CANADIAN NATIONAL RAILWAY CO
Form 6-K
March 23, 2012

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 March, 2012

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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Items

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: March 23, 2012	By:	/s/ Sean Finn	
		Name:	Sean Finn
		Title:	Executive Vice-President Corporate Services and Chief Legal Officer

Item 1

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Our annual meeting of holders of common shares will be held at

THE WORLD TRADE AND CONVENTION CENTRE
GRAND BALLROOM (ROOM 200C)
1800 ARGYLE STREET
HALIFAX, NOVA SCOTIA (CANADA)

on Tuesday, April 24, 2012, at 10:00 a.m. (Atlantic Daylight Time) for the purposes of:

1. receiving the consolidated financial statements for the year ended December 31, 2011, and the auditors' reports thereon;
2. electing the directors;
3. appointing the auditors;
4. considering and approving, in an advisory, non-binding capacity, a resolution (the full text of which is set out on page 6 of the accompanying management information circular) accepting the Company's approach to executive compensation as disclosed in the Statement of Executive Compensation section of the accompanying management information circular; and
5. transacting such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

The directors have fixed March 7, 2012 as the record date for the determination of the holders of common shares entitled to receive notice of the Meeting.

By order of the Board of Directors

(Signed) Sean Finn
Sean Finn
EXECUTIVE VICE-PRESIDENT
CORPORATE SERVICES AND CHIEF LEGAL OFFICER
AND CORPORATE SECRETARY

March 13, 2012
Montréal, Quebec

Item 2

March 13, 2012

Dear Shareholder:

On behalf of the Board of Directors and Management of Canadian National Railway Company (the "Company"), we cordially invite you to attend the annual meeting of shareholders that will be held this year at the World Trade and Convention Centre, Grand Ballroom (Room 200C), 1800 Argyle Street, Halifax, Nova Scotia (Canada), on Tuesday, April 24, 2012, at 10:00 a.m. (Atlantic Daylight Time).

This Information Circular describes the business to be conducted at the meeting and provides information on executive compensation and CN's governance practices. In addition to these items, we will discuss, at the meeting, highlights of our 2011 performance and our plans for the future. You will have the opportunity to meet and interact with your directors and the senior officers of the Company.

Your participation in the affairs of the Company is important to us. If you are unable to attend in person, we encourage you to complete and return the enclosed proxy form or voting instruction form in the envelope provided for this purpose so that your views can be represented. Also, it is possible for you to vote over the Internet by following the instructions on the enclosed forms. Even if you plan to attend the meeting, you may find it convenient to express your views in advance by completing and returning the proxy form or voting instruction form or by voting over the Internet.

If your shares are not registered in your name but are held in the name of a nominee, you may wish to consult the information on page 5 of the Information Circular with respect to how to vote your shares.

A live webcast of the meeting will be available on the Company's website at www.cn.ca.

We look forward to seeing you at the meeting.

Sincerely,

(Signed) Claude Mongeau	(Signed) David G.A. McLean
Claude Mongeau	David G.A. McLean
PRESIDENT AND CHIEF EXECUTIVE OFFICER	CHAIRMAN OF THE BOARD

INFORMATION CIRCULAR

This management information circular (the "Information Circular") is provided in connection with the solicitation of proxies by management of Canadian National Railway Company for use at the annual meeting of its shareholders or at any adjournment or postponement thereof (the "Meeting"). In this document "you" and "your" refer to the shareholders of, and "CN", the "Company" or "we", "us", "our" refer to, Canadian National Railway Company. The Meeting will be held on Tuesday, April 24, 2012, at 10:00 a.m. (Atlantic Daylight Time) for the purposes set forth in the foregoing Notice of Meeting. The information contained herein is given as at February 29, 2012, except as indicated otherwise.

IMPORTANT– If you are not able to attend the Meeting, please exercise your right to vote by signing the enclosed form of proxy or voting instruction form and, in the case of registered shareholders and holders of Employee Shares (as such term is defined in this Information Circular) by returning it to Computershare Trust Company of Canada in the enclosed envelope, or by voting over the Internet no later than 5:00 p.m. (Atlantic Daylight Time) on April 23, 2012, or, if the Meeting is adjourned or postponed, by no later than 5:00 p.m. (Atlantic Daylight Time) on the business day prior to the day fixed for the adjourned or postponed meeting. If you are a non-registered shareholder, reference is made to the section entitled "How do I vote if I am a non-registered shareholder?" on page 5 of this Information Circular.

What's Inside

QUESTIONS AND ANSWERS

Voting and Proxies

The following questions and answers provide guidance on how to vote your shares.

Who can vote?

Shareholders who are registered as at the close of business on March 7, 2012 (the "record date"), will be entitled to vote at the Meeting or at any adjournment or postponement thereof, either in person or by proxy.

As of the close of business on February 29, 2012, the Company had outstanding 440,405,713 common shares without par value. Subject to the voting restrictions described below, each common share carries the right to one vote.

To the knowledge of the Directors and senior officers of the Company, based on the most recent publicly available information, the only person who beneficially owns, or exercises control or direction over, directly or indirectly, shares carrying 10% or more of the voting rights attached to any class of shares of the Company is Mr. William H. Gates, III, who, as the sole member of Cascade Investment, L.L.C. and a co-trustee of the Bill & Melinda Gates Foundation Trust, is deemed to have beneficial ownership of and/or control or direction over 50,020,031 common shares of the Company representing 11.36% of the outstanding common shares of CN as of February 29, 2012.

What will I be voting on?

Shareholders will be voting (i) to elect directors of the Company, (ii) to appoint KPMG LLP as auditors of the Company, and (iii) in an advisory, non-binding capacity, on the approach to executive compensation disclosed in the Statement of Executive Compensation section of this Information Circular. Our Board of Directors and our management are recommending that shareholders vote FOR items (i), (ii) and (iii).

How will these matters be decided at the meeting?

A simple majority of the votes cast, in person or by proxy, will constitute approval of these matters.

Who is soliciting my proxy?

Management of the Company is soliciting your proxy. The solicitation is being made primarily by mail, but our directors, officers or employees may also solicit proxies at a nominal cost to the Company. The Company has retained and will pay for the services of Phoenix Advisory Partners for the solicitation of proxies in Canada and the United States, at an aggregate cost estimated to be C$30,000 plus additional costs relating to out-of-pocket expenses.

Who can I call with questions?

If you have questions about the information contained in this Information Circular or require assistance in completing your form of proxy, please call Phoenix Advisory Partners, the Company's proxy solicitation agent, toll-free at 1-800-926-6756 or by e-mail at inquiries@phoenixadvisorypartners.com.

How can I contact the transfer agent?

You can contact the transfer agent either by mail at Computershare Trust Company of Canada, 100 University Ave., 9th Floor, Toronto, Ontario M5J 2Y1, by telephone at 1-800-564-6253, by fax at 1-888-453-0330 or by email at service@computershare.com.

How do I vote?

If you are eligible to vote and your common shares are registered in your name, you can vote your common shares in person at the Meeting or by proxy, as explained below. If your common shares are held in the name of a nominee, please see the instructions below under “How do I vote if I am a non-registered shareholder?”.

What are the voting restrictions?

Our articles of incorporation, as amended, provide that no person, together with his or her associates, shall hold, beneficially own or control, directly or indirectly, voting shares to which are attached more than 15% in the aggregate of the votes attached to all our voting shares that may ordinarily be cast to elect directors of the Company. In addition, where the total number of voting shares held, beneficially owned or controlled, directly or indirectly, by any one person together with his or her associates exceeds such 15% maximum, no person shall, in person or by proxy, exercise the voting rights attached to the voting shares held, beneficially owned or controlled, directly or indirectly, by such person or his or her associates.

How do I vote if I am a registered shareholder?

1. VOTING BY PROXY

You are a registered shareholder if your name appears on your share certificate. If this is the case, you may appoint someone else to vote for you as your proxy holder by using the enclosed form of proxy. The persons currently named as proxies in such form of proxy are the Board Chair and the President and Chief Executive Officer of the Company. However, you have the right to appoint any other person or company (who need not be a shareholder) to attend and act on your behalf at the Meeting. That right may be exercised by writing the name of such person or company in the blank space provided in the form of proxy or by completing another proper form of proxy. Make sure that the person you appoint is aware that he or she is appointed and attends the Meeting.

How can I send my form of proxy?

You can either return a duly completed and executed form of proxy to the transfer agent and registrar for the Company's common shares, Computershare Trust Company of Canada, in the envelope provided, or you can vote over the Internet by following the instructions on the form of proxy.

What is the deadline for receiving the form of proxy?

The deadline for receiving duly completed forms of proxy or a vote over the Internet is 5:00 p.m. (Atlantic Daylight Time) on April 23, 2012, or if the Meeting is adjourned or postponed, by no later than 5:00 p.m. (Atlantic Daylight Time) on the business day prior to the day fixed for the adjourned or postponed meeting.

How will my common shares be voted if I give my proxy?

Your common shares will be voted or withheld from voting in accordance with your instructions indicated on the proxy. If no instructions are indicated, your common shares represented by proxies in favour of the Board Chair or the President and Chief Executive Officer will be voted as follows:

FOR the election of management's nominees as directors,

FOR the appointment of KPMG LLP as auditors,

FOR, in an advisory, non-binding capacity, the approach to executive compensation disclosed in the Statement of Executive Compensation section of this Information Circular, and at the discretion of the proxy holder in respect of amendments to any of the foregoing matters or on such other business as may properly be brought before the Meeting. Should any nominee named herein for election as a director become unable to accept nomination for election, it is intended that the person acting under proxy in favour of management will vote for the election in his or her stead of such other person as management of the Company may recommend. Management has no reason to believe that any of the nominees for election as directors will be unable to serve if elected to office and management is not aware of any amendment or other business likely to be brought before the Meeting.

If I change my mind, how can I revoke my proxy?

You may revoke your proxy at any time by an instrument in writing (which includes another form of proxy with a later date) executed by you, or by your attorney (duly authorized in writing), and (i) deposited with the Corporate Secretary of the Company at the registered office of the Company (935 de La Gauchetière Street West, Montréal, Quebec, Canada, H3B 2M9) at any time up to and including 5:00 p.m. (Atlantic Daylight Time) on the last business day preceding the day of the Meeting or any adjournment or postponement thereof, or (ii) filed with the chair of the Meeting on the day of the Meeting or any adjournment or postponement thereof, or in any other manner permitted by law or in the case of a vote over the Internet, by way of a subsequent Internet vote.

2. VOTING IN PERSON

If you wish to vote in person, you may present yourself to a representative of Computershare Trust Company of Canada at the registration table. Your vote will be taken and counted at the Meeting. If you wish to vote in person at the Meeting, do not complete or return the form of proxy.

How do I vote if I am a non-registered shareholder?

If your common shares are not registered in your name and are held in the name of a nominee such as a trustee, financial institution or securities broker, you are a “non-registered shareholder”. If your common shares are listed in an account statement provided to you by your broker, those common shares will, in all likelihood, not be registered in your name. Such common shares will more likely be registered under the name of your broker or an agent of that broker. Without specific instructions, brokers and their agents or nominees are prohibited from voting shares for the broker’s client. If you are a non-registered shareholder, there are two ways, listed below, that you can vote your common shares:

1. GIVING YOUR VOTING INSTRUCTIONS

Applicable securities laws require your nominee to seek voting instructions from you in advance of the Meeting. Accordingly, you will receive or have already received from your nominee a request for voting instructions for the number of common shares you hold. Every nominee has its own mailing procedures and provides its own signature and return instructions, which should be carefully followed by non-registered shareholders to ensure that their common shares are voted at the Meeting.

2. VOTING IN PERSON

However, if you wish to vote in person at the Meeting, insert your own name in the space provided on the request for voting instructions provided by your nominee to appoint yourself as proxy holder and follow the signature and return instructions of your nominee. Non-registered shareholders who appoint themselves as proxy holders should present themselves at the Meeting to a representative of Computershare Trust Company of Canada. Do not otherwise complete the request for voting instructions sent to you as you will be voting at the Meeting.

How do I vote if I own Employee Shares?

Common shares purchased by employees of the Company under its Canadian and U.S. Employee Share Investment Plans and its Union and Management Savings Plans for U.S. Operations (the “Plans”), are known as “Employee Shares”. Employee Shares remain registered in the name of the Plans’ custodian (the “custodian”), unless the employees have withdrawn their common shares from the Plans in accordance with their provisions.

Voting rights attached to the Employee Shares that are registered in the name of the custodian can be exercised by employees, or their attorneys authorized in writing, by indicating on the enclosed voting instruction form the necessary directions to the custodian or any other person or company (who need not be a shareholder) as to how they wish their Employee Shares to be voted at the Meeting. Beneficial owners of Employee Shares may also give such voting instructions by telephone or over the Internet. The Employee Shares will be voted pursuant to the directions of the beneficial owner. If no choice is specified for an item, the Employee Shares will be voted in accordance with management’s recommendations mentioned above and at the discretion of the custodian or such other person indicated, in respect of amendments to the items mentioned on the enclosed voting instruction form or on such other business as may properly be brought before the Meeting. Only Employee Shares in respect of which a voting instruction form has been signed and returned (or in respect of which the employee has given voting instructions by telephone or over the Internet) will be voted. If you wish to vote Employee Shares in person at the Meeting, refer to paragraph 2 of the section entitled “How do I vote if I am a non-registered shareholder?”

A holder of Employee Shares may revoke his or her directions, as indicated on a voting instruction form, at any time by an instrument in writing executed by the holder of Employee Shares, or by the holder’s attorney duly authorized in writing, provided such written instrument indicating the holderís intention to revoke is (i) deposited with the

Corporate Secretary of CN at the registered office of CN at any time up to and including 5:00 p.m. (Atlantic Daylight Time) on the last business day preceding the day of the Meeting or any adjournment or postponement thereof, or (ii) filed with the chair of the Meeting on the day of the Meeting or any adjournment or postponement thereof, or in any other manner permitted by law, or in the case of directions given by telephone or over the Internet, by way of subsequent telephone or internet directions.

The voting instruction form must be used only with respect to Employee Shares. In the event that an employee holds common shares outside the Plans, he or she must also complete the enclosed form of proxy with respect to such additional common shares. No form of proxy is to be completed with respect to Employee Shares.

BUSINESS OF THE MEETING

Financial Statements

Our consolidated financial statements for the year ended December 31, 2011, together with the auditors' reports thereon, are included in the 2011 Annual Report of the Company, available on our website at www.cn.ca, on SEDAR at www.sedar.com, in the Companyís annual report on Form 40-F available on EDGAR at www.sec.gov, on our website at www.cn.ca, and in print, free of charge, to any shareholder who requests copies by contacting our Corporate Secretary at (514) 399-7091 or Investor Relations at (514) 399-0052.

Election of Directors

Our articles of incorporation, as amended, provide that our Board of Directors shall consist of a minimum of seven and a maximum of 21 directors (hereinafter the "Board" or "Board of Directors"). Pursuant to a resolution of the Board of Directors, 13 persons are to be elected as directors for the current year, each to hold office until the next annual meeting of shareholders or until such person's successor is elected or appointed.

The term of office of each of the present directors expires at the close of the Meeting. The persons named in the section entitled "Nominees for Election to the Board – Description of Nominees" will be presented for election at the Meeting as management's nominees. All of the nominees proposed for election as directors are currently directors of the Company. All persons nominated were recommended to the Board of Directors by the Corporate Governance and Nominating Committee. Unless authority is withheld, the persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR the election of these nominees. The persons nominated are, in the opinion of the Board of Directors and management, well qualified to act as directors of the Company for the ensuing year and have confirmed their willingness to serve as directors. The Board of Directors and management do not contemplate that any of these nominees will be unable to serve as a director, but should that occur for any reason before the Meeting, the persons designated in the accompanying form of proxy or voting instruction form reserve the right to vote for another nominee at their discretion unless the shareholder who has given such proxy or voting instruction form has directed that the common shares be withheld from voting on the election of any of the directors.

Appointment of Auditors

The Board of Directors and the Audit Committee recommend that KPMG LLP be appointed to serve as our auditors until the next annual meeting of shareholders. Unless authority is withheld, the persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR the appointment of KPMG LLP as auditors of the Company to hold office until the next annual meeting of shareholders.

Advisory Vote on Executive Compensation

Similarly to last year, the Company is again providing its shareholders with an annual opportunity to cast at its annual meeting an advisory vote on the Company's approach to executive compensation, as disclosed in the Statement of Executive Compensation section of this Information Circular. Such section describes the role of the Human Resources and Compensation Committee in overseeing compensation of executives and ensuring that it is linked to the Company's three-year business plan. The section also describes the Company's executive compensation principles, the structure of the compensation plans for executives, and the alignment of such plans with the interests of our shareholders.

The Board of Directors recommends that shareholders vote FOR the resolution set out below and, unless otherwise instructed, the persons designated in the form of proxy intend to vote FOR the following resolution:

"RESOLVED that, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, the shareholders accept the approach to executive compensation disclosed in the section entitled "Statement of Executive Compensation" of the Information Circular of the Company dated March 13, 2012."

The Board of Directors has adopted a policy to the effect that, if a majority of the shares represented in person or by proxy at the meeting are voted against the above non-binding advisory resolution, the Board Chair or the Chair of the Human Resources and Compensation Committee will oversee a process to engage with shareholders with a view to giving shareholders the opportunity to express their specific concerns. The Board of Directors and the Human Resources and Compensation Committee will consider the results of this process and, if appropriate, review the Company's approach to executive compensation in the context of shareholders' specific concerns.

NOMINEES FOR
ELECTION TO THE BOARD

Description of Nominees

The following tables set out information as of February 29, 2012, unless otherwise indicated, regarding the nominees for election as directors. All nominees are current directors of the Company.

MICHAEL R. ARMELLINO, CFA
Age: 72(1)
Long Beach Island, New Jersey, U.S.A.
Director since: May 7, 1996
Independent

Mr. Armellino, a chartered financial analyst, is a Retired Partner, The Goldman Sachs Group, LP. From 1991 to 1994, Mr. Armellino was chair and Chief Executive Officer of Goldman Sachs Asset Management. Prior to 1991, he had held various positions at Goldman, Sachs & Co., including senior transportation analyst and Partner in Charge of Research.

Mr. Armellino is a Trustee and member of the Executive Committee of the Peddie School, a Trustee of the Hackensack University Medical Center Foundation and Founder and senior advisor of the Bergen Volunteer Medical Initiative, a privately funded organization providing free health care for those without healthcare in Bergen County, New Jersey. Mr. Armellino is also a director of Armanta Corp., a private computer software company.

Mr. Armellino holds an MBA in finance from the Stern School of Business (New York University), New York.

SECURITIES HELD	
COMMON SHARES OWNED OR CONTROLLED(2)	
Value at Risk	C$8,834,400(3)
February 2012	115,965
February 2011	113,680

MEMBER OF	ATTENDANCE	OTHER PUBLIC BOARDS DURING PAST 5 YEARS
Board	100%	N/A
Strategic Planning Committee (Chair)	100%	
Environment, Safety & Security Committee	100%	
Finance Committee	100%	
Human Resources & Compensation Committee	100%	
Investment Committee of CN's Pension Trust Funds(5)	100%	

A. CHARLES BAILLIE, O.C., LL.D.
Age: 72(1)
Toronto, Ontario, Canada
Director since: April 15, 2003
Independent

Mr. Baillie retired as chair of The Toronto-Dominion Bank in April 2003, and as Chief Executive Officer in December 2002 after a career at the bank that spanned five decades. Mr. Baillie is chair of the board of directors of Alberta Investment Management Corporation (AIMCo) and is also a director of George Weston Limited and TELUS Corporation.

Mr. Baillie is a past chairman of the Canadian Council of Chief Executives and Chancellor Emeritus of Queen's University. He has been heavily involved in the arts for many years and is currently Honorary Chair of the Art Gallery of Ontario. He is president of Authors at Harbour Front and on the national board of directors of Soulpepper Theatre Company, Luminato and Business for the Arts. He was appointed an Officer of the Order of Canada in 2006 and inducted into the Canadian Business Hall of Fame in 2008. Mr. Baillie holds an Honorary Doctorate from Queen's University, and is a Fellow of theRoyal Conservatory of Music.

Mr. Baillie holds an Honours B.A. in Political Science and Economics from the University of Toronto and an MBA from Harvard Business School.

SECURITIES HELD	
COMMON SHARES OWNED OR CONTROLLED(2)	
Value at Risk	C$11,850,974(3)
February 2012	155,443(6)
February 2011	151,711(7)

MEMBER OF	ATTENDANCE	OTHER PUBLIC BOARDS DURING PAST 5 YEARS	
Board	100%	George Weston Limited	(2003-present)
Finance Committee (Chair)	100%	TELUS Corporation	(2003-present)
Corporate Governance & Nominating Committee	100%	Dana Corporation	(1998-2008)
Human Resources and Compensation Committee	100%		
Investment Committee of CN's Pension Trust Funds (5)	100%		
Strategic Planning Committee	100%		

HUGH J. BOLTON, FCA
Age: 73(1)
Edmonton, Alberta, Canada
Director since: April 15, 2003
Independent

Mr. Bolton is the chairman of the board of directors of EPCOR Utilities Inc. (energy and energy-related services provider, not publicly traded). From 2001 to 2010 he also served as chair of Matrikon Inc.

From 1992 to 1997, Mr. Bolton was chairman and Chief Executive Partner of Coopers & Lybrand Canada (now PricewaterhouseCoopers), capping a forty-year career with the firm. Mr. Bolton is also a director of Capital Power Corporation, Teck Resources Limited, TD Bank Financial Group and WestJet Airlines Ltd.

He is also a director of the Shock Trauma Air Rescue Society (STARS), a non-profit organization providing emergency medical transport using medivac helicopters in Alberta, eastern British Columbia and western Saskatchewan, and of the Alberta Board of Governors of the Miller Thomson Foundation.

He was inducted as a fellow of the Institute of Corporate Directors in 2006 and is a recipient of the Lifetime Achievement Award from the Institute of Chartered Accountants of Alberta. He has previously served as a member of the Board of Governors of Junior Achievement of Canada and the Canadian Tax Foundation.

Mr. Bolton is a Chartered Accountant and holds an undergraduate degree of economics from the University of Alberta.

SECURITIES HELD	
COMMON SHARES OWNED OR CONTROLLED(2)	
Value at Risk	C$3,646,788(3)
February 2012	47,833(6)
February 2011	45,680(7)

MEMBER OF	ATTENDANCE	OTHER PUBLIC BOARDS DURING PAST 5 YEARS	
Board	100%	Capital Power Corporation	(2009-present)
Audit Committee	100%	WestJet Airlines Ltd.	(2005-present)
Environment Safety & Security Committee	100%	TD Bank Financial Group	(2003-present)
Human Resources and Compensation Committee	100%	Teck Resources Limited	(2001-present)
Investment Committee of CN's Pension Trust Funds(5)	100%	Matrikon Inc.	(2001-2010)

Strategic Planning Committee	100%

DONALD J. CARTY, O.C., LL.D.
Age: 65(1)
Dallas, Texas, U.S.A.
Director since: January 1, 2011
Independent

Mr. Carty is the retired vice-chairman and Chief Financial Officer of Dell, Inc., a position he assumed in January 2007. Before joining Dell, Mr. Carty retired in 2003 as chairman and CEO of AMR Corporation and American Airlines. He had previously served as President, Executive Vice-President – Finance and Planning and Senior Vice-President and Controller of AMR Airline Group and American Airlines. He was President and CEO of CP Air from 1985 – 1987.

In the voluntary sector, Mr. Carty is on the Board of Trustees of Southern Methodist University and the Executive Board of the SMU Cox School of Business. He is chairman of Big Brothers Big Sisters Lone Star and is a former chairman of Big Brothers Big Sisters of America. In 1999, Board Alert named Mr. Carty one of the year's Outstanding Directors. He was named an Officer of the Order of Canada in 2003.

Mr. Carty is lead director of Barrick Gold Corporation and also serves on the boards of Dell, Inc., Gluskin, Sheff & Associates Inc. and Talisman Energy Inc. He is chairman of Virgin America Airlines Inc. and Porter Airlines, Inc.

Mr. Carty holds an undergraduate degree and an Honorary Doctor of Laws from Queen's University, and a Master of Business Administration from the Harvard Business School.

SECURITIES HELD	
COMMON SHARES OWNED OR CONTROLLED(2)	
Value at Risk	C$386,469(3)
February 2012	5,073(6)
February 2011	2,739(7)

MEMBER OF(8)	ATTENDANCE	OTHER PUBLIC BOARDS DURING PAST 5 YEARS	
Board	100%	Talisman Energy Inc.	(2009-present)
Audit Committee	80%	Barrick Gold Inc.	(2006-present)
Corporate Governance and Nominating Committee	100%	Gluskin Sheff & Associates	(2006-present)
Finance Committee	100%	Dell, Inc.	(1992-present)
Strategic Planning Committee	100%	Hawaiian Holdings, Inc.	(2004-2011)
		Sears Holding Corp.	(2001-2007)

AMBASSADOR
GORDON D. GIFFIN
Age: 62(1)
Atlanta, Georgia, U.S.A.
Director since: May 1, 2001
Independent

Mr. Giffin is Senior Partner of the law firm of McKenna Long & Aldridge, where he maintains offices in Washington, D.C. and Atlanta. His practice focuses on international transactions and trade matters and public policy. He has been engaged in the practice of law or government service for more than thirty years. Mr. Giffin was United States Ambassador to Canada from August 1997 to April 2001.

Mr. Giffin is a member of the Board of Trustees of the Jimmy Carter Presidential Center and the board of directors of the Canada-US Fulbright Program.

Mr. Giffin serves on the Board of Counsellors of Kissinger-McLarty Associates. He is chairman of the board of Friends of the National Arts Centre.

Mr. Giffin is also chair of the board of TransAlta Corporation and a director of the Canadian Imperial Bank of Commerce, Canadian Natural Resources Limited and Just Energy Group Inc.

Mr. Giffin holds a B.A. from Duke University and a J.D. from Emory University School of Law in Atlanta, Georgia.

SECURITIES HELD	
COMMON SHARES OWNED OR CONTROLLED(2)	
Value at Risk	C$3,628,835(3)
February 2012	47,634(6)
February 2011	45,009(7)

MEMBER OF	ATTENDANCE	OTHER PUBLIC BOARDS DURING PAST 5 YEARS	
Board	100%	Just Energy Income Fund	(2006-present)
Donations and Sponsorships Committee	100%	Canadian Natural Resources Limited	(2002-present)
Environment, Safety and Security Committee	100%	TransAlta Corporation	(2002-present)
		Canadian Imperial Bank of Commerce	(2001-present)
Finance Committee	100%		
Investment Committee of CN's Pension Trust Funds(5)	100%	AbitibiBowater Inc.	(2003-2009)
Strategic Planning Committee	100%		

EDITH E. HOLIDAY
Age: 60(1)

Mrs. Holiday is a Corporate Director and Trustee and a former General Counsel, United States Treasury

Palm Beach County, Florida, U.S.A.
Director since: June 1, 2001
Independent

Department and Secretary of the Cabinet, The White House.

Mrs. Holiday is a director of H.J. Heinz Company, Hess Corporation, RTI International Metals, Inc. and White Mountains Insurance Group, Ltd. She is also a director or trustee of various investment companies of the Franklin Templeton Group of Funds.

She is the recipient of the Direct Women's 2009 Sandra Day O'ConnorBoard Excellence Award, which honours women who have served with distinction on the board of a public company and advanced the value of diversity in the workplace.

Mrs. Holiday holds a B.S. and a J.D. from the University of Florida, and she is admitted to the bars of the states of Florida, Georgia and the District of Columbia.

SECURITIES HELD	
COMMON SHARES OWNED OR CONTROLLED(2)	
Value at Risk	C$3,454,836(3)
February 2012	45,350(6)
February 2011	42,918(7)

MEMBER OF	ATTENDANCE	OTHER PUBLIC BOARDS DURING PAST 5 YEARS	
Board	100%	White Mountains Insurance Group, Ltd.	(2004-present)
Corporate Governance and Nominating Committee	100%	RTI International Metals, Inc.	(1999-present)
Finance Committee	100%	Franklin Templeton Group of Funds	
Human Resources and Compensation Committee	100%	(various companies)	(1996-present)
Investment Committee of CN's Pension Trust Funds(5)	100%	H.J. Heinz Company	(1994-present)
Strategic Planning Committee	100%	Hess Corporation	(1993-present)

V. MAUREEN KEMPSTON DARKES, O.C., D. COMM., LL.D.
Age: 63(1)
Lauderdale-by-the-Sea, Florida, U.S.A.
Director since: March 29, 1995
Independent

Mrs. Kempston Darkes is the retired Group Vice-President and President Latin America, Africa and Middle East, General Motors Corporation. In 2009 she ended a 35-year career at GM during which she attained the highest operating post ever held by a woman at GM. From 1994 to 2001, she was President and General Manager of General Motors of Canada Limited and Vice-President of General Motors Corporation.

She is an Officer of the Order of Canada, a member of the Order of Ontario and was ranked by Fortune magazine in 2009 as the 12th Most Powerful Woman in International Business. In 2006, she was the recipient of the Governor General of Canada's Persons Award and wasinducted as a fellow of the Institute of Corporate Directors in 2011. She is also a director of the Bridgepoint Health Foundation.

Mrs. Kempston Darkes is also a director of Brookfield Asset Management Inc., Irving Oil Co. Ltd. and Enbridge Inc.

Mrs. Kempston Darkes holds a B.A. in history and political science from Victoria University in the University of Toronto and an LL.B. Law Degree from the University of Toronto Faculty of Law.

SECURITIES HELD	
COMMON SHARES OWNED OR CONTROLLED(2)	
Value at Risk	C$6,379,077(3)
February 2012	83,671(6)
February 2011	80,944(7)

MEMBER OF	ATTENDANCE	OTHER PUBLIC BOARDS DURING PAST 5 YEARS	
Board	100%	Enbridge Inc.	(2010-present)
Environment, Safety and Security Committee (Chair)	100%	Brookfield Asset Management Inc.	(2008-present)
Audit Committee	100%	Thompson Corporation	(1996-2008)
Human Resources and Compensation Committee	100%		
Investment Committee of CN's Pension Trust Funds(5)	100%		
Strategic Planning Committee	100%		

THE HON. DENIS LOSIER, P.C., LL.D., C.M.
Age: 59(1)

Mr. Losier is President and Chief Executive Officer, Assumption Life (life insurance company). Between 1989 and 1994, Mr. Losier held various cabinet level positions

Moncton, New Brunswick, Canada
Director since: October 25, 1994
Independent

with the government of the Province of New Brunswick, including Minister of Fisheries and Aquaculture and Minister of Economic Development and Tourism.

Mr. Losier was co-chair of the University of Moncton's Excellence Campaign. In 2008, he was named a member of the Security Intelligence Review Committee of Canada, and, as such, became a member of the Privy Council. He is a member of the New Brunswick Business Council and a director of Canadian Blood Services, the Canadian Life and Health Insurance Association, Enbridge Gas New Brunswick, NAV CANADA and Plazacorp Retail Properties Ltd. He also chairs the board of directors of Invest N.B. Mr. Losier was appointed a Member of the Order of Canada in 2011.

Mr. Losier holds a Bachelor of Economics from the University of Moncton and a Masters of Economics from the University of Western Ontario. Mr. Losier was awarded an Honorary Doctorate Degree in Business Administration from the University of Moncton.

SECURITIES HELD	
COMMON SHARES OWNED OR CONTROLLED(2)	
Value at Risk	C$10,265,640(3)
February 2012	134,649(6)
February 2011	124,715(7)

MEMBER OF	ATTENDANCE	OTHER PUBLIC BOARDS DURING PAST 5 YEARS	
Board	100%	Plazacorp Retail Properties Ltd.	(2007-present)
Audit Committee (Chair)	100%	NAV CANADA	(2004-present)
Donation and Sponsorship Committee(5)	100%		
Environment, Safety and Security Committee	100%		
Human Resources and Compensation Committee	100%		
Strategic Planning Committee	100%		

THE HON. EDWARD C. LUMLEY,
P.C., LL.D.
Age: 72(1)
South Lancaster, Ontario, Canada
Director since: July 4, 1996
Independent

Mr. Lumley is Vice-Chairman, BMO Capital Markets (investment bank). From 1986 to 1991, he served as chair of Noranda Manufacturing Group Inc.

Mr. Lumley was a Member of Parliament from 1974 to 1984, during which time he held various cabinet portfolios in the Government of Canada such as Industry, International Trade, Science and Technology and Communications. During this period, he was responsible to Parliament for numerous Crown corporations, bonds and commissions. He is currently Chancellor of the University of Windsor and a director of BCE Inc., Bell Canada and Dollar Thrifty Automotive Group, Inc.

Mr. Lumley graduated with a Bachelor of Commerce from the University of Windsor in 1961.

SECURITIES HELD	
COMMON SHARES OWNED OR CONTROLLED(2)	
Value at Risk	C$7,651,141(3)
February 2012	100,356(6)
February 2011	97,347(7)

MEMBER OF	ATTENDANCE	OTHER PUBLIC BOARDS DURING PAST 5 YEARS	
Board	100%	BCE Inc.	(2003-present)
Investment Committee of CN's Pension Trust Funds (Chair)(5)	100%	Dollar-Thrifty Automotive Group, Inc.	(1997-present)
Corporate Governance and Nominating Committee	100%	Magna International Inc.	(1989-2008)
Finance Committee	100%		
Human Resources and Compensation Committee	100%		
Strategic Planning Committee	100%		

DAVID G.A. McLEAN,
O.B.C., LL.D.
Age: 73(1)
Vancouver, British Columbia, Canada
Director Since: August 31, 1994
Independent

Mr. McLean is Board Chair of the Company and chair of The McLean Group (real estate investment, film and television facilities, communications and aircraft charters).

He is a trustee of Wetlands America Trust, Inc., the U.S. foundation of Ducks Unlimited. He is on the advisory board of the Institute of Canadian Studies at the University of California at Berkeley and past chair of the board of governors of the University of British Columbia, the Vancouver Board of Trade and the Canadian Chamber of Commerce.

Mr. McLean was inducted as a fellow of the Institute of Corporate Directors of Canada in 2006 and was appointed to the Order of British Columbia in 1999. He has been awarded an honorary degree from the following four institutions: the University of British Columbia, the University of Alberta, Simon Fraser University and Royal Roads University.

Mr. McLean holds a Bachelor of Arts and a Bachelor of Law from the University of Alberta.

SECURITIES HELD	
COMMON SHARES OWNED OR CONTROLLED(2)	
Value at Risk	C$14,953,485(3)
February 2012	196,137(6)
February 2011	190,074(7)

MEMBER OF	ATTENDANCE	OTHER PUBLIC BOARDS DURING PAST 5 YEARS
Board (Chair)	100%	N/A
Corporate Governance and Nominating Committee (Chair)	100%	
Donations and Sponsorships Committee(5)	100%	
Finance Committee	100%	
Human Resources and Compensation Committee	100%	
Investment Committee of CN's Pension Trust Funds(5)	100%	
Strategic Planning Committee	100%	

CLAUDE MONGEAU
Age: 50(1)
Montréal, Quebec, Canada
Director since: October 20, 2009
Not Independent

Mr. Mongeau became President and Chief Executive Officer of the Company on January 1, 2010. In 2000, he was appointed Executive Vice-President and Chief Financial Officer of the Company and held such position until June 1, 2009. Prior to this he held the positions of Vice-President, Strategic and Financial Planning and Assistant Vice-President, Corporate Development upon joining the Company in 1994. In 2005, he was selected Canada's CFO of the Year by anindependent committee of prominent Canadian business leaders.

Prior to joining CN, Mr. Mongeau was a partner with Secor Group, a Montréal-based management consulting firm. He also worked in the business development unit of Imasco Inc. and as a consultant at Bain & Company.

Mr. Mongeau is also a director of SNC-Lavalin Group Inc.

Mr. Mongeau holds an MBA from McGill University, Montréal.

SECURITIES HELD			
COMMON SHARES OWNED OR CONTROLLED(2)		OPTIONS HELD(4)	
Value at Risk	C$17,213,620(3)		
February 2012	225,782	February 2012	1,008,000
February 2011	220,998	February 2011	983,000

MEMBER OF	ATTENDANCE	OTHER PUBLIC BOARDS DURING PAST 5 YEARS	
Board	100%	SNC-Lavalin Group Inc.	(2003-present)
Donations and Sponsorships Committee (Chair)(5)	100%	Nortel Networks	(2006-2009)
Strategic Planning Committee	100%		

JAMES E. O'CONNOR
Age: 62(1)
Fort Lauderdale, Florida, U.S.A.
Director since: April 27, 2011
Independent

Mr. O'Connor is the retired chair of the board of directors of Republic Services, Inc., a leading provider of non-hazardous solid waste collection, recycling and disposal services in the United States. From 1998 to 2011, Mr. O'Connor was chair and Chief Executive Officer of Republic Services, Inc. Prior to 1998, he had held various management positions at Waste Management, Inc.

In 2001, Mr. O'Connor was the recipient of the Ellis Island Medal of Honor from the National Ethnic Coalition of Organizations (NECO) which rewards Americans who exemplify outstanding qualities in both their personal and professional lives, while continuing to preserve the richness of their particular heritage. He was named to the list of America's Best CEOs each year, between 2005 and 2010. In 2011, Mr. O'Connor was named to the Institutional Investors' All AmericanExecutive Team. He is also active in many community causes, especially those that benefit children. Mr. O'Connor has served on the board of directors of the SOS Children's Village. He also currently serves on the board of directors of the South Florida P.G.A. of America and Clean Energy Fuels Corp.

Mr. O'Connor holds a Bachelor of Science in Commerce (concentration in accounting) from DePaul University, Chicago.

SECURITIES HELD	
COMMON SHARES OWNED OR CONTROLLED(2)	
Value at Risk	C$445,586(3)
February 2012	5,849
February 2011	Nil

MEMBER OF(9)	ATTENDANCE	OTHER PUBLIC BOARDS DURING PAST 5 YEARS	
Audit Committee	100%	Clean Energy Fuels Corp.	(2011-present)
Environment, Safety and Security Committee	100%	Republic Services, Inc.	(1998-2011)
Finance Committee	100%		
Strategic Planning Committee	100%		

ROBERT PACE Age: 57(1) Glen Margaret, Nova Scotia, Canada Director since: October 25, 1994 Independent	Mr. Pace is President and Chief Executive Officer, The Pace Group (radio broadcasting, real estate and environmental services). Mr. Pace began his career as a lawyer in Halifax and worked as Atlantic Canada Advisor to the Prime Minister of Canada. He is a director of the Atlantic Salmon Federation, the Asia Pacific Foundation and the Walter Gordon Foundation. Mr. Pace is also a director of High Liner Foods Incorporated and Hydro One Inc. Mr. Pace holds an MBA and an LL.B Law Degree from Dalhousie University in Halifax, Nova Scotia.

SECURITIES HELD	
COMMON SHARES OWNED OR CONTROLLED(2)	
Value at Risk	C$10,628,237(3)
February 2012	139,405(6)
February 2011	129,567(7)

MEMBER OF	ATTENDANCE	OTHER PUBLIC BOARDS DURING PAST 5 YEARS	
Board	100%	Hydro One Inc.	(2007-present)
Human Resources and Compensation Committee (Chair)	100%	High Liner Foods Incorporated	(1998-present)
Audit Committee	100%	Overland Realty Limited	(2006-2010)
Corporate Governance and Nominating Committee	100%		
Investment Committee of CN's Pension Trust Funds(5)	100%		
Strategic Planning Committee	100%		

(1) The age of the directors is provided as at April 24, 2012, the date of the Meeting.

(2) The information regarding common shares beneficially owned, controlled or directed has been furnished by the respective nominees individually and includes Directors Restricted Share Units ("DRSUs") elected as compensation by directors, as well as Deferred Share Units ("DSUs") under the Company's Voluntary Incentive Deferral Plan ("VIDP") in the case of Claude Mongeau, but does not include common shares under options. The VIDP provides eligible senior management employees the opportunity to elect to receive their annual incentive bonus payment and other eligible incentive payments in DSUs payable in cash upon retirement or termination of employment. The number of DSUs received by each participant is established using the average closing price for the 20 trading days prior to and including the date of the incentive payment. For each participant, the Company will grant a further 25% (Company match) of the amount elected in DSUs, which will vest over a period of four years. The election to receive eligible incentive payments in DSUs is no longer available to a participant when the value of the participant's vested DSUs is sufficient to meet the Company's stock ownership guidelines. The value of each participant's DSUs is payable in cash at the time of cessation of employment. For further details on the VIDP,

please see the Deferred Compensation Plans section of this Information Circular.

(3) The Value at Risk represents the total value of common shares and DRSUs (or DSUs for Mr. Mongeau) which total value is based on the February 29, 2012 closing price of the common shares on the Toronto Stock Exchange (C$76.24) or the New York Stock Exchange (US$76.99) for Michael R. Armellino, Donald J. Carty, Ambassador Gordon D. Giffin, Edith E. Holiday and James E. O'Connor using the closing exchange rate (US$1 = C$0.9895) on the same date.

(4) The information regarding options comprises the options granted to Mr. Mongeau under the Management Long-Term Incentive Plan. For further details on the plan, please see "Statement of Executive Compensation – Management Long-Term Incentive Plan".

(5) The Donations Committee and the Investment Committee of CN's Pension Trust Funds are mixed committees composed of both members of the Board of Directors as well as officers of the Company.

(6) Includes Directors Restricted Share Units as at February 29, 2012, in the following amounts: A. Charles Baillie: 53,343; Hugh J. Bolton: 43,935; Donald J. Carty: 5,073; Ambassador Gordon D. Giffin: 20,586; Edith E. Holiday: 9,492; V. Maureen Kempston Darkes: 24,841; The Hon. Denis Losier: 44,878; The Hon. Edward C. Lumley: 42,146; David G.A. McLean: 86,257; and Robert Pace: 47,001. Pursuant to the terms of the Directors Restricted Share Units, directors or their estates can only access their Directors Restricted Share Units upon retirement, resignation or death.

(7) Includes Directors Restricted Share Units as at February 25, 2011 in the following amounts: A. Charles Baillie: 49,611; Hugh J. Bolton: 43,180; Donald J. Carty: 2,739; Ambassador Gordon D. Giffin: 19,333; Edith E. Holiday: 8,206; V. Maureen Kempston Darkes: 24,414; The Hon. Denis Losier: 41,857; The Hon. Edward C. Lumley: 41,422; David G.A. McLean: 84,774 and Robert Pace: 46,193. Pursuant to the terms of the Directors Restricted Share Units, directors or their estates can only access their Directors Restricted Share Units upon retirement, resignation or death.

(8) On March 8, 2011, Mr. Carty became a member of the Audit, Corporate Governance and Nominating, Finance and Strategic Planning Committees.

(9) On April 27, 2011 Mr. O'Connor became a member of the Audit, Environment, Safety and Security, Finance and Strategic Planning Committees.

Board of Directors Compensation

The directors of the Company play a central role in enhancing shareholder value. As indicated under “Nominees for Election to the Board – Board of Directors Compensation – Share Ownership” on page 16, the directors have a substantial investment in the Company. In addition, approximately 68% of the total annual remuneration of the non-executive directors for 2011 was in the form of common shares or Directors Restricted Share Units (“DRSUs”). Subject to the Minimum Shareholding Requirement as defined on page 16 of this Information Circular, directors may elect to receive all or part of their director, committee member, Board Chair and Committee Chair cash retainers either in cash, common shares of the Company purchased on the open market or DRSUs. They may also elect to receive their common share grant retainers in DRSUs. Each DRSU entitles the beneficiary thereof to receive upon resignation, retirement or death, one common share of the Company purchased on the open market, plus additional DRSUs reflecting dividend equivalents.

CN’s compensation program is designed to attract and retain the most qualified people to serve on CN’s Board and Board Committees and takes into account the risks and responsibilities of being an effective director. To reflect the Company’s extensive operations in the United States, six of the non-executive director nominees are from the United States and the compensation of the non-executive directors of the Company tends to be comparable to that of large U.S.-based companies.

In 2010, given the expiry of the then current compensation program, the Chair of the Corporate Governance and Nominating Committee and the Chair of the Human Resources and Compensation Committee reviewed the amount and form of compensation for non-executive directors. After a review of best practices and director compensation trends, including those of other Class I Railroads, it was decided that beginning in 2011, the annual share grant portion of the Director and Board Chair retainers would no longer be comprised of a fixed number of shares and would be replaced with a common share grant valued at US$175,000 for directors, and a common share grant valued at US$350,000 for the Board Chair. This approach provides greater consistency in total director compensation while keeping the alignment with shareholders’ interest. The change resulted in a year-over-year reduction of 21% in average total compensation for CN directors and 36% for the Board Chair when compared to 2010 compensation. Committee member and Committee Chair retainers remained unchanged at US$3,500 for Committee Members and US$15,000 for Committee Chairs, except for the Chairs of the Audit and the Human Resources and Compensation Committees who received a Committee Chair retainer of US$25,000 inclusive for acting as Chair and members of such Committees. Committee Chairs no longer received a separate committee member retainer for the Committees they chair. Moreover, the Board Chair received no additional Director retainer, nor Committee Chair or Committee Member retainers. All other aspects of director compensation remain unchanged from prior years: The cash retainer amount remained at US$15,000 for directors and US$120,000 for the Board Chair, directors and the Board Chair continued to receive Board Meeting, Committee Meeting and Travel Attendance fees of US$1,500.

The compensation structure and level for CN’s directors was recommended by the Corporate Governance and Nominating Committee and approved by the Board in 2011, and is reviewed annually. In consideration for serving on the Board of Directors in 2011, CN’s directors were compensated as indicated in the table below:

TYPE OF FEE	AMOUNT
Board Chair Cash Retainer(1)	US$120,000(2)
Board Chair Share Grant Retainer	US$350,000(2)
Director Cash Retainer(3)	US$15,000(2)
Director Share Grant Retainer	US$175,000(2)
Committee Chair Retainers	
Audit and Human Resources and Compensation Committees	US$25,000(2)

Other Committees	US$15,000(2)
Committee Member Retainer	US$3,500(2)
Board Meeting Attendance Fee	US$1,500
Committee Meeting Attendance Fee	US$1,500
Travel Attendance Fee	US$1,500

(1) The Board Chair receives no additional Director Retainer nor Committee Chair or Committee Member Retainer.
(2) Directors (including Board Chair) may choose to receive all or part of their cash retainer in common shares or DRSUs and their common share grant retainer can also be received in DRSUs. The common shares are purchased on the open market.
(3) Mr. Mongeau does not receive any compensation for serving as director of the Company. Mr. Mongeau's compensation for serving as CEO of the Company is described in detail in the Statement of Executive Compensation Section.

The table below reflects in detail the compensation earned by non-executive directors in the 12-month period ended December 31, 2011.

NAME OF DIRECTOR	FEES EARNED DIRECTOR AND BOARD CHAIR RETAINER (C$)(1)	COMMITTEE CHAIR RETAINER (C$)(1)	COMMITTEE MEMBER RETAINER (C$)(1)	BOARD AND COMMITTEE ATTENDANCE AND TRAVEL FEES(1)(2) (C$)	SHARE-BASED AWARDS(3) (C$)	ALL OTH COMPENS (C$)
Michael R. Armellino	14,837	14,837	12,693	59,346	173,810	
A. Charles Baillie	14,898	14,898	13,905	59,346	173,810	
Hugh J. Bolton	14,837	–	16,155	59,346	173,810	
Donald J. Carty	14,898	–	13,847	48,960	173,810	
Ambassador Gordon D. Giffin	14,837	–	13,847	59,346	173,810	
Edith E. Holiday	14,837	–	17,309	60,830	173,810	
V. Maureen Kempston Darkes	14,837	14,837	12,693	56,379	173,810	
The Hon. Denis Losier	14,837	24,728	10,386	56,379	173,810	
The Hon. Edward C. Lumley	14,898	14,898	13,905	62,313	173,810	
David G.A. McLean	118,692	–	–	65,281	347,620	
James E. O'Connor	9,891	–	9,232	35,608	115,873	
Robert Pace	14,898	24,830	13,905	62,313	173,810	
TOTAL	277,197	109,028	147,877	685,447	2,201,593	

(1) All directors earned compensation in U.S. currency. Compensation received in cash was converted to Canadian dollars using the average rate of exchange of the Bank of Canada for 2011 (US$1 = C$0.9891). Compensation elected to be received in common shares or DRSUs was converted to Canadian dollars using the closing rate of exchange of the Bank of Canada (US$1 = C$0.9932), on the purchase day (January 27, 2011). In addition to the common shares or DRSUs received by the directors and the Board Chair as described in note (3) below, the

directors and the Board Chair may choose to receive all or part of their cash retainers in common shares or DRSUs. The following directors made such election with respect to the amounts set forth beside their name: A. Charles Baillie (C$43,701), Donald J. Carty (C$14,898), The Hon. Edward C. Lumley (C$43,701) and Robert Pace (C$53,633). The amount of cash retainers elected to be received in common shares or DRSUs is included in these columns.

(2) Includes travel fees which amounted to a total of C$136,496, in aggregate, for all directors.

(3) Represents a common share grant valued at US$175,000 received by each non-executive Director as part of the Director Retainer, and US$350,000 for the Board Chair as part of the Board Chair Retainer. The value of such grant was calculated as at January 27, 2011 using the volume weighted average price on such date on the Toronto Stock Exchange (C$68.9801) or the New York Stock Exchange (US$69.3803) and converted using the closing exchange rate on the same date (US$1 = C$0.9932) for Michael R. Armellino, Donald J. Carty, Ambassador Gordon D. Giffin, Edith E. Holiday and James E. O'Connor.

(4) Such values represent committee attendance fees received in cash for attendance to meetings of board committees of which they were not members. Such values were converted to Canadian dollars using the average rate of exchange of the Bank of Canada for 2011 (US$1 = C$0.9891).

(5) Includes the value for 2011 of insurance premiums for accidental death and dismemberment insurance as well as 2011 medical and dental coverage for David G.A. McLean in Canada and the U.S. The total cost to the Company for such benefits is equal to C$2,067.

(6) This percentage is calculated by dividing the aggregate of the cash retainer elected by non-executive directors to be received in common shares or DRSUs described in note (1) above and the value provided under the share-based awards column, by the value provided under the total column.

Outstanding Share-based Awards

The table below reflects all awards outstanding as at December 31, 2011 with respect to non-executive directors.

	SHARE-BASED AWARDS(1)	
NAME OF DIRECTOR	NUMBER OF SHARES OR UNITS OF SHARES THAT HAVE NOT VESTED (#)	MARKET OR PAYOUT VALUE OF SHARE-BASED AWARDS THAT HAVE NOT VESTED(2) (C$)
Michael R. Armellino	–	–
A. Charles Baillie	50,479	4,045,892
Hugh J. Bolton	43,935	3,521,390
Donald J. Carty	2,786	222,589
Ambassador Gordon D. Giffin	19,671	1,571,625
Edith E. Holiday	8,349	667,048
V. Maureen Kempston Darkes	24,841	1,991,006
The Hon. Denis Losier	42,590	3,413,589
The Hon. Edward C. Lumley	42,146	3,378,002
David G.A. McLean	86,257	6,913,499
James E. O'Connor	–	–
Robert Pace	47,001	3,767,130

(1) Shows information regarding DRSUs held by non-executive directors as of December 31, 2011. The directors may choose to receive all or part of their cash retainers in common shares or DRSUs and their common share retainer can also be received in DRSUs. Pursuant to the terms of the Directors Restricted Share Units, directors or their estates can only access their DRSUs upon retirement or resignation from the Company’s Board, or death.

(2) The value of outstanding DRSUs is based on the closing price of the common shares on December 31, 2011, on the Toronto Stock Exchange (C$80.15) or the New York Stock Exchange (US$78.56) for Donald J. Carty, Ambassador Gordon D. Giffin and Edith E. Holiday, using the December 31, 2011 closing exchange rate (US$1 = C$1.0170).

Share Ownership

The Board has adopted a guideline stating that each non-executive director should own, within five years of joining the Board, common shares, DRSUs or similar share equivalents of CN, if any, with a value of at least the higher of: (i) C$500,000, or (ii) three times the aggregate of the annual Director Retainer in cash and the annual common share or DRSU grant (and for the Board Chair, the aggregate of the Board Chair annual retainer in cash and the annual common share or DRSU grant) (the “Minimum Shareholding Requirement”). Each non-executive director shall continue to hold such value throughout his or her tenure as a director and the common shares, DRSUs or similar share equivalent of CN held to comply with the Minimum Shareholding Requirement shall not be the object of specific monetization procedures or other hedging procedures to reduce the exposure related to his or her holding. The aforementioned target was increased from C$250,000 to C$500,000 on March 8, 2011.

Each non-executive director is required to receive at least 50% of his or her annual Director, committee, Board Chair and Committee Chair cash retainers in common shares or DRSUs of CN and may elect to receive up to 100% of such retainers in common shares or DRSUs of CN until his or her Minimum Shareholding Requirement is met. Once the Minimum Shareholding Requirement is met, directors may elect to receive up to 100% of such retainers in common shares or DRSUs of CN. As of the date hereof, the average value of common shares (including DRSUs) of the Company owned by non-executive directors is approximately C$6.8M (based on the February 29, 2012, closing price of the common shares of the Company on the Toronto Stock Exchange of (C$76.24), or the New York Stock Exchange (US$76.99) for U.S. directors.)

The following table provides information on the number and the value of common shares and DRSUs owned by the Company's current directors as at February 29, 2012, and the amount needed to meet the Minimum Shareholding Requirement.

DIRECTOR	YEAR(1)	NUMBER OF COMMON SHARES OWNED, CONTROLLED OR DIRECTED	NUMBER OF DRSUs HELD(2)	TOTAL NUMBER OF COMMON SHARES OWNED, CONTROLLED OR DIRECTED AND DRSUs	GUIDELINE MET(3) OR INVESTMENT REQUIRED TO MEET GUIDELINE (C$)	TOTAL OF COM SHARE (VALU (C$)
Michael R.	2012	115,965	–	115,965		
Armellino	2011	113,680	–	113,680		
	Variation	2,285	–	2,285		
A. Charles Baillie	2012	102,100	53,343	155,443		
	2011	102,100	49,611	151,711		
	Variation	–	3,732	3,732		
Hugh J. Bolton	2012	3,898	43,935	47,833		
	2011	2,500	43,180	45,680		
	Variation	1,398	755	2,153		
Donald J. Carty	2012	–	5,073	5,073		
	2011	–	2,739	2,739	177,546(4)	
	Variation	–	2,334	2,334		
Ambassador	2012	27,048	20,586	47,634		
Gordon D. Giffin	2011	25,676	19,333	45,009		
	Variation	1,372	1,253	2,625		
Edith E. Holiday	2012	35,858	9,492	45,350		
	2011	34,712	8,206	42,918		
	Variation	1,146	1,286	2,432		
V. Maureen	2012	58,830	24,841	83,671		
Kempston Darkes	2011	56,530	24,414	80,944		
	Variation	2,300	427	2,727		
The Hon.	2012	89,771	44,878	134,649		
Denis Losier	2011	82,858	41,857	124,715		

	Variation	6,913	3,021	9,934	
The Hon. Edward C. Lumley	2012	58,210	42,146	100,356	
	2011	55,925	41,422	97,347	
	Variation	2,285	724	3,009	
David G.A. McLean	2012	109,880	86,257	196,137	
	2011	105,300	84,774	190,074	
	Variation	4,580	1,483	6,063	
Claude Mongeau	2012	29,730	196,052	225,782	
	2011	28,311	192,687	220,998	N/A
	Variation	1,419	3,365	4,784	
James E. O'Connor	2012	5,849	–	5,849	
	2011	–	–	–	118,429(4)
	Variation	5,849	–	5,849	
Robert Pace	2012	92,404	47,001	139,405	
	2011	83,374	46,193	129,567	
	Variation	9,030	808	9,838	

(1) The number of common shares and DRSUs held by each director for 2012 is as at February 29, 2012, and for 2011 is as at February 25, 2011.
(2) Includes DRSUs elected as part of directors compensation and DSUs under the Company's VIDP held by Claude Mongeau.
(3) The total value is based on the February 29, 2012 closing price of the common shares on the Toronto Stock Exchange (C$76.24) or the New York Stock Exchange (US$76.99) for Michael R. Armellino, Donald J. Carty, Ambassador Gordon D. Giffin, Edith E. Holiday and James E. O'Connor, using the closing exchange rate (US$1 = C$0.9895) on the same date.
(4) Donald J. Carty and James E. O'Connor being new Board members have five years from their appointment to the Board to meet the guideline.

Board and Committee Attendance

The tables below show the record of attendance by director at meetings of the Board and its committees, as well as the number of Board and Board committee meetings held during the 12-month period ended December 31, 2011.

	NUMBER AND % OF MEETINGS ATTENDED						
DIRECTOR(1)	BOARD	AUDIT COMMITTEE	CORPORATE GOVERNANCE AND NOMINATING COMMITTEE	DONATIONS AND SPONSORSHIPS COMMITTEE	ENVIRONMENT, SAFETY AND SECURITY COMMITTEE	FINANCE COMMITTEE	HUMAN RESOURC AND COM PENSATIC COMMITT
Michael R. Armellino	9/9 (100%)	3/3	–	–	3/3	6/6	
A. Charles Baillie	9/9 (100%)	–	3/3	–	2/2	6/6 (Chair)	
Hugh J. Bolton	9/9 (100%)	5/5	2/2	–	3/3	–	
Donald J. Carty(2)	9/9 (100%)	4/5	3/3	–	–	6/6	
Ambassador Gordon D. Giffin	9/9 (100%)	3/3	–	3/3	3/3	6/6	
Edith E. Holiday	9/9 (100%)	–	5/5	–	2/2	4/4	
V. Maureen Kempston Darkes	9/9 (100%)	2/2	–	–	5/5 (Chair)	2/2	
The Hon. Denis Losier	9/9 (100%)	5/5 (Chair)	2/2	2/2	3/3	–	
The Hon. Edward C. Lumley	9/9 (100%)	–	3/3	–	2/2	6/6	
David G.A. McLean	9/9 (100%) (Chair)	–	5/5 (Chair)	3/3	2/2	4/4	
Claude Mongeau(3)	9/9 (100%)	–	–	3/3 (Chair)	–	–	
James E. O'Connor(4)	6/6 (100%)	2/2	–	–	3/3	4/4	
Robert Pace	9/9 (100%)	5/5	5/5	–	–	–	(Ch

(1) In addition to committee members, all non-executive board members attended on a non-voting basis the January and September 2011 meetings of the Investment Committee of CN's Pension Trust Funds and the January and December 2011 meetings of the Human Resources and Compensation Committee.

(2)

Donald J. Carty attended two Audit Committee meetings and two Finance Committee meetings on a non-voting basis prior to his nomination on those committees. He also attended, on a non-voting basis, three Human Resources and Compensation Committee meetings and one meeting of the Investment Committee of CN's Pension Trust Funds as part of the orientation program for new directors (including those set out in note (1) above).

(3) In addition to committee members, Claude Mongeau attended five Audit Committee meetings, five Environment, Safety and Security Committee meetings, six Finance Committee meetings, five Human Resources and Compensation Committee meetings and two Investment Committee of CN's Pension Trust Funds on a non-voting basis.

(4) James E. O'Connor attended on a non-voting basis one Human Resources Compensation Committee meeting and two meetings of the Investment Committee of CN's Pension Trust Funds as part of the orientation program for new directors.

BOARD AND BOARD COMMITTEE MEETINGS	NUMBER OF MEETINGS HELD IN 2011
Board	9
Audit Committee	5
Corporate Governance and Nominating Committee	5
Donations and Sponsorship Committee	3
Environment, Safety and Security Committee	5
Finance Committee	6
Human Resources and Compensation Committee	5
Investment Committee of CN's Pension Trust Funds	6
Strategic Planning Committee	3

Additional Disclosure Relating to Directors

As of the date hereof, to the knowledge of the Company and based upon information provided to it by the nominees for election to the Board of Directors, no such nominee is or has been, in the last 10 years, a director or executive officer of any company that, while such person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for the following:

(i) Mr. Baillie, a director of the Company, was a director of Dana Corporation which filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code on March 3, 2006. Dana's European, South American, Asian-Pacific, Canadian and Mexican subsidiaries are not included in the Chapter 11 filing. Dana Corporation successfully emerged from Chapter 11 reorganization in February 2008. Mr. Baillie is no longer a director of Dana Corporation;

(ii) Mr. Lumley, a director of the Company, was a director of Air Canada when it voluntarily filed for protection under the Companies' Creditors Arrangement Act ("CCAA") in April 2003. Air Canada successfully emerged from the CCAA proceedings and was restructured pursuant to a plan of arrangement in September 2004. Mr. Lumley is no longer a director of Air Canada;

(iii) Mr. Mongeau, a director and the President and Chief Executive Officer of the Company, became a director of Nortel Networks Corporation ("NNC") and Nortel Networks Limited ("NNL") on June 29, 2006. On January 14, 2009, NNC, NNL and certain other Canadian subsidiaries initiated creditor protection proceedings under the CCAA in Canada. Certain U.S. subsidiaries filed voluntary petitions in the United States under Chapter 11 of the U.S. Bankruptcy Code, and certain Europe, Middle East and Africa subsidiaries made consequential filings in Europe and the Middle East. Mr. Mongeau resigned as a director of NNC and NNL effective August 10, 2009;

(iv) Mrs. Kempston Darkes, a director of the Company, was an officer of General Motors Corporation ("GM") when GM filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code on June 1, 2009. None of the operations for which she was directly responsible in Latin America, Africa and the Middle East were included in the bankruptcy filing. GM emerged from bankruptcy protection on July 10, 2009 in a reorganization in which a new entity acquired GM's most valuable assets. Mrs. Kempston Darkes retired as a GM officer on December 1, 2009; and

(v) Mr. Giffin, a director of the Company, was a director of AbitibiBowater Inc. until January 22, 2009. AbitibiBowater Inc. and certain of its U.S. and Canadian subsidiaries filed voluntary petitions in the United States under Chapter 11 of the U.S. Bankruptcy Code on April 16, 2009. AbitibiBowater Inc. and certain of its Canadian subsidiaries filed for creditor protection under the CCAA in Canada on April 17, 2009. Mr. Giffin is no longer a director of AbitibiBowater Inc.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

General

We are committed to adhering to the highest standards of corporate governance and our corporate governance practices were designed in a manner consistent with this objective. The role, specific mandate and functioning rules of the Board of Directors and of each of its committees are set forth in our Corporate Governance Manual which was formally approved by the Board of Directors on January 21, 2003, and last amended on March 13, 2012. Our Corporate Governance Manual is available on our website at www.cn.ca, under Delivering Responsibly/Governance. It is revised regularly with a view to continually improving our practices by assessing their effectiveness and comparing them with evolving practices, the changing circumstances and our needs. Our Corporate Governance Manual forms part of the documentation given to all persons elected or appointed to the Board of Directors.

As a Canadian reporting issuer with securities listed on the Toronto Stock Exchange (“TSX”) “”and the New York Stock Exchange (“NYSE”), our corporate governance practices comply with applicable rules adopted by the Canadian Securities Administrators (the “CSA”) and applicable provisions of the U.S. Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) and related rules of the U.S. Securities and Exchange Commission (“SEC”). We are exempted from complying with many of the NYSE corporate governance rules, provided that we comply with Canadian governance requirements. Except as summarized on our website at www.cn.ca, under Delivering Responsibly/ Governance, our governance practices, however, comply with the NYSE corporate governance rules in all significant respects.

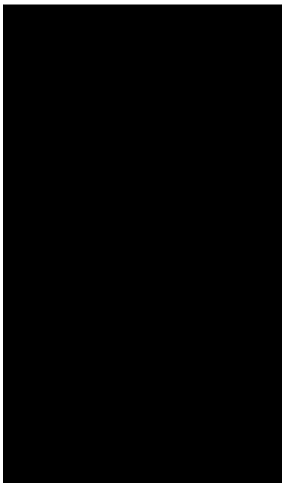
The CSA adopted, in June 2005, National Instrument 58-101 – Disclosure of Corporate Governance Practices (the “Disclosure Instrument”) and National Policy 58-201 – Corporate Governance Guidelines (the “Governance Policy”). The Governance Policy provides guidance on governance practices to Canadian issuers, while the Disclosure Instrument requires issuers to make the prescribed disclosure regarding their own governance practices. The Company believes that its corporate governance practices meet and exceed the requirements of the Disclosure Instrument and the Governance Policy. The text and footnotes set forth hereunder refer to the items of the Disclosure Instrument as well as to the guidelines of the Governance Policy, where applicable. The Company also refers, where appropriate, to the NYSE Corporate Governance Standards (the “NYSE Standards”).

The Board of Directors is of the opinion that the Company’s corporate governance practices are well designed to assist the Company in achieving its principal corporate objective, which is the enhancement of shareholder value. The mandate of the Board is set out in Schedule “A” to this Information Circular(1). The Board of Directors has approved the disclosure of the Company’s governance practices described below, on the recommendation of the Corporate Governance and Nominating Committee.

Code of Business Conduct(2)

In 2008, the Board of Directors reviewed and updated its Code of Business Conduct to ensure that it is consistent with current industry trends and standards; clearly communicates CN’s organizational mission, values, and principles; and most importantly, serves as a ready reference guide for any employees to support everyday decision making. The Code is applicable to directors, officers and employees of CN. It addresses many important matters, including conflict of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, fair dealing, compliance with laws and reporting of any illegal or unethical behaviour. No waiver has ever been granted to a director or executive officer in connection therewith. With a view to continually improving our practices and reflecting evolving legal requirements, the Code was reviewed and updated, and distributed to all CN employees in 2012. The updated version of the Code is available on our website at www.cn.ca, under Delivering Responsibly/Governance and in print to any shareholder who requests copies by contacting our Corporate Secretary. The Code has also been filed with the Canadian and U.S. securities regulatory authorities.

The Board, through its Corporate Governance and Nominating Committee, reviews, monitors and oversees the disclosure relating to the Company's Code of Business Conduct. Each year, management reports to such committee on the implementation of the Code within the organization and on any material contravention by employees of the Company to the provisions of the Code. No material change report has ever been filed or required to be filed pertaining to any conduct of a director or executive officer constituting a departure from the Code.



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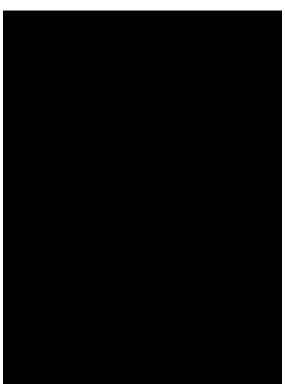
(1) Form 58-101F1 of the Disclosure Instrument ("Form 58-101F1"), section 2; Governance Policy, section 3.4.
(2) Form 58-101F1, section 5; Governance Policy, sections 3.8 and 3.9.

The Board requests every director to disclose any direct or indirect interest he or she has in any organization, business or association, which could place the director in a conflict of interest. Every year, a questionnaire is sent to each director to make sure that the director is in no such conflict that has not been disclosed. Should there be a discussion or decision relating to an organization, business or association in which a director has an interest, the Board would request such director not to participate or vote in any such discussion or decision.

The Company believes that ethical business conduct is an important part of its success. Hence, the mandate of the Board attached as Schedule "A" to this Information Circular states that the Board has the responsibility for overseeing management in the competent and ethical operation of the Company. As part of the Company's Code of Business Conduct, the employees are also required to avoid outside interests that may impair or appear to impair the effective performance of their responsibilities to the Company and be fair and impartial in all dealings with customers, suppliers and partners. A key person in the implementation of the Company's Code of Business Conduct is CN's Ombudsman, who presents reports to the Corporate Governance and Nominating Committee. The office of the Ombudsman offers a confidential, neutral and informal avenue which facilitates fair and equitable resolutions to concerns arising within the Company.

The Board of Directors also adopted procedures allowing interested parties (i) to submit accounting and auditing complaints or concerns to us and (ii) to communicate directly with the Chairman, who presides over all non-executive director sessions. These procedures are described on our website at www.cn.ca, under Delivering Responsibly/Governance. The Code of Business Conduct provides that concerns of employees regarding any potential or real wrongdoing in terms of accounting or auditing matters may be submitted confidentially through CN's Hot Line.



Independence of Directors(1)

To better align the interests of the Board of Directors with those of our shareholders, all of the nominees for election to the Board of Directors, except our President and Chief Executive Officer, are independent. In determining whether a director is an independent director, the Board of Directors applies the standards developed by the Canadian securities regulatory authorities and the NYSE and the additional standards adopted by the Board. These standards are set out in CN's Corporate Governance Manual which is available on our website at www.cn.ca, under Delivering Responsibly/Governance.

As shown in the following table, 12 of the 13 nominees for election to the Board of Directors are independent:

INDEPENDENCE STATUS			
NAME	INDEPENDENT	NOT INDEPENDENT	REASON FOR NON-NDEPENDENCE

	STATUS
Michael R. Armellino	
A. Charles Baillie	
Hugh J. Bolton	
Donald J. Carty	
Ambassador Gordon D. Giffin	
Edith E. Holiday	
V. Maureen Kempston Darkes	
The Hon. Denis Losier	
The Hon. Edward C. Lumley	
David G.A. McLean	
Claude Mongeau	President and Chief Executive Officer of the Company
James E. O'Connor	
Robert Pace	

Independent Chairman of the Board(2)

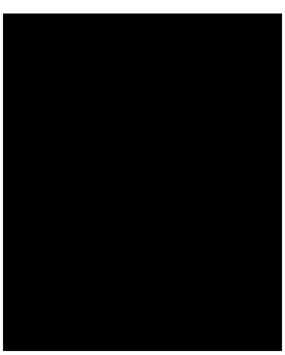
The Company's Board is led by a non-executive Chairman since it became public in 1995 and we believe that the separation of the positions of President and Chief Executive Officer and Chairman contributes to allowing the Board to function independently of management. Hence, our Corporate Governance Manual provides that the Board Chair must be an independent director who is designated by the Board. Mr. David G.A. McLean, who has been a director of the Company since 1994, is the independent Board Chair. The Corporate Governance Manual describes the responsibilities of the Chairman. The key role of the Board Chair is to take all reasonable measures to ensure that the Board (i) has structures and procedures in place to enable it to function independently of management, (ii) carries out its responsibilities effectively and (iii) clearly understands and respects the boundaries between the responsibilities of the Board and those of management.

(1) Form 58-101F1, sections 1(a), (b) and (c); Governance Policy, section 3.1.
(2) Form 58-101F1, section 1(f); Governance Policy, section 3.2.

Position Descriptions(1)
Our Corporate Governance Manual includes position descriptions for the Board Chair and the Committee Chairs, as well as a position description for the President and Chief Executive Officer of the Company.

Election of Directors
The Board of Directors has adopted a policy, which is part of our Corporate Governance Manual, to the effect that a nominee for election as a director of the Company who receives a greater number of votes “withheld” than votes “for”, with respect to the election of directors by shareholders, will be expected to offer to tender his or her resignation to the Chairman promptly following the meeting of shareholders at which the director is elected. The Corporate Governance and Nominating Committee will consider such offer and make a recommendation to the Board of Directors whether to accept it or not. The Board of Directors will make its decision and announce it in a press release within 90 days following the meeting of shareholders. The director who offered to tender his or her resignation should not be part of any committee or Board of Directors deliberations pertaining to the resignation offer. This policy only applies in circumstances involving an uncontested election of directors. An “uncontested election of directors” means that the number of director nominees is the same as the number of directors to be elected to the Board and that no proxy material is circulated in support of one or more nominees who are not part of the candidates supported by the Board of Directors.

Committees of the Board(2)
Given our size, the nature and geographical scope of our activities and the great number of laws and regulations to which we are subject, the Board of Directors has subdivided its supervision mandate into six areas and has established committees that have certain responsibilities for such areas. These committees are the Audit Committee, the Finance Committee, the Corporate Governance and Nominating Committee, the Human Resources and Compensation Committee, the Environment, Safety and Security Committee and the Strategic Planning Committee and their charters are available as part of CN’s Corporate Governance Manual. The Board of Directors also established the Investment Committee of CN’s Pension Trust Funds and the Donations and Sponsorships Committee, which are mixed committees



The following is a brief summary of the mandate of each committee of the Board of Directors.

Audit Committee

The Audit Committee has the responsibility of overseeing the Company's financial reporting, monitoring risk management, internal controls and internal and external auditors. The mandate of the Audit Committee is further described in the section entitled "Statement of Corporate Governance Practices – Audit Committee Disclosure" at page 30 of this Information Circular and in the charter of such committee which is included in our Corporate Governance Manual.

Finance Committee

The Finance Committee has the responsibility of overseeing the Company's financial policies, reviewing financings and authorizing, approving and recommending certain financial activities. As part of these responsibilities, the Finance Committee provides oversight with respect to our capital structure, cash flows and key financial ratios, reviews the opportunities and parameters for debt or equity financing, reviews financing documents and, within the scope of its authority levels established by the Board, may authorize the borrowing of money, the issuing of debt securities or the engaging in other forms of financing, or makes recommendations to the Board thereon. The responsibilities, powers and operation of the Finance Committee are further described in the charter of such committee which is included in our Corporate Governance Manual.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee has the responsibility of monitoring the composition of the Board of Directors and its committees and overseeing corporate governance matters. As part of its responsibilities, the Corporate Governance and Nominating Committee develops, reviews and monitors criteria for selecting directors, including required or desired competencies and skills to improve the Board of Directors and, in consultation with the Board Chair, identifies candidates qualified to become Board members.(3)

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(1) Form 58-101F1, sections 3(a) and (b); Governance Policy, section 3.5.

(2)Form 58-101F1, section 8.

(3)Governance Policy, section 3.13.

This Committee reviews the corporate governance guidelines applicable to the Company, recommends any change that should be made thereto and monitors the disclosure of its practices. The responsibilities, powers and operation of the Corporate Governance and Nominating Committee are further described in the charter of such committee which is included in our Corporate Governance Manual.(1)

The charter of the Corporate Governance and Nominating Committee provides that such committee must be composed solely of independent directors. As at February 29, 2012, all members of the Corporate Governance and Nominating Committee are independent.(2)

Human Resources and Compensation Committee

The Human Resources and Compensation Committee has the responsibility of monitoring executive management's performance assessment and succession planning. This Committee also has the mandate to review human resources practices by ensuring, amongst other things, that appropriate human resources systems are in place so that the Company can attract, motivate and retain the quality of personnel required to meet its business objectives. The mandate of the Human Resources and Compensation Committee is further described in the section entitled "Statement of Executive Compensation – Human Resources and Compensation Committee" at page 35 of this Information Circular and in the charter of such committee which is included in our Corporate Governance Manual. The Human Resources and Compensation Committee must be composed solely of independent directors. As at February 29, 2012, all members of the Human Resources and Compensation Committee are independent.(3)

The Board has adopted a policy, which is included in our Corporate Governance Manual, that no more than one in three members of the Human Resources and Compensation Committee shall be a sitting CEO of another company, at least one member shall be experienced in executive compensation, and the President and CEO of the Company shall be excluded from the Committee member selection process.

Reference is also made to the subsection entitled "Statement of Executive Compensation – Human Resources and Compensation Committee – Executive Compensation Consultants" at page 37 of this Information Circular for disclosure in respect of executive compensation consultants.(4)

Environment, Safety and Security Committee

The Environment, Safety and Security Committee has the responsibility, amongst other things, of overseeing the development and implementation of environmental, safety and security policies, assessing environmental, safety and security practices, and reviewing the Company's business plan to ascertain whether environmental, safety and security issues are adequately taken into consideration. The responsibilities, powers and operation of the Environment, Safety and Security Committee are further described in the charter of such committee which is included in our Corporate Governance Manual.

Strategic Planning Committee

The Strategic Planning Committee focuses on financial and strategic issues, including the review of the key assumptions, as well as the economic, business, regulatory and competitive conditions underlying the Company's business plan. It also reviews, with the President and Chief Executive Officer and other appropriate executive officers, the Company's business plan and capital budget prior to their formal approval by the Board of Directors. The responsibilities, powers and operation of the Strategic Planning Committee are further described in the charter of such committee which is included in our Corporate Governance Manual.

Investment Committee of CN's Pension Trust Funds

The Investment Committee of CN's Pension Trust Funds, which is a mixed committee composed of directors and officers, has the responsibility, amongst other things, of reviewing the activities of the CN Investment Division, reviewing and approving the CN Investment Incentive Plan and award payouts thereunder, advising the CN

Investment Division on investment of assets of CN's Pension Trust Funds and approving certain of the investments made by CN's Pension Trust Funds. The responsibilities, powers and operation of the Investment Committee of CN's Pension Trust Funds are further described in the charter of such committee which is included in our Corporate Governance Manual.

Donations and Sponsorships Committee

The Donations and Sponsorships Committee, which is a mixed committee composed of directors and officers, has the responsibility, amongst other things, of developing a donations and sponsorships strategy and for reviewing and approving donation and sponsorship requests. The responsibilities, powers and operation of the Donations and Sponsorships Committee are further described in the charter of such committee which is included in our Corporate Governance Manual.

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(1) Form 58-101F1, section 6(c); Governance Policy, section 3.11.

(2) Form 58-101F1, section 6(b); Governance Policy, section 3.10. The NYSE Standards state that a board should appoint a nominating committee composed entirely of independent directors and that such committee should have a written charter. The Board has adopted a written mandate for the Corporate Governance and Nominating Committee pursuant to which such committee must be composed solely of independent directors.

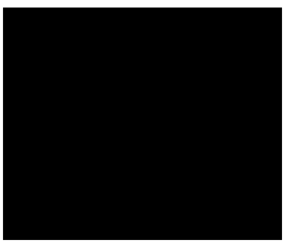
(3) Form 58-101F1, sections 7(a), (b) and (c) and Governance Policy, sections 3.15, 3.16 and 3.17 (regarding officers). The NYSE Standards state that the CEO's compensation should be determined by the corporation's compensation committee or by all independent directors of the corporation. Our Corporate Governance Manual provides that the CEO's compensation is determined by the Company's independent directors only. The NYSE Standards state that a board should appoint a compensation committee composed entirely of independent directors and that such committee should have a written charter. The Board has adopted a written mandate for the Human Resources and Compensation Committee pursuant to which such committee must be composed solely of independent directors.

(4) Form 58-101F1, section 7(d).

Board and Committee Meetings

Process

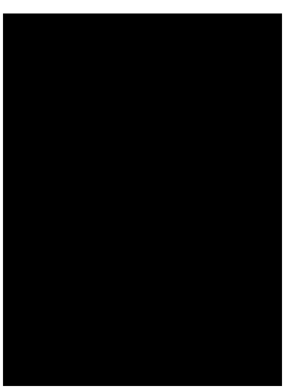
The Board Chair, in collaboration with the Corporate Secretary, has the responsibility of establishing a schedule for the meetings of the Board of Directors and its committees. During such process, the Corporate Secretary, in collaboration with the Board and Committee Chairs and the appropriate executive officers, establishes Board and committee working plans for the year. We believe that proceeding in this manner helps in the preparation of in-depth presentations conducive to meaningful information sessions and discussions while allowing management to plan ahead. If during the course of the year events or circumstances require Board or committee action or consideration, additional meetings are called. The total number of meetings and the attendance record for each director for all board and committee meetings held during the course of 2011 are set out in the section entitled “Nominees for Election to the Board – Board and Committee Attendance” of this Information Circular.(1)



Communication regularly takes place between the Board Chair and the President and Chief Executive Officer and, through the Office of the Corporate Secretary, between executive officers having responsibilities for matters placed under the supervision of particular committees and the Chairs of such committees. This open communication ensures that all meaningful information concerning the affairs and progress of the Company are transmitted to those members of the Board of Directors or committees having special supervisory responsibilities.

In Camera Meetings

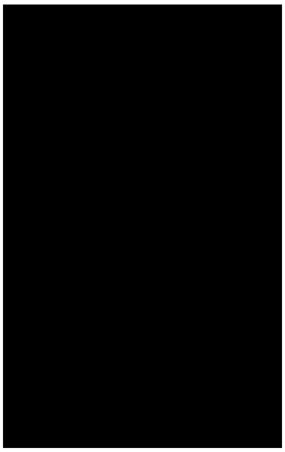
The independent Board members meet before or after every in-person meeting of the Board of Directors in in camera sessions, without the presence of management and under the chairmanship of the Board Chair. During the financial year ended December 31, 2011, there were nine in camera sessions that were attended only by non-executive directors.(2)



Director Selection(3)

Review of Credentials

In consultation with the Board Chair, the Corporate Governance and Nominating Committee annually reviews the credentials of nominees for election or re-election as members of the Board of Directors. It considers their qualifications, the validity of the credentials underlying each nomination, and, for nominees who are already directors of the Company, an evaluation of their effectiveness and performance as members of the Board of Directors, including their attendance at Board and committee meetings. Board and board committee members are expected to attend all meetings. As stated in our Corporate Governance Manual, any director who has attended less than 75% of meetings of the board or meetings of committees on which they sit, for more than two consecutive years, without a valid reason for the absences, will not be renominated. The Corporate Governance and Nominating Committee is constantly on the lookout and monitoring for new candidates for nomination to the Board of Directors and is mindful of the mandatory retirement dates of current directors.



Competency Matrix

The Corporate Governance and Nominating Committee, together with the Board Chair, is responsible for determining the needs of the Board in the long term and identifying new candidates to stand as nominees for election or appointment as directors. In 2010 and 2011, the Committee and the Board Chair focused on board renewal in light of both recent and upcoming director retirements, with a view to expanding and completing the Board's overall expertise in certain areas. In proposing the list of Board nominees, the Board of Directors is guided by the process described in our Corporate Governance Manual. As part of the process, the Board Chair, in consultation with the Corporate Governance and Nominating Committee, develops a competency matrix based on knowledge areas, types of expertise and geographical representation and identifies any gaps to be addressed in the director nomination process. The Board ensures that the skill set developed by directors, through their business expertise and experience, meets the needs of the Board. The Board also takes into consideration the representativity, both in terms of experience and geographical location, of each candidate to the Board, as well as his or her independence, qualifications, financial acumen, business judgment and board dynamics. This competency matrix is reviewed regularly by the Board Chair with Board members, and is updated as may be required.

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(1) Form 58-101F1, section 1(g).
(2) Form 58-101F1, section 1(e); Governance Policy, section 3.3.
(3) Form 58-101F1, section 6(a); Governance Policy, sections 3.12, 3.13 and 3.14.

The following table identifies some of the current skills and other factors considered as part of the competency matrix developed by the Board Chair and the Corporate Governance and Nominating Committee, along with identification of each nominee for election to the Board of Directors possessing each skill:

	SALES/ MARKETING	FINANCE	ACCOUNTING	LEGAL	STRATEGY	HUMAN RESOURCES	ENGINEERING/ ENVIRONMENT	KNOW OF TRAN INDUS
Michael R. Armellino								
A. Charles Baillie								
Hugh J. Bolton								
Donald J. Carty								
Ambassador Gordon D. Giffin								
Edith E. Holiday								
V. Maureen Kempston Darkes								
The Hon. Denis Losier								
The Hon. Edward C. Lumley								
David G.A. McLean								
Claude Mongeau								
James E. O'Connor								
Robert Pace								

The Board has developed an evergreen list which is updated on a regular basis. Prior to nominating a new director for election or appointment, the Board Chair and the Chief Executive Officer meet with the candidate to discuss his or her interest and willingness to serve on CN's Board, potential conflicts of interest, and his or her ability to devote sufficient time and energy to the Board of Directors.

Common Directorships

With a view to further strengthen directors' independence, the Board has adopted a policy pursuant to which a director shall not accept the invitation to join an outside board on which a director of CN already sits without previously obtaining the approval of the Corporate Governance and Nominating Committee. In addition, the Board has adopted a policy, which is included in our Corporate Governance Manual, to the effect that no more than two of the Company's directors should generally serve on the same outside board or outside board committee.

As of February 29, 2012, no members of our Board of Directors served together on the boards of other public companies.

Number of Directorships

CN recognizes that Board membership requires a significant dedication of time. As a result, the number of boards on which an individual can serve is necessarily limited. With a view to taking reasonable steps to ensure the ability of each candidate to make the commitment of time necessary to be a director of CN, the Board will apply the following guidelines when considering candidates to become directors of CN:

- for candidates that are chief executive officers or other senior executives of public corporations, the Board will prefer individuals who hold no more than two (2) public corporation directorships (excluding CN's Board) in addition to membership on the board of the corporation at which an individual is employed;

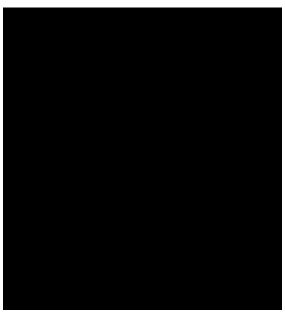
- for candidates that have a full-time employment with non-public corporations or other entities and for full-time employees of public corporations (other than chief executive officers or senior executives of such public corporations), the Board will prefer individuals who hold no more than four (4) public corporation directorships (excluding CN's Board) in addition to membership on the board of the corporation at which an individual is employed; and

- for other candidates, the Board will prefer individuals who hold no more than five (5) public corporation directorships (excluding CN's Board).

Directors are expected to provide the Board Chair with information as to all boards of directors that they sit on or that they have been asked to join so as to allow the Board to determine whether it is appropriate for such director to continue to serve as a member of the Board or of a Board Committee. The Corporate Governance and Nominating Committee and the Board Chair will apply Board nominee selection criteria, including directorsí past contributions to the Board and availability to devote sufficient time to fulfill their responsibilities, prior to recommending directors for re-election for another term.

The biographies on pages 7 to 13 of this Information Circular identify the other reporting issuers of which each nominee is a director.(1)

Evergreen List
In order to assist the Corporate Governance and Nominating Committee and the Board Chair in recommending candidates to become directors of CN, the Corporate Governance and Nominating Committee has constituted, together with the Board Chair, a list of potential Board candidates, which it updates from time to time.



Retirement from the Board
The Board has also adopted a policy on the mandatory retirement age for directors whereby a director would not, unless otherwise determined by the Board, in its discretion, be nominated for re-election at the annual meeting of shareholders following his or her seventy-fifth birthday. In addition, directors are expected to inform the Board Chair of any major change in their principal occupation so that the Board will have the opportunity to decide the appropriateness of such director's continuance as a member of the Board or of a Board committee. The Board of Directors has not deemed it appropriate or necessary to limit the number of terms a director may serve on the Board.

Board tenure
The following chart shows the tenure of the Company's Board as of February 29, 2012:

Please refer to the biographies on pages 7 to 13 for details regarding length of Board tenure of each nominee for election as directors.

Director Emeritus
The Board of Directors confers, from time to time, the honorary status of Director Emeritus to retiring or former directors who have made significant contributions to the Board through long and distinguished service and accomplishments. Currently, lifetime emeritus status has been bestowed upon Purdy Crawford, Raymond Cyr, James K. Gray and Cedric Ritchie.

From time to time, Directors Emeritus may be invited, as guests, to attend meetings of the Board or any committee of the Board and, if present, may participate in the discussions occurring at such meetings. Directors Emeritus shall not be counted for the purpose of determining whether a quorum of the Board or a committee of the Board is present nor shall they vote or receive compensation for such participation. Directors Emeritus are also invited to attend the Annual Meeting of Shareholders and Company or Board functions and are reimbursed for reasonable travel and other out-of-pocket expenses in connection with attendance at such events.

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(1) Form 58-101F1, section 1(d).

Board Performance Assessment(1)

Process

The Board of Directors has implemented, and reviews, from time to time, a comprehensive process to annually assess its effectiveness, the effectiveness of its committees, the Board Chair, the Committee Chairs and individual directors. This process is under the supervision of the Corporate Governance and Nominating Committee and the Board Chair and is comprised of the following steps:

The following questionnaires are prepared by the Office of the Corporate Secretary and approved by the Corporate Governance and Nominating Committee and the Board Chair, taking into account current issues, the findings of previous years and input from the Board of Directors:

– Board and committee performance evaluation questionnaires, including a self-assessment by individual directors;
– a Board Chair evaluation questionnaire; and
– Committee Chair evaluation questionnaires.

Each questionnaire is then sent to every director and a complete set of the responses is forwarded to the Board Chair, except for the responses to the evaluation questionnaires relating to the Board Chair and Corporate Governance and Nominating Committee Chair, which are forwarded directly to each of the Chairs of the Audit Committee and the Human Resources and Compensation Committee.

Following receipt of the completed questionnaires, the Board Chair contacts every director and conducts open and confidential one-on-one meetings to discuss the answers received from and in respect of such director and any comments to the questionnaires which the director may have and to review the self-evaluation of each director. One of the Audit Committee or Human Resources and Compensation Committee Chairs also discusses individually with each director his or her responses and comments on the Board Chair and Corporate Governance and Nominating Committee chair evaluation questionnaires.

Reports are then made by the Board Chair and the Audit Committee and Human Resources and Compensation Committee Chairs to the Board of Directors, with suggestions to improve the effectiveness of the Board of Directors, Board committees, Board and Committee Chairs and separately to individual directors in respect of their personal performance.

The Board Chair and Committee Chairs take into consideration the overall results and suggestions derived from the annual Board performance assessment in order to improve the functioning and activities of the Board and Board committees.

Independent Advisor

In addition to the above-mentioned process, the Board may, from time to time, hire an independent advisor to assess or assist the Board of Directors in independently assessing the performance of the Board of Directors, Board committees, Board and Committee Chairs and individual directors.

Peer Assessment

The Board Chair leads on an annual basis a peer review process through one-on-one meetings with each individual director. The Corporate Governance and Nominating Committee also considers on an annual basis the appropriateness of conducting a peer assessment through an independent advisor. At the end of 2007, the Corporate Governance and Nominating Committee and the Board carried out an individual director peer assessment with the assistance of an independent advisor, as was done in 2004. In 2011, no such assessment was deemed necessary given the fact that one was carried out in 2007 and the changes to the composition of the Board were very recent. In 2007, the process involved peer assessment questionnaires which were completed by each director and forwarded directly and confidentially to the advisor. Responses were then consolidated in an individual director report and distributed by the advisor directly to each director, as well as to the Board Chair, and a report was made by the Board Chair to the Board of Directors.

The Board performance assessment process is further described in CN's Corporate Governance Manual which is available on our website at www.cn.ca, under Delivering Responsibly/Governance.

Board Compensation

The Corporate Governance and Nominating Committee annually reviews with the Board Chair and makes recommendations to the Board on the adequacy and form of compensation for non-executive directors, taking reasonable steps to ensure such compensation realistically reflects the responsibilities and risk involved, without compromising a director's independence. See the section entitled "Nominees for Election to the Board – Board of Directors Compensation" of this Information Circular for additional information on compensation received by directors in 2011.(2)

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(1) Form 58-101F1, section 9; Governance Policy, section 3.18.

(2) Form 58-101F1, section 7(a) and Governance Policy, section 3.17(b) (regarding directors).

Director Orientation and Continuing Education(1)

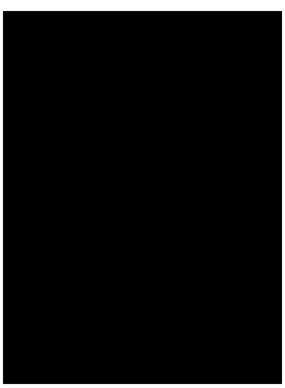
Orientation

Our orientation program includes presentations by the Company's officers on the Company's organizational structure and the nature and operation of its business, a review with the Board Chair of the methods of operation and the roles of the Board and its committees, a discussion on the contribution individual directors are expected to make and access to appropriate information or outside resources as required. New directors are provided with a Directors' handbook containing corporate and other information required to familiarize themselves with the Company, its organization and operations.

Continuing Education

The Board Chair arranges for Board members to have access to education and information on an ongoing basis pertaining to Board effectiveness and the best practices associated with successful boards, briefings on factors or emerging trends that may be relevant to the Company's business strategy and other material as deemed appropriate by the Board Chair. The Company also makes available, at its cost, a host of educational programs provided by leading institutions. We encourage directors to attend seminars and other educational programs and to report back to the Board on the quality of such programs. Educational reading materials on corporate governance and other topics are also included in the materials provided to the Board in advance of meetings.

In 2011, Board members were provided with educational reading materials and presentations on a variety of matters and topics, including corporate governance, executive compensation, executive succession planning, key accounting considerations, financial strategy, risk assessment and disclosure, and Canadian and U.S. securities law developments.



Directors also interacted with executive and senior management at every board meeting and received extensive presentations on matters of strategic importance to the Company's business, including presentations on its customer engagement initiatives, business growth strategy, operating plans, supply chain strategy, eBusiness, car management, customer damage prevention, its sustainability initiatives and regulatory matters relevant to the business of the Company.

Moreover, the directors have from time to time been provided with first-hand opportunities to visit certain sites in which CN is making significant investments, such as the intermodal terminals in Prince George and at the Port of Prince Rupert. They have also visited certain of CN's main yards, as well as our Information Technology command center and in 2011 they visited Kirk Yard and the EJ&E properties in the United States. During such events, the Board had the opportunity to interact with CN officers to gain a full appreciation of such strategic projects and to learn more about CN's overall operations. Directors also attend community dinners and other company events throughout the year.

(1) Form 58-101F1, sections 4(a) and (b); Governance Policy, sections 3.6 and 3.7.

The table below lists the external conferences, seminars and courses, as well as dedicated internal sessions on key CN subject matters, that the directors of the Company attended in 2011 and early 2012.

DATE OF PRESENTATION	TITLE OF PRESENTATION	PRESENTED/HOSTED BY	ATTENDED BY
2011	Director Series Program on Sustainability and Shareholder Value	Major accounting firm	Maureen Kempston-Darkes
2011	Periodically held seminars	HR and Compensation consulting firms and various law firms and major accounting firms and AAMI	Edward C. Lumley
January 25, 2011	Presentation of Safety Initiatives and Survey	Chief Safety and Sustainability Officer General Manager, Safety and Regulatory Affairs Assistant Vice-President, B.C. South (CN)	All directors
March 8, 2011	Presentation on Supply Chain Thinking for Operational and Service Excellence	Senior Vice-President, Western Region Vice-President, Network Optimization General Manager, Service Delivery (CN)	All directors
April 26, 2011	Presentation on CN Intermodal: Overview of the Business and Operations	Vice-President, Intermodal Assistant Vice-President, International Assistant Vice-President, Domestic General Manager, Intermodal Operations (CN)	All directors
June 14, 2011	Presentation on eBusiness	Vice-President, Corporate Marketing Vice-President and Chief Information Officer Senior Manager, eBusiness (CN)	All directors
September 13, 2011	Presentation on Car Management Excellence and Private Fleet Management	Vice-President, Industrial Products Vice-President, Petroleum and Chemicals General Manager, Car Fleet (CN)	All directors
October 3-4, 2011	Strategic Governance and Leadership Summit for Corporate Board Members	Bank of America – Merrill Lynch	James E. O’Connor
October 25, 2011			All directors

	Presentation on CustomerFIRST – Damage Prevention	Assistant Vice-President, Safety and Emergency Response (CN)	
	Presentation on CustomerFIRST – Optional Services	Assistant Vice-President, Revenue Management (CN)	All directors
November 2011	Integrity Risks and Returns, Discussion with the H.J. Heinz Co. Board of Directors	Ethical Leadership Group Global Compliance	Edith E. Holiday
November 16-18, 2011	Compensation Committees: New Challenges, New Solutions Program	Harvard Business School	Robert Pace
November 29, 2011	Presentation on CN Pension Plan – Pension Strategy	Vice-President – Treasurer Director, Pensions and Benefits (CN)	All directors
January 10-11, 2012	"Risk & Liquidity; the Alpha and Omega of Asset Management Today"	Institutional Investor Forums (New York City)	A. Charles Baillie

Audit Committee Disclosure

National Instrument 52-110 – Audit Committees (“NI 52-110”) of the CSA requires issuers to include the charter of their audit committee and disclose information with respect to the composition, education and experience of the members of their audit committees, as well as all fees paid to external auditors in their annual information form. We comply with the requirements regarding composition and responsibilities, as summarized hereinafter, and we refer you to Schedule “A” of our Annual Information Form available on SEDAR at www.sedar.com and on our website at www.cn.ca, under Delivering Responsibly/Governance with regards to the charter of our Audit Committee.(1)

Composition of the Audit Committee

The Audit Committee is composed of six independent directors, namely, The Hon. Denis Losier, Chair of the Committee, Hugh J. Bolton, Donald J. Carty, V. Maureen Kempston Darkes, James E. O'Connor, and Robert Pace. The Chair of the Human Resources and Compensation Committee, Mr. Pace, is necessarily a member of the Audit Committee, as provided for in the Corporate Governance Manual. No member of the Audit Committee receives, other than in his or her capacity as a director or member of a Board committee, directly or indirectly, any fee from the Company or any subsidiary of the Company, nor is an affiliated person of the Company, or any subsidiary of the Company.(2) Mr. Carty has been appointed to the Company’s Audit Committee on March 8, 2011, and Mr. O’Connor was appointed on April 27, 2011.

Mandate of the Audit Committee

The committee’s responsibilities can be divided into four categories:

- overseeing financial reporting;
- monitoring risk management and internal controls;
- monitoring internal auditors; and
- monitoring external auditors.

OVERSEEING FINANCIAL REPORTING

The mandate of the Audit Committee provides that the committee is responsible for reviewing, with management and the external auditors, the annual and quarterly financial statements of the Company and accompanying information, including the Company’s MD&A disclosure and earnings press releases, prior to their release, filing and distribution.

The mandate also provides that the committee should review the procedures in place for the review of the Company’s disclosure of financial information extracted or derived from the Company’s financial statements and periodically assess the adequacy of those procedures.(3)

The Audit Committee is also responsible for reviewing the financial information contained in the annual information form and other reports or documents, financial or otherwise, requiring Board approval.

Furthermore, the Audit Committee is in charge of reviewing the results of the external audit, any significant problems encountered in performing the audit, and management’s response and/or action plan related to any issue identified by the external auditors and any significant recommendations relating thereto.

MONITORING RISK MANAGEMENT AND INTERNAL CONTROLS

The Audit Committee is responsible for receiving periodically management’s report assessing the adequacy and effectiveness of CN’s disclosure controls and procedures and systems of internal control. The mandate of the Audit Committee also provides that the committee must review CN’s risk assessment and risk management policies.

The Audit Committee is also responsible for assisting the Board with the oversight of CN's compliance with applicable legal and regulatory requirements.

Additionally, the mandate of the Audit Committee provides that the committee must establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters or employee concerns regarding accounting or auditing matters, while insuring confidentiality and anonymity. CN has adopted such procedures. Please refer to the Corporate Governance section of our website at www.cn.ca, under Delivering Responsibly/Governance for more details on these procedures.(4)

MONITORING INTERNAL AUDITORS

The Audit Committee is responsible for ensuring that the Chief Internal Auditor reports directly to the Audit Committee, and for regularly monitoring the internal audit function's performance, its responsibilities, staffing, budget and the compensation of its members. It further annually reviews the internal audit plan and ensures that the internal auditors are accountable to the Audit Committee.

(1) NI 52-110, section 2.3, subsection 1.

(2) NI 52-110, section 3.1, subsections 1, 2 and 3. The NYSE Standards and the applicable rules of the SEC require that in order to be considered independent, a member of the Audit Committee should not, other than in his or her capacity as a director or member of a board committee and in other limited circumstances, accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any subsidiary of the Company nor be an affiliated person of the Company or any subsidiary of the Company. All members of the Audit Committee are independent pursuant to such definition.

(3) NI 52-110, section 2.3, subsections 5 and 6.

(4) NI 52-110, section 2.3, subsection 7.

MONITORING EXTERNAL AUDITORS

The mandate of the Audit Committee states that the committee is responsible for recommending the retention and, if appropriate, the removal of external auditors, evaluating and remunerating them, and monitoring their qualifications, performance and independence.(1)

The Audit Committee is also in charge of approving and overseeing the disclosure of all audit, review and attest services provided by the external auditors, determining which non-audit services the external auditors are prohibited from providing, and pre-approving and overseeing the disclosure of permitted non-audit services by the external auditors.(2)

The Audit Committee is responsible for overseeing the external auditors and discussing with them the quality and not just the acceptability of the Company's accounting principles, including any material written communications between the Company and the external auditors (including a disagreement, if any, with management and the resolution thereof).(3)

The Audit Committee also reviews at least annually, the formal written statement from the external auditors stating all relationships the external auditors have with CN and confirming their independence.

The mandate of the Audit Committee also provides that the committee is responsible for reviewing hiring policies for employees or former employees of the Company's firm of external auditors.(4)

Furthermore, the mandate of the Audit Committee states that the Audit Committee may retain independent advisors to help it carry out its responsibilities, including fixing such advisors' fees and retention terms, subject to advising the Board Chair. The committee makes arrangements for the appropriate funding for payment of the external auditors and any advisors retained by it. Pursuant to its charter, the Audit Committee also has direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The internal and external auditors must meet separately with the Audit Committee, without management, twice a year, and more frequently as required.(5)

The Audit Committee met five times in 2011 and held in camera sessions at each meeting. The report of the Audit Committee, set forth in Schedule "B" to this Information Circular, outlines the major subject areas reviewed by the committee during the year, in compliance with its mandate.

Audit Committee Report Regarding Internal Control Over Financial Reporting

The Audit Committee received periodically management's report assessing the adequacy and effectiveness of our disclosure controls and procedures and systems of internal control in respect of the 2011 fiscal year. The Company's external auditors, KPMG LLP, are responsible for performing an independent audit of our consolidated financial statements in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board ("PCAOB") in the U.S., and an independent audit of the effectiveness of internal control over financial reporting, in accordance with the standards of the PCAOB. These audits serve as a basis for KPMG LLP's opinions addressing whether the consolidated financial statements fairly present our financial position, results of operations, and cash flows in conformity with U.S. generally accepted accounting principles.

The Audit Committee has discussed with KPMG LLP the matters required to be discussed by the American Institute of Certified Public Accountants Statement on Auditing Standards No. 61 (Communication With Audit Committees) and Canadian Institute of Chartered Accountants Handbook Section 5751 (Communications With Those Having Oversight Responsibility for the Financial Reporting Process) including matters relating to the conduct of the audit of our financial statements and the assessment of the effectiveness of our internal control over financial reporting under section 404 of the Sarbanes-Oxley Act.

KPMG LLP provided the Committee with written disclosures and the letter required by Rule 3526 of the PCAOB, which supersedes Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and the two related interpretations. The Audit Committee has discussed with KPMG LLP the firm's independence from the Company. A formal written statement describing all relationships between KPMG LLP and the Company including a written confirmation that KPMG LLP are independent within the meaning of the rules of the Code of Ethics of the "Ordre des comptables agréés du Québec" and are independent public accountants with respect to the Company within the meaning of U.S. federal securities laws and the rules and regulations thereunder, including the independence rules adopted by the SEC pursuant to the Sarbanes-Oxley Act, and Rule 3526 of the PCAOB was also remitted to the Audit Committee.

Based on this review and these discussions, the Audit Committee recommended to the Board that the Company's audited consolidated financial statements be filed with Canadian securities regulators and included in the Company's Annual Report on Form 40-F for the year ended December 31, 2011 filed with the SEC.

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(1) NI 52-110, section 2.3, subsection 2.
(2) NI 52-110, section 2.3, subsection 4.
(3) NI 52-110, section 2.3, subsection 3.
(4) NI 52-110, section 2.3, subsection 8.
(5) NI 52-110, section 4.1.

Education and Relevant Experience of the Audit Committee Members
The Board of Directors believes that the composition of the Audit Committee reflects a high level of financial literacy and experience. As required in the charter of the Audit Committee, all members of the Audit Committee are financially literate, as such terms are defined under Canadian securities laws and regulations(1) and the NYSE Standards, and several members of the committee meet all criteria to be designated as “audit committee financial expert” under the rules of the SEC. The Board has made such determination based on the education and experience of each committee member.

In determining if a director is an “audit committee financial expert”, the Board considers if the director is a person who has: (a) an understanding of generally accepted accounting principles and financial statements; (b) the ability to assess general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more persons engaged in such activities; (d) an understanding of internal controls and procedures for financial reporting; and (e) an understanding of audit committee functions.

The following is a description of the education and experience of each member of the Audit Committee as of the date of this Information Circular that is relevant to the performance of his/her responsibilities as a member of the committee:

Mr. Bolton is the chairman of the board of directors of EPCOR Utilities Inc. and former chair of Matrikon Inc. Mr. Bolton is a director and member of the audit committees of TD Bank Financial Group, Teck Resources Limited and WestJet Airlines Ltd. and a director of Capital Power Corporation. From 1992 to 1997, Mr. Bolton was chair and Chief Executive Partner of Coopers & Lybrand Canada (now PricewaterhouseCoopers). Mr. Bolton was a partner of Coopers & Lybrand for 34 years and a public accountant and auditor with that firm for 40 years. He is a Chartered Accountant and a fellow of the Alberta Institute of Chartered Accountants. Mr. Bolton holds an undergraduate degree in economics from the University of Alberta. Mr. Bolton is a member of four audit committees of public companies including CN. The Board has determined that such service in no way impairs Mr. Bolton’s ability to effectively serve on the Audit Committee of the Company.

Mr. Carty is the retired vice-chairman and Chief Financial Officer of Dell, Inc., a position he assumed in January 2007. Before joining Dell, Mr. Carty retired in 2003 as chairman and CEO of AMR Corporation and American Airlines. He had previously served as President, Executive Vice-President – Finance and Planning and Senior Vice-President and Controller of AMR Airline Group and American Airlines. He was President and CEO of CP Air from 1985 – 1987. Mr. Carty is chairman of Virgin America Airlines Inc. and Porter Airlines Inc. and is serving as lead director and member of the audit committee of Barrick Gold Corporation, director and member of the audit committee of Talisman Energy Inc., as well as a director of Dell, Inc. and Gluskin, Sheff & Associates Inc. Mr. Carty holds a Master of Business Administration from the Harvard Business School.

ALL MEMBERS OF THE AUDIT COMMITTEE ARE FINANCIALLY LITERATE AND SEVERAL MEMBERS ARE AUDIT

COMMITTEE FINANCIAL EXPERTS.

Mrs. Kempston Darkes is the retired Group Vice-President and President Latin America, Africa and Middle East, General Motors Corporation. In 2009 she ended a 35-year career at GM during which she attained the highest operating post ever held by a woman at GM. From 1994 to 2001, she was President and General Manager of General Motors of Canada Limited and Vice-President of General Motors Corporation. Mrs. Kempston Darkes is also a director and member of the audit committee of Irving Oil Co. Ltd, and a director and chair of the risk management committee of Brookfield Asset Management Inc. and a director of Enbridge Inc. Mrs. Kempston Darkes holds a Bachelor of Arts in history and political science from Victoria University at the University of Toronto and a Bachelor of Law degree from the University of Toronto Faculty of Law.

Mr. Losier, Chairman of the Audit Committee, is President and Chief Executive Officer of Assumption Life. Mr. Losier held various cabinet level positions with the government of the Province of New Brunswick, from 1989 to 1994, including Minister of Fisheries and Aquaculture and Minister of Economic Development and Tourism. He is the chair of Invest N.B. and a director and member of the audit committee of Plazacorp Retail Properties Ltd., and he is also a director of Enbridge Gas New Brunswick and NAV CANADA. Mr. Losier holds a Masters of Economics from the University of Western Ontario.

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(1) NI 52-110, section 3.1, subsection 4.

Mr. O'Connor is the retired chairman of the board of directors of Republic Services, Inc., a leading provider of non-hazardous solid waste collection, recycling and disposal services in the United States. From 1998 to 2011, Mr. O'Connor was chair and Chief Executive Officer of Republic Services, Inc. Prior to 1998, he had held various management positions at Waste Management, Inc. He was named to the list of America's Best CEOs each year between 2005 and 2010. In 2011, Mr. O'Connor was named to the Institutional Investors' All American Executive Team. He is a director of Clean Energy Fuels Corp. Mr. O'Connor holds a Bachelor of Science in Commerce (concentration in accounting) from DePaul University.

Mr. Pace is the President and Chief Executive Officer of The Pace Group. Mr. Pace is also a member of the board of directors of Maritime Broadcasting Systems Inc., High Liner Foods Incorporated and Hydro One Inc. Mr. Pace holds an MBA and an LL.B Law Degree from Dalhousie University in Halifax, Nova Scotia, and has more than 25 years of business experience.

Auditors Fees

KPMG LLP has served as the Company's auditors since 1992. For the years ended December 31, 2011 and 2010, the fees for audit, audit-related, tax and all other services provided to the Company by KPMG LLP were the following:

FEES IN THOUSANDS	2011 (C$)	2010 (C$)
Audit	2,447	2,479
Audit-Related	1,236	1,010
Tax	810	893
All Other	–	–
TOTAL FEES	4,493	4,382

Pursuant to the terms of its charter, the Audit Committee approves all audit and audit-related services, audit engagement fees and terms and all non-audit engagements provided by the independent auditor. The Audit Committee pre-approved all the services performed by our independent auditors for audit-related and non-audit related services for the years ended December 31, 2011 and 2010 that were required to be pre-approved.

The nature of the services under each category is described below.

AUDIT FEES

Consist of fees incurred for professional services rendered by the auditors in relation to the audit of the Company's consolidated annual financial statements and those of its subsidiaries, and the audit relating to the Company's internal control over financial reporting.

AUDIT-RELATED FEES

Audit-related fees were incurred for professional services rendered by the auditors in relation to the audit of the financial statements for the Company's pension plans, and for attestation services in connection with reports required by statute or regulation and due diligence and other services, including comfort letters, in connection with the issuance of securities.

TAX FEES

Consist of fees incurred for consultations on cross-border tax implications for employees and tax compliance.

OTHER FEES

Nil

Non-Audit Services

The mandate of the Audit Committee provides that the Audit Committee determines which non-audit services the external auditors are prohibited from providing. CN's Audit Committee and the Board of Directors have adopted resolutions prohibiting the Company from engaging KPMG LLP to provide certain non-audit services to the Company and its subsidiaries, including bookkeeping or other services related to the accounting records or financial statements, financial information systems design and implementation, appraisal or valuation services, fairness opinions, or contribution in-kind reports, actuarial services, internal audit outsourcing services, management functions or human resources functions, broker or dealer, investment adviser, or investment banking services and legal services and expert services unrelated to the audit. Pursuant to such resolutions, the Company may engage KPMG LLP to provide non-audit services, including tax services, other than the prohibited services listed above, but only if the services have specifically been pre-approved by the Audit Committee.(1)

(1) NI 52-110, section 2.3, subsection 4.

STATEMENT OF EXECUTIVE COMPENSATION

Dear Shareholder,

For the second year, you are invited to cast your advisory "Say on Pay" vote. To assist you in your decision, the members of the Human Resources and Compensation Committee ("Committee") are pleased to present you with the Company's 2011 Statement of Executive Compensation. An executive summary of the compensation process and key decisions made in 2011 can be found in the Compensation Discussion and Analysis on page 38.

Competitive compensation that rewards performance
2011 was the second year under the revised executive compensation policy, which aims to position total direct compensation between the median and 60th percentile of the executives' respective comparator groups. In December 2011, Towers Watson, Management's external executive compensation consultant, reported that the objectives of the compensation policy continued to be met, with an overall aggregate positioning of all executives' total direct compensation below the 60th percentile.

The Company's compensation philosophy is to align executive compensation packages with shareholder value creation. As such, CN's corporate goals play a pivotal role in driving the organization's short- and long-term profitability and return to shareholders and are generally based on five key financial performance metrics: i) revenues; ii) operating income; iii) diluted earnings per share; iv) free cash flow; and v) return on invested capital. Payouts under the Annual Incentive Bonus Plan and Restricted Share Units Plan are therefore contingent on the achievement of aggressive targets linked to the Company's corporate performance objectives.

In 2011, CN delivered record carloadings, revenues and earnings, producing financial results that were among the best in the Company's history. The Company's very strong performance therefore resulted in incentive payouts to executives and management that exceeded targets, demonstrating the strong alignment of compensation with business results.

Effective risk mitigation features
One of the Committee's key responsibilities involves overseeing risks related to the Company's compensation program and policies. The Committee is of the view that our compensation program and policies encourage the right behaviours and focus on the creation of long-term value for shareholders. For example, the compensation program appropriately balances fixed and variable pay (in aggregate, approximately 80% of NEOs' target total direct compensation was directly linked to the Company's performance). In addition, the long-term incentive awards, which constitute more than 60% of NEOs' target total direct compensation, are intended to motivate executives to create longer-term value and to generally align compensation with the risk time horizon. Another good example is that the use of five performance metrics under the corporate component of the Annual Incentive Bonus Plan diversifies the risk associated with the use of any single performance metric.

Please refer to page 48 for a more detailed description of the risk mitigating features that form part of the Company's compensation program and policies.

CN is largely recognized as the leader in the railroad industry. The highly competitive nature of the Company's business environment and CN's position within the industry make it important to focus on protecting the Company and its confidential information. The Company's long-term incentive award agreements, as well as its non-registered pension plans, therefore contain non-compete, non-solicitation and non-disclosure of confidential information conditions (the "Conditions"). Payout under the long-term incentive plans or the non-registered pension plans is subject to current or former employees complying with these Conditions.

Continuous improvement

The Committee is dedicated to ensuring that the executive compensation program effectively aligns with the business strategy and shareholders' interests by encouraging the right behaviours, is market competitive, and attracts, motivates and retains a committed leadership team. We hope that the following information will assist you in making your decision and encourage you to cast your vote. The Chair of the Committee, Mr. Pace, will be available to answer compensation–-related questions at the annual meeting of shareholders in Halifax on April 24, 2012.

We look forward to meeting you.

(Signed) Robert Pace
Robert Pace
COMMITTEE CHAIR

(Signed) Michael R. Armellino Michael R. Armellino	(Signed) V. Maureen Kempston Darkes V. Maureen Kempston Darkes
(Signed) A. Charles Baillie A. Charles Baillie	(Signed) Denis Losier Denis Losier
(Signed) Hugh J . Bolton Hugh J . Bolton	(Signed) Edward C. Lumley Edward C. Lumley
(Signed) Edith E. Holiday Edith E. Holiday	(Signed) David G.A. Mclean David G.A. Mclean

Human Resources and Compensation Committee

Composition of the Human Resources and Compensation Committee

The Human Resources and Compensation Committee ("Committee") is comprised of nine independent directors. Committee members at year-end in 2011 were Robert Pace, Chair of the Committee, Michael R. Armellino, A. Charles Baillie, Hugh J. Bolton, Edith E. Holiday, V. Maureen Kempston Darkes, Denis Losier, Edward C. Lumley and David G.A. McLean. Denis Losier (Audit Chair), Hugh J. Bolton, V. Maureen Kempston Darkes and Robert Pace are also members of the Audit Committee. This overlap effectively provides a link between the two committees' risk oversight responsibilities.

The following is a description of the education, skills and experience of each member of the Committee as of the date of this Information Circular that is relevant to the performance of his/her responsibilities as a member of the Committee, including skills and experience enabling the Committee to make decisions on the suitability of the Company's compensation policies and practices:

•Mr. Armellino is a Retired Partner from The Goldman Sachs Group, LP. From 1991 to 1994, Mr. Armellino was chair and Chief Executive Officer of Goldman Sachs Asset Management. As such, he managed approximately 400 people and was responsible for the implementation of incentive programs. Prior to 1991, he held various positions at Goldman, Sachs & Co., including Partner in Charge of Research. Mr. Armellino has strong leadership and succession planning experience.

•Mr. Baillie is the retired chair and Chief Executive Officer of The Toronto-Dominion Bank. As Chief Executive Officer, the head of the human resources department reported directly to his office. Mr. Baillie is chair of the human resources and compensation committee of TELUS Corporation and chair of the board of directors of Alberta Investment Management Corporation (AIMCo). He served on the human resources committees of various other public companies.

•Mr. Bolton is the chairman of the board of directors of EPCOR Utilities Inc. and sits ex officio on its human resources and compensation committee. Mr. Bolton has extensive experience serving as a board member for different companies such as Matrikon Inc., Teck Resources Limited, WestJet Airlines Ltd., Capital Power Corporation and TD Bank Financial Group. From 1992 to 1997, Mr. Bolton was chairman and Chief Executive Partner of Coopers & Lybrand Canada (now PricewaterhouseCoopers). During that period, Mr. Bolton was responsible for the compensation and supervision of all Coopers & Lybrand senior partners.

•Mrs. Holiday has extensive experience serving as a board member for different companies such as H.J. Heinz Company, Hess Corporation, RTI International Metals, Inc. and White Mountains Insurance Group, Ltd. As General Counsel at the United States Treasury Department and as Secretary of the Cabinet at The White House, Mrs. Holiday was in charge of the supervision of approximately 2,250 lawyers.

•Mrs. Kempston Darkes was Group Vice-President of General Motors Corporation. She was responsible for supervising human resources and compensation activities. As President Latin America, Africa and Middle East of General Motors Corporation and as President of General Motors of Canada Limited, Mrs. Kempston Darkes supervised the senior head of human resources, who reported directly to her office. Mrs. Kempston Darkes has served on various compensation and human resources committees, including at Brookfield Asset Management Inc., Irving Oil Co. Ltd. and Enbridge Inc.

•Mr. Losier is President and Chief Executive Officer, Assumption Life. As Chief Executive Officer, the Vice-President of Human Resources reports directly to Mr. Losier. Mr. Losier has worked with consultants to assess Assumption Life's human resources practices and benefits and to measure the competitiveness of its executive compensation policies and practices. Mr. Losier also gained human resources experience by actively participating and developing a leadership and development plan in preparation of his succession as Chief Executive Officer of Assumption Life. Mr. Losier has also been involved in succession planning for other publicly traded companies.

•Mr. Lumley was a Member of Parliament from 1974 to1984, during which time he held various cabinet portfolios in the Government of Canada. As Minister of the Crown for six cabinet portfolios, he was responsible for many Crown corporations employing thousands of employees. Mr. Lumley has served on the human resources committee of about 10 public companies and chaired at least five of them over the years.

•Mr. McLean is chair and former Chief Executive Officer of The McLean Group. As Chief Executive Officer, the human resources executive reported directly to him. Mr. McLean has acquired extensive experience dealing with human resources issues from his office as chair of The McLean Group and as member of the human resources and compensation committee for 17 years. For many years, Mr. McLean was also chair and director of Concord Pacific Group Inc., a real estate company, where he acquired experience with respect to human resources and executive compensation policies and practices.

•Mr. Pace is the President and Chief Executive Officer of The Pace Group and human resources officers within the Group report directly to him. Mr. Pace has more than 25 years of business experience. Mr. Pace is also a member of the human resources committee of High Liner Foods Incorporated and Hydro One Inc. In November 2011, Mr. Pace attended a Harvard Business School course on compensation entitled Compensation Committees: New Challenges, New Solutions, in order to update his existing knowledge related to executive compensation trends and changes to disclosure rules.

The following table summarizes the Committee members' human resources and compensation-related experience:

AREA OF EXPERIENCE	NUMBER OF COMMITTEE MEMBERS WITH VERY STRONG OR STRONG EXPERIENCE	
Membership on HR committees	8/9	(89%)
Organizational exposure to the HR function	9/9	(100%)
Leadership and succession planning, talent development	9/9	(100%)
Approval of employment contracts	7/9	(78%)
Development/oversight of incentive programs	8/9	(89%)
Oversight of stress-testing of incentive programs vs. business/operating performance	8/9	(89%)
Pension plan administration/oversight	7/9	(78%)
Interpretation and application of regulatory requirements related to compensation policies and practices	9/9	(100%)
Engagement with investors and investor representatives on compensation issues	5/9	(56%)
Oversight of financial analysis related to compensation policies and practices	9/9	(100%)
Exposure to market analysis related to compensation policies and practices	8/9	(89%)
Drafting or review of contracts and other legal materials related to compensation policies and practices	6/9	(67%)
Oversight of labour matters	7/9	(78%)

Mandate of the Human Resources and Compensation Committee
The Committee's responsibilities include:

•ensuring that appropriate mechanisms are in place regarding succession planning for the executive management positions, including that of the President and Chief Executive Officer;

•reviewing executive management's performance assessment;

•reviewing leadership and talent management for the Company's key positions;

•overseeing the identification and management of risks associated with CN's compensation policies and practices and reviewing disclosure on: (i) the role of the Committee in that respect; (ii) any practices that CN uses to identify and mitigate such risks and (iii) any identified risk arising from CN's compensation policies and practices that is reasonably likely to have a material adverse effect on CN;

•overseeing the selection of any benchmark group used in determining compensation or any element of compensation and reviewing disclosure on such group;

- recommending to the Board of Directors executive management’s compensation; and

- reviewing human resources practices by ensuring, among other things, that appropriate human resources systems are in place to allow the Company to attract, motivate and retain the quality of personnel required to meet its business objectives.

The Committee’s full charter is available as part of CN’s Corporate Governance Manual at www.cn.ca, under Delivering Responsibly/Governance.

The Committee met five times in 2011 and held in camera sessions during each meeting. The report of the Human Resources and Compensation Committee, set forth in Schedule “B” to this Information Circular, outlines the major subject areas reviewed by the Committee during the year.

Leadership Development and Talent Management
Throughout 2011, the Committee oversaw a range of talent management initiatives aimed at attracting high-quality individuals and further engaging the existing members of the workforce in line with the Company's growth. For example, the Company implemented a new talent acquisition system and employed more targeted sourcing strategies to better reach out to a new generation of railroaders. As a result, the Company improved the efficiency of its hiring process and enhanced the quality of its candidate pool, which facilitated the hiring of approximately 3,000 individuals.

The Company developed a new Onboarding program with tools, materials, websites and administrative processes to help managers successfully welcome and engage new hires. The Company also invested in training initiatives such as its "Leadership Program", which aims to deliver consistency in leadership development to enhance the skills of the management team.

In addition, the Committee oversaw the ongoing progress made in the area of succession planning. Their review was based on a disciplined bottom-up assessment of over 3,000 managers and focused on development plans for high potential employees and internal successors for critical management and executive positions.

The Committee is satisfied that, under Mr. Mongeau's continued leadership, appropriate human resources processes and practices are in place to attract, retain, develop and engage a talented workforce that will help sustain the Company's success.

Executive Compensation Consultants
Management retains consulting firms to assist in determining compensation for its Officers. In 2011, Management retained the services of Towers Watson to provide market information, surveys and trends, as well as external opinions on various executive compensation matters. In 2011, Management was invoiced approximately C$135,000 by Towers Watson for these services. The Committee also independently retains, from time to time, the services of executive compensation consultants to provide advice on compensation recommendations that are presented for Committee approval. Since October 2007, the Committee has retained the services of Hugessen Consulting Inc. ("Hugessen") for that purpose. The Committee mandated Hugessen to review and provide advice directly to the Committee on executive compensation recommendations and related questions. In aggregate, the fees invoiced by Hugessen in 2011 totalled approximately C$95,000. The Committee evaluated Hugessen's performance for 2011. The Committee is satisfied with the advice received from Hugessen and that such advice is objective and independent. In 2007, the Board of Directors adopted a policy to the effect that the Chair of the Committee shall pre-approve all non-compensation services provided to the Company by the consultant retained by the Committee to perform compensation-related services. Pursuant to an understanding between the Committee and Hugessen, the latter has agreed not to perform any work for Management. During 2011, the only services performed by Hugessen were compensation-related services provided directly to the Committee.

COMPENSATION ADVISORY FEE TO HUGESSEN

TYPE OF FEE	SERVICES RENDERED IN 2010 (C$)	SERVICES RENDERED IN 2011 (C$)	PERCENTAGE OF TOTAL FEES FOR SERVICES RENDERED IN 2011 (%)
Executive Compensation-Related Fees	51,000	95,000	100

All Other Fees	0	0	0

Compensation Discussion and Analysis

Executive Summary

NAMED EXECUTIVE OFFICERS

2011 was marked by consistency in the Company's leadership. The team of Named Executive Officers ("NEOs") continued to grow in their respective roles: Claude Mongeau as President and Chief Executive Officer ("CEO") of the Company, Luc Jobin as Executive Vice-President and Chief Financial Officer, Keith E. Creel as Executive Vice-President and Chief Operating Officer, Jean-Jacques Ruest as Executive Vice-President and Chief Marketing Officer and Sean Finn as Executive Vice-President Corporate Services and Chief Legal Officer.

COMPENSATION FRAMEWORK AND POLICY

The Company maintains a comprehensive executive compensation program for NEOs which includes: i) base salary; ii) annual incentive bonus; iii) long-term incentives; iv) pension benefits; and v) executive perquisites. The first three elements define total direct compensation.

Decisions on how much to pay the NEOs and all other executives in terms of total direct compensation are based on the Company's executive compensation policy. Prior to 2010, the policy aimed to position total direct compensation at the 75th percentile of the executives' respective comparator groups. Concurrent with the appointment of Claude Mongeau as President and CEO in January 2010, the policy was revised to target a market positioning of total direct compensation between the median and 60th percentile of the executives' respective comparator groups. This reduction from market positioning at the 75th percentile was determined to be competitive after a thorough review of the structure, levels and practices of remuneration in the railroad industry. For the NEOs, the comparator group consists of Class I Railroads, and for all other executives, the comparator group is a broad sample of U.S. organizations that participate in Towers Watson's proprietary database, the "U.S. Industrial". Data for the latter comparator group are size-adjusted to reflect the scope of each CN executive role based on their respective revenue responsibility. Where size-adjusted results are insufficient, data are provided from organizations in the U.S. Industrial sample with revenues between US$6 billion and US$10 billion. More information on the comparator groups can be found on page 40.

In December 2011, as part of the annual compensation review process, Management requested that its external executive compensation advisor provide an assessment of how total direct compensation offered to all executives during the year compared against that of the respective comparator groups. Towers Watson reported that the objectives of the compensation policy were met, with an overall aggregate positioning of all executives' total direct compensation below the 60th percentile.

DECISION PROCESS

The compensation of the NEOs, other than that of the CEO, is recommended by the CEO and reviewed and approved by the Committee. The compensation of the CEO is recommended by the Committee and approved by the independent members of the Board of Directors. The CEO serves at the will of the Board. Neither the CEO nor the other NEOs have an employment contract.

For a discussion on the compensation of the CEO, please see section entitled "President and Chief Executive Officer Compensation" on page 50.

2011 BASE SALARY INCREASES

As part of the NEOs' annual compensation review, base salaries were set with reference to the median of the Class I Railroads comparator group. Salary increases reflect market competitiveness, economic outlook, leadership abilities, retention considerations and succession plans. The salary increases provided to all NEOs were in line with expected market increases and reflect the NEOs' growth in their continuing roles and adequate positioning against market.

For more information on base salaries, please refer to page 43.

2011 ANNUAL BONUS RESULTS

In 2011, Mr. Mongeau's target bonus was 120% of base salary, and the other NEOs' target bonus was set at 70% of base salary. Corporate performance accounted for 70% of the annual incentive bonus and was measured against aggressive targets for revenues, operating income, diluted earnings per share, free cash flow and return on invested capital. The Board is of the view that its chosen corporate performance objectives are appropriate for a capital intensive business like CN's. The remaining 30% of the annual incentive bonus was based on individual performance that considered the strategic and operational priorities related to each NEO's function.

Overall corporate performance for 2011 was very strong, with financial results exceeding targets for all five corporate performance objectives. Consequently, the Board of Directors assessed the performance of the Company at "far exceeds", resulting in a corporate bonus factor of 150% (or 200% for NEOs and approximately 190 other executives and senior management employees), as set out in the plan rules. The tables showing the 2011 corporate performance objectives, as approved by the Board of Directors in January 2011, and the 2011 results as reported by the Company, can be found on page 44.

In December 2011, the Committee reviewed the individual performance of the NEOs. Their performance rating, along with the corporate bonus factor, served as the basis to calculate the annual incentive bonus payouts set out in the Summary Compensation Table under the column Non-equity incentive plan compensation – Annual incentive plans on page 54.

2011 LONG-TERM INCENTIVES

To align with short- and long-term business performance and shareholder value creation, long-term incentives consist of a combination of conventional stock options and performance-based restricted share units.

In determining the appropriate long-term incentive fair value granted to NEOs, the Committee considered external market data, as well as other factors such as individual performance, leadership and talent retention. Long-term incentive fair values for NEOs were determined with reference to the 60th percentile of the Class I Railroads comparator group.

The payout of the restricted share units granted in 2011 to NEOs is subject to a three-year average return on invested capital target for the period ending on December 31, 2013. The Company sets return on invested capital targets that are aggressive compared to recent railroad industry performance. Additionally, for any payout to be made, a minimum share price condition must be met. The table summarizing the performance objectives and payout condition of the 2011 restricted share unit award can be found on page 46.

The stock options granted in 2011 were conventional and vest over four years at a rate of 25% at each anniversary date. Stock options have a 10-year term.

In 2011, a "one-year minimum active service" condition was included in the stock option and restricted share unit award agreements, in order to encourage retention of key talent approaching retirement. In other words, should an executive, including NEOs, or other management employee retire in the year of the award agreement, restricted share units and stock options awarded pursuant to that agreement will be forfeited.

2009 RESTRICTED SHARE UNIT AWARD PAYOUT

The Committee reviewed the vesting of the 2009 restricted share units against the performance targets. The Company achieved a three-year average return on invested capital to December 31, 2011 of 13.91%, exceeding the 13% target set in 2009. This outcome resulted in a performance vesting factor of 122.6% of the restricted share units awarded in 2009, in accordance with the plan rules. As the minimum average closing share price condition was also met, payout under the plan occurred in February 2012, provided other conditions of the award agreements were complied with.

The table illustrating the 2009 restricted share unit performance objectives and results can be found on page 46.

RISK MITIGATION IN OUR COMPENSATION PROGRAM

The Company has a formalized compensation philosophy to guide compensation program design and decisions. Many of the characteristics inherent in the Company's executive compensation program encourage the right behaviours, thus mitigating risks and aligning long-term results with shareholder interests. The following are examples of such characteristics:

- Appropriate balance between fixed and variable pay, as well as short- and long-term incentives;
- Multiple performance metrics are to be met or exceeded in the Annual Incentive Bonus Plan;
- Incentive payout opportunities are capped and do not have a guaranteed minimum payout;

- Executive compensation clawback policy is in place;
- Stock ownership guidelines apply to executives and senior management employees (approximately 195 individuals).

A complete list and description of these risk-mitigating features is available on pages 48 and 49.

In 2011, Towers Watson was mandated to review the Company's compensation program, policies and practices and assess any potential risk implications. Towers Watson concluded that "there does not appear to be significant risks arising from CN's compensation programs that are reasonably likely to have a material adverse effect on the company".

NON-COMPETE, NON-SOLICIATION AND NON-DISCLOSURE

The railroad industry operates in a highly competitive market and CN has undergone a transformational journey to be an industry leader. In recent years, the Company has stepped up efforts to protect itself and its confidential information. The Company's long-term incentive award agreements, as well as its non-registered pension plans, therefore contain non-compete, non-solicitation and non-disclosure of confidential information conditions (the "Conditions"). Payout under the long-term incentive plans or the non-registered pension plans is subject to current or former employees complying with these Conditions.

Compensation Framework

The Company's executive compensation program and policies are designed to ensure that there is a clear link between the Company's long-term strategy, its business plan and executive rewards, thus encouraging the right behaviours. A significant proportion of executive incentive remuneration is therefore tied to key corporate objectives that play a pivotal role in driving the organization's short- and long-term profitability and return to shareholders. The executive compensation program is also designed to be competitive, in order to attract, retain and motivate outstanding executive talent.

The executive compensation program is comprised of five elements: i) base salary; ii) annual incentive bonus; iii) long-term incentives; iv) pension benefits; and v) executive perquisites. The combination of base salary, annual incentive bonus and long-term incentives defines the total direct compensation offering, which is weighted towards variable, "pay-for-performance" elements.

Compensation Policy

THE COMPANY'S EXECUTIVE COMPENSATION POLICY

Prior to 2010, the executive compensation policy aimed to position total direct compensation at the 75th percentile of the executives' respective comparator groups. Concurrent with the appointment of Claude Mongeau as President and CEO in January 2010, the policy was revised to target a market positioning of total direct compensation between the median and 60th percentile of the executives' respective comparator groups. This reduction in market positioning from the 75th percentile was determined to be competitive after a thorough review of the structure, levels and practices of remuneration in the railroad industry. In order to achieve the objectives of this revised policy, base salaries and target annual bonuses are set with reference to the median level of the respective comparator group, whereas the grant date fair value of long-term incentives is set with reference to the 60th percentile. The Committee believes that the compensation policy and its principles provide for competitive and reasonable compensation levels.

BENCHMARKING USING COMPARATOR GROUPS

The median and 60th percentile competitive pay levels are determined using comparator groups, which have been carefully reviewed and endorsed by the Committee as being appropriate for the level and nature of the positions. In determining compensation for the NEOs, the Company considers a comparator group of North American companies that are comparable in size and with whom the Company competes for executive talent. In 2011, the comparator group for the NEOs was the following Class I Railroads: Union Pacific Corporation, CSX Corporation, Norfolk Southern Corporation and Canadian Pacific Railway Limited. The Committee also considers data from a secondary reference point for purposes of verifying the alignment with general compensation trends, but not for direct benchmarking purposes, given the direct comparability of the above-mentioned Class I Railroads. The comparator group used to benchmark pay levels for all other executives, other than the NEOs, serves as this secondary reference point, as described below.

For all other executives, the comparator group used for benchmarking purposes is a broad sample of U.S. organizations that participate in Towers Watson's proprietary database (the "U.S. Industrial"). Data are size-adjusted to reflect the scope of each CN executive role based on their respective revenue responsibility. Where size-adjusted results are insufficient, data are provided from organizations in the U.S. Industrial sample with revenues between US$6 billion and US$10 billion.

Throughout the annual executive compensation review process, the Committee also receives advice from its independent compensation consultant, Hugessen.

COMPENSATION DECISIONS AND PROCESS

The Committee normally reviews the base salaries of executives in January each year, by taking into consideration median comparator group practices, economic outlook, leadership abilities, retention considerations and succession plans.

The Committee reviews and recommends for approval by the Board of Directors the performance targets related to both the Annual Incentive Bonus Plan and the Restricted Share Units Plan. These targets are derived from CN's annual business plan, which is prepared by Management and reviewed with the full Board during the Strategic Planning Committee meetings. The business planning process is an extensive one, during which Management examines with the Directors the economic, business, regulatory and competitive conditions which affect or can be expected to affect CN's business in the following three-year period. Throughout the year, members of the Committee are provided with updates related to the Company's performance against targets. The Committee and the Board also have open access to senior management throughout the year, should they wish to discuss specific business issues or seek clarification. The Board and the Committee are therefore confident that they have detailed visibility of the Company's financial performance and that they are appropriately equipped to recommend executive compensation decisions.

The annual grant of restricted share units and stock options to NEOs and other eligible employees is reviewed and approved at the meetings of the Committee and the Board of Directors which take place each year in January. In determining the appropriate long-term incentive fair value granted to each NEO, the Committee considered external market data, as discussed in the "Benchmarking Using Comparator Groups" section, as well as other factors such as individual performance, leadership and talent retention. Long-term incentive fair values were determined with reference to the 60th percentile of the Class I Railroads comparator group. The fair value of the restricted share units granted to NEOs is approximately equivalent to that of stock options, except in the case of the CEO, due to the 20% limitation on the number of stock options that can be awarded to one individual, pursuant to the terms of the Management Long-Term Incentive Plan – please refer to page 60 for a description of the plan.

The compensation of the NEOs, other than that of the CEO, is recommended by the CEO and reviewed and approved by the Committee. The compensation of the CEO is recommended by the Committee and approved by the independent members of the Board of Directors.

Components of the Executive Compensation Program

The following table summarizes the components of the Company's executive compensation program, which is driven by the executive compensation policy. Each component is then further detailed in this section.

COMPONENT	DESIGN SUMMARY	FORM	OPPORTUNITY	RISK-MITIGATING ELEMENTS	OBJECTIVES AND RATIONALE
Base Salary	• Fixed rate of pay • Individual salary recommendations based on	• Cash	• Set with reference to the median of the	• Provides for a balanced mix of pay components (fixed	• Provide competitive level of fixed

	competitive assessment and economic outlook, leadership, retention and succession considerations • Performance period: annual		respective comparator group	vs. variable) • Use of external advisor and peer group analysis	compensation • Recognize sustained individual performance
Annual Incentive Bonus Plan	• Annual awards based on achievement of five pre-determined corporate performance objectives (70%) and individual performance (30%) • Approximately 4,600 management employees are eligible • Performance period: 1 year	• Cash-based performance pay	• Target is 120% of base salary for the CEO and 70% for the other NEOs. Maximum payout is limited to twice the target • For other eligible employees, target is based on grade level with a maximum payout limited to 1.5 or 2.0 times the target	• Use of multiple performance metrics • Plan targets reviewed and approved annually based on in-depth review of annual business plan • Payouts are capped • No guaranteed minimum payout • Payouts subject to a clawback policy	• Reward the achievement of a balanced set of annual corporate performance objectives • Reward the achievement of personal objectives aligned with each employee's area of responsibility and role in realizing operating results • Drive superior corporate and individual performance

COMPONENT	DESIGN SUMMARY	FORM	OPPORTUNITY	RISK-MITIGATING ELEMENTS	OBJECTIVES AND RATIONALE
Long-Term Incentives	Restricted Share Units • Performance vesting subject to the attainment of 3-year average return on invested capital targets • Payout conditional on the attainment of a minimum share price during the last three months of the plan period • Employees must remain in active and continuous service until the last day of the year in which the grant was made to be eligible for payout • Performance period: 3 years Stock options • Conventional stock options that vest over 4 years at a rate of 25% per year • Grant is approximately of equal value to the Restricted Share Units (except for the CEO who receives a different proportion due to the 20% limitation under the stock option plan) • Employees must remain in active and continuous service until the last day of the year in which the grant was made to be eligible for payout • Performance period: 4-year vesting, 10-year option term	• Performance-based share units payable in cash • Stock options	• Long-term incentive grant date fair value determined with reference to the 60th percentile of the respective comparator groups for NEOs and executives • RSU performance vesting factor capped at 150%	• Significant weighting towards long- term incentive compensation • Overlapping multi-year performance periods • Mix of financial and market measures • RSU payouts are capped and there is no minimum guaranteed payout • Payouts subject to a clawback policy	• Align management interests with shareholder value growth • Reward the achievement of sustained financial performance • Contribute to retention of key talent • Recognize individual contribution and potential
Pension Benefits	Canadian Pension Plans • Defined Benefit Plan: Benefits payable calculated as a percentage of the five-year highest average earnings multiplied by pensionable service • Defined Contribution Plan: Benefits based on the participant's required contributions and on Company-matched contributions	• Cash payments following retirement	• Non-registered plans restricted to executives and senior management employees • Most retirement benefits for executives and senior management employees are		

- Non-registered plans: Benefits to supplement registered plans and provide benefits in excess of the Income Tax Act limit

calculated with

U.S. Pension Plans

- Defined Benefit Plan: Benefits payable calculated as a percentage of the five-year highest average earnings (out of the last 10 years) multiplied by pensionable service
- Savings Plan: 401(k) benefits based on the participant's voluntary contributions and 50% matching by the Company, limited to 3% of base pay
- Defined Contribution Feature: Additional benefits included in the 401(k) based on Company contributions equal to 3.5% of base pay
- Non-registered plans: Benefits to supplement registered plans and provide benefits in excess of IRS limit
- Pensionable service period for most plans: Maximum of 35 years