



NEWS RELEASE

CN, Squamish Terminals, Tembec, Canfor Pulp, West Fraser and Daishowa-Marubeni sign Service Level Agreement for export wood pulp

VANCOUVER, B.C., Jan. 24, 2011 — CN (TSX: CNR) (NYSE:CNI), Squamish Terminals Ltd., Tembec Inc., Canfor Pulp Limited Partnership (CPLP), West Fraser Timber Co. Ltd. (WFT) and Daishowa Marubeni International Ltd. have reached an agreement in principle on measures that will result in improvements in supply chain efficiencies for the export of wood pulp from B.C. pulp mills to markets worldwide. Squamish Terminals is located on Howe Sound, just 32 nautical miles north of Vancouver, and is open to all major break-bulk shipping lines. Squamish Terminals is a wholly owned subsidiary of Grieg Star Shipping AS.

Under the agreement, CN will provide seven-day-a-week service to Squamish Terminals, which in turn will guarantee to unload pulp cars daily. Tembec, West Fraser, CPLP and Daishowa-Marubeni will work with both CN and Squamish Terminals to manage inbound traffic flows to match export vessel schedules.

Vee Kachroo, CN vice-president, Industrial Products, said: "I am pleased that we have reached an agreement to optimize the flow of wood pulp exports to markets worldwide through Squamish Terminals, one of the largest pulp handling terminals on the North American West Coast. All the stakeholders in this supply chain will benefit from increased efficiencies and throughput and stand ready to increase their share of growing wood-pulp markets worldwide."

Ron Anderson, chief executive officer of Squamish Terminals, said: "This agreement will allow us to better plan our transshipment of export pulp from rail to ocean-going vessel, including handling equipment and staffing required to operate the terminal. A more efficient supply chain will further enhance our service level to our customers and generate important productivity gains."

"Seven-day-a-week unloading at the terminal will help to reduce potential issues in the supply chain and will support our efforts to ensure customers receive more consistent supplies," said Marc Leblanc, logistics manager of Tembec. "Such increased supply chain efficiencies are consistent with Tembec's goal of achieving maximum reliability of product delivery and superior service for our customers. This will be key to capturing increased market share for our product."

Rick Pingel, general manager, Global Logistics -- CPLP said: "This agreement will add greater transparency and accountability to the supply chain and will position all partners to achieve continuous process improvements in the years ahead. Reliable service will help us to grow our Asian markets for wood pulp."

CN's export wood pulp shipments to Asia in 2010 were strong and CN is forecasting continued strong shipments in 2011.

CN – Canadian National Railway Company and its operating railway subsidiaries – spans Canada and mid-America, from the Atlantic and Pacific oceans to the Gulf of Mexico, serving the ports of Vancouver, Prince Rupert, B.C., Montreal, Halifax, New Orleans, and Mobile, Ala., and the key metropolitan areas of Toronto, Buffalo, Chicago, Detroit, Duluth, Minn./Superior, Wis., Green Bay, Wis., Minneapolis/St. Paul, Memphis, St. Louis, and Jackson, Miss., with connections to all points in North America. For more information on CN, visit the company’s website at www.cn.ca.

Squamish Terminals is a deep-water, break-bulk terminal located in Squamish, B.C., and, since 1972, has been serving customers in Western Canada, across North America and around the world. Squamish Terminals, a wholly owned subsidiary of Grieg Star Shipping AS based in Bergen, Norway, is situated at the north end of Howe Sound, 32 nautical miles north of Port Metro Vancouver.

Tembec (TSX: TMB) is a leading integrated forest products company, with operations in North America and France. With sales of approximately \$2 billion and some 4,300 employees, it operates over 30 market pulp, paper and wood product-manufacturing units, and produces silvichemicals from by-products of its pulping process and specialty chemicals. Tembec markets its products worldwide and has sales offices in Canada, the United States, China, Korea and Japan. The Company also manages forestlands in four Canadian provinces in accordance with sustainable development principles and has committed to obtaining Forest Stewardship Council (FSC) certification for all forests under its care.

Canfor Pulp Limited Partnership (TSX: CFX) is a leading global supplier of pulp and paper products with operations in the central interior of British Columbia. CPLP owns and operates three mills in Prince George, B.C., which are among the lowest cost NBSK pulp producers in the industry. CPLP is the largest North American and third largest global producer of market NBSK Pulp and is the leading producer of fully bleached, high performance Kraft Paper.

West Fraser Timber Co Ltd. (TSX: WFT) is an integrated forest products company producing lumber, wood chips, fibreboard, plywood, pulp, and newsprint. Today, the company carries on its operations through subsidiary companies and joint ventures owned directly or indirectly by the company’s principal operating subsidiary West Fraser Mills.

Daishowa-Marubeni International Ltd. (DMI) is an integrated forest products company first established in western Canada in 1969 by Daishowa Paper Manufacturing Co. Ltd. and Marubeni Corporation of Japan. DMI has become one of the top pulp producers in North America. The company employs over 600 people in British Columbia and Alberta and conducts business with an additional 600 woodlands, log and chip haul contractors.

Forward-Looking Statements

Certain information included in this news release constitutes “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities laws. CN cautions that, by their nature, these forward-looking statements involve risks, uncertainties and assumptions. The Company cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results

of performance of the Company or the rail industry to be materially different from the outlook or any future results or performance implied by such statements. Important factors that could affect the above forward-looking statements include, but are not limited to, the effects of general economic and business conditions, industry competition, inflation, currency and interest rate fluctuations, changes in fuel prices, legislative and/or regulatory developments, compliance with environmental laws and regulations, actions by regulators, various events which could disrupt operations, including natural events such as severe weather, droughts, floods and earthquakes, labor negotiations and disruptions, environmental claims, uncertainties of investigations, proceedings or other types of claims and litigation, risks and liabilities arising from derailments, and other risks detailed from time to time in reports filed by CN with securities regulators in Canada and the United States. Reference should be made to "Management's Discussion and Analysis" in CN's annual and interim reports, Annual Information Form and Form 40-F filed with Canadian and U.S. securities regulators, available on CN's website, for a summary of major risks.

CN assumes no obligation to update or revise forward-looking statements to reflect future events, changes in circumstances, or changes in beliefs, unless required by applicable Canadian securities laws. In the event CN does update any forward-looking statement, no inference should be made that CN will make additional updates with respect to that statement, related matters, or any other forward-looking statement.

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