rails are in an overcapacity situation. In comparison, the results show the TL carriers are operating at overcapacity, while the LTL carriers are at suitable capacity levels. Given the rails concerted efforts to reign in capacity, while TL carriers continue to suffer from significant overcapacity, these results are not surprising. This could further explain the pricing power that rails enjoy over trucks, albeit easing with lower fuel (as rails lose some of the compelling fuel advantages they enjoy at higher diesel prices).

TL carriers appear to be facing the most difficult conditions, given industry overcapacity and low barriers to entry. Typically, the dry van business suffers from no equipment specialization, driver skills or handling required, which lowers the barriers to entry. The transborder business appears to be suffering the most, and the pain could last beyond a recovery in overall volumes as the rising Canadian dollar weighs on the manufacturing sector in Canada (especially in Central and Eastern Canada), reducing export sales.

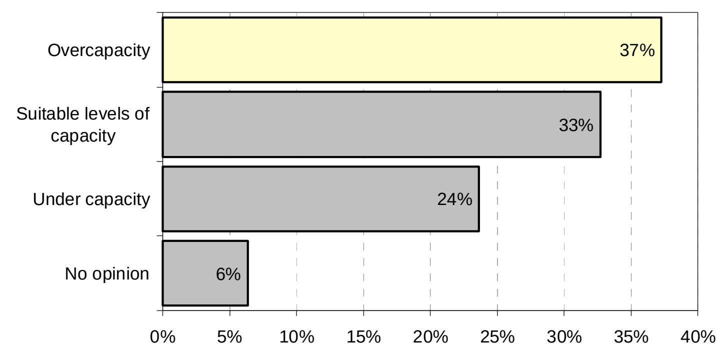
COMPETITIVE DYNAMICS (RAILROAD CAPACITY)



Question: How would you characterize the capacity situation in the following segment of the Canadian transportation industry? Railroad:

Source: NBF

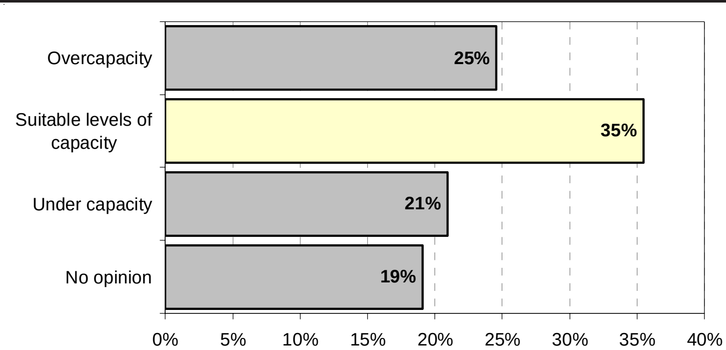
COMPETITIVE DYNAMICS (TRUCKLOAD CAPACITY)



Question: How would you characterize the capacity situation in the following segment of the Canadian transportation industry? Truckload:

Source: NBF

COMPETITIVE DYNAMICS (LESS-THAN-TRUCKLOAD CAPACITY)



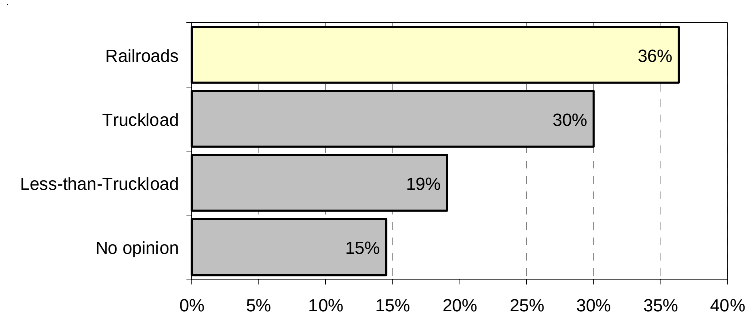
Question: How would you characterize the capacity situation in the following segment of the Canadian transportation industry? Less-than-Truckload:

Source: NBF

Pricing Power

The pricing power rails enjoy should remain relatively strong over the long-term for several reasons including lower freight rates than trucks (15% gap that grows over longer distances), ongoing service improvements, relative fuel efficiency (rails are 3-4x more fuel efficient than trucks on a ton mile basis, and even higher when new diesel-electric locomotives with distributed power are considered), driver labour issues (and hours of service rules), environmental concerns and legislation, highway congestion, and passport / border issues. With these advantages in mind, we are not surprised to see that a majority (36%) of the survey respondents expect the rails to retain the greatest pricing power upon recovery, followed by TL carriers (30%) and LTL carriers (19%).

COMPETITIVE DYNAMICS (PRICING POWER UPON RECOVERY)



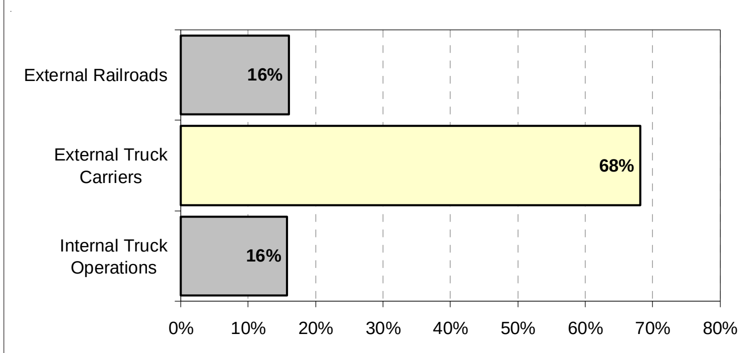
Question: Upon the eventual recovery of economic growth, which segment do you expect to retain the greatest level of pricing power?

Source: NBF

SECTION 4: SHARE & SERVICE METRICS

The shippers indicate that external trucks represent ~68%, on average, of their transportation spending budget, followed by the rails (16%) and then their own internal trucks (16%). Although largely intact, the results vary slightly with size of the shipper, with the largest shippers (spending $25 million or more) allocating ~25%, on average, to the rails compared to just under 15% allocation for those spending under $25 million, which makes sense given the size and scope of the larger shippers' operations and customer base.

SHARE & SERVICE METRICS (SHIPPER MODAL SPEND)

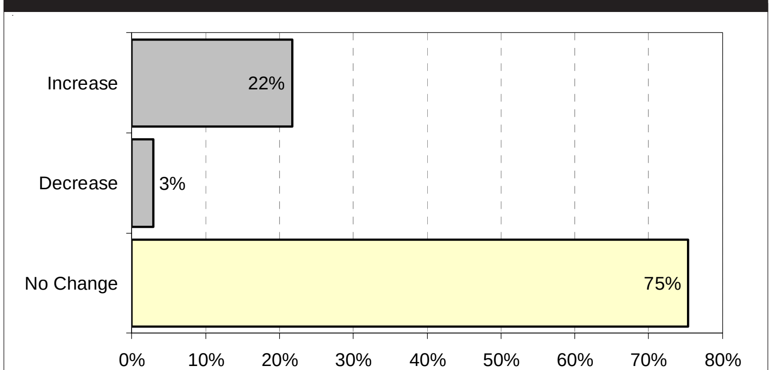


Question: What share of your transportation budget would be dedicated to each of the three modes of transportation?

Source: NBF

The survey results indicate that a majority of the respondents (ranging from 61% to 78%) do not anticipate shifting their transportation spend amongst the various modes of transportation, preferring to keep the current allocation across the various providers intact. While 22% expect to increase the share rails receive of their current transportation budget, 23% expect to increase the share for external trucks and 16% for internal trucks. In comparison, 16% of respondents expect to decrease the share for external trucks, followed by internal trucks (6%) and rails (3%). Based on the foregoing, it would appear the rails have the greatest opportunity to gain share at this juncture, which confirms already well-established trends.

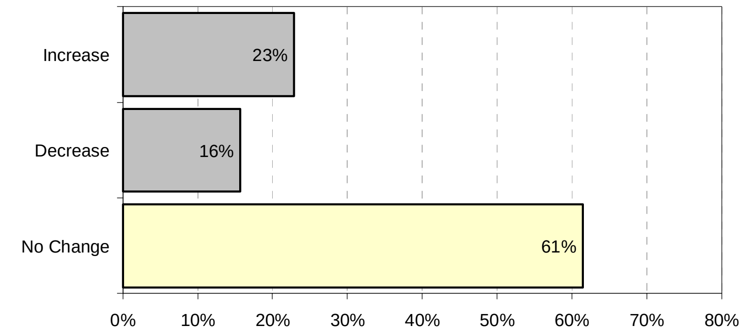
SHARE & SERVICE METRICS (SHIPPER SPEND FOR RAILROAD)



Question: Do you expect to shift the share of your transportation spend / share with the following mode over the next year? Railroad:

Source: NBF

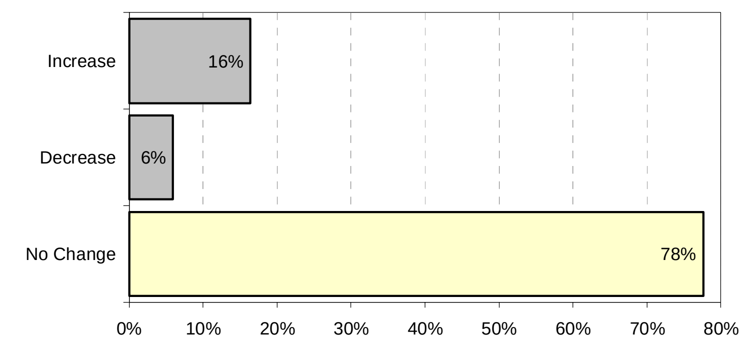
SHARE & SERVICE METRICS (SHIPPER SPEND FOR EXTERNAL TRUCK)



Question: Do you expect to shift the share of your transportation spend / share with the following mode over the next year? External Truck:

Source: NBF

SHARE & SERVICE METRICS (SHIPPER SPEND FOR INTERNAL TRUCK)

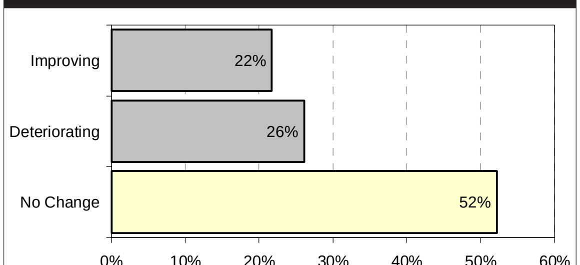


Question: Do you expect to shift the share of your transportation spend / share with the following mode over the next year? Internal Truck:

Source: NBF

Given the various advantages the rails have over trucks and the level of service already provided by the former, it is not surprising to see that a majority (52%) of shippers do not see any change in service performance of the rails, while 22% think it is improving, compared to 46% and 47% for the external trucks, respectively. Surprisingly, a fairly large proportion (26%) of the respondents believes rail service performance is decreasing compared to just 7% for the external trucks. Of course, this could be a function of strict pricing practices, fuel and ancillary surcharges, and disciplined capacity management. We believe shippers tend to have a more adversarial relationship with the rails, vs. trucks, given the rails' preference to be more selective about the business they conduct, vs. the trucks, which continue to face an overcapacity situation.

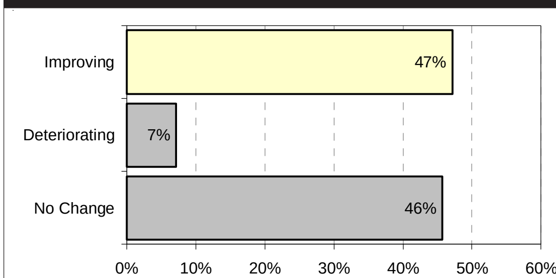
SHARE & SERVICE METRICS (RAILROAD SERVICE PERFORMANCE)



Question: How would you describe the operational service performance of the following mode of transport? Railroad:

Source: NBF

SHARE & SERVICE METRICS (EXTERNAL TRUCK SERVICE PERFORMANCE)



Question: How would you describe the operational service performance of the following mode of transport? External Truck:

Source: NBF

CONCLUSION

The survey results indicate that transportation service providers, such as rails and trucks, are highly uncertain of rebound in industry volumes next year, in terms of timing and amount, while transportation service users or shippers appear to be more confident that the industry may witness an improvement in 2010. However, both providers and shippers appear to be more certain about core pricing growth (excluding fuel surcharge), projecting a flat to modest improvement next year.

The results also indicate that competition has increased amongst the providers of transportation services, given the intensity of the current downturn. The industry participants believe the rails and LTL carriers are managing their capacities fairly well, while the TL carriers are facing more difficult conditions, given overcapacity and low barriers to entry, and thus they expect rails to retain the greatest pricing power upon recovery. Shippers do not anticipate shifting their transportation spend amongst the various modes of transportation (maintaining the current allocation) and find the external trucks' service performance holding firm or increasing, but not deteriorating, driven by trucks' efforts to recover lost business, in our view. A majority of shippers think rails have maintained their service performance levels, given the various advantages rails have over trucks and the high level of service they already provide, which we believe continues to improve. That said, it would appear shippers tend to take a harder line when it comes to discussions about the rails, which we believe is a function of the rails' efforts to reign in capacity and be more selective about the business they are conducting, vs. the trucks, which continue to face overcapacity and tend to "chase" business, to a certain degree. However, trucks are starting to take a page out of the rails playbook and are beginning to show more discipline.

NBF wishes to thank CITT for their contribution in designing, distributing and conducting the survey, and the CITT members who participated in the survey for providing us with insights into the freight transportation spending trends and the current state of the freight markets in the transportation and logistics industry in Canada.

APPENDIX 1: ABOUT CITT

The Canadian Institute of Traffic and Transportation (CITT) is Canada's leading professional development association in the supply chain and logistics sector. Their programs and services promote excellence, career path development and cooperative networking opportunities through a comprehensive certification process that leads to the CITT Designation.

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Mission

To promote professional excellence and career advancement for transportation logisticians.

Vision

To be the most recognized and respected professional development organization in the supply chain and logistics field.

For further information on the CITT and their Program of Study, please visit www.citt.ca.

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APPENDIX 2: SURVEY QUESTIONNAIRE

QUESTION 1

How would you describe your organization?

- [ ] Transportation Service Provider (e.g. truck, rail, etc.)
- [ ] Transportation Service User (e.g. shipper)

QUESTION 2

How would you describe your role at your organization?

- [ ] Logistics & Transportation - Support Personnel
- [ ] Logistics & Transportation - Supervisor / Manager
- [ ] Executive Management

QUESTION 3

If you are with a Transportation Service PROVIDER - please indicate type:

- [ ] Truck
- [ ] Railway
- [ ] Ocean
- [ ] Air
- [ ] Diversified
- [ ] Other (please specify) ____________________

QUESTION 4

If you are with a Transportation Service USER / SHIPPER - please indicate the range of your Company's total annual transportation spend (in Canadian dollars):

- [ ] Under $100,000
- [ ] $100,000 to $500,000
- [ ] $500,000 to $1 Million
- [ ] $1 Million to $5 Million
- [ ] $5 Million to $10 Million
- [ ] $10 Million to $25 Million
- [ ] $25 Million or more

QUESTION 5

Please provide an approximate breakdown (by percentage) of your annual transportation spend (services performed or services used) by market:

Please answer with a number only and no other markings or symbols (e.g. 25).

Domestic ____________________

Transborder ____________________

International ____________________

QUESTION 6

Volume:

What is Your Company's projection for shipment volume for the next year?

- ☐ It will be down 20%+
- ☐ It will be down 10-20%
- ☐ It will be down 5-10%
- ☐ It will stay the same (+/- 5%)
- ☐ It will be up 5-10%
- ☐ It will be up 10-20%
- ☐ It will be up 20%+
- ☐ Not sure

QUESTION 7

Volume:

If possible, please provide your Company's projection for shipment volume for the next year.
Please answer in percentage terms (%).

____

QUESTION 8

Price:

What is your Company's projection for core transportation pricing (excluding fuel surcharge) for the next year?

- ☐ It will be down 5%+
- ☐ It will be down 2-5%
- ☐ It will be down 0-2%
- ☐ It will be flat
- ☐ It will be up 0-2%
- ☐ It will be up 2-5%
- ☐ It will be up 5%+
- ☐ Not sure

QUESTION 9

Price:

If possible, please provide your Company's projection for core transportation pricing growth (excluding fuel surcharge) for the next year.
Please answer in percentage terms (%).

____

QUESTION 10

Comments:

Please provide any additional comments regarding core pricing trends over the next year.

____

____

____

QUESTION 11

What is your view of the level of competitive activity between the various Transportation Service Providers (rail versus rail, truck versus truck, rail versus truck)?

- ☐ Well above normal levels
- ☐ Above normal levels
- ☐ Around normal levels
- ☐ Below normal levels
- ☐ Well below normal levels
- ☐ No opinion

QUESTION 12

Capacity:

How would you characterize the capacity situation in the following segment of the Canadian transportation industry?

Railroad

- ☐ Under capacity
- ☐ Suitable levels of capacity
- ☐ Overcapacity
- ☐ No opinion

QUESTION 13

Capacity:

How would you characterize the capacity situation in the following segment of the Canadian transportation industry?

Truckload

- ☐ Under capacity
- ☐ Suitable levels of capacity
- ☐ Overcapacity
- ☐ No opinion

QUESTION 14

Capacity:

How would you characterize the capacity situation in the following segment of the Canadian transportation industry?

Less-than-Truckload

- ☐ Under capacity
- ☐ Suitable levels of capacity
- ☐ Overcapacity
- ☐ No opinion

QUESTION 15

Recovery:

Upon the eventual recovery of economic growth, which segment do you expect to retain the greatest level of pricing power?

- ☐ Railroads
- ☐ Truckload
- ☐ Less-than-Truckload
- ☐ No opinion

QUESTION 16

Comments:

Please feel free to provide any additional comments regarding capacity levels, competition (rail versus rail, truck versus truck, rail versus truck), the market outlook and your view of the eventual recovery in volumes (any early signs of recovery).

____
____
____

QUESTION 17

Modal Share:

What share of your transportation budget would be dedicated to each of the three modes of transportation below, in percentage terms:

Please answer with a number only and no other markings or symbols (e.g. 25).

External Railroads ______________________________

External Truck Carriers ______________________________

Internal Truck Operations ______________________________

QUESTION 18

Modal Shifts:

Do you expect to shift the share of your transportation spend / share with the following mode over the next year?

Railroads

- ☐ Increase
- ☐ Decrease
- ☐ No Change

QUESTION 19

Modal Shifts:

Do you expect to shift the share of your transportation spend / share with the following mode over the next year?

External Truck

- ☐ Increase
- ☐ Decrease
- ☐ No Change

QUESTION 20

Modal Shifts:

Do you expect to shift the share of your transportation spend / share with the following mode over the next year?

Internal Truck

- ☐ Increase
- ☐ Decrease
- ☐ No Change

QUESTION 21

Service Trends:

How would you describe the operational service performance of the following mode of transport?

Railroads

- ☐ Improving
- ☐ Deteriorating
- ☐ No Change

QUESTION 22

Service Trends:

How would you describe the operational service performance of the following mode of transport?

External Truck Carriers

- ☐ Improving
- ☐ Deteriorating
- ☐ No Change

QUESTION 23

Comments:

Please feel free to provide any additional comments regarding service levels provided by Canadian railroads and trucking companies and prospective share of short-term and long-term spend dedicated to each.

____

____

____

Source: All Questions provided by NBF

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- Toronto Exchange
- Winnipeg Commodities Exchange
- Securities Industry Association
- CNQ
- Investment Dealers Association of Canada
- Canadian Investor Protection Fund
- Securities Investor Protection Corporation