

SURFACE TRANSPORTATION BOARD Washington D.C. 20423		SURFACE TRANSPORTATION BOARD QUARTERLY REPORT OF REVENUES, EXPENSES AND INCOME-RAILROADS			
FORM RE&I		QUARTER 1st 2nd 3rd 4th X		YEAR 2011	
<b>Grand Trunk Corporation</b> 935 de La Gauchetiere Street West, Financial Reporting (Floor 4) Montreal, Quebec, Canada H3B 2M9					
(Dollar amounts in 000's)					
DESCRIPTIONS (A)	Code No.	FIGURES FOR THE QUARTER		CUMULATIVE FIGURES	
		THIS YEAR (B)	LAST YEAR (C)	THIS YEAR (D)	LAST YEAR (E)
Freight (Account 101)	1	661,444	567,565	1,868,591	1,637,012
Passenger (Account 102)	2	-	-	-	-
Passenger-Related (Account 103)	3	-	-	-	-
All other operating revenues (Accounts 104, 105, 106, 110, 502, 503)	4	81,507	92,543	235,424	225,364
Joint Facility Account (Account 120)	5	-	-	-	-
<b>Railway Operating Revenues (All Above)</b>	6	742,951	660,108	2,104,015	1,862,376
Depreciation-Road (Accounts 62-11-00, 62-12-00, 62-13-00)	7	44,432	43,920	132,680	129,270
All other way & structure accounts	8	56,731	51,115	177,937	164,342
Total way & structures	9	101,163	95,035	310,617	293,612
Depreciation-Equipment (Accounts 62-21-00, 62-22-20, 62-23-00)	10	15,945	8,455	48,520	30,637
All other equipment accounts	11	44,590	43,425	131,970	132,492
Total equipment	12	60,535	51,880	180,490	163,129
Transportation-Train, Yard and Train & Yard Common	13	167,489	156,386	538,132	455,210
Transportation-Specialized Services, Administration Support	14	64,342	55,966	173,189	153,310
General & Administration	15	70,572	74,358	204,764	231,744
<b>Railway Operating Expenses (Account 531)</b>	16	464,101	433,625	1,407,192	1,297,005
<b>Net revenue from railway operations (Lines 6 minus 16)</b>	17	278,850	226,483	696,823	565,371
Other Income Accounts (506, 510-519)	18	65,027	1,415	73,906	4,795
Income from Affiliated Companies:					
Dividends	19	-	-	-	-
Equity in undistributed earnings (losses)	20	345	2,276	1,125	8,656
Total income from affiliated companies	21	345	2,276	1,125	8,656
Miscellaneous deductions from income (Accounts 534, 535, 543, 544, 545, 549-551 and 553)	22	301	1,176	2,535	2,621
<b>Income Available for Fixed Charges (Lines 17, 18, 21 minus 22)</b>	23	343,921	228,998	769,319	576,201
Interest on funded debt (Accounts 546a, 546b)	24	71,736	64,633	215,165	193,845
Interest on unfunded debt (Account 547)	25	-	-	-	-
Amortization of discount on funded debt (Account 548)	26	24	24	71	71
<b>Total fixed charges</b>	27	71,760	64,657	215,236	193,916
<b>Income after fixed charges</b>	28	272,161	164,341	554,083	382,285
Other deductions (Account 546c)	29	-	-	-	-
Unusual or infrequent items (Debit) Credit Account 555)	30	-	-	-	-
<b>Income (Loss) from continuing operations before income taxes</b>	31	272,161	164,341	554,083	382,285
Income taxes on ordinary income (Account 556)	32	31,749	(44,251)	59,927	12,779
Provision for deferred income taxes (Account 557)	33	68,615	108,556	192,822	135,764
<b>Income from continuing operations</b>	34	171,797	100,036	301,334	233,742

(Dollar amounts in 000's) DESCRIPTIONS (A)	Code No.	FIGURES FOR THE QUARTER		CUMULATIVE FIGURES	
		THIS YEAR (B)	LAST YEAR (C)	THIS YEAR (D)	LAST YEAR (E)
Income or loss from operations of discontinued segments (less applicable income taxes of \$ ) (Account 560)	35	-	-	-	-
Gain or loss on disposal of discontinued segments (less applicable income taxes of \$ ) (Account 562)	36	-	-	-	-
<b>Income (Loss) before extraordinary items</b>	37	171,797	100,036	301,334	233,742
Extraordinary items (net) (Account 570)	38	-	-	-	-
Income taxes on extraordinary items (Account 590)	39	-	-	-	-
Provisions for deferred taxes-Extraordinary items (Account 591)	40	-	-	-	-
Cumulative effect of changes in accounting principles (Account 592)	41	-	-	-	-
<b>Net income</b>	42	171,797	100,036	301,334	233,742
Dividends on common stock (Account 623)	43	-	-	-	-
Dividends on preferred stock (Account 623)	44	-	-	-	-
Expenses to revenues	45	62.47%	65.69%	66.88%	69.64%
Total maintenance to revenues	46	21.76%	22.26%	23.34%	24.52%
Transportation to revenues	47	31.20%	32.17%	33.81%	32.67%

Reconciliation of Net Railway Operating Income (NROI)	STB USE ONLY
Net Revenues from Railway Operations \$ 278,850	
Income Taxes on Ordinary Income (31,749)	
Provisions for Deferred Income Taxes (68,615)	
Income from Lease of Road & Equipment -	<b>REMARKS</b> In August 2011, GTC's parent (Canadian National), sold substantially all of the assets of IC RailMarine Terminal Company (ICRMT) to Raven Energy, LLC, an affiliate of Foresight Energy, LLC (Foresight) and the Cline Group (Cline), for cash proceeds of \$73 million before transaction costs. The transaction resulted in a gain on disposal of \$62 million (\$39 million after-tax) that was recorded in Other Income Accounts.
Rent for leased Roads and Equipment -	
Net Railway Operating Income \$ 178,486	

**CERTIFICATION**

I, THE UNDERSIGNED, Costa Bucci, Assistant Comptroller - Financial Reporting, of the Grand Trunk Corporation state that this report was prepared by me or under my supervision; that I have carefully examined it; and on the basis of my knowledge, belief, and verification (when necessary) I declare it to be a full, true and correct statement of the revenue, expense and income accounts named, and that the various items reported were determined in accordance with effective rules promulgated by the Surface Transportation Board.

Date: October 28, 2011

Signature \_\_\_\_\_

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