



TCI Ensures Shareholders Will Have Opportunity to Hold CN Board Accountable and Create Necessary Change at the Company

Reiterates Need for Board and CEO Change at CN

Emphasizes Qualifications of Four Independent, Highly-skilled Director Candidates

Sets the Record Straight on Inaccurate Claims from CN Board

LONDON, October 5, 2021 – Long-term shareholders CIFF Capital UK LP and The Children’s Investment Master Fund, acting by their investment manager TCI Fund Management Limited (CIFF Capital UK LP, The Children’s Investment Master Fund and TCI Fund Management Limited, together, “TCI”), confirmed it will nominate four independent directors to the Canadian National Railway Company (TSX:CNR)(NYSE:CNI) (“CN” or the “Company”) Board of Directors (the “Board”) at the Company’s special meeting of shareholders (the “Special Meeting”) scheduled for March 22, 2022.

As a long-term CN shareholder, TCI is fully committed to the future health and performance of the Company and is acting to enhance value for all CN shareholders.

“With the meeting date now set, CN shareholders have a clear and certain path to exercise their rights as shareholders and hold the Company’s underperforming Board accountable,” said Chris Hohn, TCI Founder and Managing Partner. “We look forward to CN shareholders having the opportunity to make the right choice for CN by electing the four independent, highly-skilled director candidates that we have nominated.”

“A new, high-quality board with extensive railroad experience and expertise will help ensure CN is put on the right track to the benefit of the Canadian and US economies, shippers, employees and shareholders. CN can do better, and with a new board, it will.”

The Board Candidates

- **Gilbert Lamphere:** One of the most experienced railroad executives in North America, with 40 years of experience in the railroad industry. Mr. Lamphere has been a board member of several public and private railroad companies.
- **Allison Landry:** Currently an independent director on the board of XPO Logistics, Inc., a leading North American transportation company. Ms. Landry previously spent 16 years as a highly respected equity research analyst at Credit Suisse specializing in the railroad, trucking, airfreight and logistics industries.
- **Rob Knight:** Former Chief Financial Officer of Union Pacific, a position he held for 15-years. During Mr Knight’s 40-year tenure at Union Pacific, he held a variety of senior executive positions, including General Manager of the company’s energy and automotive businesses.
- **Paul Miller:** An expert in transportation, logistics, safety management and regulatory affairs and a former executive at CN from 1978-2011. During his 33-year career at the Company, Mr. Miller held leadership roles in operations, marketing and planning. He retired as CN’s Vice President of Safety, Sustainability and Network Transportation in 2011.

The quality of the board candidates is clear and indisputable. It is therefore notable that the Board has said nothing negative about the nominees but has instead chosen to attack TCI in an attempt to divert attention from the excellence of the candidates.

Gilbert Lamphere, Allison Landry, Rob Knight and Paul Miller represent a significant upgrade to the current Board and this has not been denied by the Board or the Company’s CEO, Jean-Jacques Ruest.



The Board has also not questioned the qualifications or ability of Jim Vena to be CEO. Instead, the Board has chosen to disparage TCI and question its motives when TCI only wants what is best for CN: a high-quality, experienced board, a world-class railroader as CEO and a long-term plan for sustainable growth.

Setting the Record Straight

CN shareholders deserve the truth. In its October 4, 2021 press release announcing the date of the Special Meeting, CN included inaccurate and misleading information about TCI and its motives:

- **CN Claim:** TCI is a “dissident shareholder” that only recently acquired its stake and “is seeking to assert effective control” over the Company.
- **Fact:** TCI has been a CN shareholder since 2018 and increased its stake in the Company due to the huge success and growth that will be achieved once CN has a strong board and world-class CEO. TCI’s actions are guided by and aligned with the interests of all shareholders, to re-establish CN as an efficient, fast-growing and well-governed railroad. TCI is a long-term shareholder with a compelling track record of advocating for strong corporate governance and is committed to the long-term success of CN. TCI invests in high-quality companies with deep and sustainable moats and believes strongly in the power of long-term compounding. TCI is not seeking to assert effective control over the Company. Gilbert Lamphere, Allison Landry, Rob Knight and Paul Miller are independent of TCI and no member of TCI is up for election.
- **CN Claim:** TCI’s stake in Canadian Pacific (“CP”) demonstrates a conflict of interest between TCI and other CN shareholders.
- **Fact:** Like many other CN shareholders, TCI is a firm believer in the long-term success and growth of the Canadian railroad industry and therefore owns both CN and CP, with a larger stake in CN. This is in no way unusual in the sector or in other industries. For years, CN has been losing market share. TCI believes that, with a strong board and world-class CEO, CN will regain its dominant market position and be the fastest growing and most profitable Class 1 railroad once again. TCI’s conviction in the future success and growth of CN under a new board is reflected in the size of its investment in the Company, which is valued at US\$4.3 billion, substantially greater than its investment in Canadian Pacific (US\$3.7 billion) and Union Pacific (US\$1.2 billion).
- **CN Claim:** CN’s pursuit of Kansas City Southern (“KCS”) resulted in “significant benefits for CN’s shareholders” and “was demonstrably positive for CN.”
- **Fact:** It is disingenuous for the Board and CEO to claim the bid was positive for CN when the positive outcomes were due solely to luck because the Surface Transportation Board (“STB”) unexpectedly delayed its ruling on the voting trust by four weeks. In fact, CN’s failed attempt to acquire KCS was reckless and exposed a basic misunderstanding of the railroad industry and regulatory environment. The bid put C\$2 billion of termination fees at risk and if the STB had issued its negative ruling in July (as CN expected), the outcome would have been very different. It is dishonest and misleading for Mr. Ruest to claim credit for the entirely fortuitous outcomes and to fail to acknowledge the serious negative outcomes of the bid, specifically, damaging the reputation of CN, its Board and management team, antagonizing the STB and distracting management from running the network.
- **CN Claim:** TCI has been “attacking the Company publicly.”
- **Fact:** TCI has been critical of only the Board and CEO, not the Company. TCI has not attacked the Company; quite the opposite. TCI has said many times CN is a great company, and owns a unique asset – the best rail network in North America. However, the Board is inadequate, and has been responsible for multiple corporate governance failures, while the CEO lacks the operational expertise to run a railroad. TCI is a long-term CN shareholder because it believes the Company owns a



tremendous asset, but the Board and CEO have been underperforming for too long. Change is required to make CN the most efficient and fastest growing railroad in the industry once again.

TCI cautions shareholders to expect the Board to continue to allege TCI's campaign is against the Company rather than against the Board. To be clear, this is an attempt to distract attention from the failings of the Board and CEO and to escape accountability.

The Board may also attempt to turn the special meeting into a vote on TCI, rather than conduct an objective and informed debate on the merits of the four nominees. Gilbert Lamphere, Allison Landry, Rob Knight and Paul Miller are independent of TCI and represent a clear and significant upgrade to the current Board. No member of TCI is up for election. Shareholders deserve to know what the current Board thinks of the candidates. A campaign against TCI is not productive, does not inform shareholders and will not put CN back on track.

The truth is that CN's Board and CEO lack the necessary operating and railway expertise to improve the performance of the Company. Gilbert Lamphere, Allison Landry, Rob Knight and Paul Miller have significant operational experience and analytical capabilities in the railroad industry, and their election, together with a new CEO, will provide the essential expertise required for CN to reach its full potential.

The CN Board is Responsible for Multiple Corporate Governance Failures

Since 2016 (when Jim Vena left CN), CN's operating and financial performance has lagged the other Class 1 railroads. The Board has also presided over multiple corporate governance failures:

- The Board has assembled a slate of directors with no meaningful railroad operational experience or expertise.
- The Board has permitted a brain drain of high-quality operators to leave CN while not addressing the cause of their departures.
- A failure, twice, to appoint a world class CEO, instead first appointing Luc Jobin – who held the post for less than two years – and now Mr. Ruest.
- The Board has not held Mr. Ruest accountable for the deterioration in CN's relative financial and operational performance; instead, the Board has increased his compensation.
- The Board approved an abrupt about-turn in strategy, involving large headcount reductions, share buybacks, asset sales, capital expenditure reductions and short-term financial targets, rather than acknowledge and address the fundamental issue of a lack of a culture of operational excellence.
- The new plan is being implemented without a credible succession plan in place for a CEO who does not have the operational expertise or credibility to execute it and who is unlikely to remain with the Company beyond 2022.
- If leadership *could* execute on this plan – it would have happened years ago. Management's performance has been poor, and there is no evidence to suggest the same management team has the capabilities to achieve the targets it has set.
- The Board failed to disclose material developments to shareholders in an appropriate and timely manner. The resignation of Julie Godin, CN's youngest female director, the day before the announcement of CN's new strategic plan, was not publicly disclosed. This exposed a deliberate lack of transparency and a selective approach to disclosure with respect to governance matters.
- Despite many offers to do so, the Board has failed to engage with TCI, CN's second largest shareholder, when requisitioning a meeting to elect credible, independent, highly-skilled Board nominees supported by many shareholders.
- The CN share price has massively underperformed the North American railroad sector.

CN Can Do Better

With a new Board and world-class CEO, TCI is confident CN can get back on track and regain market share in the extremely attractive Canadian railway industry.

- With the right Board and CEO, CN's operations, service and efficiency will enable and enhance sustainable volume growth.
- Gilbert Lamphere, Allison Landry, Rob Knight and Paul Miller are independent, highly-skilled and well-qualified individuals who have considerable operational and analytical experience in the railroad industry and will bring more balance and diversity to the Board.
- Once elected, the independent Board members would work to select a new CEO. TCI has identified Jim Vena as the outstanding candidate. Mr. Vena has a proven, 40+ year track record as an exceptional railroad operator. He spent 40 years at CN, where he started as a unionized employee in 1976 and worked his way up to become Chief Operating Officer from 2013 until his retirement in 2016. Most recently, during his two years as Chief Operating Officer and Senior Advisor to the Chairman at Union Pacific, he drove remarkable improvement in Union Pacific's operations, service, efficiency and profitability, resulting in a 650bps improvement in operating ratio, US\$1.4 billion in efficiency savings and the best service production in Union Pacific's history.

CN Shareholders Should Demand Change

CN's recent performance is the result of a railroad being run by a CEO without operational experience. Shareholders of CN can take steps to help get CN back on track by:

- Voting for Gilbert Lamphere, Allison Landry, Rob Knight and Paul Miller. They have all had long and distinguished careers operating in and analysing the railroad industry. They bring vast railroad experience and knowledge, and they share a common and very achievable goal: to create a much-needed culture of operational excellence at CN, which is essential if the Company is to reach its full potential.
- Demanding CN delay any unilateral appointment of three new Board members until after the Special Meeting where all shareholders will have a say on Gilbert Lamphere, Allison Landry, Rob Knight, Paul Miller and the current Board. Given the time between now and the Special Meeting, TCI is concerned that the Board will attempt to identify and install management-selected replacement directors, a common tactic for underperforming Boards and evidenced by the resignation of Julie Godin in September 2021. Allowing the current Board to handpick successors will not result in the significant change that CN needs.
- Asking the Board not to commence a CEO search until after the shareholder vote at the Special Meeting to ensure Jim Vena is fully considered.
- Insisting change needs to occur because, once the KCS deal closes, CP will be a much stronger competitor so CN needs to raise its game now to prepare for a tougher competitive environment.

Advisors

Kingsdale Advisors is acting as strategic shareholder and communications advisor to TCI. ASC Advisors is acting as communications advisor to TCI. Allen McDonald Swartz LLP, Fasken Martineau DuMoulin LLP and Schulte Roth & Zabel LLP are acting as legal counsel to TCI.

About TCI Fund Management

Founded in 2003 by Sir Christopher Hohn, TCI Fund Management Limited, the investment manager of CIFF Capital UK LP and The Children's Investment Master Fund, is a value orientated, fundamental investor which invests globally in strong businesses with sustainable competitive advantages. Using a private equity



approach, TCI Fund Management Limited conducts deep fundamental research, constructively engages with management and adopts a long-term investment horizon. For more information on TCI Fund Management Limited and its ESG policy, visit www.tcifund.com/ESG

Disclosures

TCI has been a CN shareholder since 2018. TCI currently owns more than 5% of the shares outstanding (valued at US\$4.3 billion) and is committed to the long-term success of CN.

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Information in Support of Public Broadcast Solicitation

The information contained in this press release does not and is not meant to constitute a solicitation of a proxy within the meaning of applicable corporate and securities laws. Although TCI requisitioned the Special Meeting for the purposes of refreshing the current Board by adding four nominees, shareholders are not being asked at this time to execute a proxy in favour of TCI's nominees for election to the Board or any other resolutions set forth in the requisition. In connection with the Special Meeting, TCI has filed a preliminary information circular dated September 27, 2021 (the "Circular") and expects to issue a supplement thereto or amendment and restatement thereof (the "Final TCI Circular") containing further disclosure concerning TCI's proposals, together with additional details concerning the completion and return of forms of proxy and voting information forms ("VIFs") to be provided by TCI for use at the Special Meeting.

Notwithstanding the foregoing, TCI is voluntarily providing the disclosure required in accordance with corporate and securities laws applicable to public broadcast solicitations.

This press release and any solicitation made by TCI in advance of the Special Meeting is, or will be, as applicable, made by TCI and not by or on behalf of the management of CN.

Shareholders of CN are not being asked at this time to execute proxies in favour of TCI's nominees (in respect of the Special Meeting) or any other resolution set forth in the requisition. TCI intends to make its solicitation primarily by mail, but proxies may also be solicited personally by telephone, email or other



electronic means, as well as by newspaper or other media advertising or in person, by TCI, certain of its members, partners, directors, officers and employees, TCI's nominees or TCI's agents, including Kingsdale Advisors, who has been retained by TCI as its strategic shareholder advisor and proxy solicitation agent. Pursuant to the agreement between Kingsdale Advisors and TCI Fund Management Limited, Kingsdale Advisors would receive a fee of up to \$3.5 million, plus customary fees for each call to or from shareholders of CN, and would be reimbursed for certain out-of-pocket expenses, with all such costs to be borne by TCI. In addition, TCI may solicit proxies in reliance upon the public broadcast exemption to the solicitation requirements under applicable Canadian corporate and securities laws, by way of public broadcast, including press release, speech or publication, and in any other manner permitted under applicable Canadian laws. Any members, partners, directors, officers or employees of TCI and their affiliates or other persons who solicit proxies on behalf of TCI will do so for no additional compensation. The costs incurred in the preparation and mailing of the Circular and the Final TCI Circular, and the solicitation of proxies by TCI will be borne by TCI, provided that, subject to applicable law, TCI may seek reimbursement from CN of TCI's out-of-pocket expenses, including proxy solicitation expenses and legal fees, incurred in connection with a successful reconstitution of the Board.

A registered shareholder of CN who has given a proxy may revoke the proxy at any time prior to use by:

- (a) depositing an instrument or act in writing revoking the proxy, executed or, in Quebec, signed by such registered shareholder or by his, her or its personal representative authorized in writing or by electronic signature or, if the registered shareholder is a corporation, by an officer or attorney thereof properly authorized, either: (i) at the registered office of CN at any time up to and including the last business day preceding the day of the Special Meeting or any postponement(s) or adjournment(s) thereof, at 935, rue de La Gauchetière ouest, Montréal, Québec, Canada, H3B 2M9; or (ii) with the chairman of the Special Meeting prior to commencement of the Special Meeting on the day of the Special Meeting or any postponement(s) or adjournment(s) thereof; or
- (b) revoking the proxy in any other manner permitted by law.

A non-registered shareholder may revoke a form of proxy or VIF given to an intermediary or Broadridge Investor Communications (or any such other service company) at any time by submitting another properly completed form of proxy or VIF, as the latest form of proxy or VIF will automatically revoke any previous one already submitted, or by written notice to the intermediary in accordance with the instructions given to the non-registered shareholder by its intermediary.

Based on information provided to TCI by each respective nominee, none of TCI's nominees, nor any of their associates or affiliates, has had any material interest, direct or indirect, in any transaction since the commencement of CN's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect CN or any of its subsidiaries.

Based on information provided to TCI by each respective nominee, none of TCI nor any member, partner, director or officer of TCI, nor any of TCI's nominees, nor any associates or affiliates of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in the matters currently known to be acted upon at the Special Meeting, other than in respect of TCI's ownership, control or direction of an aggregate of 36,699,825 common shares of CN, and the removal of certain incumbent directors and the election of the nominees as directors of CN.

CN's registered office address is 935, rue de La Gauchetière ouest, Montréal, Québec, Canada, H3B 2M9. A copy of the Circular which contains the information required in respect of each of TCI's nominees may be obtained on CN's SEDAR profile at www.sedar.com.