CANADIAN NATIONAL RAILWAY CO
Form 6-K
October 26, 2009

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of October, 2009

Commission File Number: 001-02413

Canadian National Railway Company
(Translation of registrant's name into English)

935 de la Gauchetiere Street West
Montreal, Quebec
Canada H3B 2M9
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F X

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No X

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No X

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No X

If “Yes” is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Canadian National Railway Company

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Item

1. Press release dated October 26, 2009, "CN's 2009 Investor Fact Book available today".

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Canadian National Railway Company

Date: October 26, 2009

By: /s/ Cristina Circelli
Name: Cristina Circelli
Title: Deputy Corporate Secretary and General Counsel

Item 1

North America's Railroad

NEWS RELEASE

CN's 2009 Investor Fact Book available today

MONTREAL, Oct. 26, 2009 — CN (TSX: CNR)(NYSE: CNI) said today its 2009 Investor Fact Book is now available in the Investor section of the company's website, www.cn.ca/investors.

The fact book is an invaluable source of information about CN, how it works and why. It profiles the company's North American freight network and operations, commodity groups, financial performance and strategic outlook in a concise, readable format.

Requests for printed copies of the fact book should be forwarded by email to investor.relations@cn.ca.

CN – Canadian National Railway Company and its operating railway subsidiaries – spans Canada and mid-America, from the Atlantic and Pacific oceans to the Gulf of Mexico, serving the ports of Vancouver, Prince Rupert, B.C., Montreal, Halifax, New Orleans, and Mobile, Ala., and the key metropolitan areas of Toronto, Buffalo, Chicago, Detroit, Duluth, Minn./Superior, Wis., Green Bay, Wis., Minneapolis/St. Paul, Memphis, and Jackson, Miss., with connections to all points in North America. For more information on CN, visit the company's website at www.cn.ca.

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Contacts:

Media	Investors
Mark Hallman	Robert Noorigian
Director, Communications & Public Affairs	Vice-President, Investor Relations
(905) 669-3384	(514) 399-0052

Canadian National Railway Company, together with its wholly-owned subsidiaries, is sometimes referred to as "the Company", "Canadian National", or "CN".

Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the U.S. Private Securities Litigation Reform Act of 1995 and Canadian securities laws.

Except where otherwise indicated, all financial information reflected in this document is expressed in Canadian dollars and determined on the basis of United States generally accepted accounting principles (U.S. GAAP). The financial information contained in this Fact book should be read in conjunction with the Company's annual and interim Consolidated Financial Statements, Notes thereto and Management's Discussion and Analysis.

This document contains forward-looking statements. The Company cautions that, by their nature, forward-looking statements involve risk, uncertainties and assumptions. Implicit in these statements, particularly in respect of long-term growth opportunities, is the Company's assumption that such growth opportunities are less affected by the current situation in the North American and global economies. The Company cautions that its assumptions may not materialize and that the current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty. The Company cautions that its results could differ materially from those expressed or implied in such forward-looking statements. Important factors that could cause such differences include, but are not limited to, the effects of adverse general economic and business conditions, including the recession in the North American economy and the global economic contraction in 2009, industry competition, inflation, currency and interest rate fluctuations, changes in fuel prices, legislative and/or regulatory developments, compliance with environmental laws and regulations, actions by regulators, various events which could disrupt operations, including natural events such as severe weather, droughts, floods and earthquakes, labour negotiations and disruptions, environmental claims, uncertainties of investigations, proceedings or other types of claims and litigation, risks and liabilities arising from derailments, and other risks detailed from time to time in reports filed by the Company with securities regulators in Canada and the United States. Reference should be made to "Management's Discussion and Analysis" in the Company's annual and interim reports, Annual Information Form and Form 40-F filed with Canadian and U.S. securities regulators, available on the Company's Web site, for a summary of major risks.

The Company assumes no obligation to update or revise forward-looking statements to reflect future events, changes in circumstances, or changes in beliefs, unless required by applicable laws. In the event the Company does update any forward-looking statement, no inference should be made that the Company will make additional updates with respect to that statement, related matters, or any other forward-looking statement.

The Company's objective is to provide meaningful and relevant information reflecting its financial condition, results of operations and operational performance. The Company makes reference to non-GAAP measures in this document that do not have any standardized meaning prescribed by U.S. GAAP and are, therefore, not necessarily comparable to similar measures presented by other companies and, as such, should not be considered in isolation. Management believes that non-GAAP measures such as adjusted net income and the resulting adjusted performance measures for such items as operating income, operating ratio and per share data are useful measures of performance that can facilitate period-to-period comparisons as they exclude items that do not arise as part of the normal day-to-day operations or that could potentially distort the analysis of trends in business performance. The exclusion of the specified items in the adjusted measures does not, however, imply that such items are necessarily non-recurring. The Company also believes that free cash flow is a useful measure of performance as it demonstrates the Company's ability to generate cash after the payment of capital expenditures and dividends. Free cash flow does not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. The Company defines free cash flow as cash provided from operating activities, adjusted for changes in the accounts receivable securitization program and in cash and cash equivalents resulting from foreign exchange fluctuations, less cash used by investing activities, adjusted for the impact of major acquisitions, and the payment of dividends. In addition, the Company believes that adjusted debt-to-total capitalization is a useful credit measure that aims to show the true leverage of the Company. Similarly, adjusted debt-to-adjusted earnings before interest, income taxes, depreciation and amortization (EBITDA) is another useful credit measure because it reflects the Company's ability to service its debt. The Company excludes Other income in the calculation of EBITDA. A reconciliation of this document's various non-GAAP measures to their comparable U.S. GAAP measures is provided in Appendix B.

In addition, certain statistical data are based on estimated data available at such time and are subject to change as more complete information becomes available.

Ticker symbols

CNR	Toronto Stock Exchange
CNI	New York Stock Exchange

Web site information

For the most up-to-date information on CN, we invite you to regularly visit www.cn.ca. In the Investors section, you will find a variety of informative documents, including annual reports,
proxy statements, quarterly earnings, press releases, company presentations and weekly metrics.

2009

CN Investor Fact Book

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Letter from the President

Financial & statistical highlights

Company profile

CN system map

Timeline since privatization

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Density map

Welcome to the 2009 edition of the CN Investor Fact Book. This book is an invaluable source of information about CN, how it works and why.

We have a great North American franchise, characterized by a balanced portfolio of business, with powerful traffic generation capacity and a unique tri-coastal network. We have a superior business model focused on quality service, customer value and the ability to grow the top line at low incremental cost. And, most significantly, we have an exceptional operating model, Precision Railroading, which underpins everything we do, driving safety of operations, superior network velocity, asset utilization, productivity and service.

Current economic conditions in North America and around the world, the most challenging in decades, are affecting virtually every segment of our business. But we've quickly adjusted our resources to reduced transportation demand. We've sharply reduced train starts and variable costs and are carefully managing head count. We're improving productivity and network velocity across the board, from train speeds, to yard processing volumes, to active locomotive and freight car counts. And while we remain focused on managing near-term challenges effectively, we are equally focused on two key strategic objectives – structural growth opportunities that extend beyond the current business cycle, and continuing investments in plant and equipment that will assure CN is well positioned for the eventual economic recovery.

We have a full pipeline of revenue initiatives, including increasing container traffic over the Port of Prince Rupert, new export potash flows, retail intermodal gains, large-diameter pipe projects and the expansion of non-rail services to further enhance CN's product offering.

Our immediate strategic focus in 2009 is centred on the integration of the former Elgin, Joliet and Eastern Railway Company (EJ&E) into our network. This US$300 million acquisition – and the US$100 million in capital we plan to invest in upgrading the EJ&E over the next three years – will tie together our five lines in Chicago for the first time and allow us to route traffic away from rail congestion in the city's core. Improved network velocity will pay significant dividends for our customers and for CN.

I have had a good run leading CN. It's been a great honour and privilege to lead the best railroaders in the business. Together we have reached new heights of efficiency and productivity, thanks to our relentless questioning of conventional wisdom. We've made creative change happen. And while change is never easy, we've always done it, and will continue to do it, for the right reason – to get better at what we do for our customers and to drive increased shareholder value.

Claude Mongeau, until recently our Executive Vice President and Chief Financial Officer, has been selected to succeed me on January 1, 2010. Claude is an exceptional executive, and it's been a pleasure to have worked with him for more than 10 years. He has been instrumental in driving CN's superior financial performance and strategic agenda. Claude has a keen appreciation of the power of Precision Railroading and will command an outstanding team of railroaders. I have every confidence he will take CN to the next level of transportation excellence.

E. Hunter Harrison

President and Chief Executive Officer

Financial highlights

unaudited

$ in millions, except per share data, or unless otherwise indicated

	2006	2007	2008
Financial results			
Revenues	$ 7,929	$ 7,897	$ 8,482
Operating income	$ 3,030	$ 2,876	$ 2,894
Net income	$ 2,087	$ 2,158	$ 1,895
Adjusted net income (1,5)	$ 1,810	$ 1,725	$ 1,778
Diluted earnings per share	$ 3.91	$ 4.25	$ 3.95
Adjusted diluted earnings per share (1,5)	$ 3.40	$ 3.40	$ 3.71
Weighted-average number of shares diluted (millions)	534.3	508.0	480.0
Financial ratios			
Operating ratio	61.8%	63.6%	65.9%
Debt-to-total capitalization (2)	36.3%	35.6%	42.8%
Adjusted debt-to-total capitalization (2,3,5)	40.4%	40.4%	45.2%
Adjusted debt-to-adjusted EBITDA (2,3,4,5)	1.8 times	1.9 times	2.4 times
Other information			
Dividend per share	$ 0.65	$ 0.84	$ 0.92
Net capital expenditures	$ 1,298	$ 1,387	$ 1,424
Free cash flow (5)	$ 1,343	$ 828	$ 794

(1) Adjusted to exclude items affecting the comparability of results.
(2) Debt-to-total capitalization is calculated as total long-term debt plus current portion of long-term debt divided by the sum of total debt plus total shareholders’ equity.
(3) Debt adjusted to include the present value of operating lease commitments plus securitization financing.
(4) Earnings before interest, income taxes, depreciation and amoritization (EBITDA), and adjusted to exclude Other income and the deemed interest on operating leases.
(5) See Appendix B for a reconciliation of non-GAAP measures.

Statistical highlights

unaudited

	2006	2007	2008
Route miles (includes Canada and the U.S.)	20,264	20,421	20,961
Carloads (thousands)	4,824	4,744	4,615
Gross ton miles (millions)	352,972	347,898	339,854
Revenue ton miles (millions)	185,610	184,148	177,951
Employees (average for the year)	22,092	22,389	22,695
Employees (end of year)	22,250	22,696	22,227
Diesel fuel consumed (U.S. gallons in millions)	401	392	380
Average fuel price ($ per U.S. gallon) (1)	2.13	2.40	3.39

(1) 2006 includes the impact of the Company's fuel hedging program.

Certain statistical data are based on estimated data available at such time and are subject to change as more complete information becomes available.

CN is engaged in the rail and related transportation business. CN's network of approximately 21,000 route miles spans Canada, from Halifax in the east to Vancouver and Prince Rupert in the west; and runs through the heart of mid-America, from northern Minnesota to New Orleans via Chicago and Memphis. It is the only rail network on the North American continent to connect three coasts – the Pacific, the Atlantic, and the Gulf of Mexico. Through a series of interline agreements, co-production arrangements and routing protocols, CN customers have access to all three North American Free Trade Agreement (NAFTA) nations.

CN's freight revenues are derived from seven commodity groups representing a diversified and balanced portfolio of goods transported between a wide range of origins and destinations. This product and geographic diversity better positions the Company to face economic fluctuations and enhances its potential for growth opportunities. In 2008, no individual commodity group accounted for more than 19 per cent of revenues. From a geographic standpoint, CN is equally well diversified. In 2008, approximately 31 per cent of freight revenues came from transborder traffic, 26 per cent from offshore traffic, 24 per cent from Canadian domestic traffic, and 19 per cent from U.S. domestic traffic.

CN originates approximately 85 per cent of the traffic moving along its network. This enables the Company to capitalize on service advantages and build on opportunities to efficiently use assets.

CN's focus is on running a safe and efficient railroad. While remaining at the forefront of the rail industry, CN's goal is to be internationally regarded as one of the best-performing transportation companies.

CN's business strategy is guided by five core principles: providing good service, controlling costs, focusing on asset utilization, committing to safety, and developing people.

CN's commitment is to create value for its customers by providing quality and cost-effective service; and for its shareholders by striving for sustainable financial performance through profitable growth, solid free cash flow and a high return on investment.

In support of this commitment, the Company continues to focus on top-line growth by maintaining its pricing strategy and focusing on opportunities that extend beyond the business cycle. The Company sees growth opportunities through market share gains versus truck, commodities related to oil and gas development in Western Canada, the Prince Rupert Intermodal Terminal, opportunities in the bulk sector, such as Illinois basin coal, and through the expansion of non-rail services.

The Company continuously seeks to enhance productivity, reduce costs and leverage assets. Opportunities to improve productivity extend across all functions in the organization and include: investments in locomotives equipped with distributed power capability, investments in longer sidings, SmartYard technology, the Harrison Yard1 reconfiguration and Precision Engineering.

CN also continues to invest in various strategic initiatives to expand the scope of its business. A key initiative is the recent acquisition of a major portion of the EJ&E, which will drive new efficiencies and operating improvements on CN's network as a result of streamlined rail operations and reduced congestion.

CN's efforts to increase speed, efficiency and reliability through the execution of its Precision Railroading concept are ongoing and neverending.Through innovation, CN will strive to improve its products, its ability to sell them, and its customer support capability to create value for all stakeholders.

CN Commercialization Act

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

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[1] In September 2009, CN's Johnston Yard was renamed Harrison Yard in honour of retiring President and Chief Executive Officer, E. Hunter Harrison.

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CN's Precision Railroading model is the foundation of the Company's industry-leading operational efficiency and productivity. Precision Railroading is an evolution of scheduled railroading, a concept that CN pioneered in the North American railroad industry when it introduced its service plan in 1998. Under the plan, CN runs regularly scheduled trains that leave at predetermined times. Each car or container has a specific trip plan that fits into the design of the train schedule.

Precision Railroading focuses clearly on what matters most to the customer – the carload and the customer's shipment, rather than the train itself. That same focus also exerts a strong influence on the development – and continuous improvement – of every CN process that affects delivery. As a result, the discipline to make things run like clockwork permeates the entire CN organization.

The best way to create value for shareholders is to create value for customers. For CN's customers, Precision Railroading enables better service, reduced inventory and capital requirements, reduced need for private fleets, and cost competitiveness with other transportation modes.

For CN, the quality of service afforded by the trip plan supports market share gains, revenue growth, and an industry-low operating ratio. With Precision Railroading, CN is more competitive and more reliable – with better cost control and improved asset utilization, both on its network and in its yards.

Constant focus on asset utilization

A cornerstone of Precision Railroading is a strong drive for enhanced asset utilization.

Longer sidings for longer, more efficient trains

Across CN's network, and particularly in Western Canada, the Company has extended sidings to accommodate longer, more efficient trains. Over the past 10 years, in addition to its installation of new sidings, CN has invested approximately $325 million on siding extensions. Longer sidings enable CN to run longer trains, with compelling benefits – fewer train and crew starts; fewer locomotives; and faster, more reliable service.

Harrison Yard – reconfigured for enhanced productivity

In Memphis, a key CN operating hub, the Company recently completed a US$100-million reconfiguration of its Harrison Yard switching facility. Memphis, a major freight distribution hub, is a key operating centre on CN's North American network, an important destination for freight traffic on its system, and the gateway to CN's rail operations in the Gulf of Mexico region. The city is also the largest U.S. location, outside of Chicago where CN interchanges traffic with four of the major U.S. Class I railroads.

CN reconfigured the Harrison Yard freight car switching facility to create a more efficient layout, including a small hump over which freight cars are directed by gravity into sorting tracks for train make-up. The completion of the reconfiguration positions Harrison Yard to handle existing and future traffic growth in the region, more quickly and efficiently.

Locomotive renewal

CN implemented an aggressive locomotive-renewal program several years ago to continuously improve fuel efficiency and service reliability. The program has included both the purchase of new locomotives as well as the remanufacture of older units.

The new locomotive units are 15-20 per cent more fuel-efficient than their predecessors, comply fully with the latest regulatory requirements for reduced locomotive exhaust emissions, and support the Company's ability to provide improved service by reducing failures and bad orders.

Precision Railroading

Managing in a tough economic environment

CN, like many businesses, has been negatively affected by the current economic conditions. There have been significant volume reductions for most commodity groups, including Forest products, Automotive, Petroleum and chemicals, Metals and minerals and Intermodal. The Company's focus during these volatile times is to continue to operate safely and efficiently, to pursue its long-term business plan, to maintain a high level of service to customers, and to meet short- and long-term financial commitments. CN's Precision Railroading model is proving effective in guiding the necessary operational changes, and their execution, as the Company strives to quickly adjust costs to volume levels.

Distributed power

CN is reaping the benefits of improved productivity and better train handling as a result of the increased use of locomotives equipped with distributed power (DP) capability. Distributed power provides faster, smoother starting, improved braking, and reduced pulling forces at the head end of a train. This enables CN to run fewer, longer, more efficient trains, which in turn maximizes the gains targeted from its extended siding program. In addition, DP significantly reduces the time required to charge a train's air brake system, a major benefit in cold-weather conditions. DP-equipped locomotives' higher-power and higher-adhesion capabilities mean fewer locomotives are required to pull the same train weight. With more optimum matching of motive power to train weight, DP locomotives save fuel and reduce emissions. CN has acquired 190 new locomotives since 2005, approximately 165 of which have distributed power technology. The remaining 25 new locomotives will be retrofitted with DP technology by year-end 2009.

Routing protocols

CN's continued expansion of its routing protocol effort has been a major initiative for the Company and the industry. CN currently has routing protocol agreements with all Class I railways.

Routing protocols serve to reduce rail-freight costs industry-wide by placing traffic on the most efficient routing – regardless of track ownership. The result is a structured plan to direct rail traffic flows through the most efficient interchange locations in order to improve both transit times and asset utilization – thereby making the most efficient use of existing capacity.

Co-production

Co-production arrangements, like routing protocols, are designed to increase efficiencies and improve service by optimizing the use of current industry infrastructure while maintaining shippers' competitive options.

CN currently has over 100 agreements in place covering key locations across its North American network.

Continuous improvement – measurement is key

Precision Railroading demands disci––pline to execute the trip plan, relentless measurement of results, and the use of such results to generate further improvements. Timely access to reliable operating data is therefore essential. The Company relies heavily on technology to develop, monitor and adapt its operating plan to changing business conditions.

Key operating metrics

Car velocity measures the average miles per day traveled by loaded and empty active cars on line, including system, foreign and private cars, providing a gauge of network fluidity and efficiency.

Cars per yard switching hour measures the number of cars that enter a terminal divided by the total crew hours worked at the terminal, providing an assessment of yard efficiency.

Gross ton-miles per train mile is used to monitor train efficiency and productivity, and is calculated as the average trailing tons per through train.

Main line gross ton-miles per available horsepower reflects the number of trailing gross ton-miles handled on through trains per available horsepower, where available horsepower is the total horsepower of the active road locomotives available for service. It is an important measure of the utilization of high-horsepower locomotives.

Terminal dwell or average through dwell time is a measure of yard throughput, calculated as the average time in hours between arrival and departure at a major terminal. It includes cars departing a major terminal that are preceded by a train arrival; transfer or local received at interchange; as well as cars on through trains.

Average train speed (miles per hour) is a measure of network fluidity and productivity, reflecting the average speed of through trains (based on the total number of train miles) divided by the total train hours. It includes system trains running on Company lines and system trains operating on non-system lines under trackage/running rights or as a detour.

Trip plan compliance measures the percent of cars completing their trip within the predetermined trip plan hours. It is a measure of customer service performance.

Items affecting comparability of results: Severe winter weather conditions and a major work stoppage in the first quarter of 2007.

On January 31, 2009, CN completed its US$300 million acquisition of the principal lines of the EJ&E from United States Steel Corporation. The closing follows the January 23, 2009 effective date of the Surface Transportation Board's (STB) December 24, 2008 decision approving the transaction.

The EJ&E assets acquired by CN include 198 miles of track encircling the City of Chicago from Waukegan, Ill., on the north, to Joliet, Ill., on the west, to Gary, Ind., on the southeast, and then to South Chicago. The Transtar subsidiary of United States Steel Corporation retained the railroad assets, equipment, and employees that support the Gary Works site in northwest Indiana and the steelmaking operations of United States Steel Corporation.

Railroading in Chicago

Chicago is widely regarded as the transportation hub of North America. Roughly 700 passenger trains and 500 freight trains go through the Chicago region every day. Approxi−−mately one third of America's goods moved by rail go to, from, or through the Chicago area, making it the world's third busiest intermodal hub, after Hong Kong and Singapore. Despite the importance of Chicago to the North American rail system, congestion and infrastructure issues are significantly impeding its efficiency and productivity. CN rail lines converge in Chicago, coming into the city from five different directions. In some cases, it can take a CN freight train longer to go from the north side to the south side of Chicago than it does to go from Chicago to Winnipeg, a distance of approximately 860 miles.

A critical link

The lines acquired through the EJ&E transaction bridge what has been the missing link in CN's network in the Chicago area, providing a way around – rather than through – Chicago. Furthermore, as CN's trains are rerouted from the existing Chicago terminal rail network onto the EJ&E, line capacity in greater Chicago will be freed up, easing congestion and benefiting other rail users.

CN plans to invest US$100 million for integration, new connections, and infrastructure improvements to add capacity on the EJ&E line and to allow network synergies to be realized over time. CN has also committed over US$60 million to mitigate the impact of increased rail traffic on the communities surrounding the EJ&E.

Step-by-step integration

CN will apply its proven business model in implementing the acquisi−−tion, using the same careful, step-by-step approach employed in previous transactions, to ensure a flawless, safe, and efficient combination of the two operations.

CN remains fully committed to appropriately mitigating the environ−−mental impacts of the acquisition on communities− along the EJ&E. CN has demonstrated this through its comprehensive voluntary− mitigation− plan, which was adopted by the STB in its mitigation requirements, as well as through the Company's voluntary− mitigation agreements reached with the majority of the communities− located along the line.

Customers of CN and the former EJ&E, the City of Chicago, over a million residents, and the rail network will all bene−fit from the streamlined rail operations and reduced congestion in the Chicago region overall, as a result of the EJ&E acquisition.

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CN's ports – oceans of opportunity

Alberta oil & gas development

CN WorldWide North America

Intermodal

Grain & fertilizers

Coal

Forest products

Automotive

Petroleum & chemicals

Metals & minerals

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CN’s ports – oceans of opportunity

CN is the only rail network on the North American continent to connect three coasts – the Pacific, the Atlantic and the Gulf of Mexico. Combined with this advantage are the Company’s comprehensive transload and distribution facilities, intermodal and trucking services, and interline agreements. It all adds up to a powerful means of serving the world’s trading nations.

Recent and planned upgrades at U.S. and Canadian ports are further expanding the possibilities.

The Port of Prince Rupert Container Terminal, which opened in October 2007, is feeding the flow of goods to and from Asia with railroad service that is exceeding shippers’ expectations.

The Port of New Orleans recently opened a new near-dock intermodal rail yard as part of its US$1 billion 2020 Master Plan to expand and improve facilities.

The Port of Halifax is focusing on becoming the port of choice for shipments of perishable or temperature-sensitive goods.

In the fall of 2009 Vancouver’s Deltaport Third Berth Project is slated for completion, boosting existing capacity by 600,000 TEU’s. In addition, the federal government is investing millions in infrastructure projects to reduce rail congestion in the greater Vancouver area as part of the Asia Pacific Gateway Initiative.

CN’s gateway port facilities provide effective entry and exit points to the vast North American market, ensuring that the Company is well positioned to benefit from inter– national trade opportunities.

spotlight

CN's ports

Prince Rupert update

The Port of Prince Rupert Container Terminal, which officially opened in October 2007, is strategically located to handle growing long-term demand in one of the world's busiest shipping corridors. The facility is equipped with three super post-Panamax cranes and has a Phase I nameplate capacity of 500,000 TEUs (20-foot equivalent units). A potential Phase II is projected to have a two million-TEU capacity.

Although growth at the terminal has been affected by global economic contraction and the deep North American recession, the Prince Rupert Container Terminal has experienced impressive growth. A second weekly vessel call was added in July 2008.

Railroad service from the terminal is exceeding shippers' expectations. Since the opening of the terminal, container transit times between Prince Rupert and Chicago have been consistently on target, averaging 106 hours. Memphis is being served in 133 hours, Toronto in 117 hours and Detroit in 137 hours.

The new flow of imports through Prince Rupert is also providing an excellent opportunity for exporters to attain the shipping capacity they require for their Asian markets. CN's North American franchise provides excellent access to Canada's natural resource base, including grain and grain products and forest products. Additionally, CN has access to large U.S. supplies of recycled paper, cotton, hardwood lumber, and grain products.

The Prince Rupert gateway is developing an international reputation for delivering on its promise of reliability, efficiency and speed.

CN's tri-coastal gateway network includes 10 key ports

Pacific
Vancouver, B.C.
Prince Rupert, B.C.
Kitimat, B.C.

Atlantic

Halifax, N.S.
Saint John, N.B.
Quebec City, Que.
Montreal, Que.

Gulf of Mexico
Mobile, Ala.
Gulfport, Miss.
New Orleans, La.

CN's drive to serve oil and gas industry

Whether it's at the gas pumps, purchasing an airline ticket, or heating homes, everyone is affected by the world's oil and gas industries. Canada's ample resources, from offshore oil reserves in the east to the oil sands in the west, make the country a vibrant player in this global industry.

The CN network provides fast, reliable transportation for petroleum producers, oil refiners and petrochemical companies looking to move their products safely and securely.

CN is well positioned to serve Canada's oil sands development

Canada's oil sands deposits in northern Alberta are second only to Saudi Arabia's reserves. According to the Government of Alberta, major oil sands projects that have recently been completed, are currently under construction, or are proposed to start construction within two years, represent over $135 billion of investment.

For CN, that adds up to significant opportunity. The Company is well equipped to play a key role in the transportation, logistics, and transloading of steel, pipe, equipment, machinery, cement and other materials needed for oil sands infrastructure construction. These materials come from points throughout the CN network and from overseas. There are other opportunities as well for CN, since materials and equipment are also needed for northern Alberta's industrial development and expansion of surrounding residential and commercial areas. CN is uniquely positioned to capitalize on these opportunities, with its main line rail network located in the northern part of Alberta.

Opportunity in the pipeline

CN has had its eye on oil sands opportunities for a number of years now. Crude oil prices have been driving the search for new energy sources, and also stimulating demand for wider, more efficient pipelines. Daily production is expected to at least triple over the next 10 to 15 years – while about 70 per cent of existing pipelines are already at capacity.

CN took a closer look at various pipeline initiatives, and in conjunction with the pipeline companies themselves, identified those projects with the greatest potential. The result is a five-year view of the pipeline market, reinforced by a multifunctional CN commitment to make the Company the preferred logistics partner for this market. CN is well placed to grow the Company's oil and gas pipe-related business – whether from local North American suppliers or Asian imports.

Condensate - keeping it flowing

The heavy crude, or bitumen, found in Alberta's oil sands does not flow at normal temperatures and pressures. So transportation of this heavy crude through pipelines requires mixing with lighter condensate. Often referred to as diluent, condensate is simply any mixture of relatively light hydrocarbons which remain liquid at normal temperatures and pressures.

With the significant increase in oil sands production, diluent is in short supply in Alberta. CN's access to West Coast ports means the Company is an important link in importing offshore condensate via the CN-served Kitimat terminal in northwestern British Columbia. CN also transports condensate via rail from as far away as Louisiana and Texas. Condensate will continue to be a key part of existing and future oil sands development, and CN is well positioned to capitalize on those opportunities.

Adapting to changing market conditions

In 2006 and 2007, against a backdrop of record-high crude oil prices, oil and gas companies announced plans for six new upgraders, costing a combined $20 billion. In 2008, with financial markets melting down and North America in a recession, oil prices contracted and all but one of the planned upgrader projects were cancelled.

In the face of dwindling upgrader growth prospects, CN recognized a new opportunity. Without adequate local upgrader capacity, the bitumen itself will require transport to end markets. With pipeline capacity already consumed by other products, bitumen shippers face the significant financial burden of supporting new pipeline construction.

CN’s PipelineOnRail ™, however, is already in place. There’s no need for shippers to wait for new infrastructure, or to invest in it. And, since CN’s pipeline runs on its rails, it is multidirectional and has impressive connectivity, reaching markets throughout Alberta, the rest of Canada, the U.S. Midwest and Gulf Coast. It is also scalable – no minimum volume is required to obtain access to CN’s PipelineOnRail ™.