



A different kind of railroad

2002 Investor Fact Book



All financial information reflected herein is expressed in Canadian dollars and determined on the basis of United States generally accepted accounting principles (U.S. GAAP). Canadian National Railway Company is sometimes referred to as "the company," "Canadian National," or "CN." Except as otherwise noted, 2001 includes Wisconsin Central Transportation Corporation (WC) from October 9, 2001.

Cautionary Statement for
Purposes of the "Safe Harbor"
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Except for historical information, certain statements contained in this *2002 Investor Fact Book* may be "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, and other factors which may cause the outlook, the actual results or performance of the company or the rail industry to be materially different from any future results or performance implied by such statements. Such factors include the following: general economic and business conditions, which may impact demand for the company's services, changes in, or compliance with government regulations (especially environmental laws and regulations), and other risks detailed from time to time in reports filed by the company with securities regulators in Canada and the U.S. including the company's 2001 annual information form and annual report, filed on Form 40-F with the U.S. Securities and Exchange Commission.

This *2002 Investor Fact Book* has been filed with the various securities commissions or similar authorities in each of the provinces of Canada and with the U.S. Securities and Exchange Commission and forms an integral part of the company's public file.

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2002 Investor Fact Book



Dear Investor

Here is the 2002 edition of our *Investor Fact Book*. This is the 6th edition of a fact book for the investment community that describes the business of CN – where we've been and where we are going.

CN is an innovative, industry-leading transportation company. Our railroad is the only one to reach three coasts in North America – ideally positioned to serve the NAFTA marketplace. CN, year after year, is delivering on its financial commitments to shareholders. This railroad continues to be the most efficient in North America with a strong balance sheet and good free cash flow. Our stock consistently outperforms the sector. In short, CN is a different kind of railroad.

We are not like other railroads in North America. The way CN is structured, our unique service plan that allows us to run a scheduled railroad, our unyielding commitment to customer service and our remarkable achievements in asset utilization clearly set us apart from the competition. I encourage you to look at CN differently than you do other railroads in North America.

CN is growing again. Last year, following approval by the U.S. Surface Transportation Board, we acquired the Wisconsin Central – a regional railroad serving Wisconsin, the upper Michigan peninsula and northwestern Ontario. While CN and WC had a long-term operating agreement in place, acquiring WC significantly strengthens our franchise and secures our transcontinental network.

Last year, we also initiated marketing and operating agreements with CP, BNSF, CSX and UP to complement our strategic marketing alliance with KCS. These innovative moves offer real opportunities to further reduce operating costs and offer greater reach for our customers.

Today, CN has secured its position as the best railroad in North America. Since CN's IPO in 1995, the company has gone from being the worst railroad to being the best. This dramatic turnaround is unmatched in this industry. We've achieved this by focusing on service and meeting our customer commitments. Our structure empowers our people to strive for excellence. And the results are readily apparent.

Our objective for tomorrow – to be the best transportation company in North America. Can we achieve it? Our history shows we can. And we have a record of doing what we say we'll do.

We will continue to lead our industry and we will continue to create real value for our shareholders as the top-performing railroad in North America.

CN is different. It's time to look at CN in a different light.

(signed)

Paul M. Tellier

PRESIDENT AND CHIEF EXECUTIVE OFFICER



Financial Highlights ^{(1) (2) (3)}	1995	1996	1997	1998	1999	2000	2001
<i>\$ in millions, except per share data, or unless otherwise indicated</i>							
Revenues	\$3,862	\$3,911	\$4,283	\$5,137	\$5,236	\$5,428	\$5,652
Operating expenses	3,437	3,323	3,356	3,856	3,769	3,780	3,872
Operating income	425	588	927	1,281	1,467	1,648	1,780
Interest expense	194	113	117	331	314	311	327
Other income	148	44	24	23	55	136	65
Income from continuing operations ⁽⁴⁾	398	1,055	469	598	746	879	978
Diluted earnings per share from continuing operations ⁽⁴⁾	2.48	6.14	2.72	3.09	3.71	4.39	4.92
Shares used in EPS calculations (<i>millions</i>)	160.9	171.7	172.4	193.4	202.5	202.8	201.0
Rail operating ratio (%)	89.0	85.0	78.4	75.1	72.0	69.6	68.5

(1) 1995, 1996 and 1997 figures exclude Illinois Central Corporation (IC) and 1998 figures have been presented on a pro forma basis with IC.

(2) 2001 includes WC from October 9, 2001.

(3) Excludes special charges and cumulative effect of changes in accounting policy.

(4) Excludes 2000 and 2001 non-recurring items.

FINANCIAL AND STATISTICAL HIGHLIGHTS

Operating Income *\$ in millions*

1999
1,467
2000
1,648
2001
1,780 *



* excluding special charge

Statistical Highlights⁽¹⁾⁽²⁾	1995	1996	1997	1998	1999	2000	2001
Route miles	17,918	17,124	15,292	16,911	15,777	15,532	17,986
Carloads (<i>thousands</i>)	2,295	2,315	2,547	3,483	3,645	3,796	3,821
Gross ton miles (<i>billions</i>)	204.1	208.3	228.4	263.5	274.5	288.2	293.9
Revenue ton miles (<i>millions</i>)	105,487	107,470	119,534	138,669	143,613	149,557	153,095
Rail employees (<i>average for the period</i>)	26,951	24,064	22,800	24,993	23,493	22,457	22,668
Rail employees (<i>at end of period</i>)	23,999	21,589	21,081	22,653	21,563	21,378	22,868
Diesel fuel consumed (<i>U.S. gallons in millions</i>)	307	311	327	341	330	341	351
Average price per U.S. gallon	\$0.90	\$1.02	\$1.02	\$0.87	\$0.87	\$1.24	\$1.35

(1) 1995, 1996 and 1997 figures exclude IC
and 1998 figures have been presented on a pro forma basis with IC.
(2) 2001 includes WC from October 9, 2001.

Operating Ratio
in %

1999
72.0
2000
69.6
2001
68.5 *



Employees
average for the period

1999
23,493
2000
22,457
2001
22,668



* excluding special charge

CN COMPANY PROFILE

CN is setting the standard for the North American rail industry as the most efficient and most effective transportation provider. CN has an operating ratio that is almost 14 points better than the average of other Class 1 roads in North America. The company is a financial leader as well, with strong free cash flow and earnings that continue to meet or exceed targets. The company's unique service plan is producing significant cost savings from improved asset utilization while delivering dramatic improvements in on-time service for customers.

Over two years ago, CN began integrating the Illinois Central. That flawless process is providing shippers with more options and greater reach in the rapidly expanding market for north-south trade. CN further strengthened its position as North America's Railroad with the acquisition in 2001 of the Wisconsin Central. CN will adopt the same step-by-step process to integrate the WC as it did with the IC.

Today, CN is the only railroad in North America to cross the continent east-west and north-south, serving ports on the Atlantic, Pacific and Gulf coasts. Through marketing alliances with other railroads, CN customers have access to all three NAFTA nations. These service and marketing agreements link points across Canada and the U.S. Midwest with Mexico's largest rail network.

Customers are responding to CN initiatives. Year-over-year carloads across the entire CN network grew by 1% in 2001 compared to the year earlier. Revenues for the same period grew by 4%.

With the acquisition of the Wisconsin Central, CN now employs about 23,000 people and operates approximately 18,000 route miles of track generating annual revenues in 2001 of approximately Cdn\$6 billion or US\$4 billion.

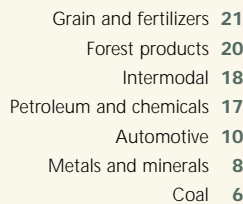
Revenues derive from the movement of a diversified and balanced portfolio of goods. In

2001, no one business unit accounted for more than 21% of revenues. The sources of revenue also reflect a balanced mix of destinations. In 2001, 58% of revenues came from U.S. domestic and transborder traffic, 24% from Canadian domestic traffic, and 18% from international traffic.

CN originates more than 85% of traffic moving along its network. This allows the company to capitalize on service advantages, and build on opportunities to efficiently use assets.

CN was privatized in 1995. The privatization transformed the company from a government Crown Corporation into an investor-owned company. As required by the CN Commercialization Act, there is a 15% ownership limit of CN common shares by any holder alone or with associates.

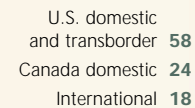
2001 Diversified Traffic Portfolio
% of freight revenues



1999 Market Share in Canada*
% of tonnage

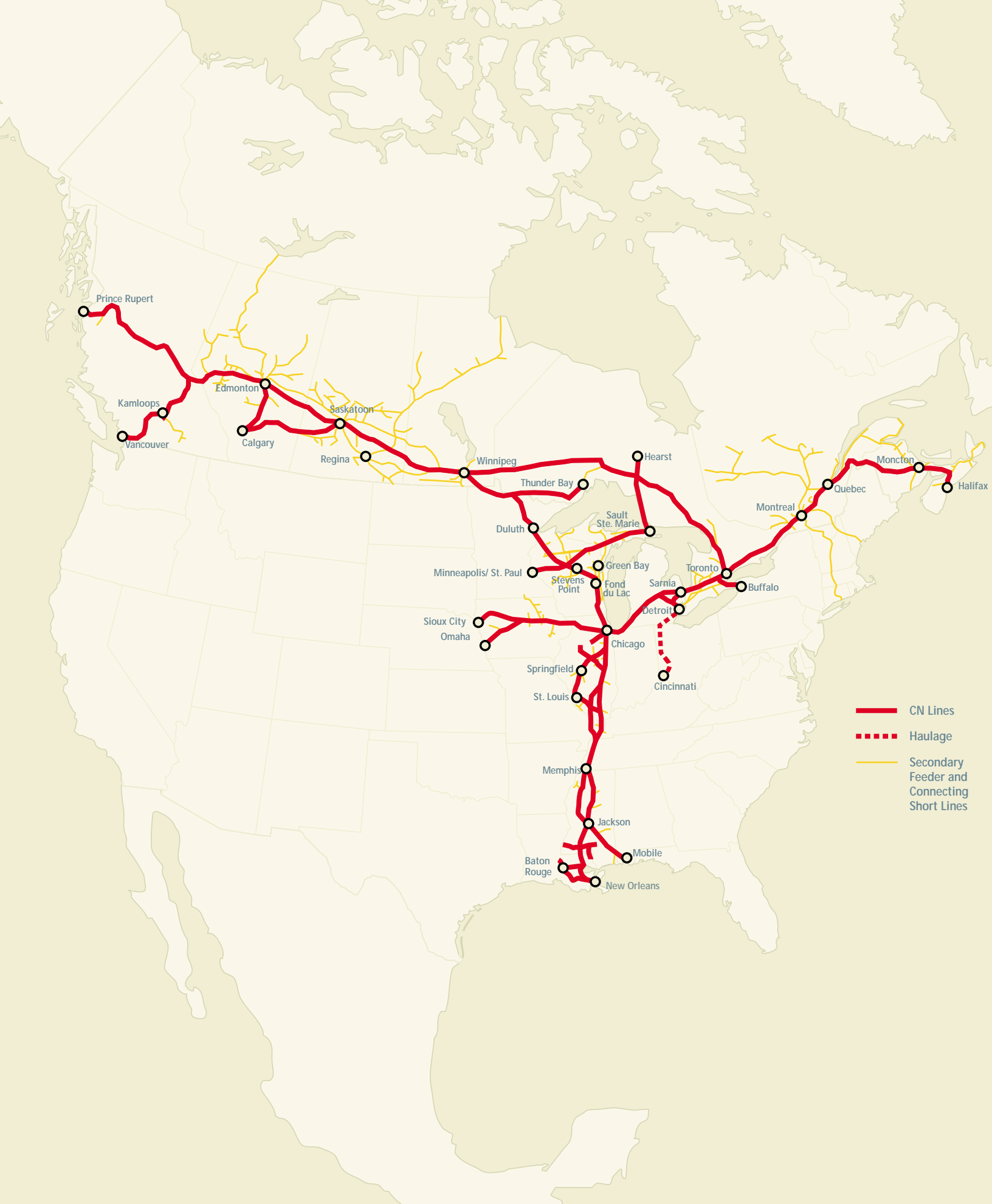


2001 Destination Mix*
% of pro forma freight revenues

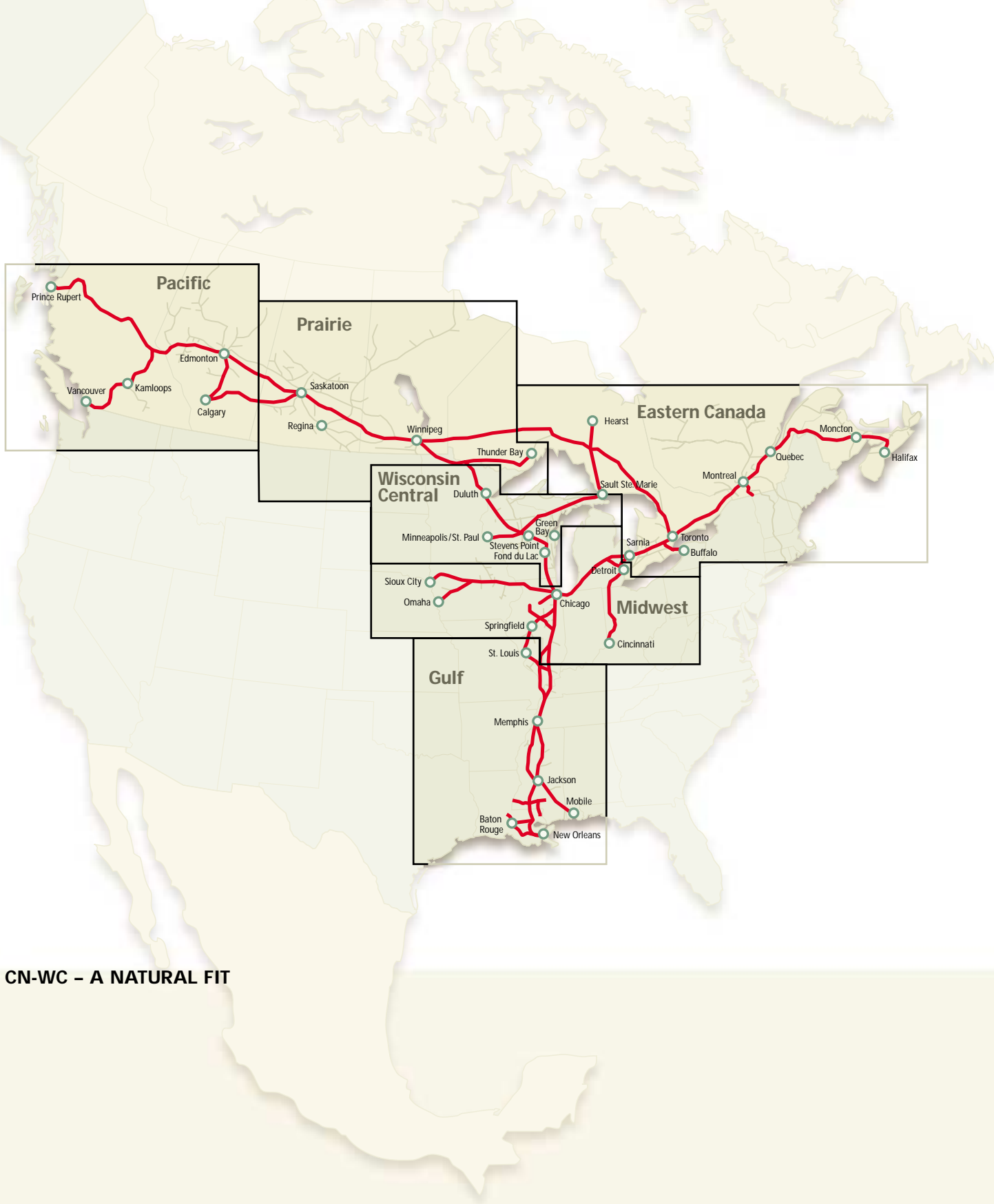


* Source: Stats-Can, Rail in Canada, 52-216

* Includes WC from January 1, 2001



- CN Lines
- - - Haulage
- Secondary Feeder and Connecting Short Lines



CN-WC - A NATURAL FIT

Acquiring the Wisconsin Central railroad has been described as a 'natural fit' for CN. This latest acquisition was a straightforward, end-to-end transaction that secures the link between CN's eastern and western routes and literally fits in the middle of the company's transcontinental network.

CN and WC have worked closely together for many years under a long-term haulage agreement and the two companies shared many of the same customers. The WC territory has been formed into CN's sixth operating division and named the Wisconsin Central Division.

The acquisition of WC is entirely consistent with CN's NAFTA strategy. Combining the two companies is a simple transaction and there are no 2:1 points along the network. With the Surface Transportation Board's approval of

this union, CN gained operational and ownership control over a vital, rapidly growing trade corridor. CN acquired all the outstanding shares of WC for an acquisition cost of \$1,297 million (US\$831 million) and assumed WC's outstanding debt and liabilities.

During the STB review process, CN received broad support for the transaction from shippers, local government officials, chambers of commerce and public agencies. The support for the deal exceeded the level of support CN received during the highly successful merger with the Illinois Central.

Customers of the former WC will benefit from faster transit times, single-line service that reaches more markets and three coasts in North America, and the reliable, predictable on-time service that CN's scheduled rail operations provide. WC and CN share a strong commitment to customer service and the trans-

action will continue to deliver the kind of service shippers want.

Tangible benefits for the company will come from combining the locomotive and car fleets. Older locomotives in the WC fleet will be retired and CN's focus on efficient asset utilization that has delivered astounding results will become the focus for the new division. Combined 'back office' and other joint functions will also deliver operating synergies to CN.

A step-by-step process

Integrating the new division into the broader CN network will follow the same proven process used to successfully integrate CN and IC. For customers that will mean no major operational changes. Essentially, the same people will continue to serve the same customers.



As with the CN-IC integration process, there will be no artificial timelines and safety will never be compromised. Only when people are trained and processes tested and proven will a system be 'cut over' and the goals the company has set are its commitments that there will be no disruption of service and no negative impact on customers. CN's gradual, methodical approach to systems integration means better ways of doing business for customers with minimal impact to their business processes. To ensure seamless service for customers, the new division will continue to use the existing WC TCS computer system for at least the first year of integration.

Through the CN Website, customers will have electronic access to all CN and former WC shipment locations as well as current status of their shipments. By late 2002,

customers of the former WC will have access to a broader range of on-line services such as Internet-based shipping instructions, fleet tracking, a single point of contact for billing information, simplified routing instructions and complete CN trip plans over the entire network. Customers will also be able to submit bills of lading, receive invoices, remit payments and make service requests through one on-line information source.

Scheduled railroad

The scheduled railroad concept is the key element in CN's service plan. Customer service is built around a precise schedule and product catalog. The process is entirely customer-driven. Each CN shipment is governed by a trip plan that details the movement of goods from origin to destination. And the CN trip plan is measured and quoted in hours not in days. The trip plans emphasize performance measurement from the customer's point of view because they are based on delivery

time door-to-door. Through 2001, CN maintained better than 90% trip plan compliance and that level of service is the baseline for the new division.

A leader in forest products

Forest and paper products represented more than a third of the revenues of WC. When combined with CN's already substantial forest products business unit, the company reinforces its position as the largest carrier of forest products and paper products in North America. Minerals and metals business made up about a quarter of the total revenues of the former WC.

Accounting Treatment

The company accounted for the merger using the purchase method of accounting. With the acquisition of the Wisconsin Central Transportation Corporation, CN acquired ownership

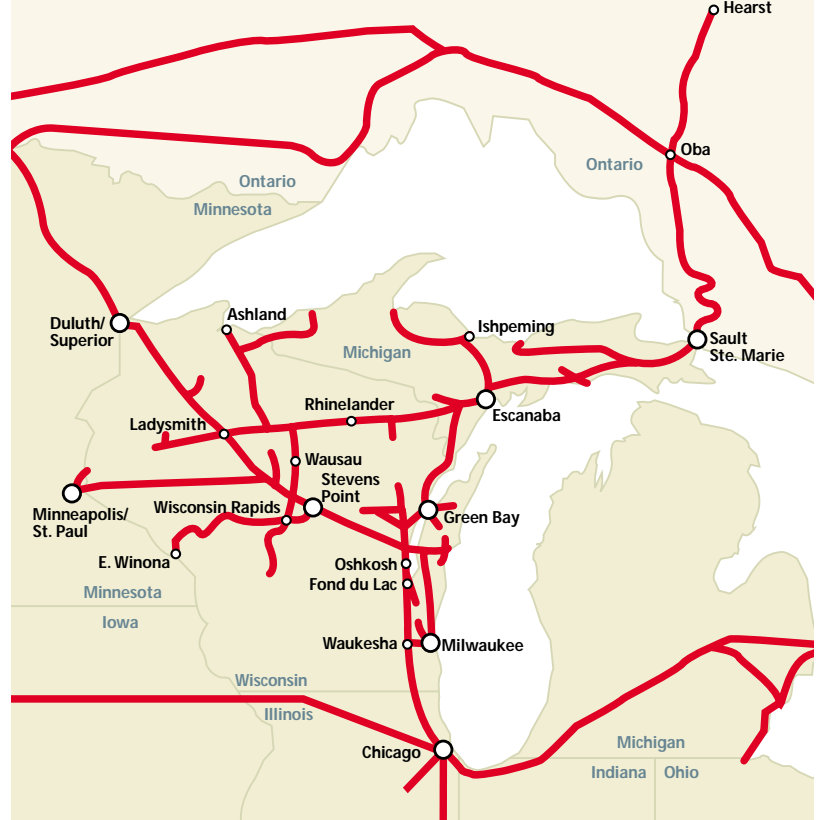
January 30, 2001	CN and WC announce proposed merger
April 4, 2001	Proxy vote by WC shareholders approves merger
April 9, 2001	CN and WC file application with the U.S. Surface Transportation Board (STB) and Canada's Competition Bureau
May 9, 2001	STB to review the application as a minor transaction
July 10, 2001	Canada's Competition Bureau clears the acquisition
September 7, 2001	STB approves the acquisition
October 9, 2001	Control date for the transaction – step-by-step integration begins

TIMELINE

stakes in various international properties. CN's new 40.9% investment in English Welsh and Scottish Railway (EWS) which provides most of the rail freight services in Great Britain, is accounted for using the equity method of accounting. CN's 33% of Australian Transport Network Limited (ATN), a commercial rail freight business in Tasmania, is accounted for as "available for sale" because CN's intent is to sell this investment within one year. CN's 23.7% stake in Tranz Rail Holdings Ltd. which was also accounted for as "available for sale" at year-end 2001, was sold in late February 2002, for proceeds of approximately \$70 million.

The consolidated statement of income for the year ended December 31, 2001 included \$129 million of revenues, \$43 million of operating income and \$11 million of other income from WC. The acquisition of WC contributed \$17 million to CN's net income or \$0.08 per diluted share.

WC LINES



On July 1, 2001, CN marked the second anniversary of its acquisition of the Illinois Central. The integration of the two railroads has gone smoothly at every stage. The combined CN-IC continues to deliver efficient, single-line service for shippers.

Information technology – a successful integration

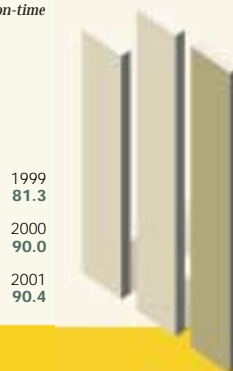
Two important undertakings highlight the success of Year Two. On October 1, 2000, CN implemented a single information technology system across the combined railroad. CN modified and upgraded its successful Service Reliability Strategy (SRS) system and extended it to the former IC territory. The transfer to a single system occurred with-

out incident and without service disruption. For shippers, the result was seamless and transparent, and overall, the single information system is providing improved service with a more efficient flow of information across the entire network.

SRS is a set of advanced computer programs that allows the company to operate a scheduled transportation service and to track each car or intermodal unit as a separate shipment. The ‘cutover’ to a single system was a total success and today, shipment tracking for the car inventory on the CN-IC territory continues with an accuracy rate of 99.8%.

With the new system in place, CN offers customers single-line service with accurate up-to-date information about their shipments. And the same database of traffic information is readily available to CN employees across the network.

Trip Plan Compliance
Carload
% on-time



Selling the Detroit River Tunnel

Also during Year Two, CN sold its 50% interest in the Detroit River Tunnel to the Borealis Transportation Investment Trust. As a condition to approval of the CN-IC merger, the U.S. Surface Transportation Board requested that CN divest its share of the Tunnel. The other 50% is held by the CPR.

Customer focused

During the second year as a combined company, CN added new transportation services, continued to improve transit times for shippers, and more efficiently utilized its cars and locomotives. Unlike other railroads, CN runs a scheduled transportation service and the company quotes and measures transit times for shipments in hours not days. Customers have realized direct and tangible benefits from CN's dramatically improved car transit times as well as from greater service reliability

and predictability. More and more, shippers are choosing CN as their carrier of choice.

Strong financial performance

These achievements are reflected in the financial performance of the company. Through Year Two, despite higher fuel costs and recessionary conditions in the economy, CN-IC continues to produce excellent financial results. Today, CN is clearly the best-run railroad in North America. An industry-leading operating ratio of 68.5% at the end of 2001 is setting the standard for the industry. A solid balance sheet, growing revenues and strong free cash flow all point to the success of the CN-IC combination and clearly set the company apart from the competition.

CN has reported progress on the integration of CN-IC to the STB for two years. Following favorable assessments from the STB in December 2001, the Board discontinued its formal oversight process on this merger – three years ahead of schedule!



BREAKTHROUGH MARKETING INITIATIVES

COOPERATING TO COMPETE

Railroads in North America compete head-to-head for the domestic and international freight business that moves on this continent. As well as competing with other railroads, CN must also compete with other transportation alternatives such as trucks and ships. Shippers demand predictable, reliable service and CN is delivering with its unique service plan that allows the company to run a scheduled railroad. To meet the ever-growing needs of customers, CN is continuing to find innovative service offerings that give shippers a real choice when choosing a transportation partner.

Mergers and acquisitions have transformed CN into a true NAFTA railroad. But to offer customers the market reach they want, CN has looked at marketing alternatives to provide service and extended market reach that will encourage shippers to choose a rail option to meet their transportation needs.

For CN, a new wave of breakthrough thinking following its two very successful mergers and the innovative marketing alliance with KCS has resulted in a series of joint co-operative agreements with other railroads. CN is collaborating with other railroads as hard as it competes with them to find new ways to better serve customers, reduce costs and grow the top-line. Examples of these recent agreements include:

CN-CP co-production agreements

In July 2000, CN and CP jointly announced groundbreaking agreements. Under one of the agreements, the railroads use 'directional running' over a 155-mile (250-kilometer) stretch of track through the Fraser Canyon in western Canada with west-bound trains using the CN route and east-bound trains using the CP main line.

Another agreement is a three-year deal providing CP with access to CN's efficient Toronto-Chicago main line. CP moves a minimum of 14 merchandise and/or intermodal trains per week over CN's line between Toronto and Chicago through

the St. Clair Tunnel. In December 2001, CN and CP sold a portion of track through Niagara Falls, Ontario that generated cash for both railroads. As part of this accord, CP will use CN track to reach Buffalo, NY.

These agreements provide CN with significant cost savings and revenue growth potential.



CN-BNSF innovative marketing

In October 2000, CN and BNSF jointly announced a new seamless service for shippers of agricultural products using routes in Illinois and Iowa.

Under the arrangement, CN provides haulage service for BNSF between East Dubuque, Illinois and Cedar Rapids, Iowa, and BNSF provides haulage service for CN traffic between East Dubuque, Peoria and Centralia, Illinois.

The arrangement reduces round-trip miles in the Iowa market to grain and oilseed processing areas as well as transit times and train volumes in the Chicago terminal area.

In November 2000, CN and BNSF announced highly competitive, customer focused interline rail services for new carload traffic, with interline service linking western Canadian markets with those in Washington, Oregon, Idaho, California, Nevada, Utah, Arizona, New Mexico and El Paso-Sierra Blanca, Texas. The arrangement gives CN and BNSF the authority to market and price carload traffic originating on one carrier and terminating on the other without first having to negotiate movement terms and conditions. Customers receive simplified pricing and enhanced response times.



CN-CSX joint intermodal services

In May 2001, CN and CSX introduced new intermodal services to connect major Canadian and U.S. markets. The CN-CSX deal offers shippers highly competitive, five-day service for coast-to-coast intermodal traffic moving between Vancouver, BC and New York City (Kearney, NJ). Other key lanes include Toronto-Florida (four days) and Toronto-New York (two days).

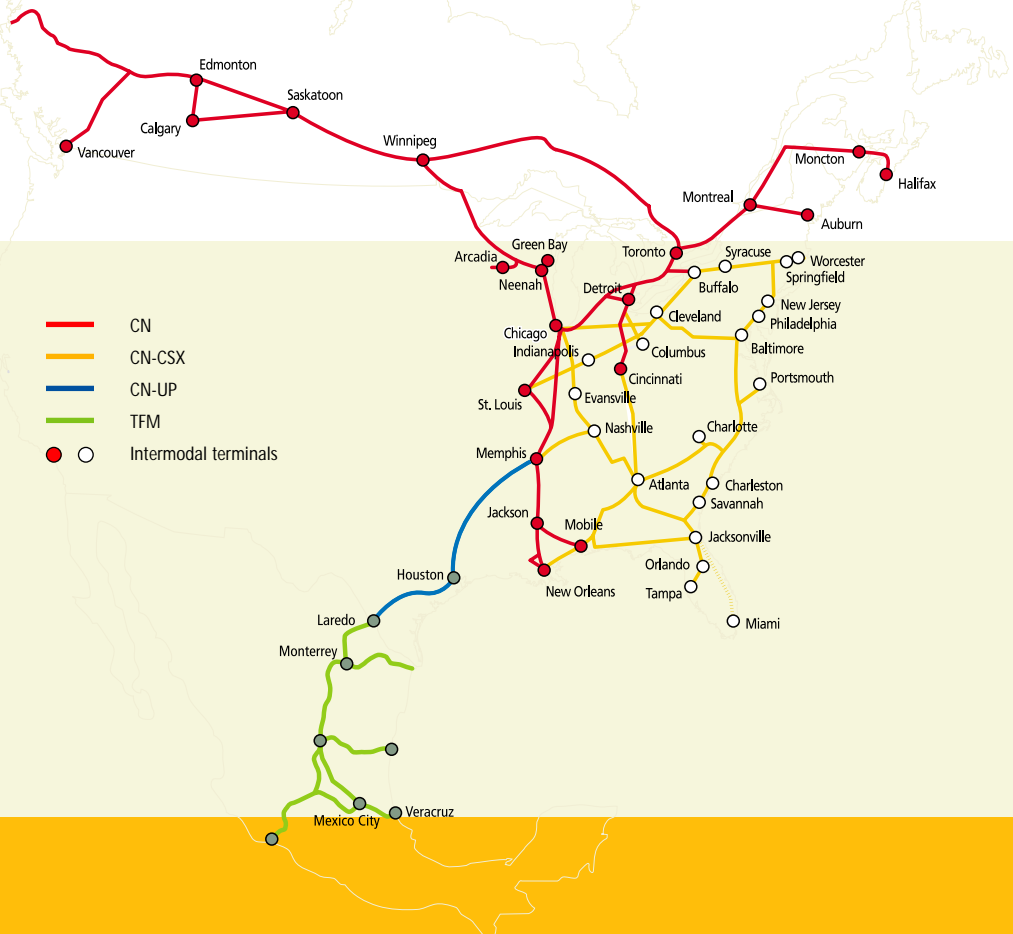
Shippers benefit from one-stop intermodal shopping under this truck-competitive service with truck-competitive reliability. CN and CSX have the ability to 'through-price' originating traffic destined to points on either network, which will result in improved pricing response time. Shippers also enjoy efficient 'steel-wheel' interchange of intermodal traffic at the Chicago and Buffalo gateways.

CN-UP joint intermodal services

In September 2001, CN and Union Pacific Railroad (UP) announced a new joint intermodal service for NAFTA traffic moving in and out of Mexico and south Texas. CN customers located in Canada, New England, and the Detroit area now enjoy coordinated service to and from UP's terminals at Houston and Laredo, TX. A direct connection at Laredo with Mexican railroad Grupo Transportacion Ferroviaria Mexicana (TFM) provides seamless service to and from Mexico City; and UP's "Passport" program, which combines rail transport with cross-border trucking out of the Laredo terminal, provides blanket coverage of northeast Mexico, including the critical "maquiladora" region along the border.



Service is available on either a door-to-door or ramp-to-ramp basis, and includes access to high-cube, 53' containers. With all these options, the new CN-UP service offers shippers a very competitive alternative to truck transportation in this important NAFTA corridor.



THE SERVICE PLAN

CN operates a scheduled service. This unique approach to running a railroad sets CN apart from the rest and means unprecedented on-time delivery for customers and dramatic operating gains for the railroad. No other Class 1 is running a scheduled railroad today like CN.

“CN is a different kind of railroad – we focus on delivering each individual shipment for a customer, when we promised.”

E. Hunter Harrison

It is the unique CN service plan that is key to offering a scheduled service. Running a scheduled railroad means that trains leave and arrive at terminals according to a published timetable. As a result, CN can deliver service improvements and operating efficiencies without the kinds of service disruptions that have too often plagued the industry in North America.

The people at CN have a passion for operating trains on schedule. When the service plan was developed, the company analyzed traffic patterns, created trip plans and designed a modified train plan to satisfy the needs of shippers, and that would minimize the number of times a car is handled enroute. The CN way is working!

Two key factors about the service plan set CN apart from other railroads. In the CN plan, each car has a ‘trip plan’ that directs the shipment from origin to destination – dock-to-dock.

The difference with the CN service plan is that the company has a focus on cars and shipments – other railroads focus on trains. The other factor that makes CN different – transit times for shipments are measured in hours, not in days. Today, the CN service plan directs shipments over more than 16,000 routings across the company’s network.

Improved transit times

Customers that ship with CN expect their goods to arrive on time, every time. And CN is delivering. Through 2001, trip plan compliance was above 90%. Virtually every shipment arrived at a customer’s dock when promised. The company maintains an on-time delivery target of 95% for 2002.

CN continues to make improvements to service and transit times and continues to operate yards

and terminals with greater precision than ever before. The railroad is working well and customers are seeing the benefits. CN continues to tighten connections and switching schedules designed to reduce the time a shipment takes to reach its destination. More and more, selected CN services are truck competitive and shippers are responding by choosing CN to be their transportation provider.

The entire network operates with precision. There is greater operating discipline across the company. This discipline and precision represent a marketing opportunity for CN. Today, CN is able to offer a range of service options to shippers. CN markets service quality not price-for-distance.

Asset utilization- locomotives

With trains moving on schedule, the company has been able to turn its attention to assets. Locomotives are a very expensive asset, and CN recognized that locomotives could be managed more efficiently within a scheduled operating service. The CN service plan, with its focus on the effective and efficient utilization of assets, has delivered real results. Since early 1998, CN has reduced its active locomotive fleet from 2,300 units to 1,500 units (excluding WC) at the end of 2001. While the company is operating significantly fewer locomotives, CN continues to move more freight – a productivity gain that is seen in the company’s operating ratio – the lowest in the industry.

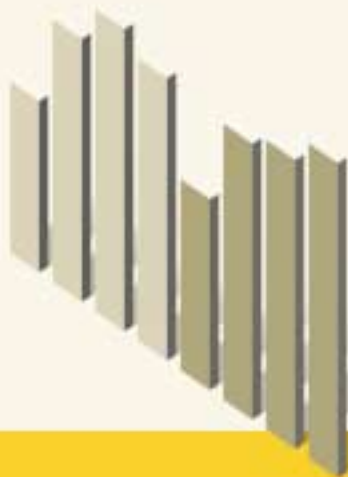
Reductions in the number of locomotives come from the replacement of lower horsepower locomotives with new high horsepower locomotives such as the 40 new GE 4400 hp locomotives acquired at the end of 2000. In

March 2002, CN announced that it would acquire an additional 60 new state-of-the-art GE 4400 hp locomotives that would be delivered in phases to be completed by the end of 2004. This kind of fleet improvement allows the company to cascade equipment to match power needs more effectively. Older and lower power equipment can be sold, leased out, or retired, thereby improving the overall efficiency of CN’s equipment.

CN measures the productivity of the locomotive fleet by Gross Ton-Miles per Available Horsepower (GTM/HP). This is a measure of the productivity of the active locomotive fleet and its ability to move the highest level of traffic with the fewest number of locomotives and most effective matching of horsepower to need. By the end of 2001, the company recorded a 40% cumulative increase in GTM/HP over the last three years.

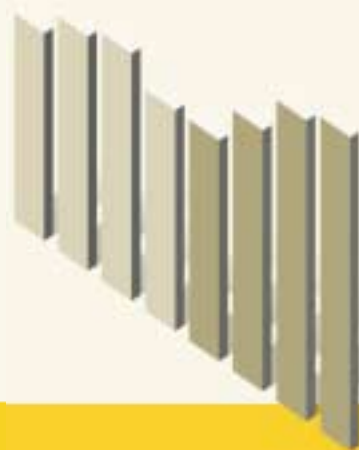
Car Fleet
Car miles per car day

Q1 00	144
Q2 00	158
Q3 00	164
Q4 00	161
Q1 01	147
Q2 01	160
Q3 01	162
Q4 01	166



Locomotive Fleet
GTM's per available HP

Q1 00	257
Q2 00	259
Q3 00	260
Q4 00	258
Q1 01	258
Q2 01	261
Q3 01	264
Q4 01	265



Some of the initiatives the company is using to further improve locomotive efficiency include combining smaller trains to more effectively utilize powerful new equipment. CN is extending the length of sidings to allow long trains to operate in both directions.

As the company integrates the operations of the Wisconsin Central, locomotive productivity gains from extended haul, longer trains and introduction of CN's unique operating practices will reduce the size of the WC fleet generating more savings for the company.

Asset utilization- railcar fleet

CN has achieved significant improvements in the utilization of its locomotive fleet, and in 2001 the company directed its attention to achieving greater

efficiency with its fleet of railcars. The focus on railcar usage has identified inefficiencies and delays that occur at loading, in transit, during unloading and with the return of empties for the next shipment. The scheduled service concept has allowed the company to make dramatic improvements in round trip transit times for cars and with these improvements, the company actually needs fewer cars to meet the needs of customers.

At the beginning of 1998, the combined CN and IC fleet was 82,900 railcars. At the end of 2001, CN had reduced its active car fleet by more than 20,000 cars to 61,500, representing a 26% reduction. Through 2001, the company returned 2,525 leased railcars and retired or scrapped a further 1,330 railcars.

CN is moving more traffic for its customers – and it is moving the traffic with fewer railcars because of the company's unique

service plan. Fewer cars also means less congestion in yards and sidings, further improving the time required to switch in yards. Since 1999, yard productivity at CN has improved over 30%.

Customers also win with a more efficient utilization of railcars. Some CN customers own the railcars needed to carry their specific commodity. These customers are able to reduce their fleets because of CN's faster transit times and reliable, on-time service. Reductions in fleet size translate to significant annual savings for CN's customers.

By the end of 2001, railcar velocity, a measure of productivity in car miles per day, reached a cumulative increase of 25% over the last three years.

Active Locomotive Fleet

Dec 98 *	1,762
Dec 99	1,645
Dec 00	1,611
Dec. 01 **	1,500



* pro forma to include IC as of January 1, 1998

** excludes WC

Active Car Fleet

Dec 98 *	72,200
Dec 99	68,900
Dec 00	67,700
Dec 01 **	61,500



* pro forma to include IC as of January 1, 1998

** excludes WC

Guaranteed car plans

The company's intense focus on assets and especially on railcar utilization identified inefficiencies in car supply that led directly to an innovative approach by CN called the Guaranteed Car Supply program. Through the program, CN guarantees to deliver the number of cars a customer requests by a specified date. The customer agrees to load and ship the cars again by a specified date. Both CN and the customer face financial penalties should they fail to meet their commitments.

CN customers benefit from a guaranteed supply of cars that directly impacts their production and logistics management processes. CN benefits because the advanced ordering of cars and agreed shipment dates permit much more accurate assessment of demand and car distribution.

It also means an overall reduction in short notice orders. And it means fewer customers over ordering cars to ensure they have sufficient equipment to meet their needs, a common situation with most railroads.

Currently, CN includes more than 30,000 railcars in its guaranteed car program. Customers can pre-order a wide variety of car types to meet their specific needs including single-door boxcars, bulkhead flats, paper/paper-board boxes, standard flats, gondolas, and centerbeam cars.

CN is accepting more than 25,000 guarantee car order requests per month and delivering better than 96% of all 'guaranteed' cars on the order date.

The company also intends to have up to 50% of car ordering done through the internet by customers participating in the Guaranteed Car Supply program in 2002.



Cars On-line

Dec 98 *	117,200
Dec 99	116,300
Dec 00	114,400
Dec 01 **	101,600



* pro forma to include IC as of January 1, 1998

** excludes WC





SALES & MARKETING

GROWING TO MEET CUSTOMER COMMITMENTS

CN is a different kind of railroad – with a different approach to Sales and Marketing. The results: strong growth and a growing trend by shippers to choose CN as their transportation partner.

The company is focused on growth and employs a two-pronged strategy to increase market penetration.

First, CN is focused on providing a quality transportation product at a fair price. The better the quality of service, the more likely it will be able to gain market share.

Secondly, through acquisitions and strategic alliances, CN can penetrate markets that the company does not directly serve. By creating single-line service to more markets, CN can better serve customers and offer them more transportation alternatives.

2001 Freight Revenues

\$ in millions

Grain and fertilizers	1,161
Forest products	1,088
Intermodal	969
Petroleum and chemicals	923
Automotive	520
Metals and minerals	458
Coal	338



Organized for success

The Sales and Marketing group is organized differently from most railroads. Business units, organized along commodity lines, are responsible for marketing and pricing. National account sales are also within the business units. In addition, each division has a sales team that manages smaller, more regional customers as well as look for new customers that have typically not used rail services.

CN has changed the Sales and Marketing paradigm just as it did in operations. Today, CN sells service – and it is delivering on that service promise with on-time performance exceeding 90% dock-to-dock. This new approach allows the railroad to grow while cutting costs.

CN competes on service not on price. And the company is growing because it is competitive with all modes of transportation.

The following sections describe in greater detail the growth potential and recent successes of each of the business units.



PETROLEUM & CHEMICALS

"CN's goal is to conduct our business in full compliance with the most demanding standards to ensure the safety of our employees and the communities where we operate. This is a long-term commitment that we will keep!"

Paul M. Tellier

Overview

Petroleum & Chemicals is CN's fourth largest business unit. In 2001, revenue for this business unit was up 3% over the previous year. The weak economy affected a number of commodity sectors, including plastics and chemicals. Commodities destined for Asia through Vancouver experienced overall weakness. A new all-time low price for sulfur cut 2001 revenue for this commodity by one third compared to the previous year. In addition, a number of plants on the CN network were not running at full capacity due to lack of demand.

Both customers and the railroad have benefited from productivity gains and from single-line access to all major production areas and markets.

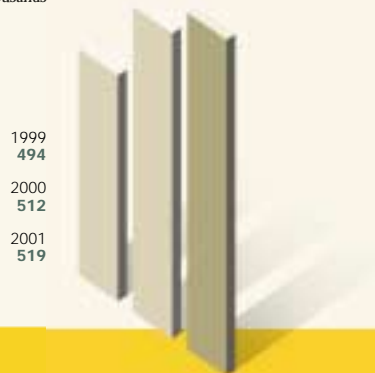
As new plants come on stream and as CN introduces innovative service products and pricing strategies, the outlook for this business unit remains strong. The CN network is ideally positioned to grow in step with shipper expansion.

Running a safe operation

CN's dedication to safety and its commitment to the principles of Responsible Care® are reflected in the company's position as an industry leader in the safe transportation of hazardous materials. On-time performance and running a safe operation means that CN is the carrier of choice for many chemical shippers.

In May 2001, the Canadian division of the Responsible Care® program certified the Petroleum & Chemicals business unit. The program is a management system designed for long-term continuous improvement in the transporta-

Carloads
in thousands



2001 Commodity Breakdown
% of revenues

Petroleum and plastics 53
Chemicals 47



tion of petroleum and chemical products. The various program elements focus on employee health and safety, the environment, transportation of dangerous goods, emergency response and community out-reach.

Serving North America

Geographically, CN serves the major producing regions of Louisiana and Alberta as well as Sarnia in eastern Canada. The New Orleans – Baton Rouge corridor is adding new plant capacity that will translate into more traffic from this region. Alberta is a major center for petrochemicals, plastics and sulfur with most of the production facilities in the region using local natural gas feedstocks. Sarnia and Montreal are significant petrochemical complexes in eastern Canada.

The tables on the following pages list recently completed or planned expansions at petroleum and chemical plants served by CN.

The business unit serves a wide range of commodities including chemicals, plastics, petroleum, LPG and sulfur. Virtually all – 95% – of petroleum and chemical traffic carried by CN is transported in customer-owned or customer-leased railcars. CN is required to maintain only a small fleet of cars to meet customer needs.

Through the company's extensive network of CargoFlo transload facilities, CN provides a seamless, door-to-door service for customers. This service includes product transfer, inventory management, warehousing and bagging for those customers requiring a complete logistics solution.

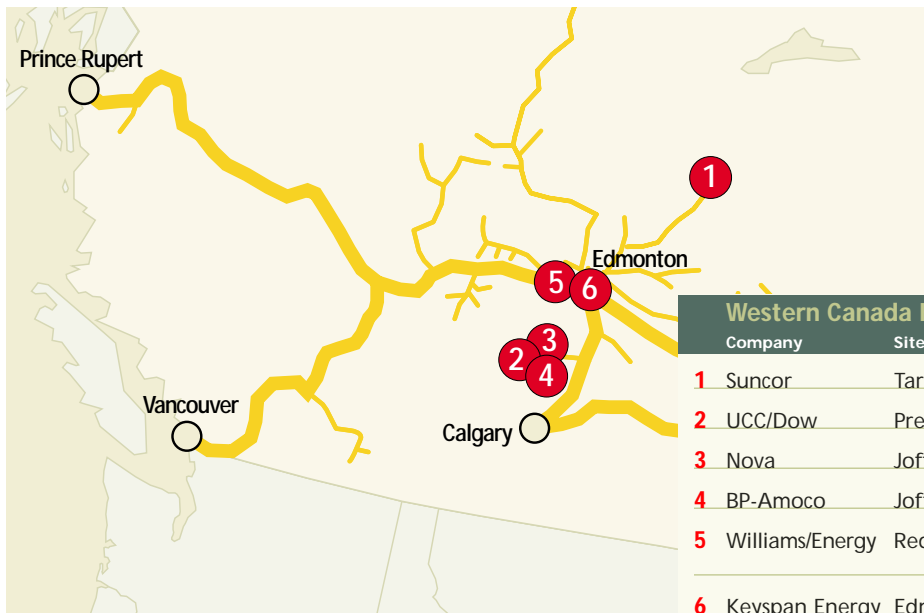
A scheduled railroad

CN's scheduled service means faster transit times, better on-time performance and dramatic advances in asset utilization.

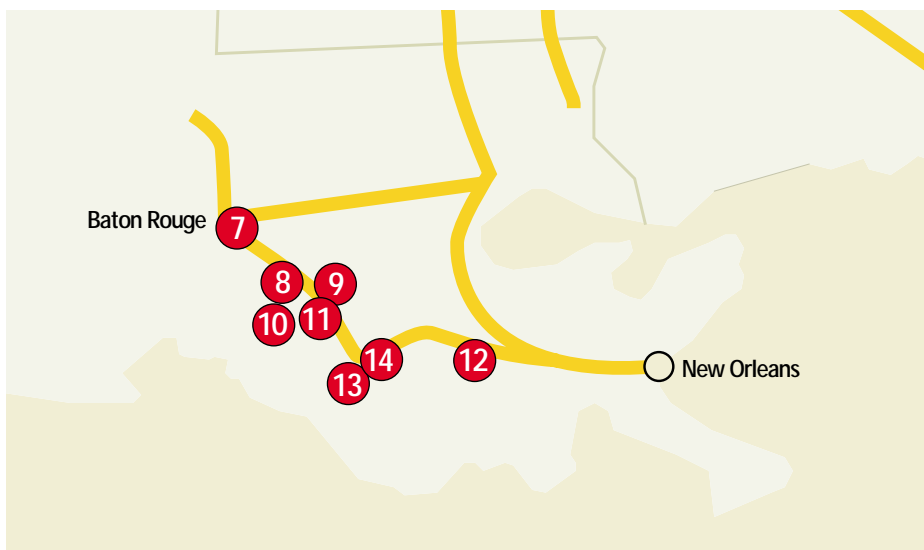
CN's superior on-time performance and faster turnaround times for railcars position customers to reduce their overall transportation costs. CN service means customers can better manage their logistics chain through lower equipment lease costs, inventory in transit, safety stock at destination and recovery trucking charges. As a result of CN's fast, reliable service, customers shipping with CN enjoy a cost advantage over their competitors and can often use this advantage to enter more markets.



PETROLEUM & CHEMICALS



Western Canada Expansion			
Company	Site	Commodities	Year
1 Suncor	Tar Sands, AB	Sulfur	2001
2 UCC/Dow	Prentiss, AB	Polyethylene	2001
3 Nova	Joffre, AB	Polyethylene	2001
4 BP-Amoco	Joffre, AB	Alpha Olefin	2001
5 Williams/Energy	Redwater, AB	Liquid Gases Propylene	2001 2002
6 Keyspan Energy	Edmonton, AB	Liquid Gases	2002



U.S. Gulf Expansion			
Company	Site	Commodities	Year
7 ExxonMobil Chemical	Baton Rouge, LA	Polyolefin	2001
8 BASF Chemical	Geismar, LA	Liquid Chemicals	2001-2002
9 Rubicon Chemical	Geismar, LA	MDI, TDI	2000
10 Vulcan Chemical	Geismar, LA	Chlorlacali	2000
11 Shell Chemical	Geismar, LA	Various Chemicals	2001-2002
12 IMTT Liquid Terminal	St. Rose, LA	Methanol	2001
<i>Rail built-in connection of CN to:</i>			
13 Petro United Liquid Terminal	Convent, LA	Liquid Chemicals	2002
14 ICOM Liquid Terminal	Convent, LA	Liquid Chemicals	2003



Eastern Canada Expansion				
	Company	Site	Commodities	Year
15	Sable Island Gas Field	Pt. Tupper, NS	Liquid Gases	2001
16	Irving Oil	Saint John, NB	Refinery	2000
17	Ultramar	Quebec City, QC	Refinery	2002
18	Interquisa	Montreal, QC	PTA	2002
19	Coastal	Montreal, QC	PetChem Acid	2002
20	Shell	Montreal, QC	PTA	2003
<i>Interconnected petroleum unit train to</i>				
21	New Brunswick Distribution Center			2000
22	Eastern Ontario Distribution Center			2002



FOREST PRODUCTS

Overview

The Forest Products business unit comprises two primary market segments – lumber and panels, and pulp and paper. Overall, this business unit accounted for 20% of total CN freight revenues in 2001.

CN is the largest carrier of forest products commodities in North America. Adding the former Wisconsin Central territory to CN effectively deepens this franchise. The addition of WC offers extended haul for Wisconsin-based customers to markets in the southern U.S. The combined fleet of specialized pulp and paper railcars will be much more efficiently used and will deliver operating synergies.

Through 2001, business unit revenues increased by 8% over the previous year, on similar carloads. Softer demand for commodities such as newsprint –

down 5% in 2001 – was offset by gains in market share, taken particularly from trucks.

The pulp and paper business is linked to economic conditions, primarily in the United States. Favorable economic conditions increase demand for advertising space and special inserts in newspapers and magazines. Recent declines in demand for advertising space and the price-inventory corrections in the newsprint, paperboard and specialty papers markets created softer demand in the last quarter of 2000 and all of 2001.

Running a scheduled railroad with improved service has helped CN attract new business that had previously moved by truck. The result has been relatively solid performance for pulp and paper traffic in spite of recessionary conditions.

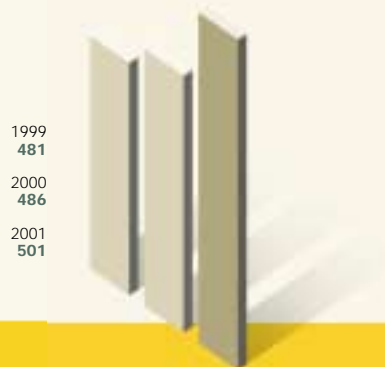
Although demand for forest products tends to be cyclical, CN's geographic advantages and diver-

sity of products it carries help balance market fluctuations. The softer economy in the second half of 2001 and the continuing Canada/U.S. soft wood lumber dispute, contributed to the 3.5% decline in lumber shipments in 2001.

Car guarantee program

In 2000, CN launched an innovative 'car guarantee' program for 73-foot center-beam flat cars for lumber. The program provides customers with car supply certainty that enables them to more effectively manage their inventory and supply chain costs. Under the program, CN guarantees to deliver cars to the customer on an agreed date and schedule. The customer agrees to load and prepare the cars for shipping by specified dates. The program allows CN to better forecast demand and car cycles and results in dramatic improvements in asset utilization.

Carloads
in thousands



2001 Commodity Breakdown
% of revenues

Lumber	32
Fibers	28
Paper	28
Panels	12



In the second quarter of 2001, CN expanded the car guarantee program to include standard boxcars used for forest products customers. By the end of the third quarter, all car types used for forest products shipments were included in the program.

Guaranteeing the delivery of empties delivers benefits for shippers, receivers and the railroad. The car guarantee program is a logical extension of CN's commitment to reliable, predictable service.

Into 2002

The outlook for lumber and panels into 2002 remains mixed. North American housing starts should remain strong. However, the impact of the continuing softwood lumber dispute between Canada and the United States will continue to cause uncertainty in the marketplace until the dispute is resolved.

Nevertheless, CN continues to benefit from the marketing alliance with KCS and the addition of the Wisconsin Central division will create potential new market opportunities for WC-served lumber producers, and will improve CN's ability to compete for the movement of lumber into markets on the WC division.

CN is the leading North American carrier of oriented strand board (OSB) in the panels marketplace. OSB, an alternative to plywood, should continue to show strong growth going forward. New OSB mills opened in western Canada in 2001, producing significant new volume opportunities for CN to carry the product to the U.S. market. The new plants are expected to be shipping at design capacity through 2002.

The company continues to increase capacity for the movement of pulp and paper and to maximize the benefits of the marketing alliance with KCS to reach into the U.S. Southwest. An example of the success CN has achieved is the stability of shipments in the newsprint sector even during a cyclical downturn in overall volumes. CN's shipments of pulp and paper are expected to increase through 2002 as the company capitalizes on its extended franchise and as the benefits of running a scheduled railroad attracts more business from trucks.



FOREST PRODUCTS
Customer Locations



Canadian National

CN now serves plants across North America.



GRAIN AND FERTILIZERS

The Grain and Fertilizers business unit represents a diversified portfolio of commodities and destination markets – both domestic and export. In 2001, grain and fertilizers generated 21% of total CN freight revenues with grain accounting for 78% and fertilizers the remaining 22%.

Grain

The grain business for CN is the transportation of crops, grains and processed grain products from western Canada and the U.S. Midwest. In 2001, Canadian grain accounted for 67% of CN's overall grain business and U.S. grains contributed 33%.

Canadian grain carried by CN is dominated by wheat, barley, canola seed, peas and processed products produced in western Canada. The company's U.S. grains business is predominantly the movement of corn and soybeans on the wholegrain side and soybean meal, various oils, sweeteners and starches on the processed products side.

The majority of western Canadian grain carried by CN is destined primarily for overseas markets although the company continues to increase shipments to Canadian domestic markets and to continental markets in the United States and Mexico.

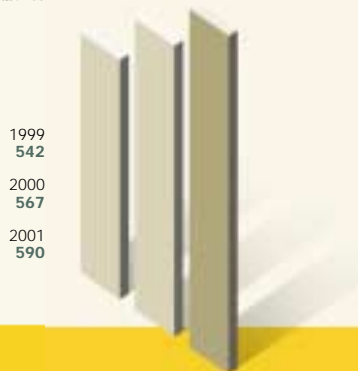
Approximately 70% of U.S.-grown corn carried by CN is destined for domestic American markets. The remainder is carried to export terminals. The U.S. domestic market accounts for approximately 55% of CN's soybean shipments, with the remainder destined for export markets.

Canadian grain – overview and business drivers

Canadian grain traffic is dependent on production levels, crop yields and quality, and the ability to sell the product in overseas markets. The mix of crops and the acres seeded to various grains contributed to crop production.

Canada's commodity mix can vary significantly from year to year, but is continuing to expand beyond the more traditional cereal grains – wheat and barley. The amount of oilseeds, oilseed products and specialty crops such as peas, produced by Canadian farmers, continues to grow.

Carloads
in thousands



2001 Commodity Breakdown
% of revenues

Food grain	31
Oilseeds	24
Feed grain	23
Potash	12
Fertilizers	10

GRAIN AND FERTILIZERS

Capitalizing on extended market reach

Today, the single-line service created when CN acquired the Illinois Central and through the company's Marketing Alliance with the Kansas City Southern railroad, new opportunities were created for Canadian grain companies to access the southern U.S. and Mexico.

The Marketing Alliance provides similar service and access to the rapidly expanding Mexican market.

CN shipments of Canadian grain to Mexico and the southern U.S. continue to show steady increases and offer strong growth potential. Alliance grain traffic in 2001 was 23% ahead of the previous year.

Origins and growing market share make a difference

CN's efficient operations, innovative service offering and extended single-line reach have resulted in growing market share.

CN has been successful in capturing an increasing share of grain shipments to eastern Canadian processors and ports. Typically, this traffic would move by rail to the inland Port of Thunder Bay and then by lake freighter to port facilities on the lower St. Lawrence. The company has also been successful in diverting traffic from ocean-going ships to Mexico with a competitive direct rail option.

The company is diverting intra-Prairie feed grain traffic from trucks to rail. Competitive rates and efficient service supporting destination transload facilities in southern Alberta mean CN is carrying more feed grain from Saskatchewan and Manitoba.

CN has also been successful in accessing more destination markets through innovative marketing arrangements with other U.S. carriers. For example, an arrangement with BNSF means CN is now moving corn from the U.S. Midwest to markets in Texas.

Growth in CN's Canadian grain business is a result of strategic investments in a network of high-throughput elevators on the company's lines in western Canada.

Investing in high-throughput elevators enables CN to gain market share and to significantly improve asset utilization and service efficiency. Consolidating loading points and increasing volumes loaded at these new elevator locations mean CN can use large multi-car blocks and reduce the costs of handling grain. High-throughput elevators are modern

Canadian Grain Supply in million tonnes

	98/99	99/00	00/01	01/02*	Five Year Average
Beginning stocks	9.7	11.9	13.9	13.6	12.5
Production	48.4	52.5	50.8	39.4	50.8
Exports	20.5	24.6	24.2	22.6	24.2
Harvested acres	21.9	21.4	21.6	20.6	21.6



(grain includes wheat, barley, oats and canola)

* Estimates

Source: Agriculture Canada

facilities with a minimum of 25-car sidings and with a 10,000-tonnes storage capacity.

To further improve grain-handling efficiencies, CN works closely with customers in planning the logistics of moving grain. For licensed storage and handling facilities, CN offers an Efficiency Payments Program. This program provides improved rates for customers loading multi-car blocks for shipments of grain, crops or products from one origin to one destination. The rate differentials are designed to encourage shippers to adopt configura-

tions and practices that allow CN to operate more efficiently with reduced car handling at the facility and in its yards. The shipper gains from a reduced rate and CN realizes gains in efficiency and reduced switching costs.

In 2001, almost 60% of CN's western Canada grain business originated from high-throughput elevators and more than half of all grain shipments were loaded in 50 or 100 car blocks.

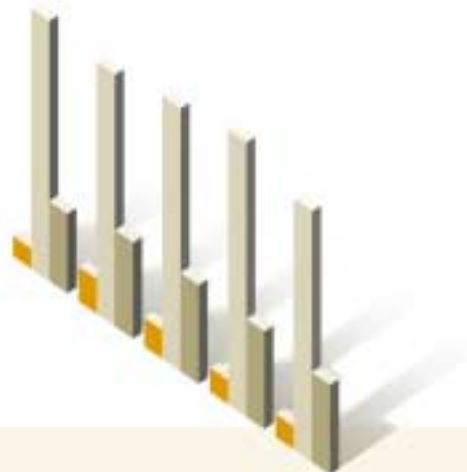
Another CN innovative service offering is the GrainTrain (GT) series of products. These are guaranteed advance car ordering programs developed and implemented over the past few years.

GT programs provide rate incentives and penalties for both CN and the shipper. CN guarantees car supply and delivery window. The shipper agrees to load and ship the guaranteed cars to meet a target window. The programs reward logistics management and efficient loading and shipping practices.

A similar program in the U.S. called 'Car Auction Program' allows CN customers to bid on cars for specific *want* dates with guaranteed placement of equipment for loading. In addition, CN's Export Programs have been developed to cover a longer period

U.S. Grain Supply - Soybeans
in million bushels

	98/99	99/00	00/01	01/02*	Five Year Average
Beginning stocks	200	348	290	248	231
Production	2,741	2,654	2,758	2,891	2,644
Exports	805	973	1,000	990	907
Planted acres	72.0	73.7	74.3	74.1	70.8
Harvested acres	70.4	72.4	72.4	73.0	69.5
Farm Price	\$4.93	\$4.63	\$4.55	\$4.30	\$5.58
<i>US\$ per bushel</i>					



* Estimates
Source: U.S.D.A.

U.S. Grain Supply - Corn
in million bushels

	98/99	99/00	00/01	01/02*	Five Year Average
Beginning stocks	1,308	1,787	1,718	1,899	1,224
Production	9,759	9,431	9,968	9,238	9,520
Exports	1,981	1,937	1,940	1,975	1,831
Planted acres	80.2	77.4	79.5	75.8	79.2
Harvested acres	72.6	70.5	72.7	68.8	72.2
Farm Price	\$1.94	\$1.82	\$1.85	\$2.00	\$2.15
<i>US\$ per bushel</i>					



* Estimates
Source: U.S.D.A.

of time to enable CN to fully benefit from the efficient cycling of grain trains.

Program initiatives such as the GT products, tighter 'pipeline' management by corridor, and large multi-car blocks, together with continuous improvement in asset utilization, have resulted in noticeable reductions in car cycle times across CN's grain business.

Business initiatives – 2002

CN will continue to find new market opportunities for its grain business in the southern U.S. and in the rapidly expanding markets in Mexico. Due to a much smaller grain crop in 2001/2002, volumes will be significantly slower than in the two previous years. The company is incorporating WC grain shippers in various programs, both domestic and export, to provide these shippers with expanded market access beyond their traditional Chicago market.

The grain business on both sides of the border will focus on asset utilization and innovative service offerings to continue to reduce the cost of handling and carrying grain.

Canadian grain regulatory environment

Canadian government legislation that establishes the maximum revenue CN can earn for the transportation of Canadian grain came into effect August 1, 2000. The legislation covers western Canadian grain carried for export through the ports of Vancouver, Prince Rupert and Thunder Bay. The revenue cap that replaced the former distance-based maximum rate scale allows rate flexibility to encourage efficient handling and loading at elevators.

The maximum revenue CN can earn is indexed annually for railroad input price increases. A 3.5% increase for the 2001-2002 crop year came into effect August 1, 2001.



Fertilizers

The primary focus of CN's fertilizer business is the transport of potash from major mines in Saskatchewan and from a major production facility on Canada's east coast. Virtually all Canadian potash moves by long haul rail to markets in the United States and for export overseas. CN also serves large U.S. producers of urea, NH₃ and other fertilizers. Transporting Canadian fertilizers accounted for 85% of CN's fertilizer business, while U.S. fertilizers contributed 15% in 2001.

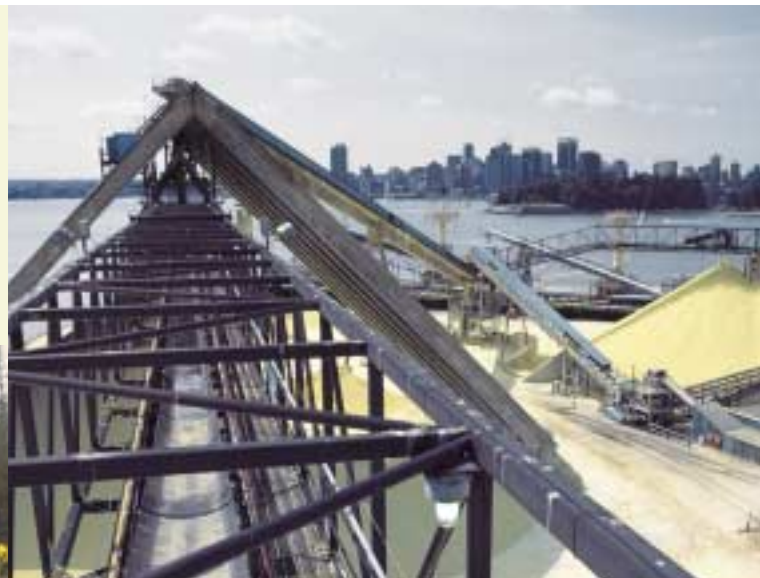
Location - location - location

CN is well positioned to serve the major producers of fertilizers in both Canada and the United States. CN's potash customers can supply existing market demand for their product and can respond to any increased demand.

The market for nitrogen fertilizers remains volatile. While CN-served nitrogen producers are among the most productive in North America, there is strong competition from offshore.

Because CN serves all three coasts in North America, the company is well positioned to meet the transportation needs of both domestic and offshore producers by serving a variety of ports with good access to Canadian and American consumption areas. For example, CN's IC Rail Marine Terminal at Convent, LA can directly transfer import fertilizers from ships and barges to railcars for distribution within North America.

CN's network is ideally situated to grow its share of the fertilizer market. More than 40% of the total North American consumption of potash and nitrogen fertilizers is located within 100 miles of CN's network.



INTERMODAL

Overview

Intermodal is traffic that is either in a container (COFC) or in an over-the-road trailer (TOFC) and can be moved by any combination of rail, truck and steamship container vessel. This business unit comprises two main market segments: domestic and international.

The domestic segment handles consumer products and manufactured goods moving within Canada and the United States. Domestic traffic accounted for 58% of the business unit's revenues in 2001 and includes two sales channels: retail and wholesale. In the retail channel, CN maintains a direct marketing relationship with customers, providing full door-to-door service through CN's trucking group. In the wholesale channel, CN provides service to trucking companies and other third parties who provide their own trans-

portation service packages to the shipper. Wholesale customers generally use CN to transport goods between two Intermodal ramps and arrange their own trucking to reach the customer's door at each end. Both the retail and wholesale channels are widely used in Canada, while Intermodal service in the U.S. has long been offered primarily through the wholesale channel. In 2001, CN began offering door-to-door service between Canada, its own terminals in the U.S., and rail partner terminals in Mexico. In 2002, CN will extend this program to other major points in the U.S. served by its partner railroads.

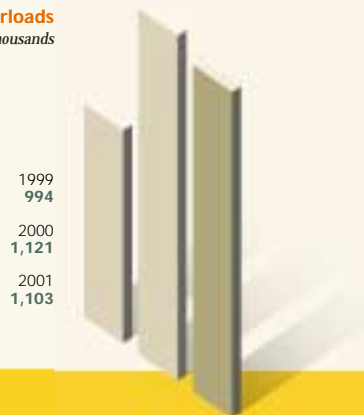
The international segment that accounted for 42% of business unit revenues in 2001 transports import-export containers for ocean shipping companies. CN's network is well situated to serve all continents. The Port of Halifax, where CN has exclusive access, is the closest North American port

to Europe. If necessary, goods can also travel further inland along the St. Lawrence Seaway to the Port of Montreal. The ports of Vancouver and New Orleans round out CN's offerings, allowing easy access to the Pacific Rim and South America.

Intermodal continues to revolutionize its product offerings by reducing transit times and improving on-time performance, making its service more competitive with expedited transcontinental truck service in truckload and less-than-truckload markets.

The Intermodal business unit's main traffic flows are between Vancouver and Central Canada/Chicago; between Halifax and Central Canada/Chicago; between Chicago, Toronto and Montreal; and along the Mississippi River between Memphis and Chicago/Central Canada.

Carloads
in thousands



2001 Commodity Breakdown
% of revenues

Domestic 58
International 42



Review

Intermodal revenue improved by \$50 million or 5% in 2001 compared with the previous year. The majority, 79%, of this growth came in the Canadian domestic market due primarily to strong gains from the wholesale segment. As well, RoadRailer continues to penetrate the shorthaul, high-density, central corridor marketplace by securing major accounts.

The international segment accounted for the remainder of the growth. Canadian ports continue to provide strong potential as steamship lines are attracted to Canadian routings for their traffic.

Outlook

While the North American and global economy remains weak, Intermodal continues to expect growth in 2002. Revenue losses from decreased manufacturing and consumption activity will be offset by market share gains as shippers search for less expensive transportation alternatives to trucking. Aiding this conversion of over-the-road business is the improvement of train and terminal services to provide a more truck-like product. This continuing improvement is enabling CN to win new business from time-sensitive LTL and courier shippers because these customers can realize the economies of rail while maintaining competitive service schedules.

To further improve its product offering in 2002, Intermodal is implementing Speed Gate, a new gate technology system geared

to provide self-serve entry for truckers to CN terminals. It will increase throughput, reduce paperwork for both CN and its customers, and virtually eliminate lineups at terminal entry points. Growth is also expected from CN's acquisition of the Wisconsin Central, further expanding CN's Intermodal network in the U.S.

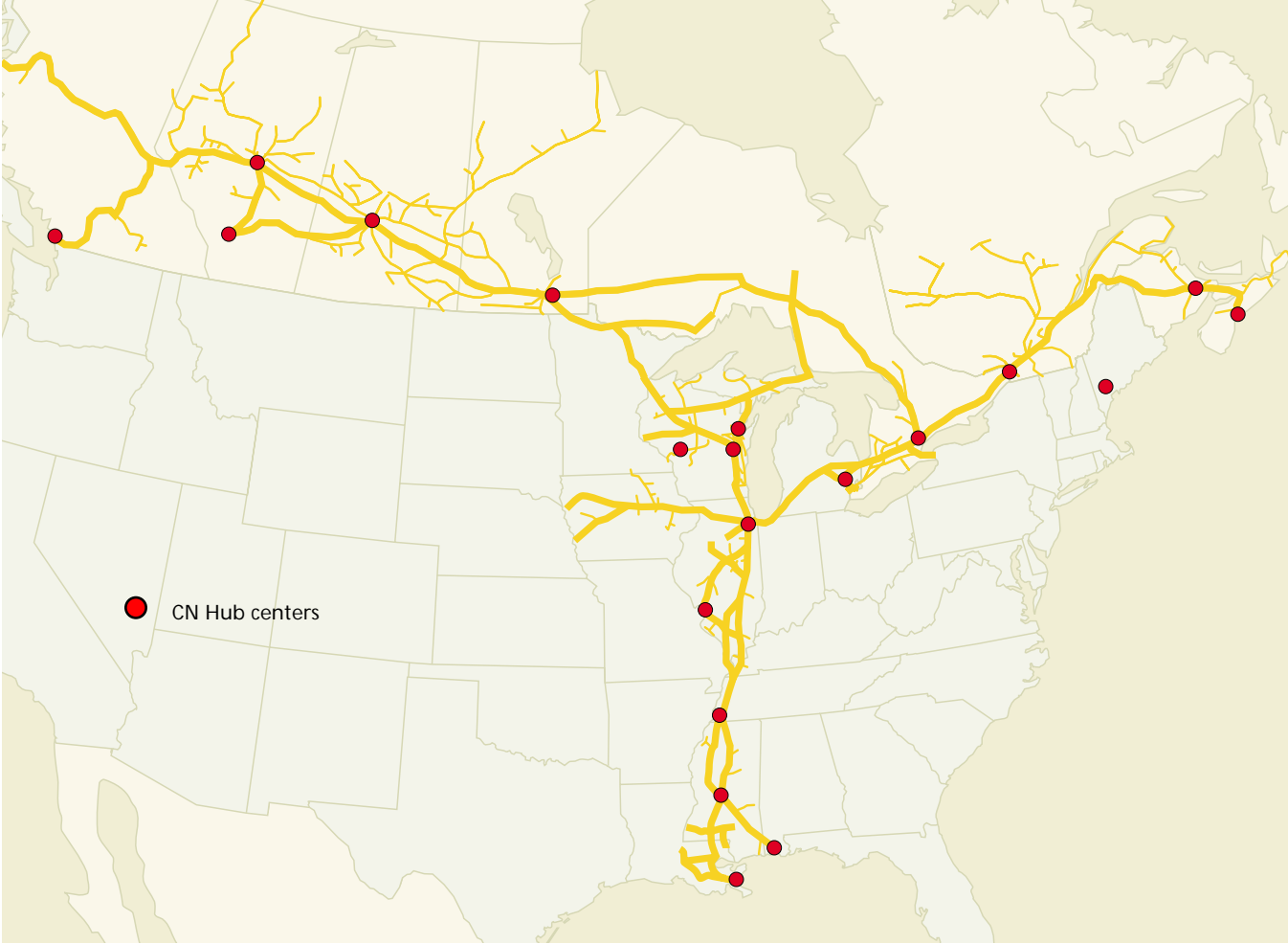
CN is dedicated to optimum utilization of its assets. CN has supported this investment with a capacity management team to address asset allocation issues, delivering on customer requirements while maximizing its return on assets.

CN's Intermodal service flows through an efficient network of 20 strategically located hubs and satellites placing international services at everyone's doorstep.



INTERMODAL

Customer Locations



CN's Intermodal service flows through an efficient network of 20 strategically located hubs and satellites.

Terminal	Size	Storage Capacity
Arcadia, WI	10 acres	250 units
Auburn, ME	14 acres	400 units
Calgary, AB	40 acres	1,000 units
Chicago, IL	129 acres	4,300 units
Detroit, MI	30 acres	850 units
Edmonton, AB	370 acres	780 units
Green Bay, WI	24 acres	200 units
Halifax, NS	20 acres	175 units
Jackson, MS	28 acres	300 units
Memphis, TN	50 acres	1,097 units
Mobile, LA	8 acres	130 units
Moncton, NB	15 acres	450 units
Montreal, QC	144 acres	7,320 units
Neenah, WI	5 acres	50 units
New Orleans, LA	25 acres	300 units
Saskatoon, SK	15 acres	200 units
St. Louis, MO	40 acres	600 units
Toronto, ON (Brampton)	160 acres	6,200 units
Vancouver, BC	60 acres	1,050 units
Winnipeg, MB	68 acres	640 units

The newest terminals are designed for direct on-pad train arrival and departure, permitting later customer cutoffs and earlier availability. The hubs all have ready access to major railheads and important highways and are equipped with the latest in heavy-capacity overhead and mobile cranes, with dedicated switch engines.



AUTOMOTIVE

Overview

CN is a leader in the transportation of finished vehicles and parts. The company can access all major manufacturing facilities in Canada and eight assembly plants in Michigan. CN delivers finished vehicles and parts within Canada and the United States, and to and from Mexico. More than one-half of CN's automotive traffic is transborder.

Because of its access to a large number of plants in Ontario and Michigan, CN originates 90% of its moves. In addition, CN serves more than 20 vehicle distribution facilities in Canada and the U.S. In 2001, CN handled more than 2.8 million vehicles, with more than 85% of this total from General Motors and Ford. Other vehicle traffic is for customers such as Mazda, Hyundai, Volkswagen, Nissan, and other manufacturers. Finished vehicles account for 81% of the business unit's revenues, while automotive parts account for the majority of the remaining 19%.

Car and Truck Models at CN Accessed Assembly Plants

Location	Manufacturer	Model
United States		
Detroit (Hamtramck), MI	GM	Cadillac DeVille Cadillac Seville Buick LeSabre
Lansing, MI 2 plants	GM	Oldsmobile Alero Pontiac Grand Am
Orion, MI	GM	Buick LeSabre Buick Park Avenue Oldsmobile Aurora Pontiac Bonneville
Flint, MI	GM	Chevrolet C/K GMC Sierra
Pontiac, MI	GM	Chevrolet Silverado GMC Sierra GMC Isuzu medium-duty trucks
Dearborn, MI	Ford	Ford Mustang
Flat Rock, MI	Ford/Mazda	Mazda 626 Mercury Cougar
Canada		
Oshawa, ON 3 plants	GM	Chevrolet Impala Monte Carlo Buick Century Buick Regal Chevrolet Silverado GMC Sierra
Oakville, ON 2 plants	Ford	Ford Windstar Ford F-Series
St. Thomas, ON	Ford	Ford Crown Victoria Mercury Grand Marquis
Cambridge, ON	Toyota	Toyota Corolla Camry Solara
Ingersoll, ON	GM/Suzuki	Chevrolet Tracker Suzuki Vitara
Alliston, ON	Honda	Acura EL Acura MDX Honda Civic Honda Odyssey
Windsor, ON 2 plants	Chrysler	Dodge Caravan Chrysler Voyager/ Grand Voyager Dodge Ram Van/Wagon Chrysler Town & Country

Revenues and carloads for 2001 decreased by 7% over the same period a year earlier.

In February 2001, CN won the *Outstanding Railroad Performance Award* from UPS Autogistics for its top-level transportation of finished vehicles. UPS Autogistics said CN took top honors among all Class 1 North American railroads for on-time performance, service design, equipment, communications and overall value. In November 2000, Nissan announced that it would build a \$930 million manufacturing plant in Mississippi on CN's line. Construction of the 250,000-unit plant located 15 miles north of Jackson, Mississippi, started in April 2001 with production scheduled to begin in the summer of 2003.

Clearly, CN's north-south positioning with connections at various locations with all other major U.S. railroads offers automotive customers a number of efficient routing options from points in Canada, the United States and Mexico.

Automotive shippers demand high quality, predictable, damage-free service and CN delivers!

Outlook

North American vehicle sales are expected to slow from the high growth experienced in 2000 and 2001, primarily driven by softening economic conditions.

CN automotive growth will come from increased participation in the North American rail distribution market, as CN continues to offer premium service and reliability to its customers.

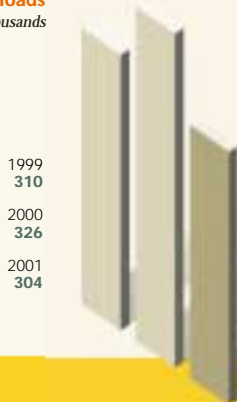


AUTOMOTIVE

Assembly and Parts Plants



Carloads
in thousands



2001 Commodity Breakdown
% of revenues

Finished vehicles 81
Auto parts 19



METALS AND MINERALS

Overview

The Metals and Minerals business unit primarily supports the base metals (non-ferrous), steel, equipment and construction materials sectors.

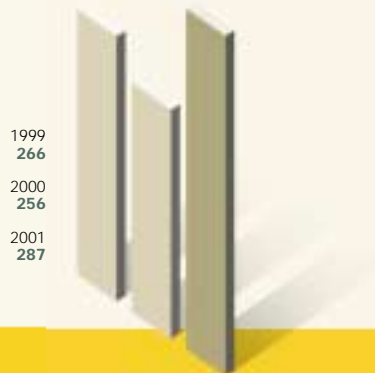
Most of the market segments served by the Metals and Minerals business unit are producing consistent growth year-over-year, with the exception of the steel segment, which has followed the ups and downs of the steel industry over the last three years. Revenues for the year 2001 increased by \$66 million over 2000. The increase was driven by strong Canadian aluminum exports to the United States due to lower production in the U.S., and market share gains in steel, ores and concentrates, and increased stone and rock shipments to CN's customer, Nissan, for their new plant in Mississippi.

CN's exclusive rail access to major mines and smelters make the company a transportation leader in copper, lead, zinc concentrates, refined metals and

aluminum. Copper and zinc commodities, such as ores, concentrates and anodes are produced in northern Quebec, Ontario and Manitoba. From these locations, the commodities are shipped to refineries in the Montreal area for further processing and then shipped to manufacturers of finished goods.

Because of extremely high-energy prices in late 2000 and in the first half of 2001, producers of aluminum in the Pacific Northwest were allocated lower levels of power from local hydroelectric plants. This reduced availability of electric power impacted their smelting operations, reducing the output of aluminum from this region by 1.4 million tons. The energy crisis coupled with the consolidation in the aluminum industry over the past two years has created an opportunity for the plants in Quebec to emerge as a key source of product. CN continues to match its operational efficiency with its customers' capabilities creating new oppor-

Carloads
in thousands



2001 Commodity Breakdown
% of revenues

Metals 71
Minerals 29



METALS AND MINERALS

Principal Plant Facilities



tunities for market growth. An example of this type of close cooperation is the new Alcan facility at Alma, Quebec.

Economic conditions in North America during 2001, coupled with increased imported volumes resulted in a slowdown in production in the steel segment. Major producers of steel products such as sheet, bars, billets and wire rods located in Hamilton, Ontario; Sorel and Contrecoeur, Quebec; Edmonton, Alberta, as well as in the Chicago and Detroit areas are facing year-over-year production declines. These producers supply the automotive, consumer goods and construction sectors throughout North America and Mexico. As auto sales and consumer spending slows, both producers and suppliers will experience reduced output and lower prices.

CN has been able to somewhat offset these general economic

declines by gaining spot market share gains due to the company's superior service offerings resulting from the company's unique service plan. Customers are choosing CN to move their goods because of reliable, predictable service and a focus on delivering goods safely and damage free. Scheduled service with outstanding on-time performance is working well for CN now and should continue when the overall market rebounds.

With the acquisition of WC, CN will also be able to offer shippers an improved rail transportation option where shippers today select other modes to carry their product.

Endeavoring to keep adding new features to its product offering, CN has built a state-of-the-art transfer facility in Hamilton. This purpose-built facility serves customers that ship sheet steel in the Chicago – southwestern Ontario corridor. Millions of tons of steel product currently move in this lane by truck. The new CN facility combined with a scheduled train

service will allow CN to match truck speed with the efficiency of rail to provide shippers with a cost effective alternative.

Outlook

The economic outlook foresees lower growth rates than those experienced during the past five years. However, the Metals and Minerals business unit should continue to produce solid growth going forward in large part due to the successes of the service plan and a focus on market share growth from trucks and ships. With the CN-IC merger, customers benefited from CN's service performance, facilities and car fleet. Now, with the WC merger, customers of the WC will benefit from single-line service and a modern fleet that will enable producers of aggregates, steel and steel feedstock, to be more competitive in the marketplace.



Overview

CN's coal business consists of thermal and metallurgical grades of bituminous coal. Canadian thermal coal is delivered to power utilities primarily in eastern Canada. Canadian metallurgical coal is carried for export to Asian markets mainly for steel production through Canadian Pacific coast ports. Shipments of U.S. thermal coals are transported from mines served in southern Illinois or from western U.S. mines via interchange with other railroads to major utilities in the U.S. midwest.

In 2001, Canadian coal shipments represented 47% of CN's coal revenues. Export shipments destined to the Pacific Rim represented approximately 80% of all Canadian shipments delivered to three Canadian west coast terminals.

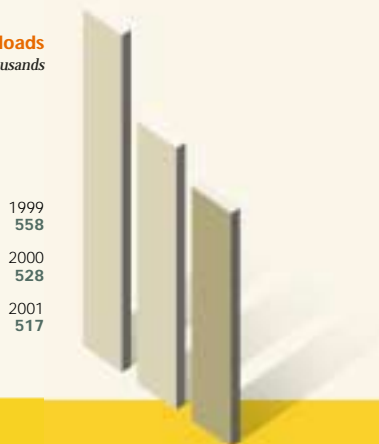
Increased global competition from countries such as Australia, China and Russia impact the pricing of coals to the Pacific Rim as well as the continued recession, and consolidation in Japan's steel industry. During 2001 however, CN benefited from higher valuation of coal sold to the Pacific Rim. A percentage of CN's Canadian metallurgical coal freight transportation rate is directly tied to the annual negotiated price of coal.

CN's carloads declined by 2% from the previous year, primarily due to the closing of three western Canadian mines in 2000.

Global volume estimates for 2002 generally indicate that the western Canadian coal export market will continue to be under pressure for the coming year.

Shipments of U.S. coal represented 53% of CN's 2001 coal revenues. In the U.S., CN unit trains move primarily from southern Illinois mines to major utilities in Georgia, Tennessee, Illinois, Indiana, Iowa, Kentucky, Missouri and Alabama.

Carloads
in thousands



Smaller volumes in multiple car shipments move to industrial accounts in Illinois, Arkansas and Wisconsin. Western coal from the Powder River Basin (PRB), and Colorado originating on other Class 1 carriers, is delivered by CN in unit train service to utilities in Illinois, Kentucky, Michigan and Mississippi.

CN had been working with its customers to find innovative ways to move the east bound PRB coal in an efficient, cost effective manner that would benefit all parties.

Originating coal on CN's Illinois Central lines still offers further potential. Clean coal technology as well as Federal and

State funding designed to support growth in Illinois has helped to support the exploration of numerous potential mine developments. This includes a mine start up in central Illinois scheduled for the second quarter of 2002.

Although CN does not expect significant growth in coal traffic, the current trend of mine closures, reduction of coal price and reduced volumes did flatten out during 2001. Ongoing strategic rail alliances, cost containment, and the potential growth of midwestern coal volumes through mine openings and expansions improve the outlook for the coming year.



CUSTOMER LOCATIONS



2001 Commodity Breakdown
% of revenues

Coal 86
Petroleum coke 14



2002 Estimated Revenue Breakdown
% of revenues

U.S. 57
Canada 43



2002 Estimated Revenue Breakdown
% of revenues

Thermal coal 78
Metallurgical coal 22



CN is the best railroad in North America, today! And the trip that began six years ago is not over yet. CN is a different kind of railroad – and the results prove it. Today, CN is setting the standard for the industry in North America, and every day CN sets the bar higher. CN sets the standard for customer service. CN sets the standard by running the most efficient railroad in the world. And CN sets the standard for shareholder value.

Now CN is taking its play to the next level.

To the next level
Investor Focus

CAPITAL EXPENDITURES

In 2001, net capital expenditures at CN amounted to \$1,058 million, an increase of \$22 million compared to 2000. The largest portion of CN's capital expenditures was earmarked for rail infrastructure to maintain the quality and integrity of the plant, allowing the company to provide safe, high-quality and reliable service to CN's customers across Canada and the U.S.

Nearly \$460 million was invested in the maintenance and upgrade of rail plant. Investments in equipment to satisfy customer needs and target further market opportunities approached \$135 million. In addition, about \$140 million was expended on information and communications technology to ensure a smooth integration of remaining CN-IC systems, drive new e-commerce initiatives, and continue the renewal of enterprise systems with the implementation of Phase II of SAP. Almost \$50 million was invested in new Intermodal

terminals in Edmonton and Montreal to ensure that CN's facilities and services are the best in the industry.

The composition of 2001 capital expenditures reflects an increased focus on improving service to customers and the efficiency of our operations. CN invested extensively in improving the speed and fluidity of the network by extending sidings and improving signaling on the network. This allowed the company in turn to offer expedited services between Canada's west coast and Chicago. CN completed its new Intermodal terminal in Edmonton and, in 2002, will complete the new Montreal Intermodal terminal enhancing the efficiency of the operations, but most importantly, improving service to CN's truck partners and to customers. New state-of-the-art automated gates will ensure a smooth flow

of traffic through these terminals. CN is continuing to invest in a number of technology projects aimed at making it easier to do business with customers, from the ability to provide faster response to pricing requests, to extensive shipment status information, and fully automated web-enabled billing and collection.

CN is also continuing its two pronged approach to rolling stock: making further gains in the utilization of rolling stock while improving the quality of service. The company's scheduled service and improved predictability of full loaded and empty cars have allowed CN to implement a new Guaranteed Car Supply program, launched in mid 2000 with a single group of cars and expanded in 2001 to cover the general distribution fleet which accounts for about 50% of CN's cars. Under this program CN guarantees to deliver empty cars to customers on agreed-upon dates, and the customer agrees to load them within an agreed timeframe. At the same time a significant por-

tion of the capital was earmarked for car equipment or for upgrading the quality of the fleet in the pulp and paper, automotive and grain business.

In 2002, CN intends to spend about \$1 billion on net capital additions. The same thrusts as 2001 will continue to drive capital spending: a safe reliable and fluid network and enhanced customer service. More specifically, CN plans to invest about \$475 million, or nearly half of the total capital budget, in the safety and reliability of the rail infrastructure. Nearly \$30 million has been earmarked for siding extensions to handle 12,000 foot train operations and the replacement of Rail Traffic Control Systems. About \$100 million is for locomotive and car fleet upgrades to meet customer requirements. In addition, over \$100 million is planned for information technology, e-commerce initiatives, development and infrastructure, and Phase III of SAP.

2001 Net Capital Expenditures
in %

Rail Infrastructure	64
Other	16
IT and systems	14
Rolling stock	6



2002 Forecasted Net Capital Expenditures
in %

Rail infrastructure	60
Other	20
Rolling stock	10
IT and systems	10



Total Net Capital Expenditures
in millions

1999	989
2000	1,036
2001	1,058



Workforce and productivity

For 2001, the average employment at CN was about 22,668 people, an increase from the previous year. In July 2001, CN announced a workforce reduction of 590 positions in Canada. Productivity improvements and efficiencies gained from CN's unique service plan allowed for a smaller workforce. The company took a charge of \$98 million to account for the reduction.

On October 9, 2001, 2,200 new employees joined CN following the acquisition of the Wisconsin Central. At year end 2001, CN employed about 15,570 people in Canada and 7,300 in the United States.

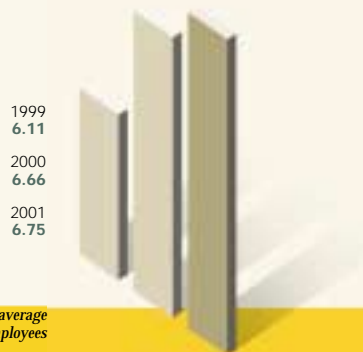
The revenue ton miles (RTM) per average number of employees for 2001, (without WC) improved 2% over the year earlier. Continuing gains in productivity and performance differentiate CN from other railroads in North America.

Labor agreements

Agreements with all Canadian unions expired at the end of 2000. At year-end 2001, CN achieved ratified settlement with four of the labor organizations representing about 9,000 of the company's approximately 14,350 Canadian unionized employees. The company has reached an agreement with the Brotherhood of Maintenance of Way Employees (approximately 3,000 employees), the Canadian National Railway Police Association (approximately 70 employees), the International Brotherhood of Electrical Workers (approximately 750 employees) and the Canadian Auto Workers (approximately 5,000 employees). These agreements are for a three-year period effective until December 31, 2003.

Agreements have been reached by the company with the United Transportation Union (UTU) and the Brotherhood of Locomotive Engineers (BLE), which are part of the Canadian Council of Railway

RTM's per employee*
in millions



* Based on average number of employees

Operating Unions (CCROU) (approximately 4,900 employees). The agreement with the UTU was ratified in February 2002, and the agreement with the BLE is still subject to ratification. The company and the Rail Canada Traffic Controllers (RCTC) (approximately 250 employees) are still in conciliation and negotiations continue. The unions representing the employees of Algoma Central Railway Inc. (approximately 125 employees) negotiate collectively under the auspices of the Association of Railway Unions (ARU). On February 24, 2002, the company announced it had reached a tentative new four-year labor agreement with the ARU. The agreement was ratified on March 12, 2002.

In the United States, labor negotiations are generally conducted on a collective national basis for Class 1 railroads. For several years CN's subsidiaries have bargained on a local basis rather than participating in industry-wide negotiations.

Local negotiations result in settlements that better address the concerns and preferences of employees and more effectively represent the actual operating environment of the company. There are risks associated with negotiating locally. The U.S. government has demonstrated that it will move to avoid a national strike, while federal intervention would be less likely in a local or regional work stoppage. Nevertheless, the company believes the potential mutual benefits of local bargaining outweigh the risks.

By year end 2001, CN had agreements in place in the U.S. with bargaining units representing approximately 55% of the unionized workforce at Illinois Central Railroad Company, 95% at Grand Trunk Western and

Duluth, Winnipeg and Pacific, 55% at CCP Holdings Inc. and 100% at WC.

On March 13, 2002, CN announced ratification of a new ground-breaking three-year labor agreement by the 310 members of the BLE on the Wisconsin Central Division. This agreement supersedes an existing agreement that was due to expire at year-end 2002.

Negotiations are ongoing with the remaining bargaining units. Until new agreements are reached, the terms and conditions of previous agreements continue to apply. The company does not anticipate any work action related to negotiations.



RISK MANAGEMENT

CN has a focus on safety – every aspect of safety. And to incorporate the many and varied aspects of ‘safety’, CN uses the term ‘Risk Management’ – a comprehensive program of practices that integrates health services, safety, transportation of dangerous goods and environment.

Safety is a core value at CN. That focus has consistently positioned CN as one of the safest railroads in North America. Through 2001, CN reduced its accident ratio – as measured by the U.S. Federal Railroad Administration – by 5% to a rate of 2.0 per million train miles – the best among the major railroads. That same year, CN reduced personal injuries by 20% to 4.4 per 200,000 person hours.

CN’s commitment to safety extends to its customers. The company provides each shipper with a Customer Safety Handbook designed to help shippers prepare, handle, load and unload railcars as safely as possible.

A partner in Responsible Care®

For CN the benefits of the Responsible Care® program are clear. The multi-facet initiative raises safety standards, leads to fewer dangerous goods accidents and promotes better emergency response preparedness. Through this initiative, CN and its chemical-producing customers share a commitment to the safe transportation of dangerous goods.

CN is continuing to extend the Responsible Care® initiative through all its operations in Canada and the United States. The objective is to continuously improve in the areas of safety, protecting the environment, and community outreach. In 2001, CN completed the first step in the implementation of Responsible Care® in Canada. This was confirmed by a third party verification team under the auspices of the Canadian Chemical Producers Association. A similar implementation program is underway for U.S. operations.

“Safety is the one true measure of a well-run railroad.”

Paul M. Tellier

Responsible Care® was developed by the chemical industry to address public concerns with the manufacturing, distribution and use of chemicals. The program has been extended to include partners in related industries such as railroads.

Recognizing and rewarding excellence

CN recognizes the commitment of customers to continuous improvement through CN’s prestigious Safe Handling Awards program – part of CN’s Responsible Care® program. Each year, CN presents Safe Handling Awards to customers that demonstrate an excellent safety record in shipping dangerous goods. In 2001, CN presented awards to 83 industrial facilities, 49 of these facilities are located in Canada and 34 in the United States.

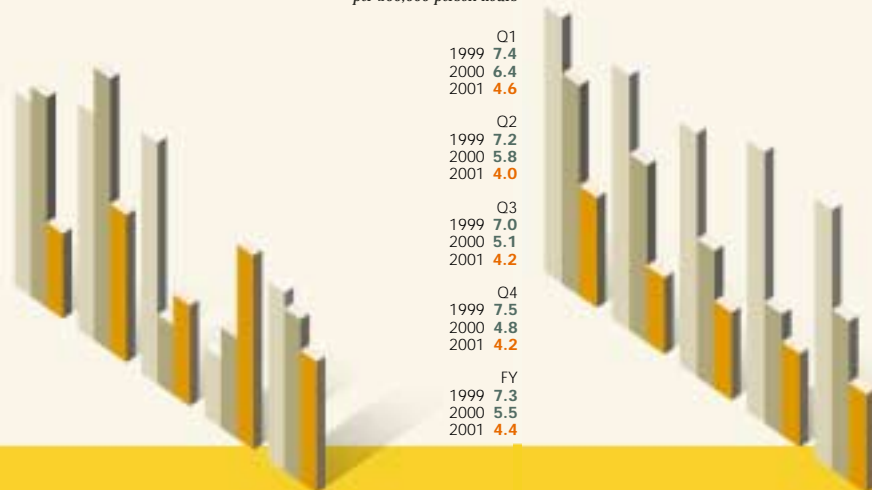


FRA Reportable Train Accidents
per million train miles

Period	Rate
Q1	
1999	2.3
2000	2.4
2001	1.6
Q2	
1999	2.5
2000	2.8
2001	2.0
Q3	
1999	2.6
2000	1.5
2001	1.7
Q4	
1999	1.5
2000	1.7
2001	2.5
FY	
1999	2.2
2000	2.1
2001	2.0

FRA Reportable Injuries
per 200,000 person hours

Period	Rate
Q1	
1999	7.4
2000	6.4
2001	4.6
Q2	
1999	7.2
2000	5.8
2001	4.0
Q3	
1999	7.0
2000	5.1
2001	4.2
Q4	
1999	7.5
2000	4.8
2001	4.2
FY	
1999	7.3
2000	5.5
2001	4.4



REGULATORY ISSUES

CN is a North American railroad – different from most other railroads. Because it operates in Canada and the United States, CN is regulated by agencies in both nations. In Canada, the regulator is the Canadian Transportation Agency, and the Canada Transportation Act covers all modes of transport – including the rail industry. In the United States, the Surface Transportation Board is responsible for economic regulation of the rail industry, while the Federal Railroad Administration governs safety aspects of the industry.

In 2001, CN participated in regulatory review processes in both nations.

New rules for rail mergers in the United States

Following an extended review, the Surface Transportation Board in June 2001 issued new regulations governing mergers between Class 1 railroads. CN had recommended higher public interest standards for mergers and the new regulations effectively raised the bar for the quality of customer service in all future major railroad mergers. The Board also agreed with CN that U.S.-based railroads would be treated the same as foreign-headquartered railroads under its merger rules.

The rulemaking process was initiated in 2000 following the announcement by CN and BNSF of their plan to merge. The Board refused to hear the CN-BNSF application. The CN-WC application was not affected by the rulemaking process however, as WC was a Class 2 railroad.



Regular review of the Canada Transportation Act

The Canada Transportation Act must be reviewed every five years. The Minister of Transport established a Review Panel in July 2000 to look at all aspects of transportation in Canada, including the freight rail system. The Panel delivered its report to the Minister in June 2001.

CN was an active participant throughout the Panel's review process. CN agreed with the Panel's analysis and assessment of the industry. The Panel concluded that Canada's freight rail system is working well, that the marketplace – not regulation – should guide the industry and that the government should resist sweeping measures when it reviews the legislation.

While the Panel found the industry to be working well and cautioned the government about unnecessary re-regulation of the sector, the long list of recommendations seemed to be inconsistent with the Panel's assessment of the state of the industry.

The Minister has indicated he is preparing a 'blueprint' for transportation in Canada and that the Panel's report will be but one element in the process. While the principal focus of the blueprint will likely be the airline sector in Canada, CN will continue to work with the Minister and Transport Canada during the process. The company is confident that the review of the Act will reaffirm the principle that the marketplace should guide the contractual agreements between railroads and shippers and that the government will not move to impose onerous regulations on the sector.

SHAREHOLDER VALUE

Taking CN to the next level

CN runs a scheduled railroad – different from all the rest. Others have tried to imitate CN – none have succeeded.

Running a scheduled railroad has clearly proven to be the most efficient approach ever taken by a Class 1 railroad in North America. With a focus on asset utilization and with dramatic gains in efficiencies across the company, CN has once again set a new standard.

Through 2001, during a weak economic cycle, CN set the standard for the industry and proved the company is financially durable, able to deliver value for shareholders even when times are tough. CN turned in an industry best operating ratio of 68.5% almost 14 points better than the industry average and 1.1 points better than CN's

own mark in 2000. Excluding non-recurring items, net income for 2001 grew by 11% while diluted earnings per share grew by 12% to \$4.92. Overall corporate profits in the North American economy were down in excess of 10% in 2001 compared to the previous year. CN is clearly a different kind of railroad.

Free cash flow increased 15% to \$443 million and CN paid \$150 million in dividends. This cash flow performance is remarkable given the fact that only six years ago in 1995, CN had negative cash flow of approximately \$120 million.

This kind of performance by a railroad has been difficult to find during any previous economic downturn. This kind of performance sets CN apart and provides a strong financial footing for the company as the economy rebounds.



SHAREHOLDER VALUE

The past six years

In 1995, CN turned in a performance that ranked the company among the worst Class 1 railroads in North America. The intervening years, since the IPO, are an unmatched success story.

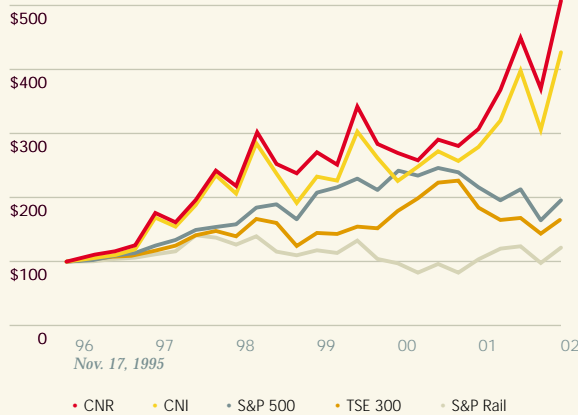
In 2002, CN is two-thirds larger than in 1995, through internal growth and highly successful acquisitions. Today, CN is seen as the benchmark for the industry. Since 1995, CN share price is up more than five times for an average of a 33% increase per year. This performance outstrips the performance of other railroads and the overall market.

Since 1995, CN has taken more than 20 points off the company's operating ratio, setting new standards for performance in the industry. Over the same period, diluted earnings per share exclud-

ing non-recurring items, have experienced solid double-digit growth. In 1995, the year of the company's IPO, CN's market capitalization was \$2 billion. At the end of 2001, CN's market capitalization had risen to almost \$15 billion.

CN Stock Performance

November 17, 1995 to December 31, 2001



Dividends per Share in \$ cdn

1998	0.53
1999	0.60
2000	0.70
2001	0.78

Adjusted Debt Ratio * in %

CN	50
NS	58
CSX	58
BNSF	56
UP	54

Free Cash Flow in \$ millions

1995	-118
1998	228
1999	276
2000	386
2001	443

* Estimates at December 31, 2001
- adjusted for operating leases and other off-balance sheet financings

CN is different – the results speak for themselves

Dividend Increase

In January 2002, CN increased its quarterly dividend to shareholders to \$0.215 per common share, representing a 10% increase over 2001.

Credit Rating

The acquisition of Wisconsin Central in 2001, was favorably viewed by the credit rating agencies. Moody's maintained CN's senior unsecured long-term debt rating at Baa2, while S&P upgraded CN to BBB+. In addition, CN maintained its rating in Canada with DBRS at BBB high.

Management Incentive Compensation Program

CN's Annual Incentive Bonus Plan ensures an employee team committed to maximizing shareholder value. Management cash bonuses are tied directly to the performance of the company. For 2002, an annual incentive bonus will be paid if certain performance measures are achieved, including revenue and operating income targets, customer satisfaction targets and various individual and team targets.

CN has stock option plans for eligible managers to acquire common shares of CN upon vesting at a price equal to the market value of the common shares at the date of the grant. The options can be exercised during a period not to exceed 10 years from the date they are granted.

Quick Facts

- 192.7 million common shares outstanding as at December 31, 2001.
- CN had a \$14.7 billion market capitalization at year end (based on the closing stock price of \$76.70 on the Toronto Stock Exchange).
- Approximately 15% of CN's long-term debt is floating while the remainder is fixed.
- CN has approximately 4,000 registered shareholders. There are a large number of non-registered shareholders as approximately 99% of the company's shares are held in CDS or DTC.

Debt to Total Capitalization
in %

1997 *
29.4
1998 *
45.0
1999
42.7
2000
41.4
2001
45.7



* Excludes Illinois Central Corporation

Operating Ratio*
in %

	1999	2000	2001
CN	72.0	69.6	68.5
CP	78.2	76.9	77.3
CSX	85.4	89.9	86.8
NS	85.4	87.0	83.7
UP	81.8	81.5	81.4
BNSF	75.4	76.4	80.5



* Ratio of operating expenses to operating revenues, excluding special items

Appendix Financial and Statistical Data

	1999					2000					Q1	Q2
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year		
REVENUES												
Petroleum and chemicals	\$ 224	\$ 216	\$ 216	\$ 222	\$ 878	\$ 219	\$ 215	\$ 225	\$ 235	\$ 894	\$ 231	\$ 231
Metals and minerals	90	100	110	98	398	95	104	102	91	392	97	97
Forest products	243	256	253	243	995	250	252	252	254	1,008	245	245
Coal	111	97	99	95	402	85	87	79	77	328	85	85
Grain and fertilizers	251	253	246	316	1,066	316	250	265	305	1,136	321	321
Intermodal	189	205	208	208	810	209	223	240	247	919	237	237
Automotive	118	122	103	140	483	148	153	118	140	559	127	127
Other items	43	50	46	65	204	50	49	49	44	192	55	55
Total revenues	1,269	1,299	1,281	1,387	5,236	1,372	1,333	1,330	1,393	5,428	1,398	1,398
OPERATING EXPENSES												
Labor and fringe benefits	404	375	364	366	1,509	391	362	355	374	1,482	378	378
Purchased services	146	130	129	164	569	140	134	140	137	551	133	133
Depreciation and amortization	124	123	125	118	490	132	129	131	133	525	132	132
Fuel	67	71	73	97	308	109	104	105	128	446	143	143
Equipment rents	82	87	79	80	328	70	70	74	71	285	76	76
Material	60	47	42	55	204	62	42	45	46	195	63	63
Operating taxes	47	38	48	39	172	41	43	43	31	158	44	44
Casualty and other	44	37	47	61	189	45	31	30	32	138	44	44
Total operating expenses (excluding special charge)	974	908	907	980	3,769	990	915	923	952	3,780	1,013	1,013
Special charge	-	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	974	908	907	980	3,769	990	915	923	952	3,780	1,013	1,013
OPERATING INCOME	295	391	374	407	1,467	382	418	407	441	1,648	385	385
Interest expense	(81)	(82)	(77)	(74)	(314)	(76)	(78)	(79)	(78)	(311)	(80)	(80)
Other income (loss)	14	8	25	8	55	89	20	16	11	136	112	112
Income before income taxes and cumulative effect of changes in accounting policy	228	317	322	341	1,208	395	360	344	374	1,473	417	417
Income tax (expense) recovery	(89)	(122)	(123)	(128)	(462)	(141)	(130)	(128)	(137)	(536)	(142)	(142)
Income before cumulative effect of changes in accounting policy	139	195	199	213	746	254	230	216	237	937	275	275
Cumulative effect of changes in accounting policy	5	-	-	-	5	-	-	-	-	-	-	-
Net income	\$ 144	\$ 195	\$ 199	\$ 213	\$ 751	\$ 254	\$ 230	\$ 216	\$ 237	\$ 937	\$ 275	\$ 275
Operating ratio (excluding special charge)	76.8%	69.9%	70.8%	70.7%	72.0%	72.2%	68.6%	69.4%	68.3%	69.6%	72.5%	68.6%

(1) Includes Wisconsin Central Transportation Corporation from October 9, 2001.

CANADIAN NATIONAL RAILWAY COMPANY

QUARTERLY CONSOLIDATED BALANCE SHEET

unaudited

in millions

	1999				2000				Q1
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
ASSETS									
Current assets:									
Cash and cash equivalents	\$ 102	\$ 196	\$ 157	\$ 305	\$ 180	\$ 73	\$ 241	\$ 15	\$ 40
Accounts receivable	777	749	737	800	751	841	825	726	736
Material and supplies	174	167	141	115	141	148	124	110	137
Deferred income taxes	159	137	144	146	131	132	133	114	116
Other	135	130	146	149	192	179	173	143	152
	1,347	1,379	1,325	1,515	1,395	1,373	1,496	1,108	1,181
Properties	14,167	14,106	14,298	14,620	14,660	14,997	15,284	15,638	16,070
Other assets and deferred charges	320	344	352	295	377	549	617	568	430
Total assets	\$ 15,834	\$ 15,829	\$ 15,975	\$ 16,430	\$ 16,432	\$ 16,919	\$ 17,397	\$ 17,314	\$ 17,681
LIABILITIES AND SHAREHOLDERS' EQUITY									
Current liabilities:									
Accounts payable and accrued charges	\$ 1,383	\$ 1,277	\$ 1,303	\$ 1,373	\$ 1,281	\$ 1,308	\$ 1,241	\$ 1,389	\$ 1,257
Current portion of long-term debt	199	180	137	271	270	372	436	434	458
Other	88	86	85	120	90	78	95	82	86
	1,670	1,543	1,525	1,764	1,641	1,758	1,772	1,905	1,801
Deferred income taxes	2,722	2,740	2,861	2,975	3,055	3,276	3,483	3,375	3,537
Other liabilities and deferred credits	1,487	1,461	1,416	1,287	1,297	1,270	1,271	1,205	1,129
Long-term debt	4,791	3,999	3,907	3,948	3,951	3,951	4,025	3,886	4,034
Convertible preferred securities	-	336	338	334	335	341	346	345	363
Shareholders' equity:									
Common shares	4,148	4,573	4,582	4,597	4,482	4,399	4,371	4,349	4,385
Accumulated other comprehensive income (loss)	3	(2)	(2)	(6)	(5)	131	196	151	97
Retained earnings	1,013	1,179	1,348	1,531	1,676	1,793	1,933	2,098	2,335
	5,164	5,750	5,928	6,122	6,153	6,323	6,500	6,598	6,817
Total liabilities and shareholders' equity	\$ 15,834	\$ 15,829	\$ 15,975	\$ 16,430	\$ 16,432	\$ 16,919	\$ 17,397	\$ 17,314	\$ 17,681

CANADIAN NATIONAL RAILWAY COMPANY
unaudited

QUARTERLY CONSOLIDATED STATEMENT

in millions

	1999					2000					Q1
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	
OPERATING ACTIVITIES											
Net income	\$ 144	\$ 195	\$ 199	\$ 213	\$ 751	\$ 254	\$ 230	\$ 216	\$ 237	\$ 937	\$ 275
Non-cash items in income:											
Depreciation and amortization	127	124	128	117	496	135	129	133	136	533	134
Deferred income taxes	80	111	111	115	417	92	82	145	(7)	312	87
Gain on sale of investments	-	-	-	-	-	(84)	-	-	-	(84)	(101)
Write-down of investment	-	-	-	-	-	-	-	-	-	-	-
Special charge	-	-	-	-	-	-	-	-	-	-	-
Other	(7)	-	-	-	(7)	-	-	-	-	-	-
Changes in:											
Accounts receivable	(123)	20	13	(67)	(157)	49	(86)	19	98	80	-
Material and supplies	(20)	6	26	26	38	(26)	(6)	24	14	6	(25)
Accounts payable and accrued charges	(41)	(100)	4	200	63	(52)	11	(29)	102	32	(163)
Other net current assets and liabilities	(30)	9	(27)	21	(27)	(73)	2	23	12	(36)	3
Payments for workforce reductions	(57)	(47)	(58)	(57)	(219)	(61)	(42)	(42)	(44)	(189)	(49)
Other	(34)	5	(6)	(42)	(77)	17	3	(10)	(95)	(85)	(56)
Cash provided from operating activities	39	323	390	526	1,278	251	323	479	453	1,506	105
INVESTING ACTIVITIES											
Net additions to properties	(189)	(274)	(268)	(258)	(989)	(144)	(247)	(297)	(348)	(1,036)	(140)
Proceeds (costs) from disposal of properties	(7)	12	40	44	89	18	10	3	34	65	5
Acquisition of Wisconsin Central Transportation Corporation	-	-	-	-	-	-	-	-	-	-	-
Other	(1)	3	-	-	2	-	-	-	(10)	(10)	107
Cash used by investing activities	(197)	(259)	(228)	(214)	(898)	(126)	(237)	(294)	(324)	(981)	(28)
Dividends paid	(29)	(29)	(30)	(30)	(118)	(35)	(35)	(33)	(33)	(136)	(38)
FINANCING ACTIVITIES											
Issuance of long-term debt	14	441	1	-	456	-	282	472	106	860	268
Issuance of convertible preferred securities	-	339	-	-	339	-	-	-	-	-	-
Reduction of long-term debt	(48)	(1,142)	(178)	(140)	(1,508)	(41)	(260)	(381)	(356)	(1,038)	(312)
Issuance of common shares	7	421	6	6	440	4	6	9	9	28	30
Repurchase of common shares	-	-	-	-	-	(178)	(186)	(84)	(81)	(529)	-
Cash provided from (used by) financing activities	(27)	59	(171)	(134)	(273)	(215)	(158)	16	(322)	(679)	(14)
Net increase (decrease) in cash and cash equivalents	(214)	94	(39)	148	(11)	(125)	(107)	168	(226)	(290)	25
Cash and cash equivalents, beginning of period	316	102	196	157	316	305	180	73	241	305	15
Cash and cash equivalents, end of period	\$ 102	\$ 196	\$ 157	\$ 305	\$ 305	\$ 180	\$ 73	\$ 241	\$ 15	\$ 15	\$ 40

Certain of the 1999 and 2000 comparative figures have been reclassified in order to be consistent with 2001 presentation.

CANADIAN NATIONAL RAILWAY COMPANY

QUARTERLY STATISTICS

unaudited

	1999					2000					Q1	Q2	
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year			
Diesel fuel													
Consumption (millions U.S. gallons)	83	82	79	86	330	91	83	81	86	341		93	
Average price (\$ per U.S. gallon)	\$0.76	\$0.79	\$0.88	\$1.05	\$0.87	\$1.18	\$1.19	\$1.21	\$1.38	\$1.24		\$1.42	\$1.42
Active rail employees													
At end of period	23,104	24,577	23,659	21,563	21,563	21,953	22,987	22,944	21,378	21,378		21,009	22,000
Average	22,839	24,177	24,121	22,656	23,493	21,825	22,603	23,103	22,276	22,457		21,222	22,000
Bad order ratio (%)													
Locomotives	8.1	6.6	6.1	6.4	6.8	6.6	6.0	5.5	6.0	6.0		6.8	
Cars ⁽²⁾	5.4	5.4	5.4	5.4	5.4	5.7	4.6	5.0	4.9	5.1		6.5	
Safety													
FRA reportable accidents (per million train miles)	2.3	2.5	2.6	1.5	2.2	2.4	2.8	1.5	1.7	2.1		1.7	
FRA reportable injuries (per 200,000 person hours)	7.4	7.2	7.0	7.5	7.3	6.4	5.8	5.1	4.8	5.5		4.5	
Other													
Gross ton-miles (billions)	65.5	69.1	67.7	72.2	274.5	73.6	70.7	71.2	72.7	288.2		74.4	70.0
Route miles (end of period)	16,543	16,005	15,836	15,777	15,777	15,673	15,649	15,655	15,532	15,532		15,510	15,000
GTMs per route mile (millions)	4.0	4.3	4.3	4.6	17.4	4.7	4.5	4.5	4.7	18.6		4.8	4.0
GTMs per active employee (millions) ⁽³⁾	2.9	2.9	2.8	3.2	11.7	3.4	3.1	3.1	3.3	12.8		3.5	3.0

(1) Includes Wisconsin Central Transportation Corporation from October 9, 2001.

(2) 1999 figures exclude Illinois Central Corporation

(3) Based on average number of employees

Appendix

Financial and Statistical Data – Pro Forma

CANADIAN NATIONAL RAILWAY COMPANY

QUARTERLY CONSOLIDATED STATEMENT OF INCOME

unaudited

in millions

	1999					2000					Q1	2001
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year		
REVENUES												
Petroleum and chemicals	\$244	\$235	\$236	\$243	\$958	\$239	\$236	\$246	\$257	\$978	\$254	\$
Metals and minerals	119	130	139	124	512	120	131	131	113	495	120	
Forest products	297	309	307	297	1,210	307	309	309	312	1,237	306	
Coal	117	104	105	101	427	91	93	86	84	354	92	
Grain and fertilizers	265	266	258	330	1,119	330	264	278	320	1,192	336	
Intermodal	194	210	214	215	833	215	229	247	254	945	244	
Automotive	118	123	103	140	484	148	153	118	141	560	127	
Other items	45	53	47	67	212	52	52	51	45	200	57	
Total revenues	1,399	1,430	1,409	1,517	5,755	1,502	1,467	1,466	1,526	5,961	1,536	1,
OPERATING EXPENSES												
Labor and fringe benefits	445	414	404	409	1,672	434	404	397	417	1,652	425	
Purchased services	159	140	147	173	619	152	145	152	141	590	146	
Depreciation and amortization	132	130	134	127	523	141	137	141	143	562	142	
Fuel	74	78	80	106	338	120	114	114	140	488	155	
Equipment rents	90	96	84	86	356	78	78	79	75	310	83	
Material	71	57	51	62	241	71	50	53	53	227	73	
Operating taxes	49	40	49	40	178	43	45	40	33	161	46	
Casualty and other	52	43	51	66	212	50	37	35	41	163	50	
Special charge	-	-	-	-	-	-	-	-	-	-	-	
Total operating expenses	1,072	998	1,000	1,069	4,139	1,089	1,010	1,011	1,043	4,153	1,120	1,
OPERATING INCOME	327	432	409	448	1,616	413	457	455	483	1,808	416	
Interest expense	(105)	(103)	(102)	(97)	(407)	(100)	(104)	(106)	(105)	(415)	(107)	(1)
Other income (loss)	19	11	32	13	75	93	13	18	14	138	118	
Income before income taxes and cumulative effect of changes in accounting policy	241	340	339	364	1,284	406	366	367	392	1,531	427	
Income tax (expense)	(92)	(130)	(128)	(135)	(485)	(144)	(135)	(137)	(144)	(560)	(145)	
Income before cumulative effect of changes in accounting policy	149	210	211	229	799	262	231	230	248	971	282	
Cumulative effect of changes in accounting policy	5	-	-	-	5	-	-	-	-	-	-	
Net income	\$154	\$210	\$211	\$229	\$804	\$262	\$231	\$230	\$248	\$971	\$282	\$
Operating ratio (excluding special charge)	76.6%	69.8%	71.0%	70.5%	71.9%	72.5%	68.8%	69.0%	68.3%	69.7%	72.9%	68.
Pro forma diluted eps	\$0.79	\$1.07	\$1.02	\$1.10	\$4.00	\$1.28	\$1.15	\$1.16	\$1.26	\$4.84	\$1.43	\$
Pro forma diluted eps, excluding non-recurring items	\$0.77	\$1.07	\$1.02	\$1.10	\$3.97	\$1.00	\$1.15	\$1.16	\$1.26	\$4.56	\$1.07	\$

(1) 1999, 2000 and 2001 figures have been presented on a pro forma basis to include Wisconsin Central Transportation Corporation.

	1999					2000					Q1	Q2
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year		
Revenue Ton Miles <i>millions</i>												
Petroleum and chemicals	6,218	6,278	6,342	6,533	25,371	6,475	6,346	6,632	6,605	26,058	6,699	6,699
Metals and minerals	2,955	3,377	3,420	3,066	12,818	3,129	3,364	3,030	2,628	12,151	3,214	3,214
Forest products	7,351	7,896	7,749	7,916	30,912	7,944	8,264	8,160	7,779	32,147	7,895	7,895
Coal	5,173	5,127	4,826	4,864	19,990	4,497	4,379	4,257	3,929	17,062	4,263	4,263
Grain and fertilizers	9,201	9,320	9,164	12,044	39,729	12,223	9,689	10,182	11,265	43,359	12,708	12,708
Intermodal	5,153	5,822	5,926	5,934	22,835	5,940	6,329	6,727	6,698	25,694	6,482	6,482
Automotive	650	710	612	765	2,737	848	869	670	781	3,168	712	712
Total	36,701	38,530	38,039	41,122	154,392	41,056	39,240	39,658	39,685	159,639	41,973	40,973
Carloads <i>thousands</i>												
Petroleum and chemicals	134	131	132	136	533	138	136	138	139	551	144	144
Metals and minerals	105	129	125	117	476	101	123	118	97	439	95	95
Forest products	151	156	153	148	608	156	157	153	151	617	154	154
Coal	146	143	150	156	595	143	137	147	138	565	148	148
Grain and fertilizers	135	141	140	164	580	158	136	148	157	599	160	160
Intermodal	240	263	273	274	1,050	279	292	306	300	1,177	287	287
Automotive	78	82	70	80	310	88	87	71	80	326	75	75
Total	989	1,045	1,043	1,075	4,152	1,063	1,068	1,081	1,062	4,274	1,063	1,063

(1) 1999, 2000 and 2001 figures have been presented on a pro forma basis to include Wisconsin Central Transportation Corporation.

CANADIAN NATIONAL RAILWAY COMPANY
unaudited

QUARTERLY SUPPLEMENTARY INFORMATION –

	1999					2000					Q1
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	
Freight Revenue/RTM (cents)											
Petroleum and chemicals	3.92	3.74	3.72	3.72	3.78	3.69	3.72	3.71	3.89	3.75	3.79
Metals and minerals	4.03	3.85	4.06	4.04	3.99	3.84	3.89	4.32	4.30	4.07	3.73
Forest products	4.04	3.91	3.96	3.75	3.91	3.86	3.74	3.79	4.01	3.85	3.88
Coal	2.26	2.03	2.18	2.08	2.14	2.02	2.12	2.02	2.14	2.07	2.16
Grain and fertilizers	2.88	2.85	2.82	2.74	2.82	2.70	2.72	2.73	2.84	2.75	2.64
Intermodal	3.76	3.61	3.61	3.62	3.65	3.62	3.62	3.67	3.79	3.68	3.76
Automotive	18.15	17.32	16.83	18.30	17.68	17.45	17.61	17.61	18.05	17.68	17.84
Total	3.69	3.57	3.58	3.53	3.59	3.53	3.61	3.57	3.73	3.61	3.52

Freight Revenue/Carload (dollars)

Petroleum and chemicals	1,821	1,794	1,788	1,787	1,797	1,732	1,735	1,783	1,849	1,775	1,764
Metals and minerals	1,133	1,008	1,112	1,060	1,076	1,188	1,065	1,110	1,165	1,128	1,263
Forest products	1,967	1,981	2,007	2,007	1,990	1,968	1,968	2,020	2,066	2,005	1,987
Coal	801	727	700	647	718	636	679	585	609	627	622
Grain and fertilizers	1,963	1,887	1,843	2,012	1,929	2,089	1,941	1,878	2,038	1,990	2,100
Intermodal	808	798	784	785	793	771	784	807	847	803	850
Automotive	1,513	1,500	1,471	1,750	1,561	1,682	1,759	1,662	1,763	1,718	1,693
Total	1,369	1,318	1,306	1,349	1,335	1,364	1,325	1,309	1,395	1,348	1,391

(1) 1999, 2000 and 2001 figures have been presented on a pro forma basis to include Wisconsin Central Transportation Corporation.

	1999					2000					Q1	Q2	
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year			
Diesel fuel													
Consumption (<i>millions U.S. gallons</i>)	91	90	86	95	362	99	90	88	94	371	101	101	101
Average price (<i>\$ per U.S. gallon</i>)	\$0.77	\$0.80	\$0.89	\$1.06	\$0.88	\$1.18	\$1.20	\$1.21	\$1.37	\$1.24	\$1.43	\$1.43	\$1.43
Active rail employees													
At end of period	25,286	26,933	26,017	23,793	23,793	24,152	25,339	25,252	23,558	23,558	23,110	23,110	25,000
Average	25,007	26,484	26,484	24,950	25,778	24,018	24,918	25,422	24,507	24,719	23,321	23,321	24,000
Bad order ratio (%)													
Locomotives	8.3	6.9	6.4	7.0	7.2	6.9	6.3	5.9	6.4	6.4	7.2	7.2	7.2
Cars ⁽²⁾	4.8	4.8	4.7	4.7	4.7	5.1	4.2	4.6	4.5	4.6	5.9	5.9	5.9
Safety													
FRA reportable accidents (<i>per million train miles</i>)	2.9	2.8	2.8	2.0	2.6	3.1	3.3	2.0	1.9	3.1	1.9	1.9	1.9
FRA reportable injuries (<i>per 200,000 person hours</i>)	7.0	6.9	6.7	7.2	7.0	6.2	5.7	4.9	4.7	5.7	4.5	4.5	4.5
Other													
Gross ton-miles (<i>billions</i>)	70.1	74.0	72.4	77.7	294.2	78.3	75.3	75.7	77.0	306.3	79.2	79.2	79.2
Route miles (<i>end of period</i>)	19,111	18,500	18,331	18,272	18,272	18,168	18,144	18,122	17,999	17,999	17,977	17,977	17,977
GTMs per route mile (<i>millions</i>)	3.7	4.0	3.9	4.3	16.1	4.3	4.2	4.2	4.3	17.0	4.4	4.4	4.4
GTMs per active employee (<i>millions</i>) ⁽³⁾	2.8	2.8	2.7	3.1	11.4	3.3	3.0	3.0	3.1	12.4	3.4	3.4	3.4

(1) 1999, 2000 and 2001 figures have been presented on a pro forma basis to include Wisconsin Central Transportation Corporation.

(2) 1999 figures exclude Illinois Central Corporation.

(3) Based on average number of employees.

David G.A. McLean
Chairman of the Board

Paul M. Tellier
President and
Chief Executive Officer

E. Hunter Harrison
Executive Vice-President and
Chief Operating Officer

Senior Executive Officers

Tullio Cedraschi
President and
Chief Executive Officer
CN Investment Division

Les Dakens
Senior Vice-President
Corporate Services

Sean Finn
Senior Vice-President,
Chief Legal Officer and
Corporate Secretary

James M. Foote
Executive Vice-President
Sales and Marketing

William J. Fox
Senior Vice-President
Public Affairs

Keith L. Heller
Senior Vice-President
Eastern Canada Division

Jack T. McBain
Senior Vice-President
Operations

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Executive Vice-President and
Chief Financial Officer

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Vice-President
Investor Relations

Board of Directors

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Chairman of the Board
Canadian National Railway
Company
Chairman and
Chief Executive Officer
The McLean Group
Vancouver, BC
Committees: 2, 3, 4, 5, 6, 7*

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President and
Chief Executive Officer
Canadian National Railway
Company
Montreal, QC
Committees: 3, 7*

E. Hunter Harrison
Executive Vice-President and
Chief Operating Officer
Canadian National Railway
Company
Burr Ridge, IL
Committee: 7

Michael R. Armellino
Retired Partner
The Goldman Sachs Group
New York, NY
*Committees: 1, 2, 4, 6, 7**

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Osler, Hoskin & Harcourt
Toronto, ON
Committees: 2, 5, 6, 7*

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Committees: 1, 4, 5, 6, 7*

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Vice Chairman
Long, Aldridge & Norman
Atlanta, GA
Committees: 1, 2, 7

James K. Gray, O.C., LL.D.
Corporate Director and
Former Chairman and
Chief Executive Officer
Canadian Hunter
Exploration Ltd.
Calgary, AB
Committees: 1, 2, 4, 7

Edith E. Holiday
Attorney and Corporate Director
Former General Counsel
United States Treasury
Department and
Secretary of the Cabinet
The White House
Washington, DC
Committees: 1, 6, 7

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O.C., D. Comm., LL.D.
Group Vice-President
General Motors Corporation
and President Latin America,
Africa and Middle East
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Committees: 2, 5, 7

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Chairman of the Board
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New York, NY
Committees: 1, 4, 5, 7

Denis Losier
President and Chief Executive
Officer
Assumption Life
Moncton, NB
Committees: 1, 4, 5, 7

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Lumley, P.C., LL.D.**
Vice-Chairman
BMO Nesbitt Burns
South Lancaster, ON
Committees: 4, 5, 6, 7*

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Chief Executive Officer
The Pace Group
Halifax, NS
Committees: 1, 2, 6, 7*

Cedric E. Ritchie, O.C., LL.D.
Corporate Director and
Former Chairman
and Chief Executive Officer
The Bank of Nova Scotia
Toronto, ON
Committees: 1, 2, 5, 6, 7

Committees:

1. Audit and finance
2. Corporate governance
3. Donations
4. Environment, safety and security
5. Human resources
6. Investment
7. Strategic planning

** Denotes chairman of the committee*

Annual Meeting

CN's 2002 annual meeting of shareholders will be held on April 16, 2002, at 10:30 a.m. (Atlantic Time) at the World Trade and Convention Centre in Halifax, Nova Scotia.

The company's 2001 annual meeting of shareholders was held on Tuesday, April 17, 2001, at the Hyatt Regency, in Vancouver, British Columbia.

Annual Information Form

The annual information form may be obtained by writing to:

The Corporate Secretary
Canadian National Railway
Company
935 de La Gauchetière Street West
16th Floor
Montreal, Quebec
H3B 2M9

Transfer Agent and Registrar

Computershare Trust Company
of Canada

Co-Transfer Agent and Co-registrar

Computershare Trust Company
of New York
88 Pine Street
19th Floor
New York, NY 10005
Telephone: (212) 701-7600 or
1-800-245-7630

Dividends

CN paid a quarterly dividend on its common stock at a current rate of \$0.195 per share for each quarter of 2001. On January 22, 2002, CN announced a first quarter 2002 dividend of \$0.215, a 10% increase over the previous dividend rate.

U.S. Cash Dividends

Shareholders wishing to receive dividends in U.S. dollars may obtain detailed information by communicating with:

Computershare Trust Company
of Canada
Telephone: 1-800-332-0095 or
(514) 982-7800

Stock Exchanges

CN's common shares are listed on the Toronto and New York stock exchanges.

Ticker Symbols

CNR (Toronto Stock Exchange)
CNI (New York Stock Exchange)

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