

CANADIAN NATIONAL RAILWAY CO
Form 6-K
March 24, 2014

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, 2014

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 24, 2014

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 Westin Bayshore
Bayshore Grand Ballroom
1601 Bayshore Drive
Vancouver, British Columbia, Canada

on Wednesday, April 23, 2014, at 9:00 a.m. (Pacific Daylight Time) for the purposes of:

1. receiving the consolidated financial statements for the year ended December 31, 2013, and the auditors' reports thereon;
2. electing the directors;
3. appointing the auditors;
4. considering and approving, in an advisory, non-binding capacity, a resolution (the full text of which is set out on page 6 of the accompanying management information circular) accepting the Company's approach to executive compensation as disclosed in the Statement of Executive Compensation section of the accompanying management information circular; and
5. transacting such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

The directors have fixed March 6, 2014 as the Record Date for the determination of the holders of common shares entitled to receive notice of the Meeting.

By order of the Board of Directors

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

March 11, 2014
Montréal, Quebec

Item 2

MANAGEMENT INFORMATION CIRCULAR

AND NOTICE OF ANNUAL
MEETING OF SHAREHOLDERS

APRIL 23, 2014

March 11, 2014

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 Westin Bayshore, Bayshore Grand Ballroom, 1601 Bayshore Drive, Vancouver, British Columbia (Canada), on Wednesday, April 23, 2014, at 9:00 a.m. (Pacific Daylight Time).

This management information circular (the “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 2013 performance and our plans for the future. You will have the opportunity to meet and interact with your directors and the senior officers of the Company.

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

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

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

We look forward to seeing you at the meeting.

Sincerely,

(Signed) David G.A. McLean

David G.A. McLean
CHAIRMAN OF THE BOARD

(Signed) Claude Mongeau

Claude Mongeau
PRESIDENT AND CHIEF EXECUTIVE OFFICER

INFORMATION CIRCULAR

This 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” refer to, Canadian National Railway Company. The Meeting will be held on Wednesday, April 23, 2014, at 9:00 a.m. (Pacific Daylight Time) for the purposes set forth in the foregoing Notice of Meeting. The information contained herein is given as at February 28, 2014, 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 Daylight Time) on April 22, 2014, or, if the Meeting is adjourned or postponed, by no later than 5:00 p.m. (Eastern Daylight Time) on the business day prior to the day fixed for the adjourned or postponed meeting. If you are a non-registered shareholder, reference is made to the section entitled “How do I vote if I am a non-registered shareholder?” on page 5 of this Information Circular.

WHAT’S INSIDE

| | | | |
|-----------|--|-----------|--|
| 3 | QUESTIONS AND ANSWERS | 40 | COMPENSATION DISCUSSION AND ANALYSIS |
| 3 | Voting and Proxies | 40 | Executive Summary |
| 6 | BUSINESS OF THE MEETING | 59 | Summary Compensation Table |
| 6 | Financial Statements | 62 | Incentive Plan Awards |
| 6 | Election of Directors | 67 | Employment Arrangements |
| 6 | Appointment of Auditors | 67 | Pension Plan Benefits |
| 6 | Advisory Vote on Executive Compensation | 70 | Termination and Change of Control Benefits |
| 7 | NOMINEES FOR ELECTION TO THE BOARD | 71 | Currency Exchange Information |
| 7 | Description of Nominees | 72 | OTHER INFORMATION |
| 15 | Board of Directors Compensation | 72 | Securities Authorized For Issuance Under Equity Compensation Plans |
| 19 | Board and Committee Attendance | 72 | Indebtedness of Directors and Executive Officers |
| 20 | Additional Disclosure Relating to Directors | 72 | Interest of Informed Persons and Others in Material Transactions |
| 21 | STATEMENT OF CORPORATE GOVERNANCE PRACTICES | 72 | Shareholder Proposals Deadline |
| 21 | General | 72 | Availability of Documents |
| 21 | Code of Business Conduct | 72 | Approval |
| 22 | Independence of Directors | 73 | SCHEDULE “A” – MANDATE OF THE BOARD |
| 22 | Independent Chairman of the Board | 75 | SCHEDULE “B” – REPORTS OF THE COMMITTEES |
| 23 | Position Descriptions | 75 | Report of the Audit Committee |

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

| | | | |
|----|---|----|--|
| 23 | Election of Directors | 76 | Report of the Finance Committee |
| 23 | Committees of the Board | 77 | Report of the Corporate Governance and Nominating Committee |
| 25 | Board and Committee Meetings | 78 | Report of the Human Resources and Compensation Committee |
| 25 | Director Selection | 79 | Report of the Environment, Safety and Security Committee |
| 28 | Board Performance Assessment | 79 | Report of the Strategic Planning Committee |
| 29 | Board Compensation | 80 | Report of the Investment Committee of CN's Pension Trust Funds |
| 29 | Director Orientation and Continuing Education | 80 | Report of the Donations and Sponsorships Committee |
| 31 | Audit Committee Disclosure | | |

81 **SCHEDULE "C" – SHAREHOLDER PROPOSAL (WITHDRAWN)**

35 **STATEMENT OF EXECUTIVE COMPENSATION**

| | |
|----|--|
| 35 | Letter to Shareholders |
| 37 | Human Resources and Compensation Committee |

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 6, 2014 (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 28, 2014, the Company had 826,722,529 common shares without par value outstanding. Subject to the voting restrictions described below, each common share carries the right to one vote.

On October 22, 2013, the Board of Directors of the Company approved a two-for-one common stock split which was effected in the form of a stock dividend of one additional common share of CN for each share outstanding, which was paid on November 29, 2013, to shareholders of record on November 15, 2013. Unless otherwise indicated, information relating to the Company’s securities (including common shares, stock options and share units) has been adjusted to reflect the common stock split and is presented herein on a post-split basis.

To the knowledge of the Directors and senior officers of the Company, based on the most recent publicly available information, the only person who beneficially owns, or directly or indirectly, exercises control or direction over, shares carrying 10% or more of the voting rights attached to any class of shares of the Company is Mr. William H. Gates, III. Mr. Gates is the sole member of Cascade Investment, L.L.C. (“Cascade”). Cascade held 86,324,874 common shares of the Company as of February 28, 2014, representing 10.4% of the outstanding common shares of the Company. In addition, Mr. Gates is a co-trustee of the Bill & Melinda Gates Foundation Trust, which held 17,126,874 common shares of the Company as of February 28, 2014, representing 2.1% of the outstanding common shares of the Company. Hence, as of February 28, 2014, Mr. Gates is deemed to have control or direction over 103,451,748 common shares, representing 12.5% of the outstanding common shares of the Company.

What will I be voting on?

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

How will these matters be decided at the Meeting?

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

Who is soliciting my proxy?

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

Who can I call with questions?

If you have questions about the information contained in this Information Circular or require assistance in completing your form of proxy, please call Georgeson Shareholder Communications Canada Inc., the Company's proxy solicitation agent, toll-free at 1-866-656-4118 or by e-mail at askus@georgeson.com.

How can I contact the transfer agent?

You can contact the transfer agent either by mail at Computershare Trust Company of Canada, 100 University Ave., 8th Floor, Toronto (Ontario) M5J 2Y1, by telephone at 1-800-564-6253, by fax at 1-888-453-0330 or by internet at www.investorcentre.com/service, ou en français: www.centredesinvestisseurs.com/service.

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 or Direct Registration (DRS) advice. 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 that this person 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 by phone or 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 Daylight Time) on April 22, 2014, or if the Meeting is adjourned or postponed, by no later than 5:00 p.m. (Eastern Daylight Time) on the business day prior to the day fixed for the adjourned or postponed meeting.

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

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

FOR the election of Management's nominees as directors,

FOR the appointment of KPMG LLP as auditors,

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

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

You may revoke your proxy at any time by an instrument in writing (which includes another form of proxy with a later date) executed by you, or by your attorney (duly authorized in writing), and (i) deposited with the Corporate Secretary of the Company at the registered office of the Company (935 de La Gauchetière Street West, Montréal,

Quebec, Canada, H3B 2M9) at any time up to and including 5:00 p.m. (Eastern Daylight Time) on the last business day preceding the day of the Meeting or any adjournment or postponement thereof, or (ii) filed with the chair of the Meeting on the day of the Meeting or any adjournment or postponement thereof, or in any other manner permitted by law or in the case of a vote over the internet, by way of a subsequent internet vote.

2.

VOTING IN PERSON

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

CN MANAGEMENT INFORMATION CIRCULAR 2014

4

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

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

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.

Non-registered shareholders are either “objecting beneficial owners” or “OBOs” who object that intermediaries disclose information about their ownership in the Company, or “non-objecting beneficial owners” or “NOBOs”, who do not object to such disclosure. The Company pays intermediaries to send proxy-related materials to OBOs and NOBOs.

How do I vote if I own Employee Shares?

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

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

A holder of Employee Shares may revoke his or her directions, as indicated on a voting instruction form, at any time by an instrument in writing executed by the holder of Employee Shares, or by the holder's attorney duly authorized in writing, provided such written instrument indicating the 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 Daylight Time) on the last business day preceding the day of the Meeting or any adjournment or postponement thereof, or (ii) filed with the chair of the Meeting on the day of the Meeting or any adjournment or postponement thereof, or in any other manner permitted by law, or in the case of directions given by telephone or over the internet, by way of subsequent telephone or internet directions.

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

CN MANAGEMENT INFORMATION CIRCULAR 2014

5

BUSINESS OF THE MEETING

Financial Statements

Our consolidated financial statements for the year ended December 31, 2013, together with the auditors' reports thereon, are included in the 2013 Annual Report of the Company, available on our website at www.cn.ca, on SEDAR at www.sedar.com, in the Company's annual report on Form 40-F available on EDGAR at www.sec.gov, and in print, free of charge, to any shareholder who requests copies by contacting our Corporate Secretary at (514) 399-7091 or Investor Relations at (514) 399-0052.

Election of Directors

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

The term of office of each of the present directors expires at the close of the Meeting. The persons named in the section entitled "Nominees for Election to the Board — Description of Nominees" will be presented for election at the Meeting as Management's nominees. All of the nominees proposed for election as directors are currently directors of the Company, except for Mr. Kevin G. Lynch, Mr. Robert L. Phillips and Ms. Laura Stein, whom are being proposed for election at the Meeting. Mr. Michael R. Armellino, Mr. Hugh J. Bolton and Mr. David G.A. McLean are not standing for re-election at the Meeting. All persons nominated were recommended to the Board of Directors by the Corporate Governance and Nominating Committee. Information relating to Messrs. Armellino, Bolton and McLean does not appear below along with the information regarding the 13 proposed nominees for election as directors of the Company. Nevertheless, because Messrs. Armellino, Bolton and McLean acted as directors up to the Meeting, information concerning them appears in the other sections of this Information Circular that pertain to the members of the Board.

Unless authority is withheld, the persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR the election of the persons named in the section entitled "Nominees for Election to the Board — Description of Nominees". These nominees are, in the opinion of the Board of Directors and Management, well qualified to act as directors of the Company for the ensuing year and have confirmed their willingness to serve as directors. The Board of Directors and Management do not contemplate that any of these nominees will be unable to serve as a director, but should that occur for any reason before the Meeting, the persons designated in the accompanying form of proxy or voting instruction form reserve the right to vote for another nominee at their discretion unless the shareholder who has given such proxy or voting instruction form has directed that the common shares be withheld from voting on the election of any of the directors.

Appointment of Auditors

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

auditors of the Company to hold office until the next annual meeting of shareholders.

Advisory Vote on Executive Compensation

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

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

“RESOLVED that, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, the shareholders accept the approach to executive compensation disclosed in the section entitled “Statement of Executive Compensation” of the Information Circular of the Company dated March 11, 2014.”

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

NOMINEES FOR ELECTION TO THE BOARD

Description of Nominees

The following tables set out information as of February 28, 2014, unless otherwise indicated, regarding the nominees for election as directors. All nominees, other than Mr. Kevin G. Lynch, Mr. Robert L. Phillips and Ms. Laura Stein, are current directors of the Company.

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

AGE: 74 (1)
TORONTO, ONTARIO, CANADA
DIRECTOR SINCE: APRIL 15,
2003
INDEPENDENT

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

Mr. Baillie is a past chairman of the Canadian Council of Chief Executives and Chancellor Emeritus of Queen's University. He has been heavily involved in the arts for many years and is currently Honorary Chair of the Art Gallery of Ontario. He is president of Authors at Harbourfront, on the national board of directors of the Royal Conservatory of Music, the Luminato Festival and on the Advisory Council of Canada's History Society. He was appointed an Officer of the Order of Canada in 2006 and inducted into the Canadian Business Hall of Fame in 2008.

SECURITIES HELD

COMMON SHARES OWNED OR
CONTROLLED (2)

Mr. Baillie holds an Honorary Doctorate from Queen's University, and is a Fellow of the Institute of Canadian Bankers and of the Royal Conservatory of Music.

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

Value at Risk C\$20,429,969 (3)
February 2014 326,566 (6)
February 2013 317,418 (7)

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

2013 votes in favour

98.93%

CN MANAGEMENT INFORMATION CIRCULAR 2014

7

DONALD J. CARTY,
O.C., LL.D.

AGE: 67 (1)
DALLAS, TEXAS, U.S.A.
DIRECTOR SINCE: JANUARY 1,
2011
INDEPENDENT

Mr. Carty retired as Vice-Chairman and Chief Financial Officer of Dell, Inc. (computer manufacturer) a position he assumed from January 2007 until June 2008 and as Chairman and CEO of AMR Corporation and American Airlines in 2003, after 30 years in the airline business, where he previously served as President and Executive Vice-President of Finance & Planning of AMR Airline Group and American Airlines. He was President and CEO of CP Air from 1985 to 1987.

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

Mr. Carty serves on the boards of Talisman Energy Inc. and is Chairman of Virgin America Airlines Inc., Porter Airlines, Inc. and Research Now Group, Inc.

Mr. Carty holds a B.A. and an Honorary Doctor of Laws from Queen's University and a MBA from the Harvard Business School.

SECURITIES HELD

COMMON SHARES OWNED OR
CONTROLLED (2)

Value at Risk C\$2,428,422 (3)
February 2014 38,785 (6)
February 2013 34,654 (7)

| MEMBER OF | ATTENDANCE | OTHER PUBLIC BOARDS DURING PAST 5 YEARS |
|---|------------|--|
| Board | 100% | Talisman Energy Inc. (2009-present) |
| Audit Committee | 100% | Gluskin, Sheff & Associates Inc. (2006-2013) |
| Corporate Governance and Nominating Committee | 100% | Barrick Gold Corporation (2006-2013) |
| Finance Committee | 100% | Dell, Inc. (1992-2013) |
| Investment Committee of CN's Pension Trust Funds (5)(8) | 100% | Hawaiian Holdings, Inc. (2004-2011) |
| Strategic Planning Committee | 100% | |
| 2013 votes in favour | 98.48% | |

AMBASSADOR
GORDON D. GIFFIN

AGE: 64 (1)
ATLANTA, GEORGIA, U.S.A.
DIRECTOR SINCE: MAY 1, 2001
INDEPENDENT

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

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

Mr. Giffin serves on the Board of Counsellors of McLarty Global. He is chairman of the board of Friends of the National Arts Centre. Mr. Giffin is also chair of the board of TransAlta Corporation and a director of Just Energy Group Inc., the Canadian Imperial Bank of Commerce, Canadian Natural Resources Limited and Element Financial Corporation. Mr. Giffin holds a B.A. from Duke University and a J.D. from Emory University School of Law.

SECURITIES HELD
COMMON SHARES OWNED OR
CONTROLLED (2)

Value at Risk C\$5,239,531 (3)
February 2014 83,682 (6)
February 2013 79,728 (7)

| MEMBER OF | ATTENDANCE | OTHER PUBLIC BOARDS DURING PAST 5 YEARS |
|--|------------|---|
| Board | 100% | Element Financial Corporation (2013-present) |
| Human Resources and Compensation Committee (Chair) (9) | 100% | Just Energy Group Inc. (2006-present) |
| Audit Committee (9) | 100% | Canadian Natural Resources Limited (2002-present) |
| Donations and Sponsorships Committee (5) | 100% | TransAlta Corporation (2002-present) |
| Environment, Safety and Security Committee | 100% | Canadian Imperial Bank of Commerce (2001-present) |
| Finance Committee | 100% | |
| Investment Committee of CN's Pension Trust Funds (5) | 100% | |
| Strategic Planning Committee | 100% | |
| 2013 votes in favour | 98.43% | |

EDITH E. HOLIDAY

AGE: 62 (1)
PALM BEACH COUNTY,
FLORIDA, U.S.A.

DIRECTOR SINCE: JUNE 1, 2001
INDEPENDENT

Ms. Holiday is a Corporate Director and Trustee and a former General Counsel, United States Treasury Department and former Secretary of the Cabinet, The White House.

Ms. Holiday is a director of Hess Corporation, RTI International Metals, Inc. and White Mountains Insurance Group, Ltd. She is also a director or trustee of various investment companies of the Franklin Templeton Group of Funds. From 1994 to 2013, Ms. Holiday was a director of H.J. Heinz Company.

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

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

SECURITIES HELD

COMMON SHARES OWNED OR CONTROLLED (2)

Value at Risk C\$6,160,434 (3)
February 2014 98,390 (6)
February 2013 94,750 (7)

MEMBER OF

Board

ATTENDANCE

100%

Corporate Governance and Nominating Committee

100%

Finance Committee

100%

Human Resources and Compensation Committee

100%

Investment Committee of CN's Pension Trust Funds (5)

100%

Strategic Planning Committee

100%

2013 votes in favour

98.23%

OTHER PUBLIC BOARDS DURING PAST 5 YEARS

White Mountains Insurance Group, Ltd. (2004-present)

RTI International Metals, Inc. (1999-present)

Franklin Templeton Group of Funds (various companies) (1996-present)

Hess Corporation (1993-present)

H.J. Heinz Company (1994-2013)

V. MAUREEN
KEMPSTON DARKES,
O.C., D. COMM.,
LL.D.

AGE: 65 (1)
LAUDERDALE-BY-THE-SEA,
FLORIDA, U.S.A.
DIRECTOR SINCE: MARCH 29,
1995

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

INDEPENDENT

She is an Officer of the Order of Canada, a member of the Order of Ontario and was ranked by Fortune magazine in 2009 as the 12th Most Powerful Woman in International Business and amongst the top 100 most powerful women in Canada in 2012. In 2006, she was the recipient of the Governor General of Canada's Persons Award and was inducted as a fellow of the Institute of Corporate Directors in 2011. She has also been appointed by the Government of Canada to the Science, Technology and Innovation Council.

Ms. Kempston Darkes is also a director of Brookfield Asset Management Inc., Irving Oil Co. Ltd., Enbridge Inc. and Balfour Beatty Plc.

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

SECURITIES HELD
COMMON SHARES OWNED OR
CONTROLLED (2)

| | |
|---------------|-------------------|
| Value at Risk | C\$11,008,621 (3) |
| February 2014 | 175,969 (6) |
| February 2013 | 171,950 (7) |

| MEMBER OF | ATTENDANCE | OTHER PUBLIC BOARDS DURING PAST 5 YEARS |
|--|------------|---|
| Board | 100% | Balfour Beatty Plc. (2012-present) |
| Environment, Safety and Security Committee (Chair) | 100% | Enbridge Inc. (2010-present) |
| Audit Committee | 100% | Brookfield Asset Management Inc. (2008-present) |
| Human Resources and Compensation Committee | 100% | |
| Investment Committee of CN's Pension Trust Funds (5) | 100% | |
| Strategic Planning Committee | 100% | |
| 2013 votes in favour | 97.10% | |

THE HON. DENIS LOSIER,
P.C., LL.D., C.M.

AGE: 61 (1)
CAPE PELE,
NEW BRUNSWICK, CANADA
DIRECTOR SINCE: OCTOBER 25,
1994
INDEPENDENT

Mr. Losier is the retired President and Chief Executive Officer of 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, including Minister of Fisheries and Aquaculture and Minister of Economic Development and Tourism.

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

Mr. Losier holds a Bachelor of Economics from the University of Moncton and a Masters of Economics from the University of Western Ontario.

Mr. Losier was awarded an Honorary Doctorate Degree in Business Administration from the University of Moncton.

SECURITIES HELD

COMMON SHARES OWNED OR
CONTROLLED (2)

Value at Risk C\$17,775,611 (3)
February 2014 284,137 (6)
February 2013 277,746 (7)

| MEMBER OF | ATTENDANCE | OTHER PUBLIC BOARDS DURING PAST 5 YEARS |
|---|------------|--|
| Board | 100% | Plazacorp Retail Properties Ltd. (2007-present) |
| Audit Committee (Chair) | 100% | XL-ID Solutions Inc. (formerly, Excellium Inc.) (2013) |
| Corporate Governance and Nominating Committee (10) | 100% | NAV CANADA (2004-2013) |
| Donations and Sponsorships Committee (5) | 100% | |
| Environment, Safety and Security Committee | 100% | |
| Human Resources and Compensation Committee | 100% | |
| Investment Committee of CN's Pension Trust Funds (5) (10) | 100% | |
| Strategic Planning Committee | 100% | |
| 2013 votes in favour | 98.77% | |

THE HON.
EDWARD C. LUMLEY,

Mr. Lumley has been Vice-Chairman of BMO Capital Markets (investment bank) and its predecessor companies

P.C., LL.D.

since 1991. From 1986 to 1991, he served as chair of Noranda Manufacturing Group Inc.

AGE: 74 (1)

SOUTH LANCASTER,
ONTARIO, CANADA

DIRECTOR SINCE: JULY 4, 1996
INDEPENDENT

Following a successful entrepreneurial career, Mr. Lumley was elected a Member of Parliament for Stormont-Dundas from 1974 to 1984, during which time he held various cabinet portfolios in the Government of Canada such as Industry, International Trade, Regional Economic Development, Communication and Science & Technology. During this period, he was responsible to Parliament for numerous Crown Corporations, Boards and Commissions. Mr. Lumley is Chancellor of the University of Windsor, a director of Bell Canada Enterprises, the Chairman of ECL Associates, a member of the Advisory Board of Mercedes Benz Canada and a member of the Advisory Counsel of Partners in Progress.

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

SECURITIES HELD

COMMON SHARES OWNED OR
CONTROLLED (2)

Value at Risk C\$13,171,382 (3)

February 2014 210,540 (6)

February 2013 205,902 (7)

MEMBER OF

Board

ATTENDANCE

100%

Investment Committee of CN's Pension
Trust Funds (Chair) (5)

100%

Corporate Governance and Nominating
Committee

100%

Finance Committee

100%

Human Resources and Compensation
Committee

100%

Strategic Planning Committee

100%

2013 votes in favour

97.20%

OTHER PUBLIC BOARDS DURING PAST 5 YEARS

BCE Inc.

(2003-present)

Dollar Thrifty Automotive Group,
Inc.

(1997-2012)

KEVIN G. LYNCH,
P.C., O.C., PH.D., LL.D.

AGE: 63 (1)
OTTAWA, ONTARIO, CANADA
NOMINEE AS A DIRECTOR
INDEPENDENT

Dr. Lynch is Vice-Chair, BMO Financial Group. In this role, Dr. Lynch is a key strategic advisor to senior management. He represents BMO in domestic and international markets.

Prior to joining BMO, Dr. Lynch built a distinguished career in the Government of Canada. Before his retirement in 2009, he served as Clerk of the Privy Council, Secretary to the Cabinet, and Head of the Public Service of Canada. Dr. Lynch began his public service career at the Bank of Canada in 1976 and has held a number of senior positions in the Government of Canada. These included the post of Deputy Minister of Industry, from 1995 to 2000, and Deputy Minister of Finance, from 2000 to 2004. From 2004 to 2006, he served as Executive Director (for the Canadian, Irish and Caribbean constituency) at the International Monetary Fund in Washington, D.C.

He is also Chair of the Board of Governors of the University of Waterloo, the Chancellor of King's University and serves on several other boards, including those of the Asia Pacific Foundation, the Gairdner Foundation, the Perimeter Institute, the Ditchley Foundation, and the Shannon School of Business at Cape Breton University.

Dr. Lynch was made a Member of the Queen's Privy Council for Canada in 2009, and an Officer of the Order of Canada in 2011. He has been awarded the Distinguished Alumni Award from McMaster University and the Queen's Golden Jubilee Medal.

Dr. Lynch earned his master's in Economics from the University of Manchester and a doctorate in Economics from McMaster University.

SECURITIES HELD

COMMON SHARES OWNED OR CONTROLLED (2)

February 2014
MEMBER OF
New Board nominee, not currently a
director

NIL

ATTENDANCE OTHER PUBLIC BOARDS DURING PAST 5 YEARS

Empire Company Limited (Sobey's) (2013-present)
CNOOC Limited (2014-present)

CLAUDE MONGEAU

AGE: 52 (1)
MONTRÉAL, QUEBEC, CANADA
DIRECTOR SINCE: OCTOBER 20, 2009
NOT INDEPENDENT

Mr. Mongeau became President and Chief Executive Officer of the Company on January 1, 2010. In 2000, he was appointed Executive Vice-President and Chief Financial Officer of the Company and held such position until June 1, 2009. Prior to this, he held the positions of

Vice-President, Strategic and Financial Planning and Assistant Vice-President, Corporate Development upon joining the Company in 1994. In 2005, he was selected Canada's CFO of the Year by an independent committee of prominent Canadian business leaders.

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

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

Mr. Mongeau holds an MBA from McGill University.

SECURITIES HELD

COMMON SHARES OWNED OR CONTROLLED (2)

STOCK OPTIONS HELD (4)

| | | | |
|---------------|-------------------|---------------|-----------|
| Value at Risk | C\$29,402,074 (3) | February 2014 | 1,738,000 |
| February 2014 | 469,982 | February 2014 | 1,558,000 |
| February 2013 | 461,144 | | |

MEMBER OF Board

ATTENDANCE 100%

OTHER PUBLIC BOARDS DURING PAST 5 YEARS
SNC-Lavalin Group Inc. (2003-present)

Donations and Sponsorships Committee (Chair) (5)

100%

Nortel Networks (2006-2009)

Investment Committee of CN's Pension Trust Funds (5) (11)

100%

Strategic Planning Committee

100%

2013 votes in favour

99.19%

JAMES E. O'CONNOR

AGE: 64 (1)
 FORT LAUDERDALE, FLORIDA,
 U.S.A.
 DIRECTOR SINCE: APRIL 27,
 2011
 INDEPENDENT

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

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

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

SECURITIES HELD

COMMON SHARES OWNED OR CONTROLLED (2)

Value at Risk C\$1,168,848 (3)
 February 2014 18,668
 February 2013 15,418

| MEMBER OF | ATTENDANCE | OTHER PUBLIC BOARDS DURING PAST 5 YEARS |
|---|------------|---|
| Board | 100% | Clean Energy Fuels Corp. (2011-present) |
| Audit Committee | 100% | Republic Services, Inc. (1998-2011) |
| Environment, Safety & Security Committee | 100% | |
| Finance Committee | 100% | |
| Investment Committee of CN's Pension Trust Funds (5) (12) | 100% | |
| Strategic Planning Committee | 100% | |
| 2013 votes in favour | 99.29% | |

ROBERT PACE, D. COMM.

AGE: 59 (1)
 SEABRIGHT, NOVA SCOTIA,
 CANADA
 DIRECTOR SINCE: OCTOBER 25,
 1994

Mr. Pace is President and Chief Executive Officer, The Pace Group (radio broadcasting, real estate and environmental services).

Mr. Pace began his career as a lawyer in Halifax and worked as Atlantic Canada Advisor to the Prime Minister of Canada.

INDEPENDENT

Mr. Pace is a director of High Liner Foods Incorporated and Hydro One Inc. He is also chairman of the Walter Gordon Foundation and former director of the Asia Pacific Foundation and the Atlantic Salmon Federation.

Mr. Pace holds an MBA and an LL.B from Dalhousie University.

SECURITIES HELD

COMMON SHARES OWNED OR CONTROLLED (2)

| | |
|---------------|-------------------|
| Value at Risk | C\$18,075,211 (3) |
| February 2014 | 288,926 (6) |
| February 2013 | 284,144 (7) |

MEMBER OF

| | |
|--|--------|
| Board (Vice-Chair) (13) | 100% |
| Audit Committee | 100% |
| Corporate Governance and Nominating Committee | 100% |
| Donations and Sponsorships Committee (5) (13) | 100% |
| Human Resources and Compensation Committee | 100% |
| Investment Committee of CN's Pension Trust Funds (5) | 100% |
| Strategic Planning Committee | 100% |
| 2013 votes in favour | 96.96% |

ATTENDANCE

OTHER PUBLIC BOARDS DURING PAST 5 YEARS

| | |
|-------------------------------|----------------|
| Hydro One Inc. | (2007-present) |
| High Liner Foods Incorporated | (1998-present) |
| Overland Realty Limited | (2006-2010) |

ROBERT L. PHILLIPS

AGE: 63 (1)
 WEST VANCOUVER,
 BRITISH COLUMBIA, CANADA
 NOMINEE AS A DIRECTOR
 INDEPENDENT

Mr. Phillips is the President of R.L. Phillips Investments Inc. and was previously President and Chief Executive Officer and director of British Columbia Railway Company Limited from 2001 to 2004. Mr. Phillips was Executive Vice-President, Business Development and Strategy for MacMillan Bloedel Ltd. and, before that, held the position of Chief Executive Officer at PTI Group and Dreco Energy Services Limited. He also enjoyed a prestigious career as a corporate lawyer and was appointed to the Queen's Counsel in Alberta in 1991.

Mr. Phillips is currently a director of Canadian Western Bank, MacDonald Dettwiler & Associates Ltd. (Chairman), West Fraser Timber Co. Ltd. (Lead Director), and Precision Drilling Corporation (Chairman). He is also a director of Epcor Utilities Inc. and Axia NetMedia Corporation but will not be standing for re-election in 2014 on the boards of such companies. His past directorships include Capital Power Corporation, Dreco Energy Services Ltd., PTI Group Inc., National-Oilwell Inc., Weldwood of Canada Ltd., Enserco Energy Service Company Inc., Terra Vest Income Fund, Tree Island Wire Income Fund and Boston Pizza Royalties Income Fund.

Mr. Phillips has also served as a director of the Canadian Chamber of Commerce, as a member of the Alberta Economic Development Authority (AEDA) and as a director of the Export and Trade Committee of the AEDA.

Mr. Phillips received his Bachelor of Laws (Gold Medalist), and Bachelor of Science, Chemical Engineering (Hons) from the University of Alberta.

SECURITIES HELD

COMMON SHARES OWNED OR CONTROLLED (2)

February 2014 4,125
 MEMBER OF
 New Board nominee, not currently a
 director

ATTENDANCE OTHER PUBLIC BOARDS DURING PAST 5 YEARS

| | |
|----------------------------------|----------------|
| Canadian Western Bank | (2001-present) |
| MacDonald Dettwiler & Associates | (2003-present) |
| West Fraser Timber Co. Ltd | (2005-present) |
| Precision Drilling Corporation | (2004-present) |
| Axia NetMedia Corporation* | (2000-2014) |
| Epcor Utilities Inc.* | (2005-2014) |
| Capital Power Corporation | (2009-2013) |
| Terra Vest Income Fund | (2004-2012) |

*Term ends May 2014 and will not stand for re-election

LAURA STEIN

AGE: 52 (1)
LAFAYETTE, CALIFORNIA,
U.S.A.
NOMINEE AS A DIRECTOR
INDEPENDENT

Ms. Stein is the Senior Vice-President, General Counsel of The Clorox Company since 2005, where she serves on the executive committee, sponsors the women’s employee resource group, co-sponsors the company’s corporate responsibility and enterprise risk management programs, and works closely with the company’s board of directors on governance matters. From 2000-2005, Ms. Stein was Senior Vice-President, General Counsel of the H.J. Heinz Company. She was also previously a corporate lawyer with Morrison & Foerster in San Francisco and Hong Kong.

Ms. Stein is a director of Franklin Resources, Inc. and a former director of Nash Finch Company.

SECURITIES HELD

She also serves on the boards of several not-for-profit organizations, including Corporate Pro Bono, Equal Justice Works, the Leadership Council on Legal Diversity and the Association of General Counsel. Previously, Ms. Stein was chair of the Association of Corporate Counsel, co-chair of the General Counsel Committee of the ABA Business Law Section and a director of the Pittsburgh Ballet Theater.

COMMON SHARES OWNED OR CONTROLLED (2)

Ms. Stein has received the Margaret Brent Award, the American Bar Association’s highest award for women lawyers; the Sandra Day O’Connor Board Excellence Award; and the Corporate Board Member America’s Top General Counsel Recognition Award. The National Association of Corporate Directors included her in the 2011 NACD Directorship 100 list of the most influential leaders in the boardroom and corporate governance community.

Ms. Stein received her J.D. from Harvard Law School, and is a graduate of Dartmouth College where she earned an undergraduate and master’s degrees.

February 2014
MEMBER OF
New Board nominee, not currently a
director

NIL

ATTENDANCE OTHER PUBLIC BOARDS DURING PAST 5 YEARS

Franklin Resources Inc. (2005-present)

- (1) The age of the directors is provided as at April 23, 2014, the date of the Meeting.
- (2) The information regarding common shares beneficially owned, controlled or directed has been furnished by the respective nominees individually and includes Directors Restricted Share Units (“DRSUs”) elected as compensation by directors, as well as Deferred Share Units (“DSUs”) under the Company’s Voluntary Incentive Deferral Plan (“VIDP”) in the case of Claude Mongeau, but does not include common shares under stock options. The VIDP provides eligible senior management employees the opportunity to elect to receive their annual incentive bonus

payment and other eligible incentive payments in DSUs payable in cash upon retirement or termination of employment. The number of DSUs received by each participant is established using the average closing price for the 20 trading days prior to and including the date of the incentive payment. For each participant, the Company will grant a further 25% (Company match) of the amount elected in DSUs, which will vest over a period of four years. The election to receive eligible incentive payments in DSUs is no longer available to a participant when the value of the participant's vested DSUs is sufficient to meet the Company's stock ownership guidelines. The value of each participant's DSUs is payable in cash at the time of cessation of employment. For further details on the VIDP, please see the Deferred Compensation Plans section of this Information Circular.

- (3) The Value at Risk represents the total value of common shares and DRSUs (or DSUs for Mr. Mongeau) which total value is based on the February 28, 2014 closing price of the common shares on the Toronto Stock Exchange (C\$62.56) or the New York Stock Exchange (US\$56.54) for Donald J. Carty, Ambassador Gordon D. Giffin, Edith E. Holiday and James E. O'Connor using the closing exchange rate (US\$1.00 = C\$1.1074) on the same date.
- (4) The information regarding stock options comprises the stock options granted to Mr. Mongeau under the Management Long-Term Incentive Plan. For further details on the plan, please see "Statement of Executive Compensation — Management Long-Term Incentive Plan".
- (5) The Donations and Sponsorships Committee and the Investment Committee of CN's Pension Trust Funds are mixed committees composed of both members of the Board of Directors as well as officer of the Company.
- (6) Includes DRSUs as at February 28, 2014, in the following amounts: A. Charles Baillie: 119,166; Donald J. Carty: 18,785; Ambassador Gordon D. Giffin: 43,564; Edith E. Holiday: 25,049; V. Maureen Kempston Darkes: 51,379; The Hon. Denis Losier: 99,883; The Hon. Edward C. Lumley: 87,170; and Robert Pace: 97,211. Pursuant to the terms of the DRSUs, directors or their estates can only access their DRSUs upon retirement, resignation or death.
- (7) Includes DRSUs as at February 28, 2013 in the following amounts: A. Charles Baillie: 113,218; Donald J. Carty: 14,654; Ambassador Gordon D. Giffin: 41,900; Edith E. Holiday: 23,034; V. Maureen Kempston Darkes: 50,560; The Hon. Denis Losier: 95,056; The Hon. Edward C. Lumley: 85,782; and Robert Pace: 95,662. Pursuant to the terms of the DRSUs, directors or their estates can only access their DRSUs upon retirement, resignation or death.
- (8) Donald J. Carty became member of the Investment Committee of CN's Pension Trust Funds on April 23, 2013.
- (9) Ambassador Gordon D. Giffin became Chair of the Human Resources and Compensation Committee and member of the Audit Committee on April 23, 2013.
- (10) The Hon. Denis Losier became member of the Corporate Governance and Nominating Committee and of the Investment Committee of CN's Pension Trust Funds on April 23, 2013.
- (11) Claude Mongeau became member of the Investment Committee of CN's Pension Trust Funds on April 23, 2013.
- (12) James E. O'Connor became member of the Investment Committee of CN's Pension Trust Funds on April 23, 2013.
- (13) Robert Pace became Vice-Chair of the Board and member of the Donations and Sponsorships Committee on April 23, 2013.

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 pages 17 and 18, the directors have a substantial investment in the Company. In addition, approximately 63% of the total annual remuneration of the non-executive directors for 2013 was in the form of common shares or Directors Restricted Share Units (“DRSUs”). Subject to the Minimum Shareholding Requirement as defined on page 17 of this Information Circular, directors may elect to receive all or part of their director, committee member, Board Chair, Vice-Chair and Committee Chair cash retainers either in cash, common shares of the Company purchased on the open market or DRSUs. They may also elect to receive their common share grant retainer in DRSUs. Each DRSU entitles the beneficiary thereof to receive upon resignation, retirement or death, one common share of the Company purchased on the open market, plus additional DRSUs reflecting dividend equivalents.

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

Beginning in 2011, it was determined that the annual share grant portion of the Director and Board Chair retainers would no longer be comprised of a fixed number of shares and would be replaced with a common share grant valued at US\$175,000 for directors, and a common share grant valued at US\$350,000 for the Board Chair. This approach provides greater consistency in total director compensation while keeping the alignment with shareholders’ interest. The change resulted in a year-over-year reduction of 21% in average total compensation for CN directors and 36% for the Board Chair when comparing 2011 to 2010 compensation. Committee member and Committee Chair retainers remained unchanged at US\$3,500 for Committee Members and US\$15,000 for Committee Chairs, except for the Chairs of the Audit and the Human Resources and Compensation Committees who received a Committee Chair retainer of US\$25,000. Committee Chairs no longer received a separate Committee Member retainer for the Committees they chair. Moreover, the Board Chair did not receive an additional Director retainer, nor Committee Chair or Committee Member retainers. All other aspects of director compensation remain unchanged from prior years: Directors receive a cash retainer amount of US\$15,000 and US\$120,000 for the Board Chair. Directors and the Board Chair also received Board Meeting, Committee Meeting and Travel Attendance fees of US\$1,500. In 2013, Mr. Robert Pace was appointed Vice-Chair and received a Vice-Chair retainer of US\$25,000.

The compensation structure and level for CN’s directors was recommended by the Corporate Governance and Nominating Committee and approved by the Board in 2013, and is reviewed annually against best practices and director compensation trends in North America, including those of other Class I Railroads.

In consideration for serving on the Board of Directors in 2013, CN’s directors were compensated as indicated in the table below:

| TYPE OF FEE | AMOUNT |
|---------------------------------------|----------------|
| Board Chair Cash Retainer (1) | US\$120,000(2) |
| Board Chair Share Grant Retainer | US\$350,000(2) |
| Board Vice-Chair Cash Retainer | US\$25,000(2) |
| Board Vice-Chair Share Grant Retainer | US\$175,000(2) |

| | |
|--|----------------|
| Director Cash Retainer (3) | US\$15,000(2) |
| Director Share Grant Retainer | US\$175,000(2) |
| Committee Chair Retainers | |
| Audit and Human Resources and Compensation Committees | US\$25,000(2) |
| Other Committees | US\$15,000(2) |
| Committee Member Retainer | US\$3,500(2) |
| Board Meeting Attendance Fee | US\$1,500 |
| Committee Meeting Attendance Fee | US\$1,500 |
| Travel Attendance Fee | US\$1,500 |

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

The table below reflects in detail the compensation earned by non-executive directors in the 12-month period ended December 31, 2013.

| NAME OF DIRECTOR | FEES EARNED | | | | | | ALL OTHER COMPENSATION (4) |
|-----------------------------|---|--------------------|----------------------|------------|-----------------------|-----------|----------------------------|
| | DIRECTOR BOARD VICE-CHAIR AND COMMITTEE | CHAIR | MEMBER AND COMMITTEE | ATTENDANCE | SHARE-BASED AWARDS(3) | | |
| | RETAINER (C\$) (1) | RETAINER (C\$) (1) | RETAINER (C\$) (1) | FEES(1)(2) | | | (C\$) |
| Michael R. Armellino | 15,449 | 15,449 | 18,023 | 74,153 | | 175,508 | 1,545 |
| A. Charles Baillie | 15,044 | 15,044 | 14,041 | 64,884 | | 175,508 | 1,545 |
| Hugh J. Bolton | 15,449 | 15,449 | 14,419 | 64,884 | | 175,508 | 1,545 |
| Donald J. Carty | 15,044 | – | 16,381 | 64,884 | | 175,508 | 6,179 |
| Ambassador Gordon D. Giffin | 15,449 | 17,165 | 16,822 | 69,518 | | 175,508 | 3,090 |
| Edith E. Holiday | 15,449 | – | 18,023 | 64,884 | | 175,508 | 1,545 |
| V. Maureen Kempston Darkes | 15,449 | 15,449 | 14,419 | 66,429 | | 175,508 | 1,545 |
| The Hon. Denis Losier | 15,449 | 25,748 | 15,620 | 74,153 | | 175,508 | 3,090 |
| The Hon. Edward C. Lumley | 15,449 | 15,449 | 14,419 | 64,884 | | 175,508 | 1,545 |
| David G.A. McLean | 123,588 | – | – | 71,063 | | 351,015 | 3,691(5) |
| James E. O'Connor | 15,449 | – | 16,822 | 66,429 | | 175,508 | 6,179 |
| Robert Pace (7) | 15,449 | 25,748 | 16,822 | 69,518 | | 175,508 | 3,090 |
| TOTAL | 292,717 | 145,501 | 175,811 | 815,683 | | 2,281,603 | 34,589 |

(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 2013 (US\$1.00 = C\$1.0299). Compensation elected to be received in common shares or DRSUs was converted to Canadian dollars using the closing rate of exchange of the Bank of Canada (US\$1.00 = C\$1.0029), on the purchase day (January 24, 2013). In addition to the common shares or DRSUs received by the directors, the Board Vice-Chair, and the Board Chair, as described in note (3) below, the directors, the Board Vice-Chair and the Board Chair may choose to receive all or part of their cash retainers in common shares or DRSUs. The following directors made such election with respect to the amounts set forth beside their names: A. Charles Baillie (C\$44,129) and Donald J. Carty (C\$31,425). The amount of cash retainers elected to be received in common shares or DRSUs is included in these columns.

(2) Includes travel fees which amounted to a total of C\$148,306, in aggregate, for all directors.

(3) Represents a common share grant valued at US\$175,000 received by each non-executive director as part of the Director Retainer, US\$175,000 for the Board Vice-Chair as part of the Board Vice-Chair Retainer, and US\$350,000 for the Board Chair as part of the Board Chair Retainer. Such values were converted to Canadian dollars using the closing rate of exchange of the Bank of Canada (US\$1.00 = C\$1.0029) on January 24, 2013.

(4) Such values represent committee attendance fees received in cash for attendance to meetings of board committees of which they were not members. Such values were converted to Canadian dollars using the average rate of exchange of the Bank of Canada for 2013 (US\$1.00 = C\$1.0299).

(5) Includes the value for 2013 of insurance premiums for accidental death and dismemberment insurance as well as 2013 medical and dental coverage for David G.A. McLean in Canada and the U.S. The total cost to the Company for such benefits is equal to C\$2,146.

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

awards column, by the value provided under the total column.

(7) Robert Pace became Vice-Chair of the Board and stepped down as Chair of the Human Resources and Compensation Committee on April 23, 2013.

Outstanding Share-based Awards

The table below reflects all awards outstanding as at December 31, 2013 with respect to non-executive directors.

| NAME OF DIRECTOR | SHARE-BASED AWARDS (1) | |
|-----------------------------|--|---|
| | NUMBER OF SHARES OR UNITS OF SHARES THAT HAVE NOT VESTED (#) | MARKET OR PAYOUT VALUE OF SHARE-BASED AWARDS THAT HAVE NOT VESTED(2) (C\$) |
| Michael R. Armellino | - | - |
| A. Charles Baillie | 115,051 | 6,967,489 |
| Hugh J. Bolton | 90,870 | 5,503,087 |
| Donald J. Carty | 14,891 | 903,087 |
| Ambassador Gordon D. Giffin | 42,578 | 2,582,205 |
| Edith E. Holiday | 23,407 | 1,419,552 |
| V. Maureen Kempston Darkes | 51,379 | 3,111,512 |
| The Hon. Denis Losier | 96,595 | 5,849,793 |
| The Hon. Edward C. Lumley | 87,170 | 5,279,015 |
| David G.A. McLean | 178,403 | 10,804,086 |
| James E. O'Connor | - | - |
| Robert Pace | 97,211 | 5,887,098 |

- (1) Shows information regarding DRSUs held by non-executive directors as of December 31, 2013. The directors may choose to receive all or part of their cash retainers in common shares or DRSUs and their common share retainer can also be received in DRSUs. Pursuant to the terms of the DRSUs, directors or their estates can only access their DRSUs upon retirement or resignation from the Company's Board, or death.
- (2) The value of outstanding DRSUs is based on the closing price of the common shares on December 31, 2013, on the Toronto Stock Exchange (C\$60.56) or the New York Stock Exchange (US\$57.02) for Donald J. Carty, Ambassador Gordon D. Giffin and Edith E. Holiday, using the December 31, 2013 closing rate exchange of the Bank of Canada (US\$1.00 = C\$1.0636).

Share Ownership

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

Each non-executive director is required to receive at least 50% of his or her annual Director, committee, Board Chair and Committee Chair cash retainers in common shares or DRSUs of CN and may elect to receive up to 100% of such retainers in common shares or DRSUs of CN until his or her Minimum Shareholding Requirement is met. Once the

Minimum Shareholding Requirement is met, directors may elect to receive up to 100% of such retainers in common shares or DRSUs of CN. As of the date hereof, the average value of common shares (including DRSUs) of the Company owned by non-executive directors is approximately C\$11.7 million (based on the February 28, 2014, closing price of the common shares of the Company on the Toronto Stock Exchange (C\$62.56), or the New York Stock Exchange (US\$56.54) for U.S. directors).

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

The following table provides information on the number and the value of common shares and DRSUs owned by the Company's current directors as at February 28, 2014, and the amount needed to meet the Minimum Shareholding Requirement.

| DIRECTOR | YEAR(1) | NUMBER OF COMMON SHARES OWNED, CONTROLLED OR DIRECTED(2) | NUMBER OF DRSUs HELD(2) | TOTAL NUMBER OF COMMON SHARES OWNED, CONTROLLED OR DIRECTED AND DRSUs | GUIDELINE MET (3) OR INVESTMENT REQUIRED TO MEET GUIDELINE (C\$) | TOTAL VALUE OF COMMON SHARES AND DRSUs (VALUE AT RISK) (3) (C\$) |
|-----------------------------|-----------|--|-------------------------|---|--|--|
| Michael R. Armellino | 2014 | 236,742 | – | 236,742 | | |
| | 2013 | 235,652 | – | 235,652 | | 14,822,984 |
| | Variation | 1,090 | – | 1,090 | | |
| A. Charles Baillie | 2014 | 207,400 | 119,166 | 326,566 | | |
| | 2013 | 204,200 | 113,218 | 317,418 | | 20,429,969 |
| | Variation | 3,200 | 5,948 | 9,148 | | |
| Hugh J. Bolton | 2014 | 11,131 | 90,870 | 102,001 | | |
| | 2013 | 10,052 | 89,422 | 99,474 | | 6,381,183 |
| | Variation | 1,079 | 1,448 | 2,527 | | |
| Donald J. Carty | 2014 | 20,000 | 18,785 | 38,785 | | |
| | 2013 | 20,000 | 14,654 | 34,654 | | 2,428,422 |
| | Variation | – | 4,131 | 4,131 | | |
| Ambassador Gordon D. Giffin | 2014 | 40,118 | 43,564 | 83,682 | | |
| | 2013 | 37,828 | 41,900 | 79,728 | | 5,239,531 |
| | Variation | 2,290 | 1,664 | 3,954 | | |
| Edith E. Holiday | 2014 | 73,341 | 25,049 | 98,390 | | |
| | 2013 | 71,716 | 23,034 | 94,750 | | 6,160,434 |
| | Variation | 1,625 | 2,015 | 3,640 | | |
| V. Maureen Kempston Darkes | 2014 | 124,590 | 51,379 | 175,969 | | |
| | 2013 | 121,390 | 50,560 | 171,950 | | 11,008,621 |
| | Variation | 3,200 | 819 | 4,019 | | |
| The Hon. Denis Losier | 2014 | 184,254 | 99,883 | 284,137 | | |
| | 2013 | 182,690 | 95,056 | 277,746 | | 17,775,611 |
| | Variation | 1,564 | 4,827 | 6,391 | | |
| The Hon. Edward C. Lumley | 2014 | 123,370 | 87,170 | 210,540 | | |
| | 2013 | 120,120 | 85,782 | 205,902 | | 13,171,382 |

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

| | | | | | |
|-------------------|-----------|---------|---------|---------|----------------|
| | Variation | 3,250 | 1,388 | 4,638 | |
| David G.A. McLean | 2014 | 202,170 | 178,403 | 380,573 | |
| | 2013 | 219,038 | 175,560 | 394,598 | 23,808,647 |
| | Variation | -16,868 | 2,843 | -14,025 | |
| Claude Mongeau | 2014 | 64,496 | 405,486 | 469,982 | |
| | 2013 | 62,114 | 399,030 | 461,144 | N/A 29,402,074 |
| | Variation | 2,382 | 6,456 | 8,838 | |
| James E. O'Connor | 2014 | 18,668 | – | 18,668 | |
| | 2013 | 15,418 | – | 15,418 | 1,168,848 |
| | Variation | 3,250 | – | 3,250 | |
| Robert Pace | 2014 | 191,715 | 97,211 | 288,926 | |
| | 2013 | 188,482 | 95,662 | 284,144 | 18,075,211 |
| | Variation | 3,233 | 1,549 | 4,782 | |

(1) The number of common shares and DRSUs held by each director for 2014 is set out as at February 28, 2014, and for 2013 is set out as at February 28, 2013.

(2) Includes DRSUs elected as part of directors compensation and DSUs under the Company's VIDP held by Claude Mongeau.

(3) The total value is based on the February 28, 2014 closing price of the common shares on the Toronto Stock Exchange (C\$62.56) or the New York Stock Exchange (US\$56.54) for Michael R. Armellino, Donald J. Carty, Ambassador Gordon D. Giffin, Edith E. Holiday and James E. O'Connor, using the closing exchangerate (US\$1.00 = C\$1.1074) on the same date.

Board and Committee Attendance

The tables below show the record of attendance by director at meetings of the Board and its committees, as well as the number of Board and Board committee meetings held during the 12-month period ended December 31, 2013.

| DIRECTOR (1) | NUMBER AND % OF MEETINGS ATTENDED | | | | | | | INVESTME COMMITTE OF C PENSI TRU |
|-----------------------------|-----------------------------------|--|---------------------------------------|---|----------------|---|--|--|
| | BOARD | CORPORATE GOVER- NANCE AND AUDIT | DONATIONS AND SPONSOR- SHIPS | ENVI- RONMENT, SAFETY AND SECURITY | FINANCE | HUMAN RESOURCES AND COM- PENSATION | | |
| Michael R. Armellino | 12/12 (100%) | 5/5 (Chair) | 5/5 | 5/5 | 6/6 | 5/5 | | |
| A. Charles Baillie | 12/12 (100%) | 5/5 | 5/5 | 5/5 | 6/6 (Chair) | 5/5 | | |
| Hugh J. Bolton | 12/12 (100%) | 5/5 | 5/5 | 5/5 | 6/6 | 5/5 | | |
| Donald J. Carty | 12/12 (100%) | 5/5 | 5/5 | 5/5 | 6/6 | 5/5 | | |
| Ambassador Gordon D. Giffin | 12/12 (100%) | 2/2 | 3/3 | 5/5 | 6/6 | 3/3 (Chair) | | |
| Edith E. Holiday | 12/12 (100%) | 5/5 | 5/5 | 5/5 | 6/6 | 5/5 | | |
| V. Maureen Kempston | 12/12 (100%) | 5/5 | 5/5 | 5/5 (Chair) | 6/6 | 5/5 | | |
| The Hon. Denis Losier | 12/12 (100%) | 5/5 (Chair) | 3/3 | 3/3 | 5/5 | 5/5 | | |
| The Hon. Edward C. Lumley | 12/12 (100%) | 5/5 | 5/5 | 5/5 | 6/6 | 5/5 | | |
| David G.A. McLean | 12/12 (100%) | 5/5 | 3/3 | 3/3 | 6/6 | 5/5 | | |
| Claude Mongeau | 12/12 (100%) | 5/5 | 5/5 | 5/5 (Chair) | 6/6 | 5/5 | | |
| James E. O'Connor | 12/12 (100%) | 5/5 | 5/5 | 5/5 | 6/6 | 5/5 | | |

Robert Pace

| | | | | | | | |
|-----|-----------------|-----|-----|-----|---|---|-----|
| (7) | 12/12 (100%) | 5/5 | 5/5 | 2/2 | - | - | 5/5 |
|-----|-----------------|-----|-----|-----|---|---|-----|

- (1) In addition to committee members, all non-executive board members attended on a non-voting basis the January, June and December 2013 meetings of the Human Resources and Compensation Committee. The following directors who did not sit on the Investment Committee of CN Pension Trust Funds attended the January meeting on a non-voting basis: Donald J. Carty and James E. O'Connor. In addition to committee members, the Hon. Denis Losier attended on a non-voting basis two meetings of the Corporate Governance and Nominating Committee. In addition to committee members, Robert Pace attended on a non-voting basis one meeting of the Donations and Sponsorships Committee and one meeting of the Environment, Safety and Security Committee.
- (2) Donald J. Carty became member of the Investment Committee of CN's Pension Trust Funds on April 23, 2013.
- (3) Ambassador Gordon D. Giffin became Chair of the Human Resources and Compensation Committee and member of the Audit Committee on April 23, 2013.
- (4) The Hon. Denis Losier became member of the Corporate Governance and Nominating Committee and of the Investment Committee of CN's Pension Trust Funds on April 23, 2013.
- (5) In addition to committee members, Claude Mongeau attended five Audit Committee meetings, four Corporate Governance and Nominating Committee meetings, five Environment, Safety and Security Committee meetings, six Finance Committee meetings and five Human Resources and Compensation Committee meetings on a non-voting basis.
- (6) James E. O'Connor became member of the Investment Committee of CN's Pension Trust Funds on April 23, 2013.
- (7) Robert Pace became Vice-Chair of the Board and member of the Donations and Sponsorships Committee and stepped down as Chair of the Human Resources and Compensation Committee on April 23, 2013.
- (8) Messrs. Armellino, Bolton and McLean will not seek re-election as directors at the Meeting.

| | NUMBER OF MEETINGS HELD IN |
|--|-------------------------------------|
| BOARD AND BOARD COMMITTEE MEETINGS | 2013 |
| Board | 12 |
| Audit Committee | 5 |
| Corporate Governance and Nominating Committee | 5 |
| Donations and Sponsorships Committee | 3 |
| Environment, Safety and Security Committee | 5 |
| Finance Committee | 6 |
| Human Resources and Compensation Committee | 5 |
| Investment Committee of CN's Pension Trust Funds | 4 |
| Strategic Planning Committee | 3 |

Additional Disclosure Relating to Directors

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

- (i) Mr. Baillie, a director of the Company, was a director of Dana Corporation which filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code on March 3, 2006. Dana's European, South American, Asian-Pacific, Canadian and Mexican subsidiaries are not included in the Chapter 11 filing. Dana Corporation successfully emerged from Chapter 11 reorganization in February 2008. Mr. Baillie is no longer a director of Dana Corporation;
- (ii) Mr. Mongeau, a director and the President and Chief Executive Officer of the Company, became a director of Nortel Networks Corporation ("NNC") and Nortel Networks Limited ("NNL") on June 29, 2006. On January 14, 2009, NNC, NNL and certain other Canadian subsidiaries initiated creditor protection proceedings under the CCAA in Canada. Certain U.S. subsidiaries filed voluntary petitions in the United States under Chapter 11 of the U.S. Bankruptcy Code, and certain Europe, Middle East and Africa subsidiaries made consequential filings in Europe and the Middle East. Mr. Mongeau resigned as a director of NNC and NNL effective August 10, 2009;
- (iii) Ms. Kempston Darkes, a director of the Company, was an officer of General Motors Corporation ("GM") when GM filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code on June 1, 2009. None of the operations for which she was directly responsible in Latin America, Africa and the Middle East were included in the bankruptcy filing. GM emerged from bankruptcy protection on July 10, 2009 in a reorganization in which a new entity acquired GM's most valuable assets. Ms. Kempston Darkes retired as a GM officer on December 1, 2009;
- (iv) Mr. Giffin, a director of the Company, was a director of AbitibiBowater Inc. until January 22, 2009. AbitibiBowater Inc. and certain of its U.S. and Canadian subsidiaries filed voluntary petitions in the United States under Chapter 11 of the U.S. Bankruptcy Code on April 16, 2009. AbitibiBowater Inc. and certain of its Canadian subsidiaries filed for creditor protection under the CCAA in Canada on April 17, 2009. Mr. Giffin is no

longer a director of AbitibiBowater Inc.; and

- (v) Mr. Losier, a director of the Company, was a director of XL-ID Solutions Inc. (formerly, Excellium Inc.) (“XL-ID”) from July 23, 2013 to August 29, 2013. On January 3, 2014, XL-ID announced that it had submitted a proposal to its creditors under the Bankruptcy and Insolvency Act (Canada). On February 13, 2014, XL-ID announced that it had received a final order from the Superior Court of Quebec approving the proposal approved by its creditors.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

General

We are committed to adhering to the highest standards of corporate governance and our corporate governance practices were designed in a manner consistent with this objective. The role, specific mandate and functioning rules of the Board of Directors and of each of its committees are set forth in our Corporate Governance Manual which was formally approved by the Board of Directors on January 21, 2003, and last amended on March 11, 2014. Our Corporate Governance Manual is available on our website at www.cn.ca, under Delivering Responsibly/Governance. It is revised regularly with a view to continually improving our practices by assessing their effectiveness and comparing them with evolving practices, 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”), applicable provisions of the U.S. Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) and related rules of the U.S. Securities and Exchange Commission (“SEC”). We are exempted from complying with many of the NYSE corporate governance rules, provided that we comply with Canadian governance requirements. Except as summarized on our website at www.cn.ca, under Delivering Responsibly/Governance, our governance practices 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 (as amended from time to time, the “Disclosure Instrument”) and National Policy 58-201 — Corporate Governance Guidelines (as amended from time to time, the “Governance Policy”). The Governance Policy provides guidance on governance practices to Canadian issuers, while the Disclosure Instrument requires issuers to make the prescribed disclosure regarding their own governance practices. The Company believes that its corporate governance practices meet and exceed the requirements of the Disclosure Instrument and the Governance Policy. The text and footnotes set forth hereunder refer to the items of the Disclosure Instrument as well as to the guidelines of the Governance Policy, where applicable. The Company also refers, where appropriate, to the NYSE Corporate Governance Standards (the “NYSE Standards”).

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

Code of Business Conduct (2)

In 2008, the Board of Directors reviewed and updated its Code of Business Conduct to ensure that it is consistent with current industry trends and standards; clearly communicates CN’s organizational mission, values, and principles; and, most importantly, serves as a ready reference guide for employees to support everyday decision making. The Code is applicable to directors, officers and employees of CN. It addresses many important matters, including conflict of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, fair

dealing, compliance with laws and reporting of any illegal or unethical behaviour. No waiver has ever been granted to a director or executive officer in connection therewith. With a view to continually improving our practices and reflecting evolving legal requirements, the Code was again reviewed and updated, and distributed to all CN employees in 2012. The updated version of the Code is available on our website at www.cn.ca, under Delivering Responsibly/Governance and in print to any shareholder who requests copies by contacting our Corporate Secretary. The Code has also been filed with the Canadian and U.S. securities regulatory authorities.

**THE ROLE, MANDATE AND RULES OF
THE BOARD OF DIRECTORS AND OF
ITS COMMITTEES ARE SET FORTH IN
OUR CORPORATE GOVERNANCE
MANUAL, WHICH IS AVAILABLE ON
OUR WEBSITE.**

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 of the Code by employees of the Company.

The Board requests that every director 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 ensure 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 will request that such director not 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, 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 HAS
ADOPTED PROCEDURES ALLOWING
INTERESTED PARTIES TO
COMMUNICATE DIRECTLY WITH THE
CHAIRMAN.

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

Independence of Directors (1)

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

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

| NAME | INDEPENDENCE STATUS | |
|-----------------------------|---------------------|---------------------|
| | INDEPENDENT | NOT INDEPENDENT |
| A. Charles Baillie | | |
| Donald J. Carty | | |
| Ambassador Gordon D. Giffin | | |
| Edith E. Holiday | | |
| V. Maureen Kempston Darkes | | |
| The Hon. Denis Losier | | |
| The Hon. Edward C. Lumley | | |
| Kevin G. Lynch | | |
| Claude Mongeau | | President and Chief |

Executive Officer
of the Company

James E. O'Connor
Robert Pace
Robert L. Phillips
Laura Stein

Independent Chairman of the Board (2)

The Company's Board has been led by a non-executive Chairman since it became public in 1995 and we believe that the separation of the positions of President and Chief Executive Officer and Chairman contributes to allowing the Board to function independently of Management. Hence, our Corporate Governance Manual provides that the Board Chair must be an independent director who is designated by the Board. Mr. David G.A. McLean 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. Mr. McLean is not seeking re-election as director at the Meeting, after serving on the Board since August 31, 1994.

**12 OF THE 13 NOMINEES FOR
ELECTION TO THE BOARD OF
DIRECTORS ARE INDEPENDENT.**

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

Position Descriptions (1)

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

Election of Directors

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

**THE BOARD OF DIRECTORS HAS
ADOPTED A MAJORITY VOTING
POLICY.**

Committees of the Board (2)

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

**SCHEDULE “B” TO THIS INFORMATION
CIRCULAR PROVIDES REPORTS ON
THE ACTIVITIES OF EACH BOARD
COMMITTEE.**

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

Audit Committee

The Audit Committee has the responsibility of overseeing the Company's financial reporting, monitoring risk management, internal controls and internal and external auditors. The mandate of the Audit Committee is further described in the section entitled "Statement of Corporate Governance Practices — Audit Committee Disclosure" at page 31 of this Information Circular and in the charter of such committee which is included in our Corporate Governance Manual.

Finance Committee

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

Corporate Governance and Nominating Committee

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

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

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

(3) Governance Policy, section 3.13.

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

The charter of the Corporate Governance and Nominating Committee provides that such committee must be composed solely of independent directors. As at February 28, 2014, all members of the Corporate Governance and Nominating Committee are independent.(2)

Human Resources and Compensation Committee

The Human Resources and Compensation Committee has the responsibility of monitoring executive management's performance assessment and succession planning. This Committee also has the mandate to review human resources practices by ensuring, amongst other things, that appropriate human resources systems are in place so that the Company can attract, motivate and retain the quality of personnel required to meet its business objectives. The mandate of the Human Resources and Compensation Committee is further described in the section entitled "Statement of Executive Compensation — Human Resources and Compensation Committee" at page 37 of this Information Circular and in the charter of such committee which is included in our Corporate Governance Manual. The Human Resources and Compensation Committee must be composed solely of independent directors. As at February 28, 2014, all members of the Human Resources and Compensation Committee are independent.(3)

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

Reference is also made to the subsection entitled "Statement of Executive Compensation — Human Resources and Compensation Committee — Executive Compensation Consultants" at page 39 of this Information Circular for disclosure in respect of executive compensation consultants.(4)

Environment, Safety and Security Committee

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

Strategic Planning Committee

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

Investment Committee of CN's Pension Trust Funds

The Investment Committee of CN's Pension Trust Funds, which is a mixed committee composed of directors and officers, has the responsibility, amongst other things, of reviewing the activities of the CN Investment Division, reviewing and approving the CN Investment Incentive Plan and award payouts thereunder, advising the CN Investment Division on investment of assets of CN's Pension Trust Funds and approving certain of the investments made by CN's Pension Trust Funds. The responsibilities, powers and operation of the Investment Committee of CN's Pension Trust Funds are further described in the charter of such committee which is included in our Corporate Governance Manual.

Donations and Sponsorships Committee

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

- (1) Form 58-101F1, section 6(c); Governance Policy, section 3.11.
- (2) Form 58-101F1, section 6(b); Governance Policy, section 3.10. The NYSE Standards state that a board should appoint a nominating committee composed entirely of independent directors and that such committee should have a written charter. The Board has adopted a written mandate for the Corporate Governance and Nominating Committee pursuant to which such committee must be composed solely of independent directors.
- (3) Form 58-101F1, sections 7(a), (b) and (c) and Governance Policy, sections 3.15, 3.16 and 3.17 (regarding officers). The NYSE Standards state that the CEO's compensation should be determined by the corporation's compensation committee or by all independent directors of the corporation. Our Corporate Governance Manual provides that the CEO's compensation is determined by the Company's independent directors only. The NYSE Standards state that a board should appoint a compensation committee composed entirely of independent directors and that such committee should have a written charter. The Board has adopted a written mandate for the Human Resources and Compensation Committee pursuant to which such committee must be composed solely of independent directors.
- (4) Form 58-101F1, section 7(d)

Board and Committee Meetings

Process

The Board Chair, in collaboration with the Corporate Secretary, has the responsibility of establishing a schedule for the meetings of the Board of Directors and its committees. During this process, the Corporate Secretary, in collaboration with the Board and Committee Chairs and the appropriate executive officers, establishes Board and committee working plans for the year. We believe that proceeding in this manner helps in the preparation of in-depth presentations conducive to meaningful information sessions and discussions while allowing Management to plan ahead. If, during the course of the year, events or circumstances require Board or committee action or consideration, additional meetings are called. The total number of meetings and the attendance record for each director for all board and committee meetings held during the course of 2013 are set out in the section entitled “Nominees for Election to the Board — Board and Committee Attendance” of this Information Circular.(1)

BOARD AND COMMITTEE WORKING PLANS ARE ESTABLISHED FOR THE YEAR.

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

In Camera Meetings

The independent Board members meet before or after every regular in-person meeting of the Board of Directors in in camera sessions, without the presence of Management and under the chairmanship of the Board Chair. During the financial year ended December 31, 2013, there were 12 in camera sessions that were attended exclusively by non-executive directors.(2)

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

Director Selection (3)

Review of Credentials

In consultation with the Board Chair, the Corporate Governance and Nominating Committee annually reviews the credentials of nominees for election or re-election as members of the Board of Directors. It considers their qualifications, the validity of the credentials underlying each nomination, and, for nominees who are already directors

of the Company, an evaluation of their effectiveness and performance as members of the Board of Directors, including their attendance at Board and committee meetings. Board and board committee members are expected to attend all meetings. As stated in our Corporate Governance Manual, any director who has attended less than 75% of meetings of the board or meetings of committees on which they sit, for more than two consecutive years, without a valid reason for the absences, will not be renominated. The Corporate Governance and Nominating Committee monitors and is constantly on the lookout for new candidates for nomination to the Board of Directors and is mindful of the mandatory retirement dates of current directors.

**ANY DIRECTOR WHO HAS ATTENDED
LESS THAN 75% OF BOARD OR
COMMITTEE MEETINGS FOR MORE
THAN TWO YEARS WITHOUT A VALID
REASON WILL NOT BE
RENOMINATED.**

Competency Matrix

The Corporate Governance and Nominating Committee, together with the Board Chair, is responsible for determining the needs of the Board in the long term and identifying new candidates to stand as nominees for election or appointment as directors. In 2012 and 2013, the Corporate Governance and Nominating Committee and the Board Chair focused on board renewal and succession in light of upcoming director retirements, with a view to expanding and completing the Board's overall expertise in certain areas. The Board Chair and the Corporate Governance and Nominating Committee have engaged in an in-depth succession planning process. Board renewal and succession was a standing item at every meeting of the Corporate Governance and Nominating Committee. In proposing the list of Board nominees, the Board of Directors is guided by the process described in our Corporate Governance Manual. As part of the process, the Board Chair, in consultation with the Corporate Governance and Nominating Committee, develops a competency matrix based on knowledge areas, types of expertise and geographical representation and identifies any gaps to be addressed in the director nomination process. The Board ensures that the skill set developed by directors, through their business expertise and experience, meets the needs of the Board. The Board also takes into consideration the representativity, both in terms of experience and geographical location, of each candidate to the Board, as well as his or her independence, qualifications, financial acumen, business judgment and board dynamics. This competency matrix is reviewed regularly by the Board Chair with Board members, and is updated as may be required.

In 2013, the Corporate Governance and Nominating Committee examined its competency matrix in light of upcoming director retirements, with a view to expanding the Board's overall experience and expertise and filling any gaps so that the longer term needs of the board are met. The Committee developed a set of criteria for Board membership that focused particularly on diversity, including diversity of gender, background and skills for the Board.

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

(2) Form 58-101F1, section 1(e); Governance Policy, section 3.3.

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

In the process of searching for qualified persons to serve on the Board, the Corporate Governance and Nominating Committee strived for the inclusion of diverse groups, knowledge, and viewpoints. To accomplish this, the Corporate Governance and Nominating Committee also retained an executive search firm to help meet the Board's diversity objective.

This sustained and rigorous process in which CN attracts and recruits new members to its board ultimately brings new perspectives and energy to the Board.

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

| | SALES/ MARKETING | FINANCE | ACCOUNTING | LEGAL | STRATEGY | HUMAN RESOURCES | ENGINEERING/ ENVIRONMENT | KNOWLEDGE OF TRANSPORT INDUSTRY/ SAFETY |
|-------------|---------------------|---------|------------|-------|----------|--------------------|-----------------------------|---|
| A. Charles | | | | | | | | |
| Baillie | | | | | | | | |
| Donald J. | | | | | | | | |
| Carty | | | | | | | | |
| Ambassador | | | | | | | | |
| Gordon D. | | | | | | | | |
| Giffin | | | | | | | | |
| Edith E. | | | | | | | | |
| Holiday | | | | | | | | |
| V. Maureen | | | | | | | | |
| Kempston | | | | | | | | |
| Darkes | | | | | | | | |
| The Hon. | | | | | | | | |
| Denis | | | | | | | | |
| Losier | | | | | | | | |
| The Hon. | | | | | | | | |
| Edward C. | | | | | | | | |
| Lumley | | | | | | | | |
| Kevin G. | | | | | | | | |
| Lynch | | | | | | | | |
| Claude | | | | | | | | |
| Mongeau | | | | | | | | |
| James E. | | | | | | | | |
| O'Connor | | | | | | | | |
| Robert Pace | | | | | | | | |
| Robert L. | | | | | | | | |
| Phillips | | | | | | | | |
| Laura Stein | | | | | | | | |

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

time and energy to the Board of Directors.

Board Diversity

In an increasingly complex global marketplace, the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to the Company's success. Further, director and nominee diversity helps to ensure that a wide-variety of different perspectives are brought to bear on issues, while enhancing the likelihood that proposed solutions will be nuanced and comprehensive. The Board believes that diversity is an important attribute of a well-functioning board. In selecting qualified candidates to serve as directors of the Company, a wide-range of matters of diversity are considered, including race, gender, ethnicity, culture, and geography and measures ensuring that the Board, as a whole, reflects a range of viewpoints, backgrounds, skills, experience and expertise.

The Corporate Governance and Nominating Committee has developed a set of criteria for Board membership that strives to attain a diversity of background and skills for the Board. The Corporate Governance and Nominating Committee has also created a search protocol that seeks qualified Board candidates from, among other areas, the traditional corporate environment, government, academia, private enterprise, non-profit organizations, and professions such as accounting, human resources, and legal services.

In the process of searching for qualified persons to serve on the Board, the Corporate Governance and Nominating Committee strives for the inclusion of diverse groups, knowledge, and viewpoints. To accomplish this, the Corporate Governance and Nominating Committee may retain an executive search firm to help meet the Board's diversity objective. In connection with its efforts to create and maintain a diverse Board, the Corporate Governance and Nominating Committee has:

- developed recruitment protocols that seek to include diverse candidates in any director search. These protocols take into account that qualified candidates may be found in a broad array of organizations, including academic institutions, privately held businesses, nonprofit organizations, and trade associations, in addition to the traditional candidate pool of corporate directors and officers;

- strived to use, to their fullest potential, the current network of organizations and trade groups that may help identify diverse candidates; and
- periodically reviewed director recruitment and selection protocols so that diversity remains a component of any director search.

The Corporate Governance and Nominating Committee has reviewed the selection process and ensured that women and minorities were included in the slate of candidates.

Common Directorships

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

NO BOARD MEMBERS SIT TOGETHER ON THE BOARD OF ANOTHER PUBLIC COMPANY.

As of February 28, 2014, 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 biographies on pages 7 to 14 of this Information Circular identify the other reporting issuers of which each nominee is a director.(1)

Evergreen List

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

AN EVERGREEN LIST OF POTENTIAL BOARD CANDIDATES IS MAINTAINED AND UPDATED FROM TIME TO TIME.

Retirement from the Board

The Board has 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, except as set out below.

Board Tenure and Term Limits

The Board has also adopted a new policy, which is part of CN's Corporate Governance Manual, to the effect that the Board Chair and the Committee Chair tenure would be subject to term limits. The Board of Directors is of the view that CN's policy on Chair term limits, together with its policy on mandatory retirement age, establishes a mechanism that ensures Board Chair and Committee Chair renewal, provides a fresh perspective in the boardroom and improves the Board's ability to plan its composition over a longer period of time.

OUR POLICY ON TERM LIMITS, TOGETHER WITH OUR POLICY ON MANDATORY RETIREMENT AGE, ENSURES A FRESH PERSPECTIVE IN THE BOARDROOM.

- Effective as of April 23, 2014, but without regard to past service, CN's Board Chair will serve for a term of five (5) years,

(1) Form 58-101F1, section 6(a); Governance Policy, sections 3.12, 3.13 and 3.14

renewable for one further three (3) year term, subject to the discretion of the Board of Directors to further extend the term, if deemed appropriate. At the end of the term(s) as Board Chair, the departing Board Chair would not stand for election as a Director of CN at the next annual shareholders' meeting. The above term(s) for the Board Chair would remain subject to the mandatory retirement age limit of 75 years of age.

- Effective as of April 23, 2014, but without regard to past service, Committee Chairs will serve for a term of three (3) years, renewable for one further two (2) year term, subject to the discretion of the Board of Directors to further extend the term, if deemed appropriate.

In each of the above instances, the election or appointment of the CN Board Chair or Committee Chairs, respectively, remains subject to annual review and election/appointment.

The Board retains its discretion to extend the above term limits, which will preserve its ability to deal with special circumstances warranting the extension of the mandate.

The following chart shows the tenure of the Company's Board as of April 23, 2014:

Please refer to the biographies on pages 7 to 14 for details regarding length of Board tenure of each nominee for election as directors.

Director Emeritus

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

Directors Emeritus are invited to attend the annual meeting of shareholders and certain Company or Board events taking place in their geographic area of residence and are reimbursed for reasonable travel and other out-of-pocket expenses in connection with attendance at such events.

Board Performance Assessment (1)

Process

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

**THE BOARD HAS IMPLEMENTED A
COMPREHENSIVE ASSESSMENT
PROCESS.**

-

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

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

- Board and committee performance evaluation questionnaires, including a self-assessment by individual directors;
 - a Board Chair evaluation questionnaire; and
 - Committee Chair evaluation questionnaires.
- Each questionnaire is then sent to every director and a complete set of the responses is forwarded to the Board Chair, except for the responses to the evaluation questionnaire relating to the Board Chair, which is forwarded directly to each of the Chairs of the Audit Committee and the Human Resources and Compensation Committee.
- Following receipt of the completed questionnaires, the Board Chair contacts every director and conducts open and confidential one-on-one meetings. The purpose of these meetings is to discuss the answers received from and in respect of each director, to take into account of any comments 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 evaluation questionnaire.
- 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.