

CANADIAN NATIONAL RAILWAY CO  
Form 6-K  
March 23, 2009

---

---

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

Report of Foreign Issuer

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

For the month of March, 2009

Commission File Number: 001-02413

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

935 de la Gauchetiere Street West  
Montreal, Quebec  
Canada H3B 2M9

(Address of principal executive offices)

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

Form 20-F

Form 40-F

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

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

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

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

Table of Contents

Items

Item 1 Notice of Annual Meeting of Shareholders

Item 2 Management Proxy Circular

Item 3 Proxy Form

Item 4 Annual Report

---

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, 2009

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 FAIRMONT PALLISER  
133 9TH AVENUE SW  
CALGARY, ALBERTA (CANADA)

on Tuesday, April 21, 2009, at 9:00 a.m. (Mountain time) for:

1. receiving the consolidated financial statements for the year ended December 31, 2008 and the auditors' reports thereon;
2. electing the directors;
3. appointing the auditors; and
4. transacting such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

The directors have fixed March 9, 2009, 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  
EXECUTIVE VICE-PRESIDENT,  
CORPORATE SERVICES AND CHIEF LEGAL OFFICER

March 3, 2009  
Montréal, Québec

---

Item 2

NOTICE OF ANNUAL MEETING  
OF SHAREHOLDERS

April 21, 2009

AND

MANAGEMENT INFORMATION CIRCULAR

---

March 3, 2009

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 Fairmont Palliser, Crystal Ballroom, Lobby Level, 133 9th Avenue SW, Calgary, Alberta (Canada), on Tuesday, April 21, 2009, at 9:00 a.m. (Mountain 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 2008 performance and our plans for the future. You will have the opportunity to meet 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 pages 5 and 6 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](http://www.cn.ca).

We look forward to seeing you at the meeting.

Sincerely,

(Signed) E. Hunter Harrison  
President and Chief Executive Officer

(Signed) David G.A. McLean  
Chairman of the Board

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

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

THE FAIRMONT PALLISER  
133 9TH AVENUE SW  
CALGARY, ALBERTA (CANADA)

on Tuesday, April 21, 2009, at 9:00 a.m. (Mountain time) for:

1. receiving the consolidated financial statements for the year ended December 31, 2008 and the auditors' reports thereon;
2. electing the directors;
3. appointing the auditors; and
4. transacting such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

The directors have fixed March 9, 2009, 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  
EXECUTIVE VICE-PRESIDENT,  
CORPORATE SERVICES AND CHIEF LEGAL OFFICER

March 3, 2009  
Montréal, Québec



## 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 at The Fairmont Palliser, Crystal Ballroom, Lobby Level, 133 9th Avenue SW, Calgary, Alberta (Canada), on Tuesday, April 21, 2009, at 9:00 a.m. (Mountain time) for the purposes set forth in the foregoing Notice of Meeting. The information contained herein is given as at March 3, 2009, 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. (Eastern time) on April 20, 2009, or, if the Meeting is adjourned or postponed, by no later than 5:00 p.m. (Eastern 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

4	Questions and Answers – Voting and Proxies
7	Business of the Meeting
7	Financial Statements
7	Election of Directors
7	Appointment of Auditors
8	Nominees for Election to the Board
8	Description of Nominees
12	Board of Directors Compensation
16	Board and Committee Attendance
17	Additional Disclosure Relating to Directors
18	Statement of Corporate Governance Practices
18	General
18	Code of Business Conduct
19	Independence of Directors
19	Independent Chairman of the Board
19	Position Descriptions
20	Election of Directors
20	Committees of the Board
21	Board and Committee Meetings
22	Board Performance Assessment
22	Director Selection
24	Director Orientation and Continuing Education
24	Audit Committee Disclosure
29	Statement of Executive Compensation
29	Human Resources and Compensation Committee
31	Compensation Discussion and Analysis

40	Summary Compensation Table
41	Incentive Plan Awards
45	Employment Contracts/ Arrangements
46	Pension Plan Benefits
50	Termination and Change of Control Benefits
52	Currency Exchange Information
53	Other Information
53	Securities Authorized for Issuance Under Equity Compensation Plans
53	Indebtedness of Directors and Executive Officers
53	Interest of Informed Persons and Others in Material Transactions
53	Directors' and Officers' Insurance
53	Shareholder Proposals
53	Availability of Documents
53	Approval
54	SCHEDULE "A" – Mandate of the Board

## 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 9, 2009 (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 27, 2009, the Company had outstanding 468,280,344 common shares without par value. Subject to the voting restrictions described below, each common share carries the right to one vote.

What will I be voting on?

Shareholders will be voting (i) to elect directors of the Company, and (ii) to appoint KPMG LLP as auditors of the Company. Our board of directors and our management are recommending that shareholders vote FOR items (i) and (ii).

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 the services of Kingsdale Shareholder Services Inc. for the solicitation of proxies in Canada and the United States, at an aggregate cost estimated to be CAD\$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 Kingsdale Shareholder Services Inc., the Company’s proxy solicitation agent, toll-free at 1-866-851-3217.

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, North Tower, 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](mailto: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. (Eastern time) on April 20, 2009, or if the Meeting is adjourned or postponed, by no later than 5:00 p.m. (Eastern 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 FOR the election of management's nominees as directors and FOR the appointment of KPMG LLP as auditors 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 for 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, Québec, Canada, H3B 2M9) at any time up to and including 5:00 p.m. (Eastern 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, Canadian 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 am an employee shareholder?

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.

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 holder’s 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. (Eastern 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, 2008, together with the auditors' reports thereon, are included in the 2008 Annual Report of the Company, available on our website at [www.cn.ca](http://www.cn.ca), on SEDAR at [www.sedar.com](http://www.sedar.com), on EDGAR at [www.sec.gov](http://www.sec.gov) and in print, free of charge, to any shareholder who requests copies by contacting our Corporate Secretary.

### 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, 11 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. 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. 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.



NOMINEES FOR  
ELECTION TO THE BOARD

Description of Nominees

The following tables set out information as of February 27, 2009, unless otherwise indicated, regarding the nominees for election as directors. Among the directors elected last year, Mr. J.V. Raymond Cyr retired from the Board on January 4, 2009 and Messrs. James K. Gray and Robert H. Lee will retire from the Board on the date of the Meeting and will not be nominated for reelection, as they will have reached the retirement age adopted by the Company. Please see the section entitled "Statement of Corporate Governance Practices – Director Selection – Retirement from the Board" for a description of such policy. All nominees are current directors of the Company.

**MICHAEL R. ARMELLINO,**  
**CFA**

Age: 69(1)  
Fort Lee, 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.

MEMBER OF	ATTENDANCE	SECURITIES AND OPTIONS HELD
Board	80%	COMMON SHARES OWNED
Strategic Planning Committee (Chair)	OR	OPTIONS HELD(4)
Audit Committee	100%	CONTROLLED(3)
Finance Committee	100%	February 2009
Investment Committee of CN's Pension Trust Funds(2)	100%	February 2008
		106,650 February 2009 Nil
		102,150 February 2008 Nil

**A. CHARLES BAILLIE, O.C.,**  
**LL.D.**

Age: 69(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 of the bank in December 2002.

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.

MEMBER OF	ATTENDANCE	SECURITIES AND OPTIONS HELD
Board	100%	COMMON SHARES OWNED
Finance Committee (Chair)	OR	OPTIONS HELD(4)
Audit Committee	100%	CONTROLLED(3)
Human Resources and Compensation Committee	83%	
Strategic Planning Committee	100%	February 2009
	100%	February 2008
		133,776(5) February 2009 N/A
		127,344(6) February 2008 N/A



HUGH J. BOLTON, FCA  
Age: 70(1)  
Edmonton, Alberta, Canada  
Director Since: April 15, 2003  
Independent

Mr. Bolton is the chair of the board of directors of EPCOR Utilities Inc. (energy and energy-related services provider), and the chairman of the board of directors of Matrikon Inc. (supplier of industrial IT solutions). Mr. Bolton is also a director of Teck Cominco Limited, The Toronto-Dominion Bank and WestJet Airlines Ltd. From 1992 to 1998, Mr. Bolton was chair and Chief Executive Partner of Coopers & Lybrand Canada (now PricewaterhouseCoopers).

MEMBER OF	ATTENDANCE	SECURITIES AND OPTIONS HELD
Board	100%	COMMON SHARES OWNED OR HELD(4)
Audit Committee	100%	CONTROLLED(3)
Corporate Governance and Nominating Committee	100%	
Human Resources and Compensation Committee	100%	February 2009 37,346(5) February 2009N/A
Strategic Planning Committee	100%	February 2008 32,270(6) February 2008N/A

AMBASSADOR GORDON D. GIFFIN  
Age: 59(1)  
Atlanta, Georgia, U.S.A.  
Director Since: May 1, 2001  
Independent

Mr. Giffin is Senior Partner, McKenna Long & Aldridge (law firm) and he was United States Ambassador to Canada from August 1997 to April 2001. Mr. Giffin is also a director of Canadian Imperial Bank of Commerce, Canadian Natural Resources Limited, TransAlta Corporation and Ontario Energy Savings Corp.

MEMBER OF	ATTENDANCE	SECURITIES AND OPTIONS HELD
Board	100%	COMMON SHARES OWNED OR HELD(4)
Environment, Safety and Security Committee	100%	CONTROLLED(3)
Finance Committee	100%	
Human Resources and Compensation Committee	100%	February 2009 37,412(5) February 200927,000
Strategic Planning Committee	100%	February 2008 32,656(6) February 200827,000

E. HUNTER HARRISON  
Age: 64(1)  
Wellington, Florida, U.S.A.  
Director Since: December 7, 1999  
Not Independent

Mr. Harrison has been President and Chief Executive Officer of the Company since January 1, 2003. He has served as Executive Vice-President and Chief Operating Officer of the Company from March 1998 to December 2002. Prior to joining CN, Mr. Harrison had been a director and President and Chief Executive Officer of the Illinois Central Corporation and the Illinois Central Railroad Company from 1993 to 1998.

MEMBER OF	ATTENDANCE	SECURITIES AND OPTIONS HELD
Board	100%	COMMON SHARES OWNED OR HELD(4)

Strategic Planning Committee                      OR  
   100%CONTROLLED(3)

February 2009	313,329	February 2009	3,595,000
February 2008	308,993	February 2008	3,505,000

EDITH E. HOLIDAY  
 Age: 57(1)  
 Washington, District of Columbia, U.S.A.  
 Director Since: June 1, 2001  
 Independent

Mrs. Holiday is a Corporate Director and Trustee and a former General Counsel, United States Treasury 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 in various investment companies of the Franklin Templeton Group of Mutual Funds.

MEMBER OF	ATTENDANCE	SECURITIES AND OPTIONS HELD
Board	100%	COMMON SHARES OWNED
Corporate Governance and Nominating Committee	100%	OR CONTROLLED(3)
Environment, Safety and Security Committee	100%	
Human Resources and Compensation Committee	100%	February 2009
Investment Committee of CN's Pension Trust Funds(2)	100%	February 2008
Strategic Planning Committee	100%	
		35,717(5) February 2009 27,000
		31,200(6) February 2008 27,000

V. MAUREEN KEMPSTON DARKES,  
 O.C., D. COMM., LL.D.  
 Age: 60(1)  
 Miramar, Florida, U.S.A.  
 Director Since: March 29, 1995  
 Not Independent

Mrs. Kempston Darkes is Group Vice-President and President Latin America, Africa and Middle East, General Motors Corporation. 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 of Brookfield Asset Management Inc.

MEMBER OF	ATTENDANCE	SECURITIES AND OPTIONS HELD
Board	100%	COMMON SHARES OWNED
Environment, Safety and Security Committee (Chair)	100%	OR CONTROLLED(3)
Finance Committee	100%	
Investment Committee of CN's Pension Trust Funds(2)	100%	February 2009
Strategic Planning Committee	100%	February 2008
		64,577(5) February 2009 40,000
		59,631(6) February 2008 40,000

THE HON. DENIS LOSIER, P.C., LL.D.  
 Age: 56(1)  
 Moncton, New Brunswick, Canada  
 Director Since: October 25, 1994  
 Independent

Mr. Losier is President and Chief Executive Officer, Assumption Life (life insurance company). Between 1989 and 1994, Mr. Losier held various cabinet level positions with the government of the Province of New Brunswick. He is also a director of NAV CANADA and Plazacorp Retail Properties Ltd. and has recently been named as a member of the Security Intelligence Review Committee (Canadian Government) and as such, became a member of the Privy Council.

MEMBER OF	ATTENDANCE	SECURITIES AND OPTIONS HELD
Board	100% COMMON SHARES OWNED OR	OPTIONS HELD(4)
Audit Committee (Chair)	100% CONTROLLED(3)	
Corporate Governance and Nominating Committee	100%	
Investment Committee of CN's Pension Trust Funds(2)	100% February 2009	87,441(5) February 2009 39,000
Strategic Planning Committee	100% February 2008	81,378(6) February 2008 51,000

THE HON. EDWARD C. LUMLEY, P.C., LL.D.  
 Age: 69(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. Mr. Lumley is also a director of BCE, Bell Canada and Dollar-Thrifty Automotive Group, Inc.

MEMBER OF	ATTENDANCE	SECURITIES AND OPTIONS HELD
Board	100%	COMMON SHARES OWNED
Investment Committee of CN's Pension Trust Funds (Chair)(2)	100%	OR CONTROLLED(3)
Environment, Safety and Security Committee	100%	
Finance Committee	100%	February 2009 87,431(5) February 2009 Nil
Human Resources and Compensation Committee	100%	February 2008 80,985(6) February 2008 51,000
Strategic Planning Committee	100%	

DAVID G.A. McLEAN, O.B.C., LL.D.  
 Age: 70(1)  
 Vancouver, British Columbia, Canada  
 Director Since: August 31, 1994  
 Independent

Mr. McLean is board chair of the Company and chair and Chief Executive Officer, The McLean Group (real estate investment, film and television facilities, communications and aircraft charters).

MEMBER OF	ATTENDANCE	SECURITIES AND OPTIONS HELD
Board (Chair)	100%	COMMON SHARES OWNED
Corporate Governance and Nominating Committee (Chair)	100%	OR CONTROLLED(3)
Environment, Safety and Security Committee	100%	
Human Resources and Compensation Committee	100%	February 2009 177,989(5) February 2009 Nil
Investment Committee of CN's Pension Trust Funds(2)	100%	February 2008 164,885(6) February 2008 Nil
Strategic Planning Committee	100%	

ROBERT PACE  
 Age: 54(1)  
 Halifax, Nova Scotia, Canada  
 Director Since: October 25, 1994  
 Independent

Mr. Pace is President and Chief Executive Officer, The Pace Group (private holding company). Mr. Pace is also a director of High Liner Foods Incorporated and Hydro One and board chair of Overland Realty Limited.

MEMBER OF	ATTENDANCE	SECURITIES AND OPTIONS HELD
Board (Chair)	100%	COMMON SHARES OWNED OR HELD(4)
Human Resources and Compensation Committee (Chair)	100%	CONTROLLED(3)
Audit Committee	100%	
Corporate Governance and Nominating Committee	100%	February 2009 94,975(5) February 200951,000
Investment Committee of CN's Pension Trust Funds(2)	100%	February 2008 88,500(6) February 200851,000
Strategic Planning Committee	100%	

- (1) The age of the directors is provided as at the date of the Meeting (i.e., on April 21, 2009).
- (2) The Investment Committee of CN's Pension Trust Funds is a mixed committee composed of both members of the Board of Directors as well as officers of the Company.
- (3) The information regarding common shares beneficially owned, controlled or directed has been furnished by the respective nominees individually and includes Directors Restricted Share Units granted as compensation to directors, but does not include common shares under options.
- (4) The information regarding options comprises the options granted under the Management Long-Term Incentive Plan. Mr. Baillie and Mr. Bolton were not members of the Board when options were granted. No options were granted to non-executive directors since 2002. On March 8, 2005, the Management Long-Term Incentive Plan was amended to provide that option grants under such plan could no longer be made to non-executive directors.
- (5) Includes Directors Restricted Share Units in the following amounts: A. Charles Baillie: 39,176; Hugh J. Bolton: 34,846; Ambassador Gordon D. Giffin: 14,637; Edith E. Holiday: 4,517; V. Maureen Kempston Darkes: 23,577; The Hon. Denis Losier: 33,569; The Hon. Edward C. Lumley: 34,631; David G.A. McLean: 70,079; and Robert Pace: 36,101. 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.
- (6) Includes Directors Restricted Share Units in the following amounts: A. Charles Baillie: 32,744; Hugh J. Bolton: 29,770; Ambassador Gordon D. Giffin: 13,481; Edith E. Holiday: 2,250; Maureen Kempston Darkes: 23,131; The Hon. Denis Losier: 28,518; The Hon. Edward C. Lumley: 28,185; David G.A. McLean: 56,975; and Robert Pace: 29,626. 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.

#### 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 14, the directors have a substantial investment in the Company. In addition, approximately 75% of the total annual remuneration of the non-executive directors for 2008 was in the form of common shares or Directors Restricted Share Units ("DRSUs"). Subject to the Minimum Shareholding Requirement as defined on page 14 of the 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 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.

The directors' compensation program is designed to attract and retain the most qualified people to serve on CN's Board and 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, four 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 consideration for serving on the Board of Directors in 2008, it was determined that each director be compensated as indicated in the table below:

TYPE OF FEE	AMOUNT AND NUMBER OF SHARES
Board Chair Retainer(1)	US\$120,000(2) and 12,000 Shares(2)
Director Retainer(3)	US\$15,000(2) and 4,500 Shares(2)
Committee Chair Retainer(4)	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) The directors may choose to receive all or part of their cash retainer in common shares or DRSUs and their common share retainer can also be received in DRSUs. The common shares are purchased on the open market.
- (3) Mr. Harrison does not receive any compensation to serve as director because he is an officer of the Company.
- (4) The committee chairs (other than the Board chair) also receive, as members of a committee, a retainer of US\$3,500.

The table below reflects in detail the compensation earned by non-employee directors in the 12-month period ended December 31, 2008.

NAME OF DIRECTOR	FEES EARNED (IN CASH)(1)					SHARE-BASED AWARDS (1,000) (CAD\$)
	DIRECTOR AND BOARD CHAIR CASH RETAINER (CAD\$)	COMMITTEE CHAIR CASH RETAINER (CAD\$)	COMMITTEE MEMBER CASH RETAINER (CAD\$)	BOARD AND COMMITTEE ATTENDANCE AND TRAVEL FEES(2) (CAD\$)		
Michael R. Armellino	15,990	15,990	14,924	51,168	217,000	
A. Charles Baillie	-	-	14,924	54,366	248,000	
Hugh J. Bolton	15,990	-	14,924	57,564	217,000	
J.V. Raymond Cyr	15,990	15,990	14,924	46,371	217,000	
Ambassador Gordon D. Giffin	15,990	-	14,924	54,366	217,000	
James K. Gray	-	-	-	60,762	250,000	
Edith E. Holiday	15,990	-	18,655	62,361	217,000	
V. Maureen Kempston Darkes	15,990	-	14,924	49,569	217,000	
Robert H. Lee	15,990	-	14,924	54,366	217,000	
The Hon. Denis Losier	15,990	15,990	14,924	57,564	217,000	
The Hon. Edward C. Lumley	-	-	-	62,361	265,000	
David G.A. McLean	63,960	-	-	63,960	641,000	
Robert Pace	-	-	-	67,158	265,000	
<b>TOTAL</b>	<b>191,880</b>	<b>47,970</b>	<b>138,047</b>	<b>741,936</b>	<b>3,414,000</b>	

(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 2008 (1.066), and compensation received in common shares or DRSUs was converted to Canadian dollars using the closing rate of exchange of the Bank of Canada (1.0061) on the first day opened for trading following the date on which the Board of Directors approved Directors' Compensation (January 24, 2008).

(2) Includes travel fees which amounted to a total of CAD\$140,712, in aggregate, for all directors.

- (3) Includes 4,500 common shares or DRSUs received by each non-executive director as part of the Director Retainer (and 12,000 common shares or DRSUs received by the Board Chair as part of the Board Chair Retainer). The value of such grant was calculated as at January 24, 2008 using the average closing price on such date on the New York and Toronto stock exchanges (CAD\$48.42).
- (4) In addition to the common shares or DRSUs received by the directors and the Board chair as described in note (3) above, 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: A. Charles Baillie, James K. Gray, The Hon. Edward C. Lumley, David G.A. McLean and Robert Pace. The value of such election is reflected in this column and was calculated as at January 24, 2008 using the average closing price on such date on the New York and Toronto stock exchanges (CAD\$48.42).
- (5) Such values represent committee attendance fees received in cash for attendance to meetings of board committees of which they were not members. In addition, Mr. McLean received US\$6,000 for his participation in meetings of the Company's Donations Committee. Such values were converted to Canadian dollars using the average rate of exchange of the Bank of Canada for 2008 (1.066).
- (6) Includes the value for 2008 of insurance premiums for life, accidental death and dismemberment insurance as well as 2008 medical and dental coverage for Mr. McLean in Canada and the U.S. The total cost to the Company for such benefits is equal to CAD\$3,136.
- (7) This percentage is calculated by dividing the value provided under the share-based awards column by the value provided under the total column.

## Outstanding Option-based Awards and Share-based Awards

The table below reflects all awards outstanding as at December 31, 2008 with respect to non-executive directors.

NAME OF DIRECTOR	OPTION-BASED AWARDS(1)					SHARE-BASED AWARDS	
	DATE OF GRANT AND NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#)	OPTION EXERCISE PRICE (CAD\$)	OPTION EXPIRATION DATE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS(2) (CAD\$)	NUMBER OF SHARES OR UNITS OF SHARES THAT HAVE NOT VESTED (#)	MARKET VALUE OF SHARES	MARKET VALUE OF SHARES
Michael R. Armellino	-	-	-	-	-	-	-
A. Charles Baillie	-	-	-	-	-	33,196	-
Hugh J. Bolton	-	-	-	-	-	30,181	-
J.V. Raymond Cyr	04/26/1999 12,000	14.76	04/26/2009	360,300	27,595	-	-
	01/25/2000 12,000	11.67	01/25/2010	397,320	-	-	-
	01/26/2001 15,000	16.67	01/26/2011	421,600	-	-	-
	01/25/2002 12,000	25.59	01/25/2012	230,280	-	-	-
Ambassador Gordon D. Giffin	05/01/2001 15,000	19.83	05/01/2011	374,200	13,663	-	-
	01/25/2002 12,000	25.59	01/25/2012	230,280	-	-	-
James K. Gray	-	-	-	-	-	5,850	-
Edith E. Holiday	06/01/2001 15,000	20.73	06/01/2011	360,700	2,267	-	-
	01/25/2002 12,000	25.59	01/25/2012	230,280	-	-	-
V. Maureen Kempston Darkes	04/26/1999 1,000	14.76	04/26/2009	30,025	23,449	-	-
	01/25/2000 12,000	11.67	01/25/2010	397,320	-	-	-
	01/26/2001 15,000	16.67	01/26/2011	421,600	-	-	-
	01/25/2002 12,000	25.59	01/25/2012	230,280	-	-	-
Robert H. Lee	-	-	-	-	-	-	-
The Hon.	01/25/2000 12,000	11.67	01/25/2010	397,320	28,911	-	-

Denis Losier	01/26/2001	15,000	16.67	01/26/2011	421,600	
	01/25/2002	12,000	25.59	01/25/2012	230,280	
The Hon. Edward C. Lumley	-	-	-	-	-	28,573
David G.A. McLean	-	-	-	-	-	57,761
Robert Pace	04/26/1999	12,000	14.76	04/26/2009	360,300	30,034
	01/25/2000	12,000	11.67	01/25/2010	397,320	
	01/26/2001	15,000	16.67	01/26/2011	421,600	
	01/25/2002	12,000	25.59	01/25/2012	230,280	

- (1) Shows information regarding options held by non-executive directors under the Management Long-Term Incentive Plan as of December 31, 2008. As of the date hereof, all these options are exercisable. On March 8, 2005, the Management Long-Term Incentive Plan was amended to provide that option grants under the Plan could no longer be made to non-executive directors. While they remain participants in the Plan for previous grants, the last time non-executive directors received options was in 2002. Mr. Baillie, Mr. Bolton and Mr. Lee were not members of the Board when options were granted under the Management Long-Term Incentive Plan.
- (2) The value of unexercised in-the-money options at financial year-end is the difference between the average closing price of the common shares on December 31, 2008 on the New York and Toronto stock exchanges (CAD\$44.78) and the exercise price, using the December 31, 2008 closing exchange rate (1.2180).
- (3) Shows information regarding Directors Restricted Share Units held by non-executive directors as of December 31, 2008. The directors may choose to receive all or part of their cash retainer 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, resignation or death.
- (4) The value of outstanding DRSUs is based on the average closing price of the common shares on December 31, 2008 on the New York and Toronto stock exchanges (CAD\$44.78), using the December 31, 2008 closing exchange rate (1.2180).

#### Share Ownership

The Board has adopted a guideline stating that each non-executive director should own, within three (3) 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) CAD\$250,000, or (ii) three (3) 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 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.

Each director is required to receive at least fifty percent (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 one hundred percent (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 one hundred percent (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 CAD\$3,284,836 (based on the February 27, 2009, average closing price of the common shares of the Company on the Toronto and New York stock exchanges of CAD\$41.00).

The following table provides information on the value of common shares and DRSUs owned by the Company's current directors, the value at risk as a multiple of each director's annual retainer 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	TOTAL NUMBER OF COMMON SHARES OWNED, CONTROLLED OR DIRECTED AND DRSUs	GUIDELINE MET ( ) OR INVESTMENT REQUIRED TO MEET GUIDELINE (CAD\$)	TOTAL VALUE OF COMMON SHARES AND DRSUs (VALUE AT RISK)(2) (CAD\$)	VALUE AT RISK AS MULTIPLE OF ANNUAL RETAINER
Michael R. Armellino	2009	106,650	-	106,650			
	2008	102,150	-	102,150		4,372,980	21
	Net change	4,500	-	4,500			
A. Charles Baillie	2009	94,600	39,176	133,776			
	2008	94,600	32,744	127,344		5,485,230	27
	Net change	-	6,432	6,432			
Hugh J. Bolton	2009	2,500	34,846	37,346			
	2008	2,500	29,770	32,270		1,531,301	8
	Net change	-	5,076	5,076			
Ambassador Gordon D. Giffin	2009	22,775	14,637	37,412			
	2008	19,175	13,481	32,656		1,534,008	8
	Net change	3,600	1,156	4,756			
	2009	61,798	5,881	67,679			

Edgar Filing: CANADIAN NATIONAL RAILWAY CO - Form 6-K

James K. Gray	2008	57,298	5,774	63,072	2,775,048	14
	Net change	4,500	107	4,607		
E. Hunter Harrison	2009	313,329	-	313,329		
	2008	308,993	-	308,993	12,847,449	N/A
	Net change	4,336	-	4,336		
Edith E. Holiday	2009	31,200	4,517	35,717		
	2008	28,950	2,250	31,200	1,464,507	7
	Net change	2,250	2,267	4,517		
V. Maureen Kempston Darkes	2009	41,000	23,577	64,577		
	2008	36,500	23,131	59,631	2,647,857	13
	Net change	4,500	446	4,946		
Robert H. Lee	2009	33,500	-	33,500		
	2008	29,000	-	29,000	1,373,604	7
	Net change	4,500	-	4,500		
The Hon. Denis Losier	2009	53,872	33,569	87,441		
	2008	52,860	28,518	81,378	3,585,351	18
	Net change	1,012	5,051	6,063		
The Hon. Edward C. Lumley	2009	52,800	34,631	87,431		
	2008	52,800	28,185	80,985	3,584,941	18
	Net change	-	6,446	6,446		
David G.A. McLean	2009	107,910	70,079	177,989		
	2008	107,910	56,975	164,885	7,298,099	11
	Net change	-	13,104	13,104		
Robert Pace	2009	58,874	36,101	94,975		

Edgar Filing: CANADIAN NATIONAL RAILWAY CO - Form 6-K

	2008	58,874	29,626	88,500	3,894,269	19
	Net change	-	6,475	6,475		

- (1) The number of common shares and DRSUs held by each director for 2009 is as at February 27, 2009 and for 2008 is as at February 29, 2008.
- (2) The total value is based on the February 27, 2009 average closing price of the common shares on the Toronto and New York stock exchanges (CAD\$41.00).



## Board and Committee Attendance

The tables below show the record of attendance by directors 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, 2008.

DIRECTOR(1)	NUMBER AND % OF MEETINGS ATTENDED							INVESTMENT COMMITTEE OF CN'S PENSION TRUST FUNDS
	BOARD	AUDIT COMMITTEE	CORPORATE GOVERNANCE AND NOMINATING COMMITTEE	ENVI- RONMENT, SAFETY AND SECURITY COMMITTEE	FINANCE COMMITTEE	HUMAN RESOURCES AND COM- PENSATION COMMITTEE		
Michael R. Armellino	8/10 (80%)	6/6	-	-	4/4	-	5/5	
A. Charles Baillie	10/10 (100%)	5/6	-	-	4/4 (Chair)	5/5	-	
Hugh J. Bolton	10/10 (100%)	6/6	5/5	-	-	5/5	-	
J.V. Raymond Cyr(2)	10/10 (100%)	-	5/5	4/4 (Chair)	-	-	5/5	
Ambassador Gordon D. Giffin	10/10 (100%)	-	-	4/4	4/4	5/5	-	
James K. Gray(3)	10/10 (100%)	-	4/5	3/4	-	5/5	5/5	
E. Hunter Harrison	10/10 (100%)	-	-	-	-	-	-	
Edith E. Holiday	10/10 (100%)	-	5/5	4/4	-	5/5	5/5	
V. Maureen Kempston Darkes	10/10 (100%)	-	-	4/4	4/4	-	5/5	
Robert H. Lee(3)	10/10 (100%)	5/6	-	-	4/4	-	5/5	
	10/10	6/6	5/5	-	-	-	5/5	

The Hon. Denis Losier	(100%)	(Chair)					
The Hon. Edward C. Lumley	10/10	-	-	4/4	4/4	5/5	5/5
David G.A. McLean	(100%)		(Chair)				(Chair)
	10/10	-	5/5	4/4	-	5/5	5/5
	(100%)		(Chair)				
	(Chair)						
Robert Pace	10/10	6/6	5/5	-	-	5/5	5/5
	(100%)					(Chair)	

- (1) All Board members, other than the members of such following committees, attended on a non-voting basis the Human Resources and Compensation Committee meeting held in January 2008 and the Audit Committee meetings held in April 2008 and July 2008. In addition, Hugh J. Bolton and Ambassador Gordon D. Giffin attended on a non-voting basis the Investment Committee meeting held in September 2008 and Michael R. Armellino attended on a non-voting basis the Human Resources and Compensation Committee meeting held in December 2008.
- (2) J.V. Raymond Cyr retired from the Board on January 4, 2009. Upon his retirement, V. Maureen Kempston Darkes was appointed Chair of the Environment, Safety and Security Committee.
- (3) James K. Gray and Robert H. Lee will retire from the Board on the date of the Meeting.

BOARD AND BOARD COMMITTEE MEETINGS	NUMBER OF MEETINGS HELD
Board	10
Audit Committee	6
Corporate Governance and Nominating Committee	5
Environment, Safety and Security Committee	4
Finance Committee	4
Human Resources and Compensation Committee	5
Investment Committee of CN's Pension Trust Funds	5
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; and
- (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.

## 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 updated on March 3, 2009. Our Corporate Governance Manual is available on our website at [www.cn.ca/governance](http://www.cn.ca/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/governance](http://www.cn.ca/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)

This year, the Board of Directors has 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 several matters, including conflict of interests, 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. The Code is available on our website at [www.cn.ca/governance](http://www.cn.ca/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 CODE  
OF  
BUSINESS

CONDUCT  
WAS  
REVIEWED  
AND  
UPDATED  
IN 2008.

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.

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.

- 
- (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 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-management director sessions. These procedures are described on our website at [www.cn.ca/governance](http://www.cn.ca/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, the substantial majority of the nominees for election to the Board of Directors 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/governance](http://www.cn.ca/governance).

9 OF THE 11  
NOMINEES FOR  
ELECTION TO  
THE BOARD OF  
DIRECTORS  
ARE  
INDEPENDENT.

As shown in the following table, of the 13 current directors, 11 are independent, and 9 of the 11 nominees for election to the Board of Directors are independent:

NAME	INDEPENDENCE STATUS		REASON FOR NON-INDEPENDENCE STATUS
	INDEPENDENT	NOT INDEPENDENT	
Michael R. Armellino			
A. Charles Baillie			
Hugh J. Bolton			
Ambassador			

Gordon D. Giffin	
James K. Gray	
E. Hunter Harrison	President and Chief Executive Officer of the Company
Edith E. Holiday	
V. Maureen Kempston Darkes	Senior executive of a major customer of the Company
Robert H. Lee	
The Hon. Denis Losier	
The Hon. Edward C. Lumley	
David G.A. McLean	
Robert Pace	

Independent Chairman of the Board(2)

The Company’s Board is led by a non-executive Chairman since its privatisation in 1995 and we believe that the separation of the positions of CEO 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.

Position Descriptions(3)

Our Corporate Governance Manual includes position descriptions for the Board chair and the Board committee chairs, as well as a position description for the President and Chief Executive Officer of the Company.

---

(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.

(3)

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



### 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.

THE BOARD  
OF  
DIRECTORS  
HAS  
ADOPTED A  
MAJORITY  
VOTING  
POLICY.

### Committees of the Board(1)

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 which is a mixed committee composed of members of the Board of Directors as well as officers of the Company. All committees report to the Board of Directors and, subject to certain limited exceptions, there are no standing delegations of the Board of Directors’ decision-making authority to 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 and its 2008 main activities are further described in the section entitled “Statement of Corporate Governance Practices – Audit Committee Disclosure” at page 25 of this Information Circular.

#### 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. This

Committee was created in April 2005 as a result of the division of the former Audit, Finance and Risk Committee into two separate Committees. 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.(2) 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.(3)

The charter of the Corporate Governance and Nominating Committee provides that such committee must be composed solely of independent directors. As at March 3, 2009, all members of the Corporate Governance and Nominating Committee are independent.(4)

- 
- (1) Form 58-101F1, section 8.  
(2) Governance Policy, section 3.13.  
(3) Form 58-101F1, section 6(c); Governance Policy, section 3.11.  
(4) 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.

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. 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 2008.(1)

#### 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 and its 2008 main activities are further described in the section entitled “Statement of Executive Compensation – Human Resources and Compensation Committee” at page 29 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 March 3, 2009, all members of the Human Resources and Compensation Committee are independent.(2)

Reference is also made to the subsection entitled “Statement of Executive Compensation – Human Resources and Compensation Committee - Executive Compensation Consultants” at page 30 of this Information Circular for disclosure in respect of executive compensation consultants.(3)

#### 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 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 Investment Division, advising the 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.

#### 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 committee chairs and the appropriate executive officers, establishes 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 2008 are set out in the section entitled “Nominees for Election to the Board – Board and Committee Attendance” of this Information Circular.(4)

IN CAMERA  
SESSIONS ARE  
HELD  
BY NON-MANAGEMENT  
BOARD MEMBERS  
AT EVERY  
IN-PERSON  
MEETING OF THE  
BOARD OF  
DIRECTORS.

- 
- (1) Form 58-101F1, section 7(a) and Governance Policy, section 3.17(b) (regarding directors).
- (2) 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.
- (3) Form 58-101F1, section 7(d).
- (4) Form 58-101F1, section 1(g).

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 non-management 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. An in camera session including only independent directors is also held at least once a year. During the financial year ended December 31, 2008, there was one session that was attended only by independent directors.(1)

#### Board Performance Assessment(2)

The Board of Directors has implemented, and reviews, from time to time, a 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 Board chair and Corporate Governance and Nominating Committee chair evaluation questionnaires, 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 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.

THE BOARD  
ASSESSMENT  
PROCESS IS  
CONDUCTED  
ANNUALLY AND  
IS COMPRISED OF  
VARIOUS  
ASSESSMENT  
TOOLS.

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

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 it was done in 2004. In 2008, no such assessment was deemed necessary given the fact that one was carried out in 2007 and that there had been no change in the composition of the Board. However, the Corporate Governance and Nominating Committee will reconsider on an annual basis the appropriateness of conducting another peer assessment. 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/governance](http://www.cn.ca/governance).

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 under applicable law,

- 
- (1) Form 58-101F1, section 1(e); Governance Policy, section 3.3.
  - (2) Form 58-101F1, section 9; Governance Policy, section 3.18.
  - (3) Form 58-101F1, section 6(a); Governance Policy, sections 3.12, 3.13 and 3.14.

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.

#### Competency Matrix

In proposing the list of Board nominees, the Board of Directors is guided by the process described in our Corporate Governance Manual, which is posted on our website at [www.cn.ca/governance](http://www.cn.ca/governance). 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. This competency matrix is reviewed regularly by the Board chair with Board members, and is updated as may be required.

The following table identifies some of the skills and other factors considered as part of the competency matrix developed by the Board chair and the Corporate Governance and Nominating Committee:

	Number of current directors who meet the criteria
Sale/Marketing	11
Finance	12
Accounting	6
Legal	5
Strategy	13
Human Resources	9
Engineering/Environment	2
Knowledge of transport industry	13
Public policy	13

#### 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.

As of February 27, 2009, 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 directors' 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 BOARD HAS  
ADOPTED A  
POLICY LIMITING  
THE NUMBER  
OF DIRECTORS  
SERVING ON THE  
SAME OUTSIDE  
BOARD.

The biographies on pages 8 to 12 of this Information Circular identify the other reporting issuers of which each nominee is a director.<sup>(1)</sup>

#### 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.

---

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



#### 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.

#### 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, the lifetime emeritus status has been bestowed upon Purdy Crawford and Cedric Ritchie and will be bestowed upon Raymond Cyr and James K. Gray as at the Meeting.

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.

#### Board Tenure

The following chart shows the tenure of the Company's Board as of February 27, 2009:

Please refer to the biographies on pages 8 to 12 for details regarding length of Board tenure of each nominee for election as directors.

#### Director Orientation and Continuing Education(1)

##### Orientation

New directors are provided with a Directors' handbook containing corporate and other information required to familiarize themselves with the Company, its organization and operations. Our orientation programs include 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.

##### 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.

EDUCATIONAL  
READING

MATERIALS AND PRESENTATIONS WERE PROVIDED TO BOARD MEMBERS ON A VARIETY OF MATTERS AND TOPICS.

In 2008, 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;  
financial strategy, risk assessment and disclosure;  
key accounting considerations; and  
current Sarbanes-Oxley Act requirements.

Moreover, the directors have 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. 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.

---

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

#### Audit Committee Disclosure

##### National Instrument 52-110 - Audit Committees

(“NI 52-110”) of the Canadian securities regulatory authorities 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](http://www.sedar.com) and on our website at [www.cn.ca/governance](http://www.cn.ca/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, Denis Losier, chair of the Committee, Michael R. Armellino, A. Charles Baillie, Hugh J. Bolton, Robert H. Lee and Robert Pace. 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)

THE AUDIT  
COMMITTEE IS  
COMPOSED OF SIX  
INDEPENDENT  
DIRECTORS.

##### Mandate of the Audit Committee

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

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

They include the following:

##### 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 Management Letter issued by the external auditors and any significant recommendations contained therein.

##### 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.

In addition, 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/governance](http://www.cn.ca/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.

#### 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.(5)

- 
- (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.
- (5) NI 52-110, section 2.3, subsection 2.

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.

In addition, the Audit Committee is responsible for ensuring that the external auditors are accountable to the Audit Committee and to the Board.

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).(1)

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.(2)

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.(3)

The Audit Committee met six times in 2008 and held in camera sessions. The following table outlines the major subject areas reviewed by the committee during the year, in compliance with its mandate.

#### Main Committee Activities – 2008

##### A. OVERSEEING FINANCIAL REPORTING

- Reviewed and approved the annual and quarterly results and financial information contained in all reports requiring Board approval
  - Reviewed the compliance of management certification of financial reports with applicable legislation
  - Reviewed the external auditors' quarterly report on the consolidated financial statements of the Company
- Reviewed, with the external auditors and management, the quality, appropriateness and disclosure of the Company's accounting principles and policies, underlying assumptions and reporting practices, and any proposed changes thereto
- Reviewed judgments made in connection with the preparation of the financial statements, including analyses of the effect of alternative generally accepted accounting principles methods

##### B. MONITORING RISK MANAGEMENT AND INTERNAL CONTROLS

- Reviewed the Company's risk assessment and risk management policies, including the Company's insurance coverage and delegation of financial authority
- Assisted the Board with the oversight of the Company's compliance with applicable legal and regulatory requirements
-

Received management's report assessing the adequacy and effectiveness of the Company's disclosure controls and procedures and systems of internal control

C. MONITORING INTERNAL AUDITORS

- Reviewed the internal audit plan
- Monitored the internal audit function's performance, its responsibilities, staffing, budget and the compensation of its members

D. MONITORING EXTERNAL AUDITORS

- Reviewed the results of the external audit
  - Recommended to the Board the appointment and terms of engagement of the Company's external auditors
  - Evaluated, remunerated and monitored the qualifications, performance and independence of the external auditors
    - Approved the disclosure of all audit, review and attest services provided by the external auditors
- Determined which non-audit services the external auditors are prohibited from providing, and pre-approved permitted non-audit services by the external auditors to the Company
- Reviewed the formal statement from the external auditors confirming their independence and reviewed hiring policies for employees or former employees of the Company's firm of external auditors

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

## 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 2008 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 United States (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 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 Committee.

Based on this review and these discussions, the 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, 2008 filed with the SEC.

## 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<sup>(1)</sup> 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 the 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.

ALL  
MEMBERS OF  
THE AUDIT  
COMMITTEE  
ARE  
CONSIDERED  
TO BE  
“FINANCIALLY  
LITERATE”.

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 responsibilities as a member of the committee:

Mr. Losier is President and Chief Executive Officer, Assumption Life. Mr. Losier held various cabinet level positions with the government of the Province of New Brunswick, from 1989 to 1994. He is a director and member of the audit committee of Plazacorp Retail Properties Ltd., and he is also a director of Enbridge Gas New Brunswick Limited Partnership and NAV CANADA. Mr. Losier holds a Masters of Economics from the University of Western Ontario.

Mr. Armellino 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 those of senior transportation analyst and Partner in Charge of Research. He is a Chartered Financial Analyst. Mr. Armellino holds an MBA in finance from the Stern School of Business (New York University), New York and has more than 25 years of experience as a securities analyst.

---

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



Mr. Baillie retired as chair of The Toronto-Dominion Bank in April 2003, and as Chief Executive Officer of the bank in December 2002. Mr. Baillie is a director and member of the audit committee of Telus Corporation. He is also a director and chair of the audit committee of George Weston Limited. Mr. Baillie holds an MBA from Harvard Business School.

Mr. Bolton is the Chairman of the board of directors of EPCOR Utilities Inc. and Matrikon Inc. Mr. Bolton is a director and chair of the audit committees of Teck Cominco Limited, The Toronto-Dominion Bank and WestJet Airlines Ltd. From 1992 to 1998, 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 fellow of the Alberta Institute of Chartered Accountants. He holds an undergraduate degree of 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 impaired Mr. Bolton's ability to effectively serve on the Audit Committee of the Company.

Mr. Lee is Chairman of the Prospero Group of Companies which includes real estate investment, financing, sales and property management businesses. He is a director and member of the audit committee of Wall Financial Corporation and he is Chairman of UBC Properties Trust. Mr. Lee holds a bachelor of commerce degree from the University of British Columbia.

Mr. Pace is the President and Chief Executive Officer, The Pace Group. Mr. Pace is also a member of the board of directors of Maritime Broadcasting Systems Limited, High Liner Foods Incorporated, Hydro One and is board chair of Overland Realty Limited. Mr. Pace holds an MBA and an LL.B Law Degree from Dalhousie University in Halifax, Nova Scotia, and has more than 20 years of business experience.

#### Auditors Fees

KPMG LLP has served as the Company's auditors since 1992. For the years ended December 31, 2008 and 2007, the fees for audit, audit-related, tax and other services provided to the Company by KPMG LLP were the following:

	2008(1)	2007(1)
FEES	(CAD\$)	(CAD\$)
Audit	2,794,000	3,170,000
Audit-Related	1,170,000	1,371,000
Tax	797,000	603,000
Other	—	—