

For Immediate Release

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CONSTRUCTION TO BEGIN ON PRINCE RUPERT CONTAINER TERMINAL

PRINCE RUPERT, British Columbia --The Prince Rupert Port Authority announced today that the Environmental Review for the conversion of the Fairview Terminal into an ultra-modern high capacity container-handling facility has been approved by the Government of Canada. This was an important milestone and the Port Authority will now proceed with terminal construction. A joint venture partnership of Fraser River Pile & Dredge and Western Industrial Contractors has been selected to complete the wharf construction, which is the first contract relating to the terminal development.

The marine portion of the Fairview Terminal conversion consists of extending the current dock face out into deep water through the construction of a new berth that will eventually be 400 metres long. This new wharf will extend 20 metres into the channel to a minimum water depth of 17 metres sufficient to accommodate the next generation of super post-panamax ships. The new wharf and upgrades to the existing substructure will support the installation of 3 super post-panamax container cranes. This construction of the terminal, including substructure upgrades and the wharf extension, is estimated to cost \$110 million. The wharf contract represents roughly one-third of the construction budget.

Western Industrial Contractors of Prince George, B.C., will carry out the concrete and civil work of the marine portion of the project. The company will construct both the new deck and the structure to carry the new rails for three large container cranes to be installed at the terminal. Vancouver-based Fraser River Pile & Dredge Ltd. (FRPD) will complete the pile driving and related marine work.

“We are very pleased to be in a position to proceed and see construction commence on the new terminal,” said Don Krusel, president and chief executive officer of the Prince Rupert Port Authority. “This is a significant first step in the construction program. The construction of the container terminal in Prince Rupert is now progressing and the terminal is expected to be operational in the third quarter of 2007.”

E. Hunter Harrison, president and chief executive officer of CN, said: "CN is pleased that the Prince Rupert Port Authority has announced it is proceeding with the first major component of construction to make the port authority's intermodal terminal a reality. This is good news for shippers, who will gain from the terminal a new North American gateway for goods moving between Asia and the principal markets of Canada and the United States.”

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The new container facility is an integral component of the Pacific Gateway initiative recently announced by the Government of Canada to develop a national transportation and trade development strategy to capitalize on the growth in Asia Pacific trade. The project was made possible by a \$30 million contribution by the Government of Canada through Western Economic Diversification Canada and a \$30 million commitment by the Province of British Columbia. CN has committed \$30 million toward the terminal project -- \$15 million for an intermodal yard at the port; \$10 million for terminal trackage; and \$5 million for infrastructure improvements to its B.C. North Line so that it can accommodate double-stack container trains. Maher Terminals, the terminal operator, will be investing up to \$60 million in terminal operating equipment, including 3 super post-panamax container cranes.

The Prince Rupert container terminal project is expected to significantly alleviate congestion at existing West Coast ports and create significant economic opportunities for Canadian importers and exporters. The project will also be a catalyst for economic development and expansion across the northwest transportation corridor. Once complete in 2007, the container terminal will create significant employment and business opportunities throughout northern British Columbia, Alberta and western Canada.

The Prince Rupert Port Authority is building North America's newest container port on the West Coast of North America in partnership with Maher Terminals of Canada Corporation, CN, the Government of Canada, and the Province of British Columbia. The new \$160 million terminal will be located on shortest land-sea link to Asia providing direct and efficient links to Chicago, Toronto, and Memphis. The new facility will have an annual capacity of 500,000 TEU's and be capable of handling the large post-panamax container ships of tomorrow. Future plans feature the expansion of the terminal to reach an annual capacity of 2 million TEU's.

Served by CN's rail network spanning Canada and mid-America, the Port of Prince Rupert is the second largest deep-sea gateway on the West Coast of Canada with the deepest natural harbour in North America. The Port of Prince Rupert has dedicated grain, coal, and cruise passenger facilities, and features over 1,200 acres of industrial development property.

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