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May 24, 2013

His Worship Joe Fontana
Mayor of the City of London
City Hall
214 - 300 Dufferin Avenue
London ON N6B 1Z2

OFFICE OF THE
MAYOR
RECEIVED JUN -- 4 2013
Referred to *Intergov Liaison*
Subsequent Referrals
 For Action
 For Information
 For Report
 For File *Roads & Trans.*

Dear Mayor Fontana:

Dear Mayor Fontana

We are writing to inform you of the significant investments CN continues to make in infrastructure, equipment, and technology to provide rail capacity to accommodate current and future freight traffic across Canada and the United States. CN handles approximately \$250 billion in goods annually and more than 300 million tons of cargo, serving exporters, importers, retailers, farmers and touching the lives of millions of people every day. Our agenda of supply chain collaboration and Operational and Service Excellence is helping make CN customers and the markets it serves more competitive at home and abroad.

CN's investment in plant and equipment is indeed significant -- 50 cents of every dollar of CN's operating profit is currently allocated to capital spending. And note the fact that North American railways build, maintain and pay taxes on their infrastructure -- at no on-going cost to the taxpayer.

In 2013, CN plans to invest approximately C\$1.9 billion to maintain and upgrade its railway network, grow its business efficiently, and improve customer service. Approximately C\$1 billion will be spent on track infrastructure to ensure continued safe railway operations and to improve the productivity of the company's rail network.

His Worship Joe Fontana
May 24, 2013
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We would be pleased to answer any questions you may have once you've read the accompanying CN news release itemizing a number of key capital spending initiatives.

Sincerely,

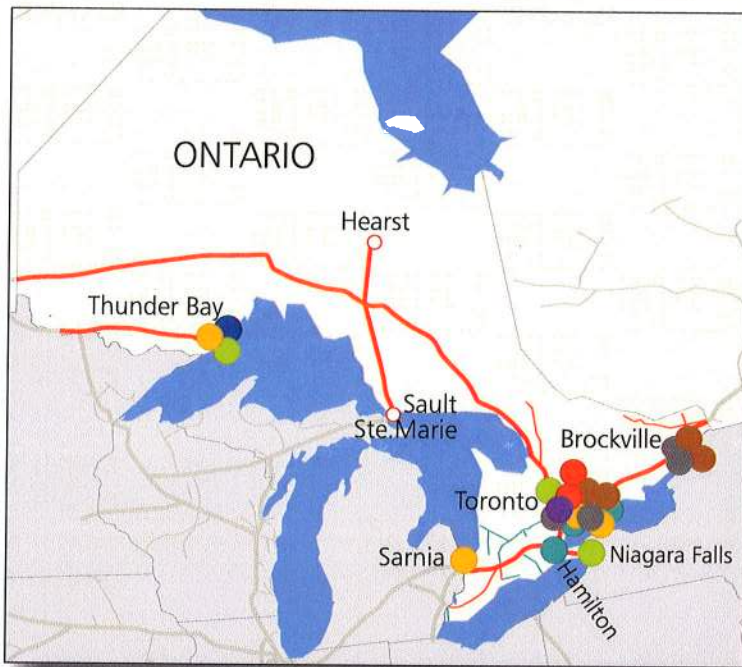


Sean Finn

Enclosures



FACT SHEET



- CN lines
- Secondary feeder lines
- Short line partners
- Automotive Distribution Facility
- Multi-Commodity Distribution Center
- CargoFlo Bulk Handling Facility
- Metal Distribution Center
- Intermodal Terminal
- Port Access
- Forest Products Distribution Centers
- Logistics Park

IN NUMBERS

Employees	3,778
Route miles operated	2,654
Cash taxes paid	\$54M
Local spending	\$1,2B
Annual Capital Investments	\$214M

As of December 31, 2012. Dollar figures in CDN\$

ONTARIO

CONNECTING SHORTLINES

- Essex Terminal Railway
- Goderich-Exeter Railway
- Huron Central Railway
- Ontario Northland Railway
- Ontario Southland Railway
- Port Colborne Harbour Line
- Southern Ontario Railway - Hagersville
- Southern Ontario Railway - Hamilton
- St. Thomas & Eastern Railway

IN THE COMMUNITY

SAFETY AND SUSTAINABILITY

Operation Lifesaver • Parachute Leaders in Injury Prevention • Tree Canada

TRANSPORTATION EDUCATION

Ryerson University • Canadian Transportation Research Forum • Foundation for Educational Exchange Between Canada and the United States of America

CARING AND SOLIDARITY

Canadian Diabetes Association • Free The Children • Frontiers Foundation
Partnership for a Drug Free Canada • Partners for Mental Health

Royal Botanical Gardens • Smile China Project • The Canadian Red Cross Society
UNITED WAY - Belleville • London • Mississauga • Niagara Falls • Oakville • Oshawa
Sault Ste. Marie • Sarnia • Sudbury • Thunder Bay • York • Windsor



\$1,000,000

Children's Hospital of Eastern Ontario Foundation
2008 beneficiary
Ottawa, Ontario

\$413,000

Children's Health Foundation
2006 beneficiary
London, Ontario

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North America's Railroad

NEWS RELEASE

CN targets C\$1.9 billion in 2013 capital investments to improve service, raise network efficiency and grow the business

MONTREAL, Feb. 5, 2013 — CN (TSX: CNR) (NYSE: CNI) announced today a 2013 plan to invest approximately C\$1.9 billion to maintain and upgrade its railway network, grow the business efficiently, and continue to improve customer service.

Claude Mongeau, president and chief executive officer, said: "CN is committed to operating a safe and sustainable railway, making continued improvements in service and seizing traffic opportunities to grow at low incremental cost.

"Infrastructure investments, the acquisition of new locomotives and equipment and the enhancement of information technology systems will help support our agenda of operational and service excellence. They will also make our customers more competitive in domestic and global markets and position us to maximize further business opportunities in intermodal, energy and other resource and manufacturing markets in 2013 and beyond."

More than C\$1 billion in 2013 will be spent on track infrastructure to continue operating a safe railway and to improve the productivity and fluidity of the network. This investment will include the replacement of rail, ties and other track materials, and bridge work, as well as capacity and productivity improvements, among others, to:

- Continue CN's extended siding program in northern British Columbia, Alberta, and northern Ontario;
- Double-track portions of its mainline in Saskatchewan and add new signals on CN's Alberta mainline to expedite train movements;
- Continue improvements at Kirk Yard in Gary, Ind., and the former Elgin, Joliet and Eastern Railway line, and increase yard capacity and add sidings in the Baton Rouge, La., region.

CN also expects to spend approximately C\$700 million to grow with its customers across a range of markets as they expand their business, including investments in:

- Transloading operations and distribution centres to transfer freight efficiently between rail and truck;
- Construction of the recently-announced intermodal terminal in Joliet, Ill., and the completion of the Calgary Logistics Park project, and

- Information technology to improve service and operating efficiency, and other projects to support the Company's strategic agenda.

In addition, CN will target approximately C\$200 million in 2013 for the acquisition of locomotives, intermodal equipment and vehicles as well as locomotive and car refurbishments. CN expects to take delivery of 40 new and 37 second-hand high-horsepower locomotives over the next 24 months, after also acquiring 25 new and 123 second-hand high-horsepower locomotives in 2012.

In 2012, CN's capital investment program totalled more than C\$1.8 billion.

Forward-Looking Statements

Certain information included in this news release constitutes "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities laws. CN cautions that, by their nature, these forward-looking statements involve risks, uncertainties and assumptions. The Company cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of the Company or the rail industry to be materially different from the outlook or any future results or performance implied by such statements. Important factors that could affect the above forward-looking statements include, but are not limited to, the effects of general economic and business conditions, 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, labor 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 and assumptions detailed from time to time in reports filed by CN with securities regulators in Canada and the United States. Reference should be made to "Management's Discussion and Analysis" in CN's annual and interim reports, Annual Information Form and Form 40-F filed with Canadian and U.S. securities regulators, available on CN's website, for a summary of major risks.

CN 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 Canadian securities laws. In the event CN does update any forward-looking statement, no inference should be made that CN will make additional updates with respect to that statement, related matters, or any other forward-looking statement.

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, St. Louis, 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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