

Transportation Information Update*

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AIR TRANSPORTATION

1. April Alert 1 – WestJet introduces child free cabins

WestJet introduces a new program ‘Kargo Kids’ that allows passengers to travel on select child free flights creating a quieter atmosphere, children will be accommodated in special V.I.P. areas of the aircraft.

2. Air Canada labour disputes put on hold as unions fight back-to-work bills

The International Association of Machinist and Aerospace Workers (IAMAW) filed its constitutional challenge of the back-to-work bill in the Ontario Superior Court of Justice on April 2, 2012, claiming it impeded upon the union’s right to collectively bargain. Its challenge follows a formal challenge launched last month by Air Canada pilots Association (ACPA) of the legislation.

3. Porter celebrates the season with summer service to Tremblant

Porter Airlines is confirming a third year of summer service to Mont Tremblant, with four weekly flights between Billy Bishop Toronto City Airport and Mont Tremblant International Airport. Service begins on June 15, and concludes on September 16, 2012.

4. Strong February Performance - But Outlook Remains Fragile

The International Air Transport Association (IATA) released global traffic results for February 2012 showing an 8.6% improvement in passenger demand and a 5.2% rise in cargo demand compared to the same month in the previous year. Several factors inflated February 2012 results and distorted comparisons with the year-ago period according to IATA. When compared to January 2012 levels, the picture becomes much more moderate, with passenger demand growing by 0.4% and cargo demand declining by 1.2%.

5. Minister instructs Transport Canada to implement the Auditor General's recommendations on civil aviation oversight

The Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, on April 3, 2012 instructed Transport Canada to implement the recommendations outlined in the Auditor General of Canada's spring 2012 report. The report examined how the department oversees civil aviation.

6. WestJet reports record March traffic

On April 4, WestJet reported its traffic results for March 2012. Its load factor, available seat miles and revenue per seat miles were: 86.2, 1.690b and 1.961b. This represented increases of 1.4 points, 7% and 9% compared to the same month a year ago. WestJet President Gregg Saretsky said “We are pleased with the market strength we’ve seen in March and system-demand looks healthy...” For the first quarter of 2012, the load factor, available seat miles and revenue per seat miles were: 83, 5.690b and 4.721b. This represented increases of 1 point, 8.8% and 10% compared to the first quarter a year ago in 2011.

7. Air Canada reports March load factor

On April 4, Air Canada reported its traffic results for March 2012. Its load factor, available seat miles and revenue per seat miles were: 81.5, 5,668b and 4,621b. This represented increases of 2 points, 2.4% and

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Canada

1. April Alert 1 – WestJet introduces child free cabins, April 1, 2012, www.westjet.ca
2. Air Canada labour disputes put on hold as unions fight back-to-work bills, April 2, 2012, www.nationalpost.ca
3. Porter celebrates the season with summer service to Tremblant, April 2, 2012, www.flyporter.com
4. Strong February Performance - But Outlook Remains Fragile, April 2, 2012, www.iata.org
5. Minister instructs Transport Canada to implement the Auditor General's recommendations on civil aviation oversight, April 3, 2012, www.tc.gc.ca
6. WestJet reports record March traffic, April 4, 2012, www.westjet.ca
7. Air Canada reports March load factor, April 4, 2012, www.aircanada.ca
8. Porter Airlines March load factor up 10.2 points, April 5, 2012, www.flyporter.com
9. Air Canada threatens to fire pilots' union chief over remarks on safety, April 10, 2012, www.globeandmail.ca
10. U.S. rivals try to keep Air Canada's Washington plan from taking off, April 10, 2012, www.globeandmail.ca
11. Mergers: Commission approves acquisition of British Midlands (bmi) by IAG subject to conditions, March 30, 2012, www.europa.eu
12. Union urges Air Canada pilots to abandon plans for illegal job action, April 12, 2012, www.globeandmail.ca
13. Air Canada Expects to Resume Regular Schedule Saturday April 14, April 13, 2012, www.aircanada.ca
14. Air transport agreements with Colombia, Honduras, Nicaragua, Curaçao and Sint Maarten, April 13, 2012, www.pm.gc.ca
15. Quarterly civil aviation statistics, second quarter 2011 (preliminary data), April 17, 2012, www.statcan.gc.ca
16. Antitrust fines hit K+N's bottom line, Ap. 16, 2012, www.americanshipper.com
17. Fedex negotiates for French express carrier, April 17, 2012, www.americanshipper.com
18. Porter Airlines Operates Bombardier Q400 Aircraft in Canada's First Biofuel-Powered Revenue Flight, April 17, 2012, www.flyporter.com
19. WestJet expands agreement with Thomas Cook Canada, April 18, 2012, www.westjet.ca

* The views indicated are those of the authors and not of Industry Canada or the CTRF.

4.8% compared to the same month in 2011. This also represented increases of 1.3 points 3.1% and 4.8% compared to the first quarter of 2011. Calin Rovinescu, President and Chief Executive Officer said "Led by an increase in traffic in the Atlantic market of 10.2 per cent, we generated greater traffic in all markets Air Canada serves, ..."

8. Porter Airlines March load factor up 10.2 points

Porter Airlines set a record 2012 March load factor, filling 59.8 per cent of available seats, 10.2 points higher than the previous year for the same month. March 2012 results also indicate 117.2 million Available Seat Miles (ASMs) and 70.1 million Revenue Passenger Miles (RPMs) an increase of 20 per cent and 44.8 per cent compared to March 2011, respectively.

9. Air Canada threatens to fire pilots' union chief over remarks on safety

Paul Strachan, the President of the Air Canada Pilots Association (ACPA), has been reprimanded by the airline for making allegedly "reckless" remarks about plane safety. He made the comments in a March 20, 2012 interview on the *Lang & O'Leary Exchange* program on CBC. The country's largest airline warned that unless the ACPA president retracts his comments, he will face disciplinary action or even dismissal as an airline employee.

10. U.S. rivals try to keep Air Canada's Washington plan from taking off

Air Canada is seeking U.S. approval to introduce daily non-stop service between Vancouver and Reagan National Airport, backed by glowing letters of recommendation. But six American rivals are objecting to Air Canada's plans, saying Vancouver would be merely a pit stop in the Canadian airline's plans to siphon traffic from the U.S. capital and send passengers to Asia, bypassing U.S. connections.

11. Mergers: Commission approves acquisition of British Midlands (bmi) by IAG subject to conditions

The European Commission has cleared under the EU Merger Regulation the proposed acquisition of the UK airline British Midlands Limited (bmi), by the International Consolidated Airlines Group (IAG), the holding company of British Airways and Iberia. The decision is conditional upon the release of 14 daily slot pairs at London Heathrow in order to facilitate new entry, and upon IAG's commitment to carry connecting passengers to feed the long-haul flights of competing airlines out of London Heathrow. In light of these commitments, the Commission concluded that the transaction would not raise competition concerns.

12. Union urges Air Canada pilots to abandon plans for illegal job action

The chairman of Air Canada Pilots Association is urging members to report for work on April 13, 2012 and ignore "a small group" of pilots who want colleagues to call in sick to show dissatisfaction with management. The small group is reacting to threats by the airline to take disciplinary action over remarks made by one of the pilots.

13. Air Canada Expects to Resume Regular Schedule Saturday April 14

Air Canada is preparing to resume its full flight schedule for Saturday April 14, 2012 following the cancellation of approximately 75 flights on Friday April 13 due to illegal job action taken by some of its pilots.

14. Air transport agreements with Colombia, Honduras, Nicaragua, Curaçao and Sint Maarten

20. Sustainable Aviation Requires Government Cooperation, April 18, 2012, www.iata.org

21. Air Canada and ACPA to Return to Negotiating Table, April 19, 2012, www.aircanada.ca

22. Airfare, second quarter 2011, April 19, 2012, www.statcan.gc.ca

23. Civil Aviation Operating Statistics, February 2012, April 19, 2012, www.statcan.gc.ca

24. As ACE Aviation winds down, questions linger over lasting effects on Air Canada, April 20, 2012, www.nationalpost.ca

25. US Airways moves to merge with American, April 20, 2012, www.americanshipper.com

26. Harmonization and Global Standards Key to a Safer Aviation Industry, April 24, 2012, www.iata.org

27. WestJet launches Westjetcargo.com, April 25, 2012, www.westjet.ca

28. Use Aviation to Drive Economic Growth and Jobs - UK Aviation Policy is a Great Opportunity, April 25, 2012, www.iata.org

29. Aircraft movement statistics: Major airports, March 2012. April 27, 2012, www.statcan.gc.ca

30. Air Canada and IATAW to Return to Negotiating Table, April 27, 2012, www.aircanada.ca

31. Air Canada Provides Preliminary First Quarter Results and Update on Maintenance Arrangements Following Aveos Closure, April 26, 2012, www.aircanada.ca

32. WestJet launches service to Kingston, Jamaica, April 30, 2012, www.westjet.ca

US

1. U.S. Airlines and Foreign Airlines U.S. Passengers Continue to Increase from 2009, April 3, 2011, www.dot.gov

2. Airline On-Time Performance, Cancellation Rate in February Improve from Last Year; Mishandled Baggage Rate at All-Time Low, April 22, 2012, www.bts.gov

3. Frontier Fined for Violating Rules Protecting Air Travelers with Disabilities, April 13, 2012, www.dot.gov

4. January 2012 [US] Airline System Traffic Up 1.1 Percent from January 2011, April 24, 2012, www.dot.gov

5. February 2012 US Passenger Airline Employment Rose 2.1 Percent from February 2011, April 27, 2012, www.dot.gov

On April 13, 2012, air transport agreements were announced with the Americas (Colombia, Honduras, Nicaragua, Curaçao, and Sint Maarten). The agreements will generate economic growth and employment in Canada and the Americas by providing businesses, travellers and shippers with more flight options and routes to the following destinations. For Colombia an air agreement for the first time was arrived at. For Honduras, Nicaragua, Curaçao, and Sint Maarten (Saint Martin), Canada successfully negotiated Open-skies agreements covering major elements of open skies.

15. Quarterly civil aviation statistics, second quarter 2011 (preliminary data)

Statistics Canada reported that operational and financial data on civil aviation are now available for the 2011 second quarter on its website.

16. Antitrust fines hit K+N's bottom line

Swiss freight forwarder Kuehne + Nagel Group said it had a profit of 133 million Swiss francs (\$144 million) in the 2012 first quarter, compared to 155 million Swiss francs in the same 2011 period. The company said its result reflected cost increases, lower margins in the forwarding business and an antitrust fine of 65 million Swiss francs imposed by the European Commission.

17. Fedex negotiates for French express carrier

FedEx Corp. announced on April 17, 2012 that it is in talks to acquire French express delivery company Tat Express. The development comes three weeks after Netherlands-based TNT Express agreed to a \$6.7 billion cash buyout by FedEx rival UPS. TATEX specializes in business-to-business shipments, supporting just-in-time manufacturing and other business requirements. It has more than 1,000 employees, a sort hub in Paris, six regional hubs and 29 other stations.

18. Porter Airlines Operates Bombardier Q400 Aircraft in Canada's First Biofuel-Powered Revenue Flight

On April 17, 2012, Porter Airlines successfully conducted the first biofuel-powered revenue flight in Canada. In a successful conclusion to a test program that was launched in 2010, the airline flew one of its *Bombardier Q400* turboprops from its base at Billy Bishop Toronto City Airport to Ottawa using a 50/50 blend of biofuel and Jet A1 fuel in one of its engines.

19. WestJet expands agreement with Thomas Cook Canada

WestJet announced an expanded exclusive agreement with Thomas Cook Canada that will see more seat capacity provided to Thomas Cook Sunquest vacation for the 2012-13 winter period. It is an expansion of its two year agreement and will be the only tour operator that the airline will provide capacity to for Thomas Cook's tour operation in Canada.

20. Sustainable Aviation Requires Government Cooperation

The International Air Transport Association (IATA) called upon governments to work together and with the aviation industry to maximize aviation's ability to sustainably drive global economic development and job creation. Colin Tyler, CEO of IATA, in a speech in Montreal on April 18, 2012 cited four areas where this cooperation was needed for sustainable aviation: infrastructure, user charges, fees and taxes and regulation.

21. Air Canada and ACPA to Return to Negotiating Table

On April 19, 2012, Air Canada and the Air Canada Pilots Association (ACPA) have agreed to recommence negotiations. Following the appointment of an arbitrator by the Minister of Labour. ACPA represents about 3,000 pilots and its collective agreement expired on March 31, 2011.

22. Airfare, second quarter 2011

Average domestic and international air fare (all types) rose 5.9% from \$234.80 during the second quarter of 2010 to \$248.60 in the same quarter of 2011. This marked the sixth consecutive year-over-year quarterly advance. The average domestic air fare (all types) paid by passengers was \$195.80 in the second quarter, up 9.3% from \$179.10 reported during the second quarter of 2010. During the same period, average international air fare edged down 0.3% to \$318.30 from \$319.40.

23. Civil Aviation Operating Statistics, February 2012

Statistics Canada indicated that operational data on civil aviation are now available for February 2012 on its website.

24. As ACE Aviation winds down, questions linger over lasting effects on Air Canada

On April 25, 2012, ACE will seek approval to unwind for good and distribute its remaining assets — \$356-million in cash, 31 million shares in Air Canada, and 2.5 million warrants on the airline's stock — to shareholders in two distributions, one in the weeks ahead and the other sometime after mid-2013. The long run effect of ACE Aviation's wind down on Air Canada is not known.

25. US Airways moves to merge with American

US Airways announced on April 20, 2012 that it has reached agreement with the three unions representing American Airlines workers on what a collective bargaining agreement would look like if the company took over American. American is currently operating under bankruptcy protection and lost \$1.2 billion in the first quarter. It is trying to force its unions to agree to a cost-cutting deal, including layoffs, outsourcing maintenance work, hiring more regional airlines to handle flights, etc.

26. Harmonization and Global Standards Key to a Safer Aviation Industry

The International Air Transport Association's (IATA) 2012 Operations Committee (OPC) agreed to four main priorities to guide IATA's safety initiatives over the next 12 months. These are: pilot and engineer training; enhanced IATA Operational Safety Audit (IOSA); ground operations; and harmonization.

27. WestJet launches Westjetcargo.com

In the final week of April 2012, Westjet launched a standalone web site westjetcargo.com for better utilizing the airline shipping cargo facilities of Westjet.

28. Use Aviation to Drive Economic Growth and Jobs - UK Aviation Policy is a Great Opportunity

The International Air Transport Association (IATA) encouraged the UK government to use the opportunity of the national aviation policy consultation to enable aviation to generate more economic growth and jobs. Specifically, IATA asked the government to address high taxes and severe capacity constraints while developing policies to support the industry's commitments on climate change.

29. Aircraft movement statistics: Major airports, March 2012

Aircraft take-offs and landings at the 93 Canadian airports with NAV CANADA air traffic control towers and flight service stations reported 456,313 movements in March 2012 virtually unchanged (+0.9%) from March 2011.

30. Air Canada and IAMAW to Return to Negotiating Table

Air Canada and the International Association of Machinists and Aerospace Workers (IAMAW) have agreed to re-commence negotiations.

31. Air Canada Provides Preliminary First Quarter Results and Update on Maintenance Arrangements Following Aveos Closure

Air Canada on April 26, 2012 provided the following update on the expected impact related to Aveos Fleet Performance Inc.'s (Aveos) filing for creditor protection. The airline's first quarter 2012 results will include charges totalling \$120 million (reported below the operating income line) relating to Aveos. First quarter 2012 EBITDAR (earnings before interest, taxes, depreciation and amortization, and aircraft rent) is expected to range between \$170 million and \$180 million, which is higher than analysts' consensus estimates.

32. WestJet launches service to Kingston, Jamaica

On April 30, 2012, WestJet will begin non-stop service to Kingston, Jamaica from Toronto.

WATER TRANSPORTATION

1. Minister Lebel announces request for proposals for the new bridge for the St. Lawrence

The Honourable Denis Lebel, Minister of Transport, Infrastructure and Communities, and Minister of the Economic Development Agency of Canada for the Regions of Quebec, on March 30, 2012 announced that the Government of Canada has issued a request for proposals to retain expert financial, technical and engineering services for the construction of the new bridge for the St. Lawrence.

2. Italy fines shipping cartel 4 million euros

Italian authorities have fined 15 companies and two trade associations more than 4 million euros (\$5.3 million) for what it called a "secret cartel of shipping agents at the Port of Genoa" that operated a price fixing agreement for more than five years. The Italian competition authority -- Autorita Garante della Concorrenza e del Mercato -- said the agreement lasted from February 2004 through December 2009, if not longer.

3. Evergreen Shipping Agency (America) Corporation names CN 2011 Railroad company of the Year

Evergreen Shipping Agency (America) Corporation announced on April

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1. Minister Lebel announces request for proposals for the new bridge for the St. Lawrence, March 30, 2012, www.tc.gc.ca
2. Italy fines shipping cartel 4 million euros, April 3, 2011, www.americanshipper.com
3. Evergreen Shipping Agency (America) Corporation names CN 2011 Railroad company of the Year, April 4, 2012, www.portmontreal.ca
4. Prince Rupert Port Authority -- Monthly Traffic Report (March 2012), April 4, 2012, www.rupertport.com
5. Province supports shipping service between Halifax and New England, April 5, 2011, www.portofhalifax.ca
6. Employment and Exports surge at Port of Prince Rupert, April 12, 2012, www.princerupert.com

4, 2012 that it has named CN as its 2011 *Railroad Company of the Year* in recognition of CN's "consistent high level of performance."

4. Prince Rupert Port Authority – Monthly Traffic Report (March 2012)

Containerized traffic at the Port of Prince Rupert for the month of March 2012 was 52,283.8 TEUs (twenty foot equivalent units) a 119.6% increase compared to the same month in 2011. The Y-T-D data indicate the increase was 95.4%. Exports for the month of March 2012 were 23,185 TEUs and imports were 29,098.8TEUs. This represented increases of 100.1% and 138.2% for the same month a year ago.

5. Province supports shipping service between Halifax and New England

The province of Nova Scotia is helping their businesses find new ways to ship their product, and increase the competitive advantage of the Port of Halifax, with a \$500,000 loan guarantee to American Feeder Lines International. The province announced the investment on April 5, 2011 to support the company's weekly shipping service from Halifax to Boston and Portland.

6. Employment and Exports surge at Port of Prince Rupert

According to a report published by *InterVista*, the number of BC-based jobs generated by the Port of Prince Rupert has grown by over 70% in the past two years while the value of export trade through the Port has nearly doubled to \$4.9 billion since 2009. The Port is realizing its potential as a gateway to Asia.

7. Port Metro Vancouver Sees Modest Growth for 2012 Cruise Season

Port Metro Vancouver's 2012 cruise season begins on April 16, 2012 and marks a continuing upward trend with modest growth anticipated. Port Metro Vancouver estimates approximately 670,000 passengers, up from 663,000 in 2011, on 191 vessel calls at the Port's two cruise terminals, Canada Place and Ballantyne.

8. Port Metro Vancouver – Accumulated container traffic report – Year to date, March 2012

On March 19, the Port of Metro Vancouver reported its traffic for March 2012. Total container traffic (619,043) in terms of TEU increased 7.3% for the period January to March 2012 compared to the same period in 2011. Inbound traffic (341,843 TEUs) increased by 11.5% and outbound traffic (277,200 TEUs) increased by 2.6% for this period.

9. Prince Rupert Container Volume Doubled in March

Container volumes at the Port of Prince Rupert, Canada, doubled in March 2012 compared to March 2011 because of growth and the addition of two new services in 2011. Prince Rupert in March 2012 handled 52,283 20-foot container units, a 120 percent gain over March 2011. Imports increased 138 percent and exports were up 100 percent.

10. Port of Halifax – First Quarter

A snapshot of the first quarter 2012 results indicates a fall in cargo at the Port of Halifax. Compared to the first quarter of 2011, total cargo (all types) at this Port declined by 14.7%. Container cargo, in terms of TEUs (twenty-foot equivalent units) has declined 13.5% to 89,214 TEUs in the first quarter of 2012 compared to the 103,079 TEUs for the same quarter in 2011. Exports declined by 11.3% and imports declined by 15.7% in terms of TEUs.

11. Transport Canada and Green Marine sign memorandum of cooperation to strengthen marine environmental performance

Transport Canada and Green Marine have signed a memorandum of cooperation to enhance environmental protection and performance in the marine shipping sector. The agreement was announced on April 23, 2012 to members of the Canadian Marine Advisory Council at its annual meeting in Ottawa. The memorandum of cooperation formalizes a cooperative agreement and designates Transport Canada as a "Green Marine supporter."

7. Port Metro Vancouver Sees Modest Growth for 2012 Cruise Season, Ap 16, 2012, www.portmetrovancover.com

8. Port Metro Vancouver – Accumulated container traffic report – Year to date, March 2012, April 19, 2012, www.portmetrovancover.com

9. Prince Rupert Container Volume Doubled in March, April 19, 2012, www.joc.com

10. Port of Halifax – First Quarter, April, 23, 2012, www.portofhalifax.ca

11. Transport Canada and Green Marine sign memorandum of cooperation to strengthen marine environmental performance, April 23, 2012, www.tc.gc.ca

12. Harper government announces environmental assessment contract for the new bridge for the St. Lawrence, April 23, 2012, www.tc.gc.ca

13. Robust march growth at SCal ports, April 23, 2012, www.joc.com

14. Key moment for regulating NVOs, Forwarders, April 25, 2012, www.americanshipper.com

15. Domestic and international shipping, January to June 2011, April 26, 2012, www.statcan.gc.ca

US

1. Mergers: Commission Approves Acquisition of Swedish Maritime Transport, April 10, 2012, www.europa.eu

2. CTS [Container Trade Statistics] Reports Growth in February [2012] Container Trade, April 11, 2012, www.joc.com

3. Public consultation on a review of EU passenger ship safety legislation, April 14, 2012, www.europa.eu

12. Harper government announces environmental assessment contract for the new bridge for the St. Lawrence

The Government of Canada has selected the DessaulCima+ consortium of Montreal to carry out the federal environmental assessment for the new bridge for the St. Lawrence. Minister of Transport Lebel said “The new bridge for the St. Lawrence is necessary to sustain economic growth and long-term prosperity in Canada, and I am pleased that this project continues to move forward.” An estimated \$20 billion in international trade crosses the Champlain Bridge annually.

13. Robust March growth at SCal ports

The ports of Los Angeles and Long Beach both saw sizable growth in container volumes in March 2012, according to statistics released in the second week of April 2012 by the ports. Los Angeles’ total volume grew 8.3 percent year-on-year in March 2012 to 650,452 TEUs, while Long Beach volume grew 12 percent to 461,590 TEUs.

14. Key moment for regulating NVOs, Forwarders

The U.S. Federal Maritime Commission will take steps to begin the process of modernizing regulations for non-vessel-operating common carrier and ocean freight forwarder licensing, registration, and proof of financial responsibility when it meets in May 2012.

15. Domestic and international shipping, January to June 2011

Statistics Canada indicates that data on domestic and international shipping are now available for January to June 2011.

RAIL TRANSPORTATION

1. Ackman piles more pressure on CP

New York activist Bill Ackman has recruited another U.S. railway legend - retired Norfolk Southern Corp. vice-chairman Stephen Tobias - in his campaign to shake up Canadian Pacific Railway Ltd. Six alternative directors will be put to a shareholders vote at CP’s annual meeting May 17, 2012.

2. CN offers new steel-wheel-interchange service with CSXT in Chicago, giving west coast imports efficient access to Ohio Valley markets

CN announced on April 2, 2012 a new steel-wheel-interchange service with CSXT Transportation (CSX) over Chicago. The service gives container imports moving over CN’s network from the ports of Vancouver and Prince Rupert, B.C., efficient access to key Ohio Valley markets. Prior to this agreement, CN and CSX exchanged container traffic in Chicago by truck, instead of directly between railroads.

3. Pershing Square proxy circular fails to present a credible case for change and continues to make misleading and inaccurate statements about CP

On April 5, 2012, CP issued the following statement in response to Pershing Square’s proxy circular. John E. Cleghorn, Chairman of the Board, said: “Pershing Square continues its pattern of making misleading and inaccurate statements about CP and fails to present any plan or even concrete suggestions to achieve its previously stated target of a 65 per cent operating ratio by 2015. Even after over five months, Pershing Square is still unable to articulate any plan that would deliver results comparable to CP’s Multi-Year Plan.”

4. Canadian Pacific Expects to Triple First Quarter Earnings

Canadian Pacific Railway expects first 2012 fiscal quarter diluted earnings per share to be triple that of the same period a year ago. The railroad expects to report diluted earnings per share in the range of 80 to 83 Canadian cents. CP, which is due to report earnings April 20, saw profit in this quarter a year ago fall 67 percent from the previous year to US\$36 million, largely because of winter weather disruptions.

5. Government of Canada and VIA Rail Announce Completion of

RAIL TRANSPORTATION Canada

1. Ackman piles more pressure on CP, April 2, 2012 www.globeandmail.ca
2. CN offers new steel-wheel-interchange service with CSXT in Chicago, giving west coast imports efficient access to Ohio Valley markets, April 2, 2012, www.cn.ca
3. Pershing Square proxy circular fails to present a credible case for change and continues to make misleading and inaccurate statements about CP, April 5, 2012, www.cpr.ca
4. Canadian Pacific Expects to Triple First Quarter Earnings, April 10, 2012, www.joc.com
5. Government of Canada and VIA Rail Announce Completion of Vancouver Station Restoration, April 13, 2012, www.tc.gc.ca
6. Canadian Pacific announces First-Quarter 2012 results and record operating performance metrics, April 20, 2012, www.cpr.ca
7. CP profit soars as battle rages, April 20, 2012, www.globeandmail.ca
8. Tories mull privatizing VIA Rail routes, April 23, 2012, www.globeandmail.ca
9. CN reports Q1-2012 net income of C\$775 million, or C\$1.75 per diluted share, April 23, 2012, www.cn.ca
10. CN Profit Jumps 16 Percent on Strong Revenue, April 23, 2012, www.joc.com
11. Strong CN Rail gains stark reminder of CP Rail struggles, April 24, 2012, www.nationalpost.ca
12. CN declares second-quarter 2012 dividend, April 23, 2012, www.cn.ca
13. Canadian Pacific Railway

Vancouver Station Restoration

On April 13, 2012, government officials announced the completion of a \$6.9 million project to restore VIA Rail's heritage train station in Vancouver. These improvements will not only benefit the many travellers who use Vancouver Station but bring economic benefits to local and regional businesses and the community.

6. Canadian Pacific announces First-Quarter 2012 results and record operating performance metrics

Canadian Pacific Railway Limited announced its first-quarter 2012 results on April 20, 2012 with reported net income of \$142 million, an increase of \$108 million, or 318%, from the same period in 2011, and diluted earnings per share of \$0.82, an increase of \$0.62, or 310%, from the same period in 2011. The first quarter 2012 results compared with the first quarter of 2011 were: total revenues were \$1.4 billion, an increase of \$213 million; operating expenses were \$1.1 billion, an increase of \$48 million; average fuel price increased 12% to \$3.50 U.S. dollars per U.S. gallon; operating income was \$274 million, an increase of \$165 million; operating ratio was 80.1%, an improvement of 1,050 basis points; net income was \$142 million, an increase of \$108 million; and diluted earnings per share were \$0.82 per share, an increase of \$0.62 per share.

7. CP profit soars as battle rages

Canadian Pacific Railway Ltd.'s 2012 first-quarter profit quadrupled as the freight carrier reported smoother operations one month before a showdown with a New York activist investor. It is not known whether these good results will satisfy the shareholders as the majority surveyed earlier favour the activist's proposal. CP's first-quarter operating ratio, or costs as a percentage of revenue, fell to 80.1 per cent from 90.6 per cent. A decrease in the number indicates efficiency is improving, and CP enjoyed a milder winter than a year earlier, when severe storms hampered freight deliveries severely affecting its efficiency. CP, Canada's country's second-largest railway is striving to reduce its operating ratio to 70 per cent to 72 per cent for 2014.

8. Tories mull privatizing VIA Rail routes

Federal officials are considering privatizing some of VIA Rail's longest and most scenic routes – eg. B.C. and Ontario, and the Rocky Mountain run between Jasper and Vancouver. The debate about the future of the Crown corporation is being triggered on two fronts: Ottawa's efforts to cut costs and controversy over VIA Rail's plans to expand into the luxury travel sector with high-end rail cars built with stimulus cash.

9. CN reports Q1-2012 net income of C\$775 million, or C\$1.75 per diluted share

CN's first quarter results for 2012 were: net income for the first quarter of 2012 was C\$775 million, or C\$1.75 per diluted share, versus first-quarter 2011 net income of C\$668 million, or C\$1.45 per diluted share; the first-quarter 2012 results included an after-tax gain of C\$252 million, or C\$0.57 per diluted share, and the first quarter of 2011 included an after-tax gain of C\$254 million, or C\$0.55 per diluted share, from the sale of rail line segments in the Toronto area to a public transit agency; excluding the gain on the sale of the rail line segments, adjusted diluted earnings per share (EPS) for first-quarter 2012 was C\$1.18, an increase of 31 per cent over adjusted diluted EPS of C\$0.90 for the same period of 2011; revenues increased 13 per cent to C\$2,346 million, while revenue ton-miles rose six per cent and carloadings increased five per cent; and operating income increased 23 per cent to C\$793 million; and the operating ratio was 66.2 per cent, a 2.8-point improvement over the year-earlier first-quarter performance of 69.0 per cent.

10. CN Profit Jumps 16 Percent on Strong Revenue

Canadian National Railway profit in the first quarter of 2012 jumped 16 percent year-over-year to \$781.3 million, as the largest Canadian railroad saw double-digit revenue growth in six of its seven business units. The company's revenue rose 12.6 percent year-over-year to \$2.3 billion on a 5 percent gain in volume. This parallels the pricing power of the some of the large Canadian and US mainline carriers.

11. Strong CN Rail gains stark reminder of CP Rail struggles

Canadian National Railway Co. delivered first-quarter 2012 results announced on April 23, 2012 that blew past expectations and highlighted the underperformance of its smaller rival, Canadian Pacific Railway Ltd.

Announces Dividend Increase, April 23, 2012, www.cpr.ca

14. Railway carloadings, February 2012 (preliminary data), April 25, 2012, www.statcan.gc.ca

15. CP Board demands retraction of Pershing Square's false accusations, April 27, 2012, www.cpr.ca

16. CN Police urge citizens to report unsafe behaviour on railway property to help reduce trespassing fatalities, April 26, 2012, www.cn.ca

17. Canadian Pacific Union Approves Strike Option, April 27, 2012, www.joc.com

18. Canadian Pacific comments on TCRC membership vote, April 27, 2012, www.cpr.ca

US

1. NS Profit Hits Record on Slim Volume Growth, April 24, www.joc.com

2. Norfolk Southern profit up 25% in 1st Quarter, April 25, 2012, www.americanshipper.com

But it wasn't just CN that beat CP during the 2012 first quarter. CSX Corp. and Union Pacific Railroad also delivered strong first quarter results, including operating ratios of 71.1% and 70.5%, respectively. CP's chronic underperformance is at the heart of the current proxy battle at the railway in which activist investor Bill Ackman's Pershing Square Capital Management LP has been seeking to replace CP's chief executive, Fred Green, with Hunter Harrison, the former CEO of CN.

12. CN declares second-quarter 2012 dividend

On April 23, 2012, CN announced that its Board of Directors has approved a second-quarter 2012 dividend on the Company's common shares outstanding. A quarterly dividend of thirty-seven-and-one-half cents (C\$0.375) per common share will be paid on June 29, 2012, to shareholders.

13. Canadian Pacific Railway Announces Dividend Increase

The Board of Directors of Canadian Pacific Railway Limited on April 23, 2012 declared an increase in CP's next quarterly dividend to thirty-five cents (\$0.35) Canadian per share on the outstanding Common Shares, from thirty cents (\$0.30) per share.

14. Railway carloadings, February 2012 (preliminary data)

Canadian rail freight traffic from both domestic and international operations rose 13.1% from February 2011 to 25.4 million tonnes in February 2012. Intermodal freight loadings of containers and trailers loaded onto flat cars grew 8.6% to 2.2 million tonnes. The increase occurred solely on the strength of containerized cargo shipments as trailers loaded onto flat cars declined. At an international level, traffic received from the United States increased 24.5% to 3.1 million tonnes.

15. CP Board demands retraction of Pershing Square's false accusations

Canadian Pacific's Board of Directors has publicly expressed its disappointment with the false accusations by Mr. Ackman (Pershing Square Fund) made during interviews with the Business News Network and CBC News on Monday, April 23, 2012, that CP had intentionally manipulated its first quarter earnings by improperly not accruing for bonuses.

16. CN Police urge citizens to report unsafe behaviour on railway property to help reduce trespassing fatalities

CN invites the media to report on key issues at the centre of Rail Safety Week, from April 30 to May 6, 2012. CN Police will mark Rail Safety Week with a public awareness campaign aimed at reducing the number of trespassing and crossing related accidents.

17. Canadian Pacific Union Approves Strike Option

Canadian Pacific Railway would face a labor disruption in late May 2012 if the Teamsters Canada Rail Conference (TCRC) representing 5,000 workers exercises a strike mandate it received from members on April 26, 2012. The union received a 95 percent approval to launch a strike after May 22 if negotiations over pensions, work rules and wages stall.

18. Canadian Pacific comments on TCRC membership vote

CP noted that discussions with the TCRC regarding changes to CP's legacy pension plan will continue under the supervision of the conciliator appointed by the Federal Minister of Labour. No work stoppage can occur until the expiration of a cooling-off period on May 23, 2012.

HIGHWAY TRANSPORTATION

1. For-hire Motor Carrier Freight Services Price Index [Fourth quarter 2011]

The For-Hire Motor Carrier Freight Services Price Index increased 0.7% in the 2011 fourth quarter from the 2011 third quarter. The general freight trucking component rose 1.0% and the specialized freight trucking component advanced 0.2%. On a year-over-year basis, the index advanced 5.7% in the fourth quarter compared with the same quarter of 2010.

2. Trimac Acquires Stake in Fortress Trucking

Canadian bulk trucking giant Trimac acquired a 60 percent stake in Fortress Trucking for about \$4.4 million, a \$334 million company. It plans to acquire the remainder over the next 2 or 3 years for \$7.5 million. Last year, Trimac acquired Western Canadian trucker Benson Tank Lines for \$4 million. Trimac plans to buy a minority share of Northern Resource Trucking.

3. Quarterly Trucking Survey – Fourth quarter 2011

HIGHWAY TRANSPORTATION Canada

1. For-hire Motor Carrier Freight Services Price Index, March 30, 2012, www.statcan.gc.ca
2. Trimac Acquires Stake in Fortress Trucking, April 2, 2012, www.joc.com
3. Quarterly Trucking Survey – Fourth quarter 2011, April 3, 2011, www.statcan.gc.ca
4. Speed Limiters Significantly Increase Hwy Safety: Study, April 3, 2012, www.cantruck.ca
5. TransCore Index Shows Spot Freight Edging Up in Canada, April 4, 2011, www.ctl.ca
6. 2011 Border Crossing/Entry Data, April 6, 2011, www.dot.gov
7. Low carbon strategies gaining ground, April 10, 2012, www.ctl.ca
8. New Brunswick Raises Trucking Fees,

Trucking businesses earned \$11.3 billion in operating revenue in the 2011 fourth quarter, up 5.7% from the same quarter in 2010. Operating expenses registered a slightly lower increase, to \$10.1 billion. As a result, these firms generated \$1.2 billion in operating profits, up 6.0%. Trucking businesses earned \$11.1 billion in operating revenue in the 2011 third quarter, up 5.6% from the same quarter in 2010. During the first two quarters of 2011, trucking firms reported year-over-year declines in operating profits averaging 8%, as expenses outgrew revenue in both quarters. The situation reversed in the final two quarters, such that profits averaged increases of 10%.

4. Speed Limiters Significantly Increase Hwy Safety: Study

A study published by the Federal Motor Carrier Safety Administration, found that speed limiters (SL) equipped on large trucks results in lower crash risks for all motorists by possibly reducing collisions and mitigating the severity of collisions that do occur. This very comprehensive study found that the potential downside of speed deviations among trucks is "far outweighed by the significant safety benefits associated with a reduction in absolute speed afforded by SLs."

5. TransCore Index Shows Spot Freight Edging Up in Canada

The Canadian spot market for truckload freight reaches its second highest point in 11 years in February, 2012 according to TransCore's Canadian Freight Index.

6. 2011 Border Crossing/Entry Data

According to the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS), the number of commercial truck crossings into the United States from Canada and Mexico was 10.4 million in 2011, 1.7 percent more than in 2010. The 2011 increase follows a 9.4 percent rise in 2010 after two years of decline during the recession period of 2008 and 2009.

7. Low carbon strategies gaining ground

According to the Carbon Disclosure Project's recent survey of member companies and their suppliers, companies are changing their operating models—most often in procurement—to reduce greenhouse-gas (GHG) emissions and increase savings across supply chains.

8. New Brunswick Raises Trucking Fees

The Government of New Brunswick has implemented new fees for all International Fuel Tax Agreement registrants, announced the Atlantic Provinces Trucking Association (APTA). According to the APTA, carriers will now have to pay an annual registration fee ranging from \$25 to \$1,500. "This represents a 500 percent increase from previous years," APTA said in a press release.

9. Trucking Alliance Tells Carriers to Take Responsibility for Driver Shortage

The CTA Blue Ribbon Task Force on driver shortage says that the industry should take responsibility for driver shortage. The report cites the "traditional 'piece work' pay system" as one of the key reasons for the driver shortage, explaining that it "places the burden of inefficiencies of the freight system created by others onto the backs of drivers" and states that compensation packages for truck drivers — especially long-haul operators — "are no longer competitive with other industries" competing with our industry for a share of the shrinking labour market pool.

10. Ottawa unveils plan to reduce heavy duty truck GHG emissions

On April 13, 2012, Canada's Environment Minister, Peter Kent, announced proposed regulations to reduce greenhouse gas emissions from new on-road heavy-duty vehicles. The proposed regulations are designed to reduce emissions from the whole range of on-road heavy-duty vehicles and engines, including large pick-up trucks, short/long-haul tractors, cement and garbage trucks, buses, and more, for the 2014 model year and beyond. As a result of implementing the proposed standards, it is anticipated that greenhouse gas emissions from 2018 heavy-duty vehicles will be reduced by up to 23% from those sold in 2010.

- April 10, 2012, www.todaystrucking.com
9. Trucking Alliance Tells Carriers to Take Responsibility for Driver Shortage, April 11, 2012, www.todaystrucking.com
 10. Ottawa unveils plan to reduce heavy duty truck GHG emissions, April 15, 2012, www.ctl.ca
 11. Spot market freight volume, rates up in March: TransCore, April 18, 2012, www.ctl.ca
 12. Pricing Power Still on Carriers' Side: FTR Index, April 18, 2012, www.ontruck.ca
 13. Freight Index Jumps 24 Percent in March, April, 2012, www.todaystrucking.com
 14. TransForce acquires assets of Peak USA Energy Services, April 20, 2012, www.ctl.ca
 15. FMCSA Publishes Regulatory Guidance on Sleep Apnea, April 20, 2012, www.cantruck.ca
 16. More Carriers Making Strategic Shifts Post-Recession: TCP, April 23, 2012, www.cantruck.ca
 17. Natural Gas Truck Costs Outpaced by Savings, April 24, 2012, www.cantruck.ca
 18. TransForce Acquires US Oilfield Trucker, April 25, 2012, www.joc.com
 19. Minister's Statement On Toronto Transit Projects, April 25, 2012, www.mto.gov.on.ca
 20. Canadian Freight Index Rises for 12th Time, April 25, 2012, www.todaystrucking.com
 21. ATA Calls on Lawmakers to Approve EOBRs, April 27, 2012, www.cantruck.ca
 22. Couriers and Messengers Services Price Index, March 2012, April 27, 2012, www.statcan.gc.ca

US

1. Freight Shipments Rose 0.5% in February [2012] from January [2012], April 11, 2012, www.dot.gov
2. LTL Truckers to Build Pricing Power, Analyst Says, April 12, 2012, www.joc.com
3. Infringement Proceedings in the field of road transport, April 26, 2012, www.europa.eu

11. Spot market freight volume, rates up in March: TransCore

According to TransCore's DAT North American Freight index, freight availability and rates on the spot market increased month-over-month and declined slightly year-over-year in March 2012. The index was up 40% in March 2012 compared to February 2012 and was down 6.1% compared to March 2011 when the spot market achieved record freight volumes in an early spring peak.

12. Pricing Power Still on Carriers' Side: FTR Index

A consultant for FTR Associates' Shippers Conditions Index (SCI) said February 2012 was unusually strong for trucking – likely due to warmer winter weather -- with demand for its services rising over 4 percent year-over-year. As a result, capacity is likely to be limited together with the coming seasonal demand. He expects pricing power to stay on the side of carriers for the balance of 2012.

13. Canadian Freight Index Jumps 24 Percent in March

TransCore's spot market Canadian freight index for March 2012 saw volumes up 24 percent month-over-month, after one percent gains in both January and February 2012. Year-over-year volumes, however, were down 18 percent from last March's record-setting levels reached. TransCore said that postings by their Canadian-based Loadlink customers were down 11 percent from Q1 2011, while consolidated postings from both U.S. and Canadian subscribers' increased 3 percent year-over-year from Q1 2011.

14. TransForce acquires assets of Peak USA Energy Services

TransForce, through its subsidiary I.E. Miller Services, has acquired certain assets of Peak USA Energy Services. Peak USA, a subsidiary of Nabors Industries, is an oilfield service company specializing in rig moving, custom heavy hauling, crane and rigging services, and oilfield transportation. The acquired business spans two operating districts located in Alice and Kilgore, Texas.

15. FMCSA Publishes Regulatory Guidance on Sleep Apnea

The Federal Motor Carrier Safety Administration is requesting comments on recommendations by two advisory panels for the medical procedures, evaluation and treatment of obstructive sleep apnea (OSA) testing as a safety condition requirement. This may lead to a rule requiring truck drivers operating in the U.S. to be tested for sleep apnea.

16. More Carriers Making Strategic Shifts Post-Recession: TCP

More carriers are adjusting basic business models and strategies searching for current and longer term success, according to *Transport Capital Partners'* (TCP) First Quarter 2012 Business Expectations Survey. Nineteen percent of carriers report changing their type of haul during, a 25 percent increase from a year ago. Although, the majority of carriers however (68%) have not made any changes to type of haul, type of equipment, or commodity. The survey reports that carriers are focusing on big ticket items such as driver time (i.e. detention) and fuel cost reimbursements in rate discussions this time.

17. Natural Gas Truck Costs Outpaced by Savings

According to the Conference Board of Canada, despite higher upfront technology costs, natural gas could be a viable fuel for the trucking industry in the not too distant future. In a new report, titled *Cheap Enough? Making the Switch from Diesel Fuel to Natural Gas*, the Board estimates that converting fleets to natural gas could generate savings of approximately \$150,000 per truck over a 10-year period -- nearly twice what it costs to install a natural gas engine, which is estimated at \$80,000.

18. TransForce Acquires US Oilfield Trucker

Canadian trucking giant TransForce acquired certain assets of Peak USA Energy Services, an oilfield trucking business in Texas, for approximately \$10 million.

19. Minister's Statement On Toronto Transit Projects

On April 25, 2012, Ontario Transportation Minister Bob Chiarelli issued the following statement in response to the Metrolinx Board recommendation on transit projects in Toronto: "Earlier today the Metrolinx Board recommended a plan to get shovels in the ground on four new public transit projects in Toronto. This plan would see us deliver on all four projects by 2020, with Eglinton Crosstown and Scarborough RT moving forward later this year. ... The McGuinty government has made a firm, \$8.4 billion commitment to these projects. Our focus is on getting shovels in the ground and delivering much-needed public transit projects for the residents of Toronto."

20. Canadian Freight Index Rises for 12th Time

According to the Canadian Freight General Index, the cost of ground transportation for Canadian shippers increased 0.8 percent in February 2012 over January's 2012 results.

21. ATA Calls on Lawmakers to Approve EOBRs

The American Trucking Associations (ATA) is calling on members of the upcoming conference committee on the surface transportation bill to support a proposal which requires carriers to install electronic logging

devices to ensure drivers' compliance with hours of service rules. In Canada, transport officials are preparing a regulatory framework for EOBRs (electronic-on-board recorders). In early 2012, the Canadian Trucking Alliance successfully launched a web/phone/text-based campaign to support EOBRs in Canada.

22. Couriers and Messengers Services Price Index, March 2012

The Couriers and Messengers Services Price Index increased 0.8% in March 2012 compared with February 2012. The courier portion rose 0.7% and the local messenger component advanced 0.9%. The index increased 5.6% in March 2012 compared with the same month in 2011.

GENERAL TRANSPORTATION

Canada

1. Wheat board aims to pool a third of Western Canadian grains

The Canadian Wheat Board, now known as CWB, aims to buy one-third or more of Western Canada's wheat and barley through pricing pools for the upcoming 2012-2013 crop year. CWB will lose its western grain-marketing monopoly over those grains on Aug. 1 2012 under a new Canadian law, leaving it to compete on the open market for farmers' crops. The flow of Canadian grain exports may also change. More Canadian wheat and durum may move into the United States, with U.S. farmers expanding corn acreage at the expense of other crops, and it may make sense to funnel U.S. grains through Canadian ports at times, said Steve Whitney, vice-president of agribusiness marketing and sales for Canadian Pacific Railway Ltd. It is not known the extent to which storage and changes in port terminals will be affected.

2. Characteristics of international overnight travellers, third quarter 2011 (final)

Statistics Canada indicated that final statistics on characteristics of international overnight travellers are now available for the third quarter of 2011 on their website.

Canada

1. Wheat board aims to pool a third of Western Canadian grains, April 16, 2012, www.globeandmail.ca
2. Characteristics of international overnight travellers, third quarter 2011 (final), April 20, 2012, www.statcan.gc.ca

US

1. Newsletter, Metro Port Vancouver, www.portvancouver.com