



North America's Railroad

NEWS RELEASE

CN announces new share repurchase program and 20 per cent increase in quarterly cash dividend

MONTREAL, Jan. 25, 2011 — CN (TSX: CNR)(NYSE: CNI) announced today that its Board of Directors has authorized a normal-course-issuer bid to purchase, for cancellation, up to 16.5 million, or 3.6 per cent, of the common shares issued and outstanding of the Company on Jan. 17, 2011. Approximately 459.6 million CN common shares were issued and outstanding on that date.

The price to be paid by CN for any common shares will be the market price at the time of acquisition, plus brokerage fees, or such other price as the Toronto Stock Exchange (TSX) may permit.

CN recently completed a share repurchase program announced in January 2010, under which it repurchased 15 million common shares at a weighted-average price of C\$60.85 per share, excluding brokerage fees.

The new repurchase program – starting on Jan. 28, 2011, and ending no later than Dec. 31, 2011 – will be conducted through the facilities of the Toronto and New York stock exchanges and will conform to their regulations. TSX rules permit CN to purchase daily, through TSX facilities, a maximum of 247,988 common shares under the Company's repurchase program. Purchases under the normal-course-issuer bid will be made by means of open market transactions or such other means as the TSX or a securities regulatory authority may permit.

CN's management and Board of Directors believe that the repurchase by the Company of its shares represents an appropriate use of its funds to increase shareholder value. Having a strong balance sheet and solid cash generation prospects, CN can undertake the share buy-back while continuing to pursue other business opportunities.

CN also announced today that its Board of Directors has approved a 20 per cent increase in the Company's quarterly cash dividend. A quarterly dividend of thirty-two and one-half cents (C\$0.325) per common share will be paid on March 31, 2011, to shareholders of record at the close of business on March 10, 2011.

Including today's announcement, CN has declared increases in its cash dividend for 15 consecutive years since the Company's initial public offering of shares in 1995.

Luc Jobin, CN executive vice-president and chief financial officer, said: "CN posted strong financial results for 2010 that benefited from the economic recovery and a solid overall corporate performance, with free cash flow exceeding C\$1.1 billion. The

Company believes it is well positioned to continue its policy of rewarding shareholders by substantially increasing its dividend for 2011 and returning additional cash through a new share buy-back program.”

Forward-Looking Statements

Certain information included in this news release are “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities laws, including potential purchases of common shares for cancellation under a normal course issuer bid. CN cautions that, by their nature, these forward-looking statements involve risk, uncertainties and assumptions, and are subject to our board's discretion in respect of the declaration of dividends. The Company cautions that its assumptions may not materialize and that the current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty.

Important risk factors that could affect the above forward-looking statements include, but are not limited to, the effects of general economic and business conditions, industry competition, inflation, currency and interest rate fluctuations, changes in fuel prices, legislative and/or regulatory developments, compliance with environmental laws and regulations, actions by regulators, various events which could disrupt operations, including natural events such as severe weather, droughts, floods and earthquakes, labor negotiations and disruptions, environmental claims, uncertainties of investigations, proceedings or other types of claims and litigation, risks and liabilities arising from derailments, and other risks and assumptions detailed from time to time in reports filed by CN with securities regulators in Canada and the United States. Reference should be made to “Management's Discussion and Analysis” in CN's annual and interim reports, Annual Information Form and Form 40-F filed with Canadian and U.S. securities regulators, available on CN's website, for a summary of major risks and assumptions.

CN assumes no obligation to update or revise forward-looking statements to reflect future events, changes in circumstances, or changes in beliefs, unless required by applicable Canadian securities laws. In the event CN does update any forward-looking statement, no inference should be made that CN will make additional updates with respect to that statement, related matters, or any other forward-looking statement.

CN – Canadian National Railway Company and its operating railway subsidiaries – spans Canada and mid-America, from the Atlantic and Pacific oceans to the Gulf of Mexico, serving the ports of Vancouver, Prince Rupert, B.C., Montreal, Halifax, New Orleans, and Mobile, Ala., and the key metropolitan areas of Toronto, Buffalo, Chicago, Detroit, Duluth, Minn./Superior, Wis., Green Bay, Wis., Minneapolis/St. Paul, Memphis, and Jackson, Miss., with connections to all points in North America. For more information on CN, visit the Company's website at www.cn.ca.

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