

Road Initials : GTC Year: 2008

250. CONSOLIDATED INFORMATION FOR REVENUE ADEQUACY DETERMINATION
(DOLLARS IN THOUSANDS)

| Line No. | Item (a) | Beginning of year (b) | End of year (c) | Line No. |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------|-----------|
| 1 | Adjusted Net Railway Operating Income For Reporting Entity Combined / Consolidated Net Railway Operating Income For Reporting Entity | | 576,974 | 1 |
| 2 | Add: Interest Income from Working Capital Allowance - Cash Portion | | - | 2 |
| 3 | Income Taxes Associated with Non-Rail Income and Deductions | N/A | 10,767 | 3 |
| 4 | Gain or (Loss) from Transfer / Reclassification to Nonrail-Status (Net of Income Taxes) | | 5,007 | 4 |
| 5 | Adjusted Net Railway Operating Income (Lines 1,2,3 & 4) | | 592,748 | 5 |
| 6 | Adjusted Investment in Railroad Property for Reporting Entity Combined Investment in Railroad Property Used in Transportation Service | 8,407,521 | 8,705,976 | 6 |
| 7 | Less: Interest During Construction | 2,113 | 2,113 | 7 |
| 8 | Other Elements of Investment (if debit balance) | 1,863 | 1,863 | 8 |
| 9 | Add: Net Rail Assets of Rail-Related Affiliates | 155,465 | 43,809 | 9 |
| 10 | Working Capital Allowance | 58,410 | 43,651 | 10 |
| 11 | Net Investment Base Before Adjustments for Deferred Taxes (Lines 6 through 10) | 8,617,420 | 8,789,460 | 11 |
| 12 | Less: Accumulated Deferred Income Tax Credits | 2,690,613 | 2,727,841 | 12 |
| 13 | Net Investment Base (Lines 11-12) | 5,926,807 | 6,061,619 | 13 |

In the space provided, please list all railroads and rail-related affiliated companies which are being reported in this consolidated report, along with the nature of the business for each company.

| Name of Affiliate | Nature of Business |
|----------------------------------------------------|-----------------------------------|
| Grand Trunk Corporation | Railroad-related |
| Grand Trunk Western Railroad Company | Railroad |
| Duluth, Winnipeg and Pacific Railway Company | Railroad |
| Illinois Central Corporation | Railroad-related |
| Illinois Central Railroad Company | Railroad |
| Mississippi Valley Corporation | Railroad-related |
| Waterloo Railway Company | Railroad |
| CN WorldWide North America (USA) Inc. | Railroad-related |
| IC Financial Services Corporation | Rail Equipment Leasing |
| IC Leasing Corporation I | Rail Equipment Leasing |
| IC Leasing Corporation II | Rail Equipment Leasing |
| IC Leasing Corporation III | Rail Equipment Leasing |
| CN WorldWide Distribution Services (USA) Inc. | Railroad-related |
| Stellar Distribution Services Inc. | Railroad-related |
| CCP Holdings Inc. | Railroad-related |
| Chicago Central and Pacific Railroad Company | Railroad |
| Cedar River Railroad Company | Railroad |
| Iron Horse Properties Inc. | Railroad-related |
| Missouri River Bridge Company | Bridge operator, Railroad-related |
| Wisconsin Central Transportation Corporation | Railroad-related |
| Wisconsin Central Ltd. | Railroad |
| Wisconsin Chicago Link Ltd. | Railroad |
| Sault Ste. Marie Bridge Company | Railroad |
| B&L Holdings Corp. | Railroad-related |
| Bessemer and Lake Erie Railroad | Railroad |
| DMIR Holdings Corp. | Railroad-related |
| Duluth, Missabe and Iron Range Railway Company | Railroad |
| The Pittsburgh and Conneaut Dock Company | Railroad-related |
| GLT Management Company | Railroad-related |
| Cuyahoga Dock, Inc. | Railroad-related |
| CN WorldWide Ground (USA) Inc. | Railroad-related |
| CN Custom Brokerage Services (USA) Inc. | Railroad-related |
| CN Financial Services II (Nova Scotia) Corporation | Financing, Railroad-related |
| CN Financial Services III, LLC | Financing, Railroad-related |
| CN Financial Services V, LLC | Financing, Railroad-related |

NOTICE

The following changes occurred in 2008:

Cottonwood Transportation Group (USA) Inc. changed its name to CN WorldWide Ground (USA) Inc.
 IBS International Bulk Services (USA) Inc. merged into National Distribution Services Inc.
 National Distribution Services Inc. changed its name to CN WorldWide Distribution Services (USA) Inc.
 Grand trunk Western Railroad Incorporated merged into St. Clair Tunnel Company
 St. Clair Tunnel Company changed its name to Grand Trunk Western Railroad Company
 Cottonwood Distribution Services Inc. merged into Stellar Distribution Services, Inc.

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SCHEDULE 250 - PART B

Determination of Nonrail Taxes

This table is designed to facilitate the calculation of taxes that are not rail-related. The amount to be reported on Schedule 250, Line 3.

**PART I - DETERMINE TAXES ON NONRAILROAD INCOME FOR ALL COMBINED / CONSOLIDATED RAILROADS
(EXCLUDES ALL RAIL-RELATED AFFILIATES)**

| | | |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| (1) | Determine Combined / Consolidated Adjusted Income from continuing operations (before taxes) for all affiliated railroads (all classes). Do not include rail-related affiliates that are not railroads in this part. This represents the total combined / consolidated amounts for all items listed below for railroads in the reporting entity. | |
| | Income from continuing operations (before taxes) should be the equivalent of the numbers contained in the R-1 Schedule 210, Line 46, adjusted to include all railroads in the reporting entity. | <u>560,011</u> |
| | - Equity in undistributed earnings, which represents the total of Schedule 210, Line 26, for all railroads in the reporting entity | <u>3,046</u> |
| | - Dividends in affiliated companies. (If the affiliate is 80% or more controlled by the parent railroad, then deduct 100% of the affiliate's dividend. If the affiliate is less than 80% controlled by the parent railroad, then deduct 80% of the affiliate's dividend. | <u>-</u> |
| | = Adjusted income from continuing operations (before taxes). This represents "A" in item (3) below. | <u>556,965</u> |
| (2) | Determine Combined / Consolidated Adjusted Pre-tax NROI for all railroads in the reporting entity | |
| | Combined / Consolidated Pre-Tax NROI for the entire entity, which equals the amount shown on Schedule 250, Line 1. | <u>576,974</u> |
| | + Current provision for taxes, which represents the consolidated amounts of Schedule 210, Line 51, for all railroads in the reporting entity. (This figure includes both Account 556, Income Taxes on Ordinary Income and Account 557, Provision for Deferred Taxes. | <u>190,476</u> |
| | + Interest income on working capital allowance, which represents the total consolidated interest income relative to the working capital component of the net investment base and should equal the amount shown in Schedule 250, Line 2, for all railroads in the reporting entity. | <u>-</u> |
| | + Release of premiums on funded debt, which represents the consolidated total of the release of premium on funded debt as shown on Schedule 210, Line 22, for all railroads in the reporting entity. | <u>-</u> |
| | - Total fixed charges, which represents the consolidated total of fixed charges as shown on Schedule 210, Line 42 for all railroads in the reporting entity | <u>188,910</u> |
| | - Railroad-related income from affiliated (other than railroads) which was included in consolidated NROI (Schedule 250, Line 1). | <u>51,821</u> |
| | = Combined / Consolidated Pre-tax Adjusted NROI for all railroads. This represents "B" in item (3) below. | <u>526,719</u> |
| (3) | Calculate the railroad-related tax ratio: "B/A" | <u>94.57%</u> |
| (4) | Compute the nonrailroad-related complement (1 - Railroad-related income ratio) which equals the Nonrailroad-related tax ratio. | <u>5.43%</u> |
| (5) | Compute the nonrailroad portion of the total provision for taxes. This equals: | |
| | The Nonrailroad-related tax ratio (Item (4) above) times the total current taxes accrued on ordinary income (Account 556) which represents the consolidated amounts of Schedule 210, Line 47, 48 and 49 for all railroads in the reporting entity. | <u>7,311</u> |

PART II - DETERMINE NONRAILROAD-RELATED TAXES FOR RAIL-RELATED AFFILIATES (EXCLUDES ALL AFFILIATED RAILROADS)

| | | |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| (6) | This is calculated by dividing the nonrailroad-related income for combined rail-related affiliates by the total pre-tax net income for all combined rail-related affiliates and multiplying this result by the total taxes (current provision plus deferred). This equals the taxes on nonrailroad income for all affiliated companies. | <u>3,456</u> |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|

PART III - DETERMINE TOTAL NONRAILROAD-RELATED TAXES

| | | |
|-----|--------------------------------------------------------------------------------------------------------------|---------------|
| (7) | This is determined as follows: | |
| | Total income taxes on nonrailroad-related income for all railroads in the reporting entity (Item (5) above). | <u>7,311</u> |
| | + Total Nonrailroad-related taxes for rail-related affiliated (item (6) above). | <u>3,456</u> |
| | Equals total nonrailroad-related taxes. (This amount should be transferred to Schedule 250, Part A, Line 3). | <u>10,767</u> |