

2014 WHAT CN STANDS FOR

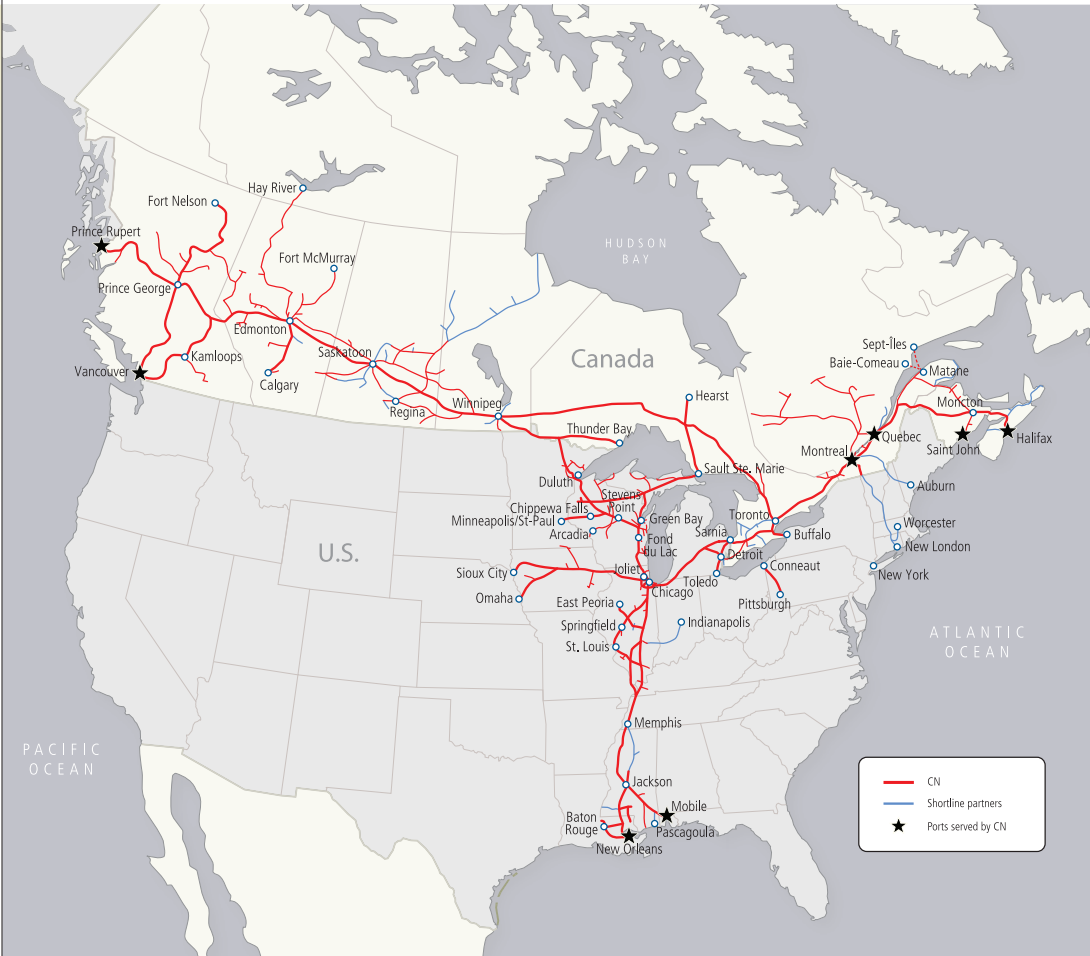


At CN, we take pride in how we do our jobs to move customers' goods safely and efficiently. We are also proud of what the company stands for: a set of core beliefs that drive how we conduct our business every day and that support our continuing transformational journey.



A true transcontinental rail network

CN's network extends from Halifax on the east coast of Canada to Vancouver and Prince Rupert on the west coast, and all the way down the heartland of the United States through Chicago and Memphis and to the Gulf Coast. CN has a resource-rich, manufacturing-intensive franchise that reaches 75 per cent of consumers across North America.



DELIVERING OPERATIONAL AND SERVICE EXCELLENCE

For many years, the pursuit of efficiency has been CN's hallmark. With our Precision Railroading model, fewer railcars and locomotives are needed to ship the same amount of freight in a tight, reliable and efficient operation.

We have broadened our commitment to Operational and Service Excellence through a wide range of innovations anchored on our continuous improvement mindset. We work hard to run more efficient trains, reduce dwell time at our terminals, improve overall network velocity and provide safe and sustainable transportation solutions for our customers.

We also set our sights on becoming a true supply chain enabler by helping elevate service performance. Becoming a true supply chain enabler also means that we are expanding our role to look at what we can offer customers as a great railroad and also

from end to end, with a view to improving efficiency for the entire process. We are increasingly connected in every step of the way, bringing all supply chain players together to move away from a silo mentality to daily engagement, information sharing, problem solving, and execution.

In Bulk, be it in grain, potash or coal, we are pursuing greater operating efficiencies and helping our customers find their place in global markets. In Manufacturing, be it in forest products, metals, petroleum and chemicals or motor vehicles, we are focused on better car order fulfillment to gain market share one carload at a time. In Intermodal, we are leveraging supply chain agreements to open up new gateway markets, building on mutual trust and focusing on a few key performance metrics.

CREATING VALUE FOR CUSTOMERS

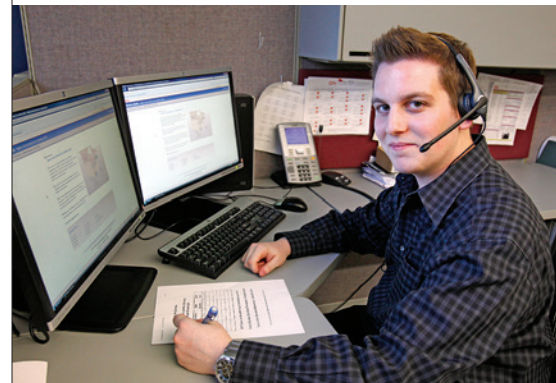
The customer is at the forefront of our innovations in the market. We are fine-tuning our services with supply chain partners in our efforts to create value.

Our supply chain approach is redefining the way we interact with customers, suppliers and other partners: collaboration agreements with our terminal operator partners focus on improving dwell times, driving efficiency and improving communication with customers. CN has such agreements in Intermodal and other segments.

We are also sharpening our focus on first-mile/last-mile services for the customer, which includes a major push to improve equipment order fulfillment rates and to enhance day-to-day communications with our customers. To eliminate customer pain points, we have launched a series of CustomerFIRST initiatives, including Car Management Excellence, which provides frequent and helpful communication to customers on car order confirmation and car supply performance, and Private Fleet Management, which uses CN's car management expertise to help customers with private fleets to meet their production needs.

The same innovation is driving improvements in the Bulk business, as demonstrated by the implementation of scheduled service for grain and potash. Breakthroughs such as these provide CN's customers with a better-integrated end-to-end supply chain, with a view to helping them improve their own market share with better planning of resources and sales.

CN is recognized as having among the best hub-to-hub transit times in the industry. Combined with our first-mile/last-mile focus, we help customers improve their own market share.



One of CN's key objectives is to become a more customer-centric company by ensuring more regular and proactive communication with customers. CN's iAdvise process ensures we advise customers of service exceptions ahead of time so they in turn can adjust their facility's work plan. Communication is the essence of how we want to improve at the first-mile/last-mile of our service offering.

PLAYING OUR ROLE AS A BACKBONE OF THE ECONOMY

CN plays a key role in fostering the prosperity of the North American markets we serve.

With sales of over \$10 billion, we handle approximately \$250 billion of goods in a year, serving exporters, importers, retailers and manufacturers, touching the lives of millions of people every day. Our bold agenda of supply chain collaboration, our commitment

to Operational and Service Excellence, and our focus on seamless end-to-end transportation solutions help make our customers more competitive in their end markets, at home and abroad.

As a large company, CN naturally has a substantial economic presence. We employ over 23,000 people, spend about \$2 billion

in capital investments each year, buy a large number of goods and services from some 15,000 suppliers worldwide, and pay millions of dollars in provincial, state and federal taxes.

Moving goods, helping foster prosperity

CN has long been an indispensable transportation supplier for many key sectors in North America, from grain and forest products to industrial products and the automotive sector, moving raw materials, intermediate goods and finished products to market.

With the wide variety of food products we carry, from animal feed to canned goods, chances are we helped transport a lot of what you eat at your kitchen table, local diner, or in your favourite restaurant.

Our growing Intermodal business transports every type of consumer product imaginable, including electronics such as the TVs we watch, the MP3 players we listen to, and the

phones we communicate with, as well as furniture, groceries, clothing, wine, toys, and much more.

As one of the key players in the forest products industry supply chain, we move the wood that is used to build our homes and the wood pulp to make paper, and then the scrap paper that is recycled. Thanks to the chemicals and petrochemicals we move, filtration plants can supply cities with clean water, and plastic pellets are used in the production of all kinds of goods.

We are also moving crude oil to various North American markets, offering a safe, complementary alternative to pipelines.

With our extended reach to the markets and manufacturers of Asia and the rest of the world, CN is also a key gateway for North America's participation in the global economy, helping our customers win in the markets where they compete.



DELIVERING RESPONSIBLY

Safety

Nothing is more important to CN than running a safe operation. We invest a significant proportion of our revenues each year – approximately 18 to 20 per cent – in capital programs. CN minimizes risk through its Safety Management System by implementing comprehensive initiatives encompassing people, process and technology.

People

CN invests significantly in training, coaching, mentoring, recognition and employee involvement initiatives in order to embed a safety culture in all aspects of our operations.

Process

We aim to make safety a systematic part of all railroad activities and to focus on the top causes of accidents and injuries.

Technology and Investments

We rely on a wide range of leading, state-of-the-art track technology to run a safe railroad including Ultrasonic Rail Flaw Detection cars and the largest network of Wheel Impact Load

Detectors in North America. In November 2013, CN announced a special program, at a cost of \$10 million, to acquire additional monitoring equipment to enhance its strong technological base for early detection of defects.

All Aboard for Safety

Operation Lifesaver is a public education program about level/grade crossing safety and the hazards of trespassing on railroad property. Every year, CN police officers give Operation Lifesaver presentations to more than 300,000 children and adults across Canada and the United States.

Workplace

Over the last four years, CN has hired thousands of new railroaders as long-service employees retire and leave the company. We bring new hires on board utilizing revitalized training programs, modernized curriculums, structured field training, and state-of-the art facilities. Our objective is to build positive relationships with our employees and help them grow.

A CN Dangerous Goods Officer observes as firefighters from the Ontario Fire College in Gravenhurst practice using firefighting foam.

\$2.1 billion

will be invested in capital programs in 2014, of which more than \$1.2 billion will be spent to keep our track safe and fluid.

One of Canada's Top 100 Employers for 2014.*

* Recognized by Mediacorp Canada Inc.

One of Canada's 10 most admired corporate cultures.*

* Recognized by Waterstone Human Capital, December 2012

2013 safety results:*

FRA Train Accident Ratio

9 per cent improvement

TSB (Canada) Accident Ratio

4 per cent improvement

FRA Personal Injury Ratio

19 per cent deterioration

* versus 2012 results



ENGAGING WITH COMMUNITIES ON SAFETY

In 2013, CN embarked on a Structured Community Engagement Plan, meeting face to face with Fire Chiefs, Mayors and city officials across Canada. The goal of the program is to expand dialogue between CN and the municipalities through which we transport dangerous goods, offering information and training for the communities' emergency responders. CN will continue this initiative throughout 2014 in Canada and the United States.



Partners in
Responsible Care®

A single train

takes the equivalent of several hundred trucks off our highways, reducing congestion and pollution.



PROUD RAILROADER IN HIS COMMUNITY

As a volunteer firefighter, Tony Thompson, Bridges and Building Carpenter in Battle Creek, Michigan, spends hundred of hours each year serving his township. In recognition of Tony's hard work, the fire department received a *CN Railroaders in the Community* grant of US\$1,000, which will be used to buy fire equipment for the station.

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

Listed on the North American Index for the fifth consecutive year and the World Index in 2012 and 2013.



Recognized as a Carbon Disclosure Leader in Canada for the fifth consecutive year in 2013.



Ranked on the Global 100 Most Sustainable Companies in the World in 2013.

Sustainability

At CN, we know that our long-term success is connected to our contributions to a sustainable future. We are an engaged corporate citizen, committed to the safety of our employees, the public and the environment. We are making environmental sustainability a strategic priority for the company, with a focus on emissions and energy efficiency, waste management, and biodiversity and land management.

Partnering for success

We have launched several initiatives with various organizations to preserve the natural environment in the communities in which we operate in Canada and the United States, including the conservation and the restoration of wetlands.

We are also committed to engaging our employees in the sustainability effort through the *CN EcoConnections* program in partnership with Earth Day Canada. Since the program started in 2011, over 10,000 enthusiastic CN railroaders have attended launch events.

In 2012, we launched our *EcoConnections* – *From the Ground Up* program to promote the greening of municipal properties across Canada, especially areas in close proximity to rail lines. CN, with its partners Tree Canada and Communities in Bloom, helps Canadian municipalities establish tree planting initiatives in a sustainable, environmentally-responsible manner. Since CN initiated the

program, 55 communities have been selected to receive grants of up to \$25,000 each, and 30 additional municipalities in Canada and five municipalities in the U.S. will receive funding for tree planting projects in 2014.

We are also sponsoring mass reforestation programs in Canada and the United States. To date, approximately 200,000 trees have been planted in strategic locations adjacent to CN main lines, with 300,000 more plantings planned for 2014.

Communities

CN recognizes its citizenship responsibility to the communities in which it operates – not only in its commitment to safety, but also in making communities better places to live and work. This spirit of caring is expressed in a responsible community investment program that focuses in five core areas: Health and Safety for Young People, Environment/Sustainability, Diversity, Transportation Education, and *CN Railroaders in the Community*. In addition, from 2006 to 2013, CN raised nearly \$11 million for children's hospitals in Canada through the *CN Miracle Match* program. The *CN Miracle Match* will continue in Canada and also will be expanded to the U.S. in 2014.

CN President and CEO Claude Mongeau (left), with Mayor Malcolm Eaton and a class from St. Dominic School in Humboldt, Saskatchewan, at a *From the Ground Up* ceremony on May 13, 2013.



CREATING VALUE FOR SHAREHOLDERS

If you purchased \$1,000 in CN shares during our Initial Public Offering (IPO) in 1995, those same shares would be worth over \$26,000 today – a remarkable return on investment.

CN has split its stock on four occasions since the IPO. The most recent stock split, a two-for-one stock split, occurred in November 2013.

Our commitment is to create value for our shareholders by striving for sustainable financial performance through profitable top-line growth, strong free cash flow generation and a solid return on investment. In support of this commitment, CN continues to focus on quality service and deeper customer engagement.

We are pursuing a wide range of opportunities across all our market segments, including continued growth in overseas container markets, leveraging the gradual U.S. recovery, serving fast growing energy markets, optimizing off-shore commodity exports and capitalizing on our competitive domestic Intermodal service to grow in the Canadian and U.S. markets.

With a clear strategic agenda, driven by a commitment to innovation, productivity, supply chain collaboration, and running our trains safely with minimal environmental impact, we are aiming to create further value for our shareholders.

CN's shareholder base:

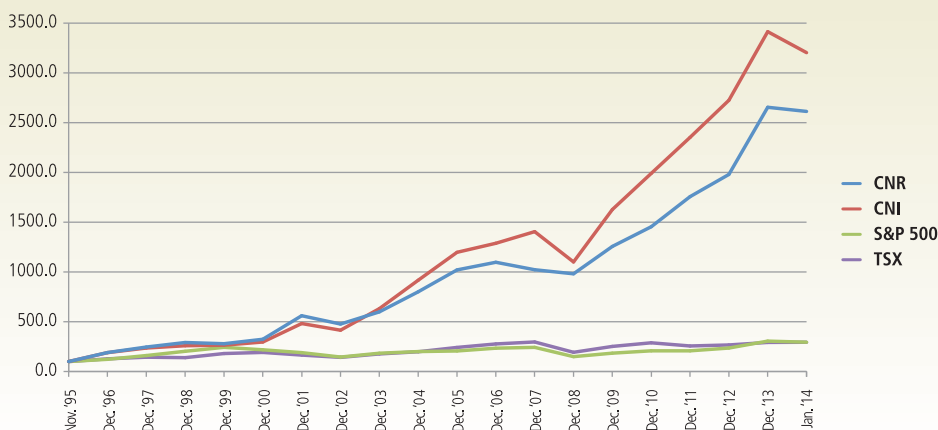


A commitment to good governance

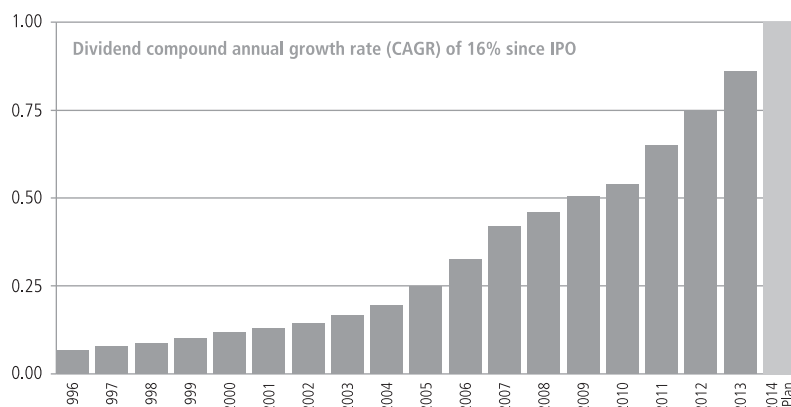
- **2014 IR Magazine Awards (Canada)** – Best Corporate Governance; Best Investor Relations Officer – Large Cap (Janet Drysdale); Best Investment Community Meetings; Best in Sector – Transport
- **2012 Canadian Coalition for Good Governance Award** – Best Disclosure of Approach to Executive Compensation
- **2011 Canadian Coalition for Good Governance Award** – Best Disclosure of Board Governance Practices and Director Qualifications

CN's stock performance

Remarkable growth since the IPO



Annual Dividend Payout History – Split Adjusted





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*Except where otherwise indicated, all financial information
reflected in this document is expressed in Canadian dollars.*



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