

NEWS RELEASE

GREAT NORTHERN GRAIN WINS CASE AGAINST CN OVER GRAIN SERVICE

Nampa, Alberta, July 6, 2007 - Great Northern Grain, an inland grain terminal in Nampa, Alberta, and its supporters are celebrating victory in their major level-of-service complaint against Canadian National Railway (CN).

The Canadian Transportation Agency (CTA) today ruled that CN has failed to fulfill its level-of-service obligations under the *Canada Transportation Act*. At issue were changes to CN's advanced product program, which prevented smaller grain companies and single-point shippers from securing enough rail capacity to function effectively. Farmers also faced added costs, marketing challenges and delivery disadvantages from reduced flexibility in transporting their grain.

In its ruling, the agency found "GNG would suffer substantial commercial harm if relief were not granted in this matter. ... the Agency is satisfied, after reviewing the evidence filed by GNG, that the rail service received by GNG during the complaint period negatively impacted GNG's business operations." The agency also found that "...the rail car policies adopted by CN for the 2006-07 crop year have resulted in an unsuitable and inadequate level of service, constituting a breach of its common carrier obligations to GNG."

"We are extremely pleased that the CTA has established a service balance between large and small shippers, and a reliable and effective car allocation system," GNG CEO Bruce Horner said. "We have maintained that the rail service we've received from CN has had a negative impact on our business operations."

The agency also found "the difficulties GNG has had in obtaining an adequate and suitable car supply since the introduction of CN's current rail car distribution programs are not isolated instances, but, rather, they are systemic in nature. The Agency finds the evidence filed by CN's largest grain customer, CWB, to be particularly compelling in demonstrating the widespread effect that these policies have had on the grain handling transportation system."

"We applaud today's ruling, which helps restore the flexibility in grain transportation crucial for Prairie farmers, and for the CWB as we market and co-ordinate the movement of their grain," said CWB President and CEO Greg Arason.

As a result of today's ruling, the CTA has ordered CN to restore its 50-car block advance program to GNG; stop restricting GNG from trading general distribution cars; and advise GNG how it determines allocation of rail cars. The CTA also encouraged the railway to make allocation methodology available to other shippers through its Web site.

CN is required to implement the agency's directions by August 1, the start of the 2007-08 crop year.

The full text of the CTA's ruling can be found on their Web site, www.cta-otc.gc.ca/index_e.html.

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