



North America's Railroad

News
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Stock symbols: TSX: CNR / NYSE: CNI

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**CN enters consent agreement
with Canada's Competition Bureau on BC Rail Partnership**

\$1-billion transaction expected to close by mid-July 2004

VANCOUVER, July 2, 2004 — CN announced today that it has reached a consent agreement with Canada's Competition Bureau regarding its BC Rail Partnership and plans to close the \$1-billion transaction by mid-July 2004.

The consent agreement, filed with the Competition Tribunal today, builds on CN's promise of last fall to share merger efficiencies with BC Rail shippers and assure them competitive transportation options through its Open Gateway Rate and Service Commitment.

Under that commitment, shippers will be able to choose CN to reach markets, enjoying faster transit times, or they can route traffic over BC Rail to connecting railways at the Vancouver gateway at lower rates and with better service than exist today on BC Rail. CN has negotiated agreements with three connecting railroads at Vancouver – Canadian Pacific, Burlington Northern Santa Fe and Union Pacific – to ensure shippers routing options.

The consent agreement will also maintain competitive rates and service for grain shippers in the Peace River region.

E. Hunter Harrison, president and chief executive officer of CN, said: "CN is pleased to move ahead with this transaction and is ready to integrate the 1,500-mile BC Rail into our North American network spanning Canada and mid-America. We brought Illinois Central and Wisconsin Central into the CN family in a flawless fashion, and we expect nothing less in our integration of BC Rail.

"As we move forward with our partnership, we firmly believe CN's network and service advantages will strengthen the competitiveness of BC Rail shippers and help position Northern B.C. for new economic growth."

The Competition Bureau began its review of the CN-BC Rail Partnership after CN and the British Columbia government announced Nov. 25, 2003, that CN would acquire all shares outstanding of BC Rail, and the right to operate over BC Rail's roadbed under a long-term lease. Provincial legislation approving the partnership became law in December 2003. No further approvals are required before closing.

Information on the partnership is available at

www.cn.ca/BCRailpartnership

This news release contains forward-looking statements. CN cautions that, by their nature, forward-looking statements involve risk and uncertainties and that its results could differ materially from those expressed or implied in such statements. Reference should be made to CN's most recent Form 40-F filed with the United States Securities and Exchange Commission, and the Annual Information Form filed with the Canadian securities regulators, for a summary of major risks.

Canadian National Railway Company 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 cities 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.

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