

CANADIAN NATIONAL RAILWAY CO
Form 6-K
March 23, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN ISSUER PURSUANT TO RULE 13a-16 OR 15d-16

OF THE SECURITIES EXCHANGE ACT OF 1934

For the month of March 2016

Commission File Number: 001-02413

Canadian National Railway Company

(Translation of registrant's name into English)

935 de la Gauchetiere Street West

Montreal, Quebec

Canada H3B 2M9

(Address of principal executive offices)

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

Form 20-F Form 40-F X

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No X

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No X

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Canadian National Railway Company

Date: March 23, 2016 By: /s/ Sean Finn

Name: Sean Finn

Executive Vice-President Corporate Services

Title:

and Chief Legal Officer

CANADIAN NATIONAL RAILWAY COMPANY

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Item 1

Notice of Annual

Meeting of Shareholders

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

Le Windsor

Windsor Ballroom

1170 Peel Street

Montreal, Quebec, Canada

on Tuesday, April 26, 2016, at 10:00 a.m.

(Eastern Daylight Time) for the purposes of:

1. receiving the consolidated financial statements for the year ended December 31, 2015, 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 9 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;

5. considering a shareholder proposal described in Schedule “A”; and

6. transacting such other business as may properly be brought before the meeting or any adjournment or postponement thereof.

The directors have fixed March 3, 2016, as the Record Date for the determination of the holders of common shares entitled to receive notice of the meeting and vote at the meeting.

By order of the Board of Directors

/s/ Sean Finn

Sean Finn

Executive Vice-President

Corporate Services and Chief Legal Officer

and Corporate Secretary

March 8, 2016

Montreal, Quebec

Item 2

Notice of Annual

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By order of the Board of Directors

/s/ Sean Finn

Sean Finn

Executive Vice-President

Corporate Services and Chief Legal Officer

and Corporate Secretary

March 8, 2016

Montreal, Quebec

March 8, 2016

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 Le Windsor, Windsor Ballroom, 1170 Peel Street, Montreal, Quebec (Canada) on Tuesday, April 26, 2016, at 10:00 a.m. (Eastern 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 2015 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 6 of the Information Circular with respect to how to vote your shares.

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

We look forward to seeing you at the meeting.

Sincerely,

/s/ Robert Pace

Robert Pace

Chair of the Board

/s/ Claude Mongeau

Claude Mongeau

President and Chief Executive Officer

CN MANAGEMENT INFORMATION CIRCULAR 2016I

Proxy Summary

The following summary highlights some of the important information you will find in this Information Circular. We recommend that you read the entire Information Circular before voting.

Shareholder Voting Matters

VOTING MATTERS	BOARD VOTE RECOMMENDATION	FOR MORE INFORMATION SEE PAGE
Election of 11 Directors	FOR each nominee	8, 10
Appointment of KPMG LLP as Auditors	FOR	8
Advisory Resolution on Executive Compensation	FOR	9, 34
Shareholder Proposal – Audit Engagement	AGAINST	9, 70

Our Director Nominees

NAME	DIRECTOR		POSITION	INDEPENDENT	CURRENT COMMITTEE MEMBERSHIP
	AGE	SINCE			
D.J. Carty	69	2011	Corporate Director	Yes	Audit (Chair) – Compensation – Governance – Strategic Investment – Strategic
G.D. Giffin	66	2001	Partner, Dentons US LLP	Yes	Audit – Compensation – Governance – Strategic Investment – Strategic
E.E. Holiday	64	2001	Corporate Director and Trustee	Yes	Audit – Compensation – Governance – Strategic Investment (Chair) – Strategic
V.M. Kempston Darkes	67	1995	Corporate Director	Yes	Audit – Environmental – Governance – Strategic Investment – Strategic
D. Losier	63	1994	Corporate Director	Yes	Compensation – Governance (Chair) – Strategic Investment – Strategic
K.G. Lynch	65	2014	Vice-Chair, BMO Financial Group	Yes	Compensation – Finance – Governance – Strategic Investment – Strategic
C. Mongeau	54	2009	President and CEO, CN	No	Donations (Chair) – Governance – Strategic Investment – Strategic
J.E. O'Connor	66	2011	Corporate Director	Yes	Audit – Compensation – Finance – Strategic Investment – Strategic
R. Pace	61	1994	Chair of the Board, CN President and CEO, The Pace Group	Yes	Donations – Environmental – Governance – Strategic Investment – Strategic
R.L. Phillips	65	2014	President, R.L. Phillips Investments Inc.	Yes	Audit – Compensation – Governance – Strategic Investment – Strategic

L. Stein

54 2014

Executive Vice-President – General Counsel
& Corporate Affairs, The Clorox Company

Audit – Compensation
Finance – Strategic

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Executive Compensation

Disciplined Approach to Compensation

CN's approach to executive compensation is driven by a commitment to deliver sustainable and solid returns to shareholders. CN exercises a disciplined approach to executive compensation by ensuring that target compensation, while reasonable, supports attraction and retention of executive talent. In addition, short and long-term incentive plans are structured to align realized pay and shareholder returns. Compensation programs are designed to encourage appropriate behaviours and include appropriate risk mitigation mechanisms. The executive compensation policy aims to position total direct compensation between the median and the 60th percentile of the executives' respective comparator group. On a constant currency basis, the year-over-year total compensation decreased by 5.6% for the President and CEO and remained unchanged for the other Named Executive Officers ("NEOs") in 2015.

Highlights of Corporate Governance Best Practices

CN is committed to adhering to the highest standards of corporate governance and our corporate governance practices were designed in a manner consistent with this objective. Some of our best practices are highlighted in the following table.

Size of Board	11
Number of Independent Director Nominees	10
Annual Election of Directors (no staggered term)	Yes
Directors Elected Individually (no slate voting)	Yes
Majority Voting for Directors	Yes
Separate CEO & Chair Positions	Yes
Common Directorships Guidelines (Board Interlocks)	Yes
Board Tenure and Term Limit Guidelines for Board Chair and Committee Chairs	Yes
Stock Ownership Guidelines for Directors and Executives	Yes
Ownership Requirement for Directors and CEO Beyond Board Tenure	Yes
Director Orientation and Continuing Education	Yes
Diversity Policy for Directors	Yes
Code of Business Conduct and Ethics Program	Yes
Annual Advisory Vote on Executive Compensation	Yes
Formal Board Performance Assessment	Yes

Best Practices Adopted by CN

- ~ 80% of Named Executive Officers' target total direct compensation is variable and linked to CN's performance
 - Incentive payout capped and no guaranteed minimum payout
- Inclusion of a relative total shareholder return condition as a performance measure for Performance Share Units
 - Stringent stock ownership requirements
 - CEO post-retirement shareholding requirement
- Overlap of performance measures for short and long-term incentives to mitigate risk
 - Double trigger change of control policy
 - Anti-hedging policy on CN securities
 - Executive clawback policy
 - No employment contracts for NEOs
- Independent executive compensation consultant retained by the Compensation Committee
 - Annual "Say on Pay" vote

Vote Your Shares

Voting by proxy is the easiest way to vote your shares. Please refer to your proxy form or voting instruction form included in this package or to the "Questions & Answers" section on page 5 of this Information Circular for more information on the voting methods available to you.

CN MANAGEMENT INFORMATION CIRCULAR 2016K

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”, “we”, “us”, “our” refer to Canadian National Railway Company. The Meeting will be held on Tuesday, April 26, 2016, at 10:00 a.m. (Eastern Daylight Time) for the purposes set forth in the foregoing Notice of Meeting. The information contained herein is given as at February 26, 2016, 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 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 25, 2016, 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 6 of this Information Circular. If you are a holder of Employee Shares (as such term is defined in this Information Circular), reference is made to the section entitled “How do I vote if I own Employee Shares?” on page 6 of this Information Circular.

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Questions and Answers

Voting and Proxies

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

Who can vote?

Shareholders who were registered as at the close of business on March 3, 2016 (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 26, 2016, the Company had 784,156,495 common shares without par value outstanding. Subject to the voting restrictions described below, each common share carries the right to one vote.

What are the voting restrictions?

Our articles of continuance, 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.

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 100,400,770 common shares of the Company as of February 26, 2016, representing 12.80% of the outstanding common shares of the Company. In addition, Mr. Gates is a co-trustee of the Bill & Melinda Gates Foundation Trust (“Foundation”), which held 17,126,874 common shares of the Company as of February 26, 2016, representing 2.19% of the outstanding common shares of the Company. Hence, as of February 26, 2016, Mr. Gates is deemed to have control or direction over 117,527,644 common shares, representing 14.99% of the outstanding common shares of the Company.

As a result of the share repurchases for cancellation conducted by CN on an ongoing basis under its share repurchase program, the combined holdings of Cascade and the Foundation will likely in the near future exceed 15% of CN's outstanding shares. In such instance where the increase above 15% in shareholdings is caused solely by repurchases conducted by CN, the only consequence to Cascade and the Foundation under CN's articles would be that they may not exercise their voting rights in respect of the common shares that are in excess of the 15% maximum. Cascade and the Foundation would continue to receive their full amount of dividends, including on the CN common shares in excess of 15%, but would be precluded by CN's articles (implemented in accordance with the CN Commercialization Act) from acquiring additional CN common shares.

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, (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, and (iv) on a shareholder proposal. Our Board of Directors and our management are recommending that shareholders vote FOR items (i), (ii) and (iii) and AGAINST item (iv).

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 D.F. King Canada, a division of CST Investor Services Inc. ("D.F. King"), for the solicitation of proxies in Canada and the United States, at an aggregate cost estimated to be approximately 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 D.F. King, the Company's proxy solicitation agent, toll-free in North America at 1-800-239-6813 or at 1-201-806-7301 outside of North America; or by e-mail at inquiries@dfking.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, or in French at 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?”

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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 System (DRS). 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 25, 2016, 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,

AGAINST the approval of the shareholder proposal,

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 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, Montreal, 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, the day of the Meeting. Your vote will be taken and counted at the Meeting. **If you wish to vote in person at the Meeting, do not complete or return the form of proxy.**

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

If your common shares are not registered in your name and are held in the name of a nominee such as a trustee, financial institution or securities broker, you are a “non-registered shareholder”. If your common shares are listed in an account statement provided to you by your broker, those common shares will, in all likelihood, not be registered in your name. Such common shares will more likely be registered under the name of your broker or an agent of that broker. Without specific instructions, brokers and their agents or nominees are prohibited from voting shares for the broker’s client. If you are a non-registered shareholder, there are two ways 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 voting instruction form 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 voting instruction form provided by your nominee to appoint yourself as proxy holder and follow the signature and return instructions of your nominee. Computershare Trust Company of Canada must receive your appointment no later than 5:00 p.m. (Eastern Daylight Time) on April 25, 2016. 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 voting instruction form 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 2016O

Business of the Meeting

Financial Statements

Our consolidated financial statements for the year ended December 31, 2015, together with the auditors' reports thereon, are included in the 2015 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 a copy by contacting our Corporate Secretary at (514) 399-7091 or Investor Relations at (514) 399-0052.

Election of Directors

Our articles, as amended, provide that our Board of Directors shall consist of a minimum of seven and a maximum of 21 directors (hereinafter the "Board" or "Board of Directors"). Pursuant to a resolution of the Board of Directors, 11 persons are to be elected as directors for the current year, each to hold office until the next annual meeting of shareholders or until such person's successor is elected or appointed.

The term of office of each of the present directors expires at the close of the Meeting. **The persons named in the section entitled "Nominees for Election to the Board — Description of Nominees" will be presented for election at the Meeting as management's nominees.** All of the nominees proposed for election as directors are currently directors of the Company. All persons nominated were recommended to the Board of Directors by the Corporate Governance and Nominating Committee.

Unless authority is withheld, the persons designated in the accompanying form of proxy or voting instruction form intend to vote FOR the election of 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.

Majority Voting Policy

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 Board Chair 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.

Appointment of Auditors

The Board of Directors and the Audit Committee recommend that KPMG LLP be appointed to serve as the Company’s auditors until the next annual meeting of shareholders.

KPMG LLP has served as the Company’s auditors since 1992. For the years ended December 31, 2015 and 2014, the fees for audit, audit-related, tax and all other services provided to the Company by KPMG LLP were the following:

FEES	2015	2014
(IN THOUSANDS) (C\$)	(C\$)	(C\$)
Audit	2,708	2,728
Audit-related	1,039	1,162
Tax	913	746
All other	17	92
Total Fees	4,677	4,728

Pursuant to the terms of its charter, the Audit Committee approves all audit and audit-related services, audit engagement fees and terms and all non-audit engagements provided by the external auditors. The Audit Committee pre-approved all the services performed by the auditors for audit-related and non-audit related services for the years ended December 31, 2015 and 2014.

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

Audit Fees

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

Audit-related Fees

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

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Tax fees

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

All other fees

Consist primarily of fees related to data analytics assistance (2015) and for services related to a foreign subsidiary (2014).

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

The Company is again providing its shareholders with an opportunity to cast at the 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 8, 2016."

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.

Considering a Shareholder Proposal

You will be voting on a shareholder proposal that has been submitted for consideration at the Meeting. The full text of the proposal and supporting statement, together with the Board of Directors' recommendation, is set out in Schedule "A".

The Board of Directors recommends that shareholders vote AGAINST the shareholder proposal set out in Schedule "A", and unless otherwise instructed, the persons designated in the form of proxy or voting instruction form intend to vote AGAINST the shareholder proposal.

Other Business

Following the conclusion of the formal business to be conducted at the Meeting, we will:

- discuss highlights of our 2015 performance and plans for the future, and
- invite questions and comments from shareholders.

As of the date of this Circular, management is not aware of any changes to these items and does not expect any other items to be brought forward at the Meeting. If there are changes or new items, your proxyholder can vote your shares on these items as he or she sees fit.

Nominees for Election to the Board

Description of Nominees

The following tables set out information as of February 26, 2016, unless otherwise indicated, and include a profile of each nominated director with an explanation of his or her experience, qualifications, top three competencies, participation on the Board and its committees, ownership of securities of CN, as well as participation on the boards of other public companies during the past five years. A more detailed description of our directors' competencies can be found under the heading "Competency Matrix" in the section entitled "Statement of Corporate Governance Practices". All nominees are current directors of the Company.

Donald J. Carty, 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 O.C., LL.D. 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.

Age: **69**⁽¹⁾

Principal Competencies

- Strategy
- Finance/Accounting
- Human Resources

Texas, U.S.A.

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 and in 2015, he was named to the top 100 of the National Association of Corporate Director's List. He was named an Officer of the Order of Canada in 2003.

Director Since:

January 1, 2011

In addition to serving on the public boards mentioned in the following table, Mr. Carty serves as Chairman of the board of Porter Airlines, Inc.

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

MEMBER OF⁽⁶⁾

ATTENDANCE 2015

Board	100%
Audit Committee (Chair)	100%
Corporate Governance and Nominating Committee	100%
Environment, Safety and Security Committee	100%

Human Resources and Compensation Committee	100%
Strategic Planning Committee	100%

2015 VOTES IN FAVOUR 99.19%

OTHER PUBLIC BOARDS DURING PAST 5 YEARS

EMC Corporation	(2015-present)
VMWare, Inc.	(2015-present)
Virgin America Inc. (Chairman)	(2006-present)
Talisman Energy Inc.	(2009-2015)
Gluskin, Sheff & Associates Inc.	(2006-2013)
Barrick Gold Corporation	(2006-2013)
Dell, Inc.	(1992-2013)
Hawaiian Holdings, Inc.	(2004-2011)

SECURITIES HELD

VALUE AT RISK	C\$6,132,584 ⁽³⁾
Common Shares Owned or Controlled ⁽²⁾	
February 2016	77,678
February 2015	56,667

Ambassador

Gordon D. Giffin

Mr. Giffin is a Partner and the Chair of the Public Policy and Regulation practice at Dentons US LLP (law firm), where he maintains offices in Washington, D.C. and Atlanta. He has been engaged in the practice of law or government service for more than thirty-five years. Mr. Giffin was United States Ambassador to Canada from 1997 to 2001.

**Partner,
Dentons**

US LLP

Age: 66 ⁽¹⁾

Principal Competencies

- Public Policy
- Legal
- Human Resources

**Georgia,
U.S.A.**

Mr. Giffin is a member of the Board of Trustees of the Jimmy Carter Presidential Center and is a member of the Council on Foreign Relations and the Tri-Lateral Commission.

In addition to serving on the public boards mentioned in the following table, Mr. Giffin serves on the Board of Counsellors of McLarty Global.

Director
Since:

May 1, 2001 Mr. Giffin holds a B.A. from Duke University and a J.D. from Emory University School of Law.

Independent

MEMBER OF⁽⁶⁾	ATTENDANCE 2015
Board	100%
Human Resources and Compensation Committee (Chair)	100%
Audit Committee	100%
Donations and Sponsorships Committee ⁽⁵⁾	100%
Investment Committee of CN's Pension Trust Funds ⁽⁵⁾	100%
Strategic Planning Committee	100%

2015 VOTES IN FAVOUR 95.63%

OTHER PUBLIC BOARDS DURING PAST 5 YEARS

Element Financial Corporation	(2013-present)
Canadian Natural Resources Limited (Lead Director)	(2002-present)
TransAlta Corporation (Chair)	(2002-present)
Canadian Imperial Bank of Commerce	(2001-present)
Just Energy Group Inc.	(2006-2015)

SECURITIES HELD

VALUE AT RISK	C\$7,252,946 ⁽³⁾
Common Shares Owned or Controlled ⁽²⁾	
February 2016	91,869
February 2015	87,265

**Edith E.
Holiday**

Corporate

Director & Trustee 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.

Age: **64** ⁽¹⁾ Ms. Holiday serves on the public boards mentioned in the following table.

**Principal
Competencies**

- Legal
- Public Policy
- Strategy

**Florida,
U.S.A.**

She was also 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. She is also the recipient of the Secretary of the Treasury’s highest award, the Alexander Hamilton Award.

Director Since:

June 1, 2001 Ms. Holiday holds a B.S. and a J.D. from the University of Florida, and she was admitted to the bars of the states of Florida, Georgia and the District of Columbia.

Independent

MEMBER OF⁽⁶⁾	ATTENDANCE 2015
Board	100%
Investment Committee of CN’s Pension Trust Fund ⁽⁵⁾ (Chair)	100%
Audit Committee	100%
Corporate Governance and Nominating Committee ⁽⁸⁾	100%
Finance Committee	100%
Human Resources and Compensation Committee	100%
Strategic Planning Committee	100%
2015 VOTES IN FAVOUR	98.59%

OTHER PUBLIC BOARDS DURING PAST 5 YEARS

White Mountains Insurance Group, Ltd.	(2004-present)
Franklin Templeton Group of Funds (various companies)	(1996-present)
Hess Corporation	(1993-present)
RTI International Metals, Inc.	(1999-2015)
H.J. Heinz Company	(1994-2013)

SECURITIES HELD

VALUE AT RISK	C\$8,370,861 ⁽³⁾
Common Shares Owned or Controlled ⁽²⁾	
February 2016	106,029
February 2015	101,737

V. Maureen

Kempston Darkes,

O.C., D.
COMM.,
LL.D.

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 position 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.

Corporate Director

Age: **67** ⁽¹⁾

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 Awards in Commemoration of the Persons Case 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 and the Advisory Council for Promoting Women on Boards.

Principal Competencies

• Transport Industry/ Safety

Ontario, Canada

• Sales/Marketing

Florida, U.S.A.

• Human Resources

In addition to serving on the public boards mentioned in the following table, Ms. Kempston Darkes is also a director of Irving Oil Company Ltd.

Director
Since:

March 29, 1995

Ms. Kempston Darkes has received Honorary Doctor of Law Degrees from the University of Toronto and the University of Victoria, as well as an Honorary Doctor of Commerce from Saint Mary's University. She holds a B.A. in history and political science from Victoria University and the University of Toronto and an LL.B. from the University of Toronto Faculty of Law.

Independent

MEMBER OF⁽⁶⁾

ATTENDANCE 2015

Board	100%
Environment, Safety and Security Committee (Chair)	100%
Audit Committee	100%
Corporate Governance and Nominating Committee	100%
Finance Committee	100%
Human Resources and Compensation Committee ⁽⁸⁾	100%
Strategic Planning Committee	100%

2015 VOTES IN FAVOUR

96.51%

OTHER PUBLIC BOARDS DURING PAST 5 YEARS

Schlumberger Limited (2014-present)

Balfour Beatty Plc.	(2012-present)
Enbridge Inc.	(2010-present)
Brookfield Asset Management Inc.	(2008-present)
SECURITIES HELD	
VALUE AT RISK	C\$14,521,590 ⁽³⁾
Common Shares Owned or Controlled ⁽²⁾	
February 2016	183,934
February 2015	179,464

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**The Hon.
Denis Losier,**

P.C., LL.D.,
C.M.

**Corporate
Director**

Age: **63** ⁽¹⁾

The Honorable Denis 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.

**Principal
Competencies**

- Finance/Accounting
- Human Resources
- Sales/Marketing

**New
Brunswick,
Canada**

Director
Since:

**October 25,
1994**

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. In addition to serving on the public boards mentioned in the following table, Mr. Losier is a director of Enbridge Gas New Brunswick and is the past chair of the board of directors of Invest N.B. He is also a past member and director of the New Brunswick Business Council and Canadian Blood Services, respectively. 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.

Independent

MEMBER OF⁽⁶⁾

Board	100%
Corporate Governance and Nominating Committee (Chair)	100%
Audit Committee ⁽⁸⁾	100%
Donations and Sponsorships Committee ⁽⁵⁾	100%
Human Resources and Compensation Committee	100%
Investment Committee of CN's Pension Trust Funds ⁽⁵⁾	100%
Strategic Planning Committee	100%

ATTENDANCE 2015

2015 VOTES IN FAVOUR 96.36%

OTHER PUBLIC BOARDS DURING PAST 5 YEARS

Capital DGMC Inc. (Chairman)	(2013-present)
Plaza Retail REIT	(2007-present)
NAV CANADA	(2004-2013)
XL-ID Solutions Inc. (formerly, Excellium Inc.)	(2013)

SECURITIES HELD

VALUE AT RISK	C\$22,426,931 ⁽³⁾
Common Shares Owned or Controlled ⁽²⁾	
February 2016	284,065

The Honorable Kevin G. 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.

The Hon.**Kevin G. Lynch,**

P.C., O.C.,
PH.D., LL.D.

**Vice-Chair,
BMO****Financial
Group**

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.

**Principal
Competencies**

Age: 65 ⁽¹⁾

• Public Policy

• Finance/Accounting
**Ontario,
Canada**

• Strategy

In addition to serving on the public boards mentioned in the following table, Dr. Lynch is the past 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 Rideau Hall Foundation and the Ditchley Foundation. Dr. Lynch is also a member of the World Economic Forum's Global Policy Councils.

Director
Since:

**April 23,
2014**

Dr. Lynch has received honorary degrees from eight Canadian universities and 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.

Independent

The Honorable Kevin G. Lynch earned his master's in Economics from the University of Manchester and a doctorate in Economics from McMaster University.

MEMBER OF⁽⁶⁾**ATTENDANCE 2015**

Board	100%
Corporate Governance and Nominating Committee	100%
Environment, Safety and Security Committee ⁽⁸⁾	100%
Finance Committee (Chair)	100%
Human Resources and Compensation Committee	100%

Investment Committee of CN's Pension Trust Fund ⁽⁵⁾	100%
Strategic Planning Committee	100%

2015 VOTES IN FAVOUR	99.69%
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OTHER PUBLIC BOARDS DURING PAST 5 YEARS

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

SECURITIES HELD

VALUE AT RISK	C\$1,004,402 ⁽³⁾
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Common Shares Owned or Controlled ⁽²⁾	
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February 2016	12,722
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February 2015	6,752
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Claude Mongeau 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.

Age: 54 ⁽¹⁾

Principal Competencies

• Strategy

• Transport Industry/Safety

• Finance/Accounting

Quebec, Canada

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

Director Since:

October 20, 2009

Mr. Mongeau also serves as Chairman of the Board of the Railway Association of Canada.

NOT Independent

Mr. Mongeau holds an MBA from McGill University.

MEMBER OF⁽⁶⁾

Board

Donations and Sponsorships Committee (Chair) ⁽⁵⁾

Strategic Planning Committee

ATTENDANCE 2015

64%

67%

33%

2015 VOTES IN FAVOUR

98.42%

OTHER PUBLIC BOARDS DURING PAST 5 YEARS

TD Bank

(2015-present)

SNC-Lavalin Group Inc.

(2003-2015)

SECURITIES HELD

VALUE AT RISK

C\$44,902,576⁽³⁾

Common Shares Owned or Controlled⁽²⁾

Stock Options Held⁽⁴⁾

February 2016

568,747

February 2016

1,748,000

February 2015

477,653

February 2015

1,738,000

James E. O'Connor 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.

Age: **66** ⁽¹⁾

Principal Competencies

- Strategy
- Engineering/Environment
- Human Resources

Florida, U.S.A.

Director Since:

April 27, 2011

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. In addition to serving on the public boards mentioned in the following table, Mr. O'Connor also serves on the board of directors of the South Florida P.G.A. of America Foundation.

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

MEMBER OF⁽⁶⁾

ATTENDANCE 2015

Board	100%
Strategic Planning Committee (Chair)	100%
Audit Committee	100%
Environment, Safety & Security Committee	100%
Finance Committee	100%
Human Resources and Compensation Committee	100%

2015 VOTES IN FAVOUR

99.75%

OTHER PUBLIC BOARDS DURING PAST 5 YEARS

Casella Waste Systems, Inc. (Lead Director)	(2015-present)
Clean Energy Fuels Corp.	(2011-present)
Republic Services, Inc.	(1998-2011)

SECURITIES HELD

VALUE AT RISK	C\$2,018,089 ⁽³⁾
Common Shares Owned or Controlled ⁽²⁾	
February 2016	25,562
February 2015	21,678

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Robert Pace,

D. COMM.

Chair of the Board, CN

President & CEO,

The Pace Group

Principal Competencies

• Human Resources

• Transport Industry/Safety

• Strategy

Age: **61** ⁽¹⁾

Nova Scotia, Canada

Director Since:

October 25, 1994

Mr. Pace is President and Chief Executive Officer, The Pace Group (radio broadcasting, real estate development and environmental services). He began his professional career practicing law in Halifax. In 1981, he accepted an appointment to act as the Atlantic Advisor to the Prime Minister of Canada, the Right Honorable Pierre Elliott Trudeau, in Ottawa.

In addition to serving on the public boards mentioned in the following table, Mr. Pace is also Chairman of the Walter Gordon Foundation, a director of the Atlantic Salmon Federation and former director of the Asia Pacific Foundation.

Mr. Pace holds an MBA and an LL.B from Dalhousie University and holds an Honorary Doctor of Commerce Degree from Saint Mary's University.

Mr. Pace has also completed Corporate Director education programs at both Harvard and Chicago Business Schools.

Independent

MEMBER OF⁽⁶⁾

ATTENDANCE 2015

Board (Chair)	100%
Corporate Governance and Nominating Committee	100%
Donations and Sponsorships Committee ⁽⁵⁾	100%
Environment, Safety & Security Committee	100%
Human Resources and Compensation Committee ⁽⁸⁾	100%
Strategic Planning Committee	100%

2015 VOTES IN FAVOUR

96.71%

OTHER PUBLIC BOARDS DURING PAST 5 YEARS

High Liner Foods Incorporated	(1998-present)
Hydro One Inc.	(2007-2015)

SECURITIES HELD

VALUE AT RISK	C\$24,309,968 ⁽³⁾
Common Shares Owned or Controlled ⁽²⁾	
February 2016	307,916
February 2015	299,124

**Robert L.
Phillips**

**President,
R.L. Phillips**

**Investments
Inc.**

Age: 65 ⁽¹⁾

**Principal
Competencies**

- Transport Industry/Safety
- Strategy
- Sales/Marketing

**British
Columbia,
Canada**

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 serves on the public boards mentioned in the following table. He 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.

Director
Since:

April 23, 2014

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

Independent

MEMBER OF⁽⁶⁾

Board	100%
Audit Committee	100%
Corporate Governance and Nominating Committee	100%
Environment, Safety & Security Committee	100%
Human Resources and Compensation Committee	100%
Strategic Planning Committee	100%

ATTENDANCE 2015

2015 VOTES IN FAVOUR 98.87%

OTHER PUBLIC BOARDS DURING PAST 5 YEARS

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

SECURITIES HELD

VALUE AT RISK	C\$1,446,206 ⁽³⁾
Common Shares Owned or Controlled ⁽²⁾	
February 2016	18,318
February 2015	12,377

Laura Stein

Executive Vice-President Ms. Stein is the Executive Vice-President – General Counsel & Corporate Affairs of The Clorox Company (marketer and manufacturer of consumer products) where she serves on the executive committee. From 2000 to 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.

& Corporate Affairs,

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

Principal Competencies **The Clorox Company**

- Legal
- Engineering/Environment
- Finance/Accounting

Age: **54** ⁽¹⁾

California, U.S.A.

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.

Director Since:

April 23, 2014

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.

Independent

MEMBER OF⁽⁶⁾

Board	91% ⁽⁷⁾
Audit Committee	100%
Environment, Safety & Security Committee	100%
Finance Committee	100%
Human Resources and Compensation Committee	100%
Strategic Planning Committee	100%

ATTENDANCE 2015

2015 VOTES IN FAVOUR 99.74%

OTHER PUBLIC BOARDS DURING PAST 5 YEARS

Franklin Resources Inc. (2005-present)

SECURITIES HELD

VALUE AT RISK	C\$968,544 ⁽³⁾
Common Shares Owned or Controlled ⁽²⁾	
February 2016	12,268
February 2015	6,610

(1) The age of the directors is provided as at April 26, 2016, 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 Deferred Share Units (“DSUs”) under the Deferred Share Unit Plan for Directors (“DSU Plan”) in the case of non-executive directors. In the case of Claude Mongeau, it includes DSUs under the Company’s Voluntary Incentive Deferral Plan (“VIDP”), but does not include common shares under stock options. For further details on the VIDP, please see the “Deferred Compensation Plans” section and for further information on the DSU Plan, please see the “Board of Directors Compensation” section of this Information Circular.

(3) The Value at Risk represents the total value of common shares and DSUs, which total value is based on the February 26, 2016 closing price of the common shares on the Toronto Stock Exchange (C\$78.95) or, for Donald J. Carty, Ambassador Gordon D. Giffin, Edith E. Holiday, James E. O’Connor and Laura Stein, the New York Stock Exchange (U.S.\$58.42) using the closing exchange rate (U.S.\$1.00 = C\$1.3514) on the same date.

(4) The information regarding stock options comprises the stock options granted to Claude Mongeau under the Management Long-Term Incentive Plan. For further details on the plan, please see the “Statement of Executive Compensation” section of this Information Circular.

(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 officers of the Company.

(6) For a detailed review of the Board and committee attendance by director nominees, please refer to the Attendance Table found in the “Statement of Corporate Governance Practices” section of this Information Circular.

(7) Laura Stein attended 10 out of 11 Board meetings in 2015. She was unable to participate in one telephonic special Board meeting.

(8) Stepped down from the Committee on April 21, 2015.

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:

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 (i) 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;

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 (ii) 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;

Mr. Giffin, a director of the Company, was a director of AbitibiBowater Inc. 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. (iii) 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 resigned as a director of AbitibiBowater Inc. on January 22, 2009; and

Mr. Losier, a director of the Company, was a director of XL-ID Solutions Inc. (formerly, Excellium Inc.) (“XL-ID”) (iv) 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.

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Board of Directors Compensation

CN's compensation program is designed to attract and retain the most qualified people to serve on CN's Board and its 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 and the Company's need to attract and retain directors with experience in doing business in the United States, the compensation of the non-executive directors of the Company is designed to be comparable to that of large U.S.-based companies.

The Board sets the compensation of non-executive directors based on the Corporate Governance and Nominating Committee's recommendations. This Committee regularly reviews the compensation of non-executive directors and recommends to the Board such adjustments as it considers appropriate and necessary to recognize the workload, time commitment and responsibility of the Board and committee members and to remain competitive with director compensation trends in Canada and the U.S. Any director who is also an employee of the Corporation or of any of its affiliates, does not receive any compensation as a director.

In 2014 the Corporate Governance and Nominating Committee undertook a review of compensation arrangements for non-executive directors, which had last been reviewed in 2011. In October 2014, the Corporate Governance and Nominating Committee retained the services of Willis Towers Watson to provide expertise and advice on a compensation market review for the non-executive directors. For this study, the Corporate Governance and Nominating Committee asked Willis Towers Watson to assist in the determination of the appropriate comparator groups for CN non-executive directors, review the level and form of directors' compensation for the comparator groups, and review the trends in level and form of director compensation in Canada and the U.S.

Following such review of the compensation arrangements for non-executive directors, the Board, upon the advice of the Corporate Governance and Nominating Committee, approved revisions to non-executive directors' compensation, which became effective on January 1, 2015, and consisted of the adoption of an all-inclusive annual retainers structure. Board and committee meeting attendance fees, as well as travel attendance fees were eliminated and such variable compensation is now included in the existing Board and committee retainers which have been increased slightly given that they now apply regardless of the number of meetings attended by directors. The new flat fee compensation structure was set for two years starting in 2015. This approach was found to be consistent with the compensation trends of the comparator groups, adds predictability of compensation paid to non-executive directors, and is simpler to administer.

Comparator Groups

In late 2014, Willis Towers Watson compared CN's non-executive directors compensation against three separate comparator groups: (i) selected Class I Railroads (see following table) composed of the same companies used for benchmarking the Named Executive Officers' compensation, given CN is one of the Class I Railroads; (ii) a Canadian

peer group of companies (see following table) with comparable size to CN in terms of revenues and market capitalization, given CN is a Canadian company competing to attract and retain Canadian directors; and (iii) the U.S. companies comprised of the Standard and Poor's 500 Index, given CN's extensive operations in the U.S. and because CN needs to attract and retain several U.S.-based directors. When compared to these comparator groups, Willis Towers Watson indicated that CN's compensation for non-executive directors was well-aligned with the upper end of each of these comparator groups.

Selected Class I Railroads

COMPANY NAME

Union Pacific Corporation (U.S.)

Norfolk Southern Corporation (U.S.)

Canadian Pacific Railway Ltd. (Cdn.)

CSX Corporation (U.S.)

Canadian Peer Group of Companies

COMPANY NAME

Agrium Inc.

Air Canada

Bank of Montreal

Barrick Gold Corporation

BCE Inc.

Bombardier Inc.

Canadian Imperial Bank of Commerce

Canadian Natural Resources Ltd.

Canadian Pacific Railway Ltd.

Canadian Tire Corporation

Cenovus Energy Inc.

CGI Group Inc.

Manulife Financial Corporation

Potash Corporation of Saskatchewan

Rogers Communications Inc.

Sun Life Financial Inc.

Suncor Energy Inc.

Teck Resources Ltd.

Telus Corporation

Thomson Reuters Corporation

TransCanada Corporation

PRIMARY INDUSTRY

Chemicals

Airlines

Banks

Metals & Mining

Diversified Telecommunication

Aerospace & Defense

Banks

Oil, Gas and Consumable Fuels

Road & Rail

Multiline Retail

Oil, Gas and Consumable Fuels

IT services

Insurance

Chemicals

Diversified Telecommunication

Insurance

Oil, Gas and Consumable Fuels

Metals & Mining

Diversified Telecommunication

Media

Oil, Gas and Consumable Fuels

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Compensation Levels

The following table shows the compensation levels for CN's non-executive directors during 2015. The Corporate Governance and Nominating Committee reviewed the compensation levels for CN's non-executive directors in late 2015 and in light of the new flat fee compensation structure approved effective January 1, 2015, which was set for two years, decided not to further amend such compensation levels.

TYPE OF FEE ⁽¹⁾	FEES (U.S.\$) 2015
Board Chair Cash Retainer ⁽²⁾	175,000
Board Chair Share Grant Retainer ⁽²⁾	375,000
Director Cash Retainer	35,000
Director Share Grant Retainer	200,000
Committee Chair Cash Retainers ⁽³⁾	
Audit and HRC Committees Chairs	75,000
Other Committees Chairs	65,000
Committee Member Cash Retainer	55,000

Directors (including Board Chair) may choose to receive all or part of their cash retainer in common shares or (1)DSUs (see compensation table below for details) and their common share grant retainer can also be received in DSUs. The common shares are purchased on the open market.

(2) The Board Chair receives no additional director retainer nor committee chair or committee member retainer.

(3) Committee chairs receive no additional committee chair or committee member retainer.

Compensation Table

The table below reflects in detail the compensation earned by non-executive directors in the 12-month period ended December 31, 2015.

FEES EARNED (C\$) ⁽¹⁾	
DIRECTOR	COMMITTEE CHAIR &

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DIRECTOR	AND	COMMITTEE	SHARE-	ALL OTHER	TOTAL	
CURRENT	BOARD CHAIR	MEMBER CASH	TOTAL CASH	BASED AWARDS	(⁽⁴⁾)	
DIRECTORS	RETAINER	RETAINER	RETAINERS	(C\$)	COMPENSATION	
					(C\$)	
					TOTAL	
					(C\$)	
Donald J. Carty	44,139	94,583	138,722	252,220	–	390,942
Ambassador Gordon D. Giffin	44,755	95,903	140,658	252,220	–	392,878
Edith E. Holiday ⁽²⁾	44,755	78,853	123,608	252,220	–	375,828
V. Maureen Kempston Darkes	44,755	83,116	127,871	252,220	–	380,091
The Hon. Denis Losier	44,755	83,116	127,871	252,220	–	380,091
The Hon. Kevin G. Lynch ⁽³⁾	44,139	77,544	121,683	252,220	–	373,903
James E. O'Connor	44,755	83,116	127,871	252,220	–	380,091
Robert Pace	223,773	–	223,773	472,913	2,089	(5)698,775
Robert L. Phillips	44,139	69,361	113,500	252,220	–	365,720
Laura Stein	44,139	69,361	113,500	252,220	–	365,720
RETIRED						
DIRECTOR						
A. Charles Baillie ⁽⁷⁾	14,713	27,324	42,037	84,073	–	126,110
The Hon. Edward C. Lumley ⁽⁷⁾	14,918	27,705	42,623	84,073	–	126,696
TOTAL	653,735	789,982	1,443,717	2,911,039	2,089	4,356,841

(1) All directors earned compensation in U.S. dollar. Compensation received in cash was converted to Canadian dollars using the average rate of exchange of the Bank of Canada for 2015 (U.S.\$1.00 = C\$1.2787). Compensation elected to be received in common shares or DSUs was converted to Canadian dollars using the closing rate of exchange of the Bank of Canada (U.S.\$1.00 = C\$1.2611), on the purchase day (January 29, 2015). In addition to

the common shares or DSUs received by the directors, and the Board Chair, as described in note (4) below, the directors and the Board Chair may choose to receive all or part of their cash retainers in common shares or DSUs. The following directors made such election with respect to the amounts set forth beside their names: A. Charles Baillie (C\$42,037), Donald J. Carty (C\$138,722), the Hon. Kevin G. Lynch (C\$121,683), Robert L. Phillips (C\$113,500) and Laura Stein (C\$113,500). The amount of cash retainers elected to be received in common shares or DSUs is included in these columns.

(2) Edith E. Holiday became Chair of the Investment Committee of CN's Pension Trust Funds on April 21, 2015. Her compensation was adjusted to reflect such nomination in accordance with CN's compensation program for non-executive directors.

(3) The Hon. Kevin G. Lynch became Chair of the Finance Committee on April 21, 2015. His compensation was adjusted to reflect such nomination in accordance with CN's compensation program for non-executive directors.

(4) Represents a common share grant valued at U.S.\$200,000 received by each non-executive director as part of the Director Retainer and U.S.\$375,000 for the Board Chair as part of the Board Chair Retainer.

(5) Includes the value of insurance premiums for 2015 for North American emergency protection outside Mr. Pace's province of residence. The annual cost to the Company for such benefits was C\$2,089.

(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 DSUs described in note (1) above and the value provided under the share-based awards column, by the value provided under the total column. The calculations are based on the directors U.S. dollar denominated compensation.

(7) A. Charles Baillie and the Hon. Edward C. Lumley retired from the Board on April 21, 2015.

Share Ownership

Directors are required to be paid at least 50% in the form of equity until they attain their share ownership requirements.

The directors of the Company play a central role in enhancing shareholder value and each has a substantial investment in the Company. The Board has adopted a guideline to the effect that each non-executive director should own, within five years of joining the Board, common shares, Deferred Share Units (“DSUs”) or similar share equivalents of CN, if any, (“CN Securities”) with a value of at least the higher of: (i) C\$500,000, or (ii) the Canadian dollar equivalent of three times the aggregate of the annual director retainer (which includes cash and the value of any grant of CN Securities and in the case of the Board Chair, the aggregate of the annual Board Chair retainer in cash and the value of any grant of CN Securities) (the “Minimum Shareholding Requirement”). Each non-executive director is required to continue to hold such value throughout his or her tenure as a director and the CN Securities held to comply with the Minimum Shareholding Requirement shall not be, during the director tenure, the object of specific monetization procedures or other hedging procedures to reduce the exposure related to his or her holding.

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 CN Securities and may elect to receive up to 100% of such retainers in CN Securities 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 CN Securities.

In connection with the changes made to the compensation structure in 2015, effective with last year’s Meeting, the share ownership requirements for non-executive directors includes a new feature requiring that each director continue to hold CN Securities with a value of at least the higher of: (i) C\$250,000 or (ii) 50% of the Minimum Shareholding Requirement, for a period of two years after the director leaves the Board.

Directors’ ownership requirement for two years beyond board tenure aligns with longer-term stewardship.

Approximately 81% of the total annual compensation of the non-executive directors for 2015 was in the form of CN Securities. As of the date hereof, the average value of CN Securities owned by non-executive directors is approximately C\$8.8 million (based on the February 26, 2016, closing price of the common shares of the Company on the TSX (C\$78.95), or the NYSE (U.S.\$58.42) for U.S. directors).

Share Ownership Table

The following table provides information on the number and the value of common shares and DSUs owned by the Company's current directors as at February 26, 2016, and the amount needed to meet the Minimum Shareholding Requirement.

DIRECTOR	YEAR (1)	NUMBER OF COMMON SHARES OWNED, OR DIRECTED CONTROLLED	2016	NUMBER OF DSUs HELD (2)	2016	TOTAL NUM OF COMMON SHARES OW CONTROLLE DIRECTED AND DSUs (2)
			TOTAL VALUE OF COMMON SHARES (VALUE AT RISK) (3) (C\$)		TOTAL VALUE OF DSUs (VALUE AT RISK) (3) (C\$)	
Donald J. Carty	2016	58,320		19,358		77,678
	2015	37,620	4,604,293	19,047	1,528,291	56,667
	Variation	20,700		331		21,011
Ambassador Gordon D. Giffin	2016	45,218		46,651		91,869
	2015	42,493	3,569,906	44,772	3,683,040	87,265
	Variation	2,725		1,879		4,604
Edith E. Holiday	2016	73,341		32,688		106,029
	2015	73,341	5,790,183	28,396	2,580,678	101,737
	Variation	–		4,292		4,292
V. Maureen Kempston Darkes	2016	130,987		52,947		183,934
	2015	127,368	10,341,424	52,096	4,180,166	179,464
	Variation	3,619		851		4,470
The Hon. Denis Losier	2016	174,254		109,811		284,065
	2015	184,254	13,757,353	104,278	8,669,578	288,532
	Variation	(10,000)		5,533		(4,467)
The Hon. Kevin G. Lynch	2016	–		12,722		12,722
	2015	–	–	6,752	1,004,402	6,752
	Variation	–		5,970		5,970
Claude Mongeau	2016	150,903		417,844		568,747
	2015	66,503	11,913,792	411,150	32,988,784	477,653
	Variation	84,400		6,694		91,094
James E. O'Connor	2016	25,562		–		25,562
	2015	21,678	2,018,089	–	–	21,678

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	Variation	3,884		–		3,884
Robert Pace	2016	200,557		107,359		307,916
	2015	200,557	15,833,975	98,567	8,475,993	299,124
	Variation	–		8,792		8,792
Robert L. Phillips	2016	7,625		10,693		18,318
	2015	5,625	601,994	6,752	844,212	12,377
	Variation	2,000		3,941		5,941
Laura Stein	2016	–		12,268		12,268
	2015	–	–	6,610	968,544	6,610
	Variation	–		5,658		5,658

(1) The number of common shares and DSUs held by each director for 2016 is set out as at February 26, 2016, and for 2015, is set out as at February 27, 2015.

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

The total value is based on the February 26, 2016 closing price of the common shares on the TSX (C\$78.95) or, for (3) Donald J. Carty, Ambassador Gordon D. Giffin, Edith E. Holiday, James E. O’Connor and Laura Stein, the NYSE (U.S.\$58.42) using the closing exchange rate (U.S.\$1.00 = C\$1.3514) on the same date.

(4) For a discussion on Claude Mongeau’s shareholding requirements, please see the section “Stock Ownership Status” on page 48 of this Information Circular.

Directors’ Deferred Share Unit Plan

Subject to the Minimum Shareholding Requirement, directors may elect to receive all or part of their director, committee member, Board Chair, and committee chair cash retainers either in cash, common shares of the Company purchased on the open market or DSUs. They may also elect to receive their common share grant retainer in DSUs. Each DSU entitles the beneficiary thereof to receive upon resignation, retirement or death, one common share of the Company purchased on the open market, plus additional DSUs reflecting dividend equivalents.

Each director has an account where notional DSUs are credited and held until the director leaves the Board. The number of DSUs credited to each director’s account is calculated by dividing the elected amount of the director, committee member, Board Chair, and committee chair cash and common share retainers by the common share price on the day the credit is made.

Participants in the DSU Plan are credited additional DSUs that are equivalent to the dividends declared on the Company’s common shares. Such additional DSUs are credited to each non-executive director’s account on each dividend payment date. The number of DSUs is calculated using the same rate as for the dividends paid on the

common shares.

When a director leaves the Board, the Company buys the same number of common shares on the open market as the number of DSUs the director holds in the DSU Plan, after deducting appropriate taxes. These shares are then delivered to the former director. All administration costs as well as any brokerage fees associated with the purchase and registration of common shares are paid by CN.

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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 10, 2015. Our Corporate Governance Manual is available on our website at www.cn.ca, under Delivering Responsibly/ Governance. It is revised regularly with a view of 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.

CN’s corporate governance practices are designed to enhance shareholder value. CN is one of the few issuers in Canada with such a comprehensive governance manual publicly available.

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 set forth hereunder refers 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 “B” to this Information Circular. 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

Our Code of Business Conduct is applicable to all directors, officers and employees of CN. It addresses many important matters, including conflicts 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. The Corporate Governance and Nominating Committee and the Board of Directors review and update the Code of Business Conduct regularly 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 reference guide for employees to support everyday decision making. Although waivers to the Code may be granted in exceptional circumstances, no waiver has ever been granted to a director or executive officer in connection therewith.

Annually, all management employees are required to certify compliance with CN's Code of Business Conduct.

The 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 of Business Conduct within the organization and on any significant contravention of the Code of Business Conduct by employees of the Company. The Office of the Ombudsman offers a confidential, neutral and informal avenue which facilitates fair and equitable resolutions to concerns arising within the Company. Yearly, the CN Ombudsman presents a report that summarizes all cases logged and handled by the Office of the Ombudsman to the Corporate Governance and Nominating Committee. The Company believes that ethical business conduct is an important part of its success. Hence, the mandate of the Board attached as Schedule "B" 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 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. Employees must report to their manager any real or potential conflict of interest, and as required, provide written disclosure of such conflict.

Similarly, 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.

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 Board Chair, who presides over all non-executive director sessions. These procedures are described on our website at www.cn.ca, under Delivering Responsibly/Governance.

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The Code of Business Conduct provides that concerns of employees regarding any potential or real wrongdoing in terms of accounting or auditing matters may be submitted confidentially through CN's Hotline.

The Code of Business Conduct is available on our website at www.cn.ca, under Delivering Responsibly/Governance and in print to any shareholder who requests a copy by contacting our Corporate Secretary. The Code has also been filed with the Canadian and U.S. securities regulatory authorities.

Independence of Directors

10 of the 11 nominees for election to the Board of Directors are independent.

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 accompanying table, 10 of the 11 nominees for election to the Board of Directors are independent:

NAME	INDEPENDENCE STATUS	
	INDEPENDENT	REASON FOR NON-INDEPENDENCE STATUS
Donald J. Carty	INDEPENDENT	
Ambassador Gordon D. Giffin	INDEPENDENT	
Edith E. Holiday	INDEPENDENT	
V. Maureen Kempston Darkes	INDEPENDENT	
The Hon. Denis Losier	INDEPENDENT	
The Hon. Kevin G. Lynch	INDEPENDENT	
Claude Mongeau		President and CEO, CN
James E. O'Connor	INDEPENDENT	

Robert Pace

Robert L. Phillips

Laura Stein

Independent Chair of the Board

The Company's Board has been led by a non-executive Chair since it became public in 1995 and we believe that the separation of the positions of President and Chief Executive Officer and Chair of the Board 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. Robert Pace is the independent Board Chair. The Corporate Governance Manual describes the responsibilities of the Chair of the Board. 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. Pace became Chair of the Board on April 23, 2014.

Position Descriptions

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.

Committees of the Board

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

committees 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. A report of each committee's activities over the past year can be found at Schedule "C" of this Information Circular.

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" on page 32 of this Information Circular and in its charter which is included in our Corporate Governance Manual. The charter of the Audit Committee provides that it must be composed solely of independent directors. As at March 8, 2016, all members of the Audit Committee are independent.

No member of the Audit Committee receives, other than in his or her capacity as a director or member of a Board committee, directly or indirectly, any fee from the Company or any subsidiary of the Company, nor is an affiliated person of the Company, or any subsidiary of the Company.

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Finance Committee

The Finance Committee has the responsibility of overseeing the Company's financial policies, and authorizing, approving and recommending financial activities. As part of these responsibilities, the Finance Committee provides oversight with respect to our capital structure, dividend policy, share repurchase program, 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 other forms of financing, and makes recommendations to the Board thereon. The responsibilities, powers and operation of the Finance Committee are further described in its charter 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.

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 its charter which is included in our Corporate Governance Manual.

The charter of the Corporate Governance and Nominating Committee provides that it must be composed solely of independent directors. As at March 8, 2016, all members of the Corporate Governance and Nominating Committee are independent.

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" on page 36 of this Information Circular and in its charter which is included in our Corporate Governance Manual. The charter of the Human Resources and

Compensation Committee provides that it must be composed solely of independent directors. As at March 8, 2016, all members of the Human Resources and Compensation Committee are independent.

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 and Board Compensation Consultants” on page 38 of this Information Circular for disclosure in respect of executive compensation consultants.

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 its charter 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 its charter 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 its charter which is included in our Corporate Governance Manual.

Donations and Sponsorships Committee

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

Risk Management Oversight

At CN, the Board is entrusted with the responsibility for identifying and overseeing the significant risks to which CN's business is exposed and ensuring there are processes in place to effectively identify, monitor and manage them. These processes seek to mitigate risk. A significant risk is generally defined as an exposure that has the potential to materially impact CN's ability to meet or support its business objectives. The Board delegates responsibility for the oversight of certain elements of the risk oversight program to committees of the Board in order to ensure appropriate expertise, attention and diligence, and reports to the Board in the ordinary course.

Management undertakes an enterprise-wide process to identify, classify, assess and report on CN's significant risks and mitigation strategies. For a detailed explanation of the material risks applicable to CN and its affiliates, see the section entitled "Business risks" in CN's Management's Discussion and Analysis included in CN's 2015 Annual Report, available on SEDAR at www.sedar.com, on EDGAR at www.sec.gov and on CN's website at www.cn.ca.

The Board has strong processes in place to identify, monitor and manage the significant risks to which CN is exposed.

Risk information is reviewed by committees of the Board and/or the Board throughout the year and Company officers present updates on the execution of business strategies, risks and mitigation activities. The Audit Committee is responsible for ensuring that appropriate risk management processes are in place across the organization and it considers the effectiveness of the operation of CN's internal control procedures and reviews reports from CN's internal and external auditors. As part of its risk management process activities, the Audit Committee ensures that significant risks identified are referred to a Board committee or the Board for oversight, as appropriate. Specifically, the Audit Committee reviews the Company's risk assessment and risk management policies including information technology risk management, business interruption management, and assists the Board with the oversight of the Company's compliance with applicable legal and regulatory requirements. From a financial perspective, the Company is exposed to various risks such as credit risk, commodity price risk, interest rate risk, foreign currency risk, and liquidity risk. To manage these risks, CN follows a financial risk management framework, which is monitored and approved by the Finance Committee, with a goal of maintaining a strong balance sheet, optimizing earnings per share and free cash flow, financing CN's operations at an optimal cost of capital and preserving the Company's liquidity. The Finance Committee, as part of its responsibility to review CN's liquidity position, also oversees pension funding risks. The Human Resources and Compensation Committee considers risks relating to compensation, succession planning and CN's employee benefit obligations while the Environment, Safety and Security Committee considers risks related to environment, health and safety, and security.

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 2015 are set out in the section entitled “Nominees for Election to the Board — Board and Committee Attendance” of this Information Circular.

Meaningful information sessions and discussions are a result of preparation and established meeting schedules.

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 at 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, 2015, there were 11 *in camera* sessions that were attended exclusively by non-executive directors.

Board and Committee Attendance

The following tables 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, 2015.

Attendance Table

DIRECTOR	NUMBER AND % OF MEETINGS ATTENDED						
	BOARD	AUDIT COMMITTEE	CORPORATE GOVERNANCE AND NOMINATING COMMITTEE ⁽⁷⁾	DONATIONS AND SPONSORSHIPS COMMITTEE	ENVIRONMENT, SAFETY AND SECURITY COMMITTEE	FINANCE COMMITTEE	HUMAN RESOURCES AND COMPENSATION COMMITTEE
Donald J. Carty	11/11 (100%)	5/5 (Chair)	5/5	–	5/5	–	5/5
Ambassador Gordon D. Giffin	11/11 (100%)	5/5	–	3/3	–	–	5/5 (Chair)
Edith E. Holiday ⁽¹⁾	11/11 (100%)	2/2	2/2	–	–	6/6	5/5
V. Maureen Kempston Darkes ⁽²⁾	11/11 (100%)	2/2	5/5	–	5/5 (Chair)	6/6	2/2
The Hon. Denis Losier ⁽³⁾	11/11 (100%)	3/3	5/5 (Chair)	2/2	–	–	5/5
The Hon. Kevin G. Lynch ⁽⁴⁾	11/11 (100%)	–	5/5	–	2/2	6/6 (Chair)	5/5
Claude Mongeau ⁽⁵⁾	7/11 (64%)	–	–	2/3 (Chair)	–	–	–

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James E. O'Connor	11/11 (100%)	5/5	–	–	5/5	6/6	5/5
Robert Pace ⁽⁶⁾	11/11 (100%) (Chair)	–	5/5	3/3	5/5	–	2/2
Robert L. Phillips	11/11 (100%)	5/5	5/5	–	5/5	–	5/5
Laura Stein	10/11 (91%)	5/5	–	–	5/5	6/6	5/5

Edith E. Holiday became Chair of the Investment Committee of CN's Pension Trust Funds, became member of the (1) Audit Committee and stepped down as member of the Corporate Governance and Nominating Committee on April 21, 2015.

(2) V. Maureen Kempston Darkes became member of the Audit Committee and stepped down as member of the Human Resources and Compensation Committee on April 21, 2015.

(3) The Hon. Denis Losier became member of the Donations and Sponsorships Committee and stepped down as member of the Audit Committee on April 21, 2015.

The Hon. Kevin G. Lynch became Chair of the Finance Committee, member of the Investment Committee of CN's (4) Pension Trust Funds and stepped down as member of the Environment, Safety and Security Committee on April 21, 2015.

Claude Mongeau, CN's President and CEO, was unable to attend Board and Committee meetings as of September (5) 2015, due to a health condition which required throat surgery and radiation treatment. Mr. Mongeau resumed his attendance at the Board and Committee meetings in early 2016.

(6) Robert Pace stepped down as member of the Human Resources and Compensation Committee on April 21, 2015.

In addition to committee members, all non-executive board members attended on a non-voting basis the September (7) Corporate Governance and Nominating Committee and the December Human Resources and Compensation Committee meetings.

Meetings Held Table

NUMBER OF MEETINGS BOARD AND BOARD COMMITTEE MEETINGS HELD IN 2015

Board	11
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

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Director Selection

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.

Competency Matrix

The Corporate Governance and Nominating Committee maintains an evergreen list of potential candidates and a competency matrix to assist with reviewing the skills and experience of director candidates and the Board as a whole.

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. The last few years, 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 continue to engage in an ongoing, in-depth succession planning process. Board renewal and succession has been an item at most meetings 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, gender 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 gives careful consideration to factors such as age, diversity (including gender), geographical location, competencies and experience of current directors, the suitability and performance of directors proposed for election, 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.

The Corporate Governance and Nominating Committee regularly reviews its competency matrix in light of upcoming director retirements, with a view of expanding the Board's overall experience and expertise and filling any gaps so that the needs of the Board are met. The Corporate Governance and Nominating Committee and the Board have approved the matrix set out on page 26 of this Information Circular.

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, an evergreen list of potential Board candidates, which it updates from time to time. 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.

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

See the following section entitled "Board Diversity" for additional information on director selection process.

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The following table identifies the competencies of each nominee for election to the Board of Directors, together with their gender, age range and tenure at CN.

(1) Definition of competencies:

- **Sales/Marketing:** Experience as a senior executive in a product, service or distribution company; experience in supply chain management and strong knowledge of CN's markets, customers and strategy.

Finance/Accounting: Experience in corporate finance, overseeing complex financial transactions, investment management; experience in financial accounting and reporting, auditing, and internal controls.

Legal: Experience as a senior practicing lawyer either in private practice or the legal department of a major public entity.

- **Strategy:** Experience in strategic planning and leading growth for a major public entity.

Human Resources: Experience in oversight of compensation programs, particularly compensation programs for executive level employees and incentive based compensation programs and experience with talent management, succession planning, leadership development and executive recruitment.

Engineering/Environment: Thorough understanding of the operations of the transportation industry (particularly the rail industry), environmental issues and transportation industry regulations.

Transport Industry/Safety: Knowledge and experience in the transportation industry, including strategic context and business and safety issues facing the transportation industry.

Public Policy: Experience in, or a strong understanding of, the workings of government and public policy in Canada and the United States.

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 aspects of diversity are considered, including gender, race, ethnicity, culture, and geography and measures ensuring that the Board, as a whole, reflects a range of viewpoints, backgrounds, skills, experience and expertise.

On March 10, 2015, the Board adopted a target of having a minimum representation of one-third of the Board by women by 2017. Currently, 27% (3 out of 11) of our Directors are women.

CN believes that diversity, including gender diversity, at the board and executive officer levels of corporate leadership (and at all levels of the Company), can provide a number of potential benefits, including:

- access to a significant part of the potential relevant talent pool that can contribute to and lead in a variety of technical and other functional areas;

- unique and tangible contributions, resulting from different perspectives, experiences, concerns and sensibilities, in product development, marketing, customer relations, mentoring and employee relations in a world of diverse customers and workforces;

- the potential for richer discussion and debate at the executive and board level (and at other levels of management) that may ultimately increase effectiveness in their decision-making and advising functions;

- executive teams and boards with diverse backgrounds increase the likelihood that the perspectives and concerns of all stakeholders are represented in discussions; and

- signaling CN's values to various stakeholders, including employees at all levels, shareholders, customers, communities, regulators and other government officials, and the public.

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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.

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, professions such as accounting, human resources and legal services 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 may rely on executive search firms to identify diversity candidates as well; and

periodically reviewed director recruitment and selection protocols so that diversity remains a component of any director search.

Board Diversity Policy

CN believes that increasing the diversity of the Board to reflect the communities and customers CN serves is essential in maintaining a competitive focus. Increased board diversity can contribute to enhanced performance, ensuring the presence of valuable capabilities that non-diverse boards lack, and changing board dynamics in positive ways such as by enhancing the board's ability to handle conflict with a wider disparity of viewpoints among directors from more varied backgrounds. CN also believes that a diverse board signals that diverse perspectives are important to the Company, and that CN is committed to inclusion, not only in principle but also in practice. Further, as a result of CN's commitment to diversity CN has access to a wider pool of talent and a broader mix of leadership skills.

On March 10, 2015, the Corporate Governance and Nominating Committee recommended, and the Board approved, a diversity policy for the Board. It provides that the Corporate Governance and Nominating Committee, which is responsible for recommending director nominees to the Board, will consider candidates on merit, based on a balance of skills, background, experience and knowledge. In identifying the highest quality directors, the Committee will take into account diversity considerations such as gender, age and ethnicity, with a view of ensuring that the Board benefits from a broader range of perspectives and relevant experience. The Committee will also set measurable objectives for achieving diversity and recommend them to the Board for adoption on an annual basis. Pursuant to the policy, the Board adopted a target of having a minimum representation of one-third of the Board by women, by 2017. Currently, 27% (three out of 11) of our directors are women. The Board Diversity Policy is available on our website at www.cn.ca, under Delivering Responsibly/Governance.

In addition, the Corporate Governance and Nominating Committee considers the level of representation of women on the Board by overseeing the selection process and ensuring that sufficient numbers of women and other diverse candidates are included in the slate of candidates for Board of Directors consideration.

Diversity and Senior Management

The Company is committed to having a diverse senior management group which offers a depth of perspectives and enhances the Company's operations.

In fulfilling part of its oversight role, the Human Resources and Compensation Committee has reviewed CN's integrated approach to executive and high-potential talent management and succession planning, ensuring a pipeline of leaders is in place to drive both short and long-term performance. The Committee considered processes and practices for leadership development and reviewed the depth of succession pools for senior leadership roles across the Company.

CN has developed and implemented a number of company-wide innovative diversity initiatives relating to women.

In this regard, CN has developed and implemented a number of Company-wide and innovative diversity initiatives relating to women. These initiatives provide training, development and mentorship opportunities to assist women employees at CN to:

- understand opportunities for personal and professional growth within the Company;
- further develop their confidence in operations;
- build strong partnerships with fellow employees and communities where CN has operations; and
- gain access to mentoring and networking opportunities.

Company-wide diversity hiring targets have been established in Canada. In 2014, our "Women in Operations Council" was launched with strong executive level sponsorship. In 2015, internships were expanded to provide additional learning opportunities for women. With upcoming retirements and development actions, we will have the opportunity to place diverse talent at more senior levels. These actions, in line with our continuing education and training

initiatives, create additional positions for diversity within our organization. In 2015, approximately 17% of promotions in Canada were filled by women (women represent 10% of our Canadian employees overall). As at March 8, 2016, four of CN's 28 executive officers were women, representing 14.3% of the executive officer population. Although no gender diversity targets have been established specifically for senior executive positions, CN promotes an inclusive and diverse hiring approach that supports the recruitment of women candidates and provides opportunities for their advancement. Specific targets or quotas for gender diversity are not currently used for senior executive positions as appointments are based on a balance of criteria, including merit, experience and competency of the individual at the relevant time. Nonetheless, executive officer appointments are reviewed with our diversity and talent management objectives in mind, including the level of representation of women in executive officer positions.

CN's commitment to diversity and inclusion initiatives focuses on the following areas: minorities, women, persons with disabilities, as well as aboriginals in Canada and veterans in the U.S. In 2015, approximately 31% of CN's new employees in Canada and 32% in the U.S. were hired from these segments.

Supported by executive management and the Board, these initiatives represent the Board's and CN's commitment to diversity and inclusion across the Company.

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Common Directorships

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

As of March 8, 2016, 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 10 to 15 of this Information Circular identify the other reporting issuers of which each nominee is a director.

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 75th 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 follows.

Board Tenure and Term Limits

Our policy on term limits, together with our policy on mandatory retirement age, ensures a fresh perspective in the boardroom and improves the Board's ability to plan its composition.

The Board has also adopted a 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.

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, 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 26, 2016:

Please refer to the director nominees' biographies on pages 10 to 15 for details regarding length of Board tenure of each nominee for election as directors.

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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 the late Purdy Crawford, as well as Raymond Cyr, James Gray, Cedric Ritchie, Michael Armellino, Hugh Bolton, Charles Baillie, Edward Lumley and David McLean as Chairman Emeritus.

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

Process

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

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

• Board and committee performance evaluation questionnaires, including a self-assessment by individual directors;

• 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 Corporate Governance and Nominating 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 any comments which the director may have and to review the self-evaluation of each director. One of the Corporate Governance and Nominating 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, the Corporate Governance and Nominating Committee and Human Resources and Compensation Committee Chairs to the Board of Directors, with suggestions to improve the effectiveness of the Board of Directors, Board committees, Board and committee chairs, and separately to individual directors in respect of their personal performance.

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

Independent Advisor

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

The overall results and suggestions derived from the annual Board performance assessment are taken into consideration to improve the functioning and activities of the Boards and its committees.

Peer Assessment

The Board Chair leads on an annual basis a peer review process through one-on-one meetings with each individual director. The Corporate Governance and Nominating Committee also considers on an annual basis the appropriateness of conducting a peer assessment through an independent advisor.

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

Director Orientation and Continuing Education

Orientation

Our orientation program includes presentations by the Company's officers on CN's organizational structure and the nature and operation of its business, a review with the Board Chair of the methods of operation and the roles of the Board and its committees, a discussion on the contribution individual directors are expected to make and access to appropriate information or outside resources as required. New directors are provided with the following: a Directors' handbook containing corporate and other information required to familiarize themselves with the Company, its organization and operations and CN's key corporate governance and public disclosure documents, including CN's Corporate Governance Manual and board and committee charters; information regarding the review process for the Board, its committees and their chairs, and individual directors; CN's important policies and procedures, including CN's Code of Business Conduct; and organizational charts and other business orientation materials, including CN's Investor Fact Book, sustainability and safety brochures, financial statements and regulatory information.

In addition, meetings are arranged with new directors and members of CN's Leadership team to provide an overview of their areas of responsibility and their function/department. These areas include finance, corporate services, marketing, operations, human resources and investor relations.

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New directors also receive presentations by the Company's officers on CN's business and operations, safety, community outreach initiatives and talent development, amongst others. New directors are also invited to attend the following Company events:

• Annual top 200 business plan meeting;

• Annual sales meetings;

• Industry conferences or CN's analyst/investor meetings;

• Leadership training sessions and dinners with participants; and

• Other company events on an *ad hoc* basis.

In addition, new directors are encouraged to visit sites across CN's network relating to the Company's operations. These sites include mechanical and car shops, intermodal and engineering groups, data centres, training centres, railway yards and ports.

Continuing Education

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. To facilitate ongoing education, the Company:

• maintains a membership for each director in an organization dedicated to corporate governance and ongoing director education;

• each year strongly encourages and funds the attendance of each director at seminars or conferences of interest and relevance;

• encourages presentations by outside experts to the Board or committees on matters of particular importance or emerging significance; and

• at least annually, holds a Board meeting at or near an operating site or other facility of the Company, a key customer, supplier or affiliated company.

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

In 2015, Board members were provided with educational reading materials and presentations on a variety of matters and topics, including corporate governance, executive compensation, executive succession planning, shareholders and shareholder associations, key accounting considerations, financial strategy, risk management and disclosure, and Canadian and U.S. securities law developments. The Board regularly received updates and reports by CN's internal counsel on regulatory matters of importance and emerging issues of significance, such as diversity, safety and risk mitigation, to CN and the railway industry.

In addition, in 2015 members of the Board attended courses in subject areas which included effective corporate boards, board structure, processes and composition.

Directors also interacted with executive and senior management at every Board meeting and received regular and extensive presentations on matters of strategic importance to the Company's business, including presentations on its customer engagement initiatives, safety, stakeholder and community outreach initiatives, business growth strategy, operating plans, supply chain strategy, car management, CN's sustainability initiatives and regulatory matters relevant to the business of the Company.

Moreover, the directors have, from time to time, been provided with first-hand opportunities to visit certain sites where CN has made significant investments, such as the intermodal terminals in Prince George and at the Port of Prince Rupert. They have also visited certain CN main yards, as well as our Information Technology command centre, Kirk Yard and the EJ&E properties in the United States. The Board has also visited CN's state-of-the-art training centre in Winnipeg, Manitoba and toured a Geometry Test Car. The Board also traveled by train from Baton Rouge, LA to New Orleans, LA. During the train trip the Board had the opportunity to interact with CN officers to gain a full appreciation of and learn more about CN's operations in this region.

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The following table lists seminars and courses by external providers, as well as dedicated internal sessions and presentations on key CN subject matters, that the directors of the Company attended in 2015 and early 2016.

SUBJECT MATTER/TOPIC PRESENTED	PRESENTED/HOSTED BY	ATTENDED BY
SAFETY <ul style="list-style-type: none"> • Safety Update • Mechanical Data Analytics 	CN Safety & Sustainability CN Mechanical	All directors
CUSTOMER RELATIONS <ul style="list-style-type: none"> • CustomerFIRST Initiatives • Winter Preparedness • Balancing Operational and Service Excellence 	CN Marketing CN Operations	All directors
INVESTOR RELATIONS <ul style="list-style-type: none"> • Competitive Context 	CN Investor Relations	All directors
MARKETING <ul style="list-style-type: none"> • Energy Markets • Private Car Management 	CN Petroleum & Chemicals CN Car Management	All directors
FINANCE <ul style="list-style-type: none"> • KPMG Training Session • Investor Financial Perspectives 	External Auditors KPMG, CN Accounting RBC Capital Markets, Wells Fargo Securities	Audit Committee members All directors
SUSTAINABILITY <ul style="list-style-type: none"> • Environmental Stewardship • Workforce Renewal and Training Excellence 	Downstream Consulting at IHS/Purvin & Gertz CN Operations CN Human Resources	All directors
TECHNOLOGY <ul style="list-style-type: none"> • Positive Train Control • Enhanced Risk Mitigation Through Process and Technology • Use of Technology in Engineering 	CN Information Technology CN Engineering CN Supply Fleet & Fuel Management	All directors
LAW <ul style="list-style-type: none"> • Regulatory Update 	CN Corporate Services	All directors

Stakeholder Engagement

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CN is recognized as a company that delivers responsibly, is a key part of the solution for customers, and a true backbone of the economy. Over the year, we continued to deepen the Company's sustainability agenda — moving customer goods safely and efficiently, ensuring environmental stewardship, attracting and developing the best railroaders, adhering to the highest ethical standards and building safer, stronger communities. In broad terms, the Company continued its stakeholder activities by:

- engaging with governments as a participant on advisory councils, review boards and regulatory proceedings;
- conducting community outreach;
- working collaboratively with supply chain partners;
- participating in industry associations (Railway Association of Canada; Association of American Railroads);
- engaging with suppliers at our annual supplier council and through our Sustainable Procurement Excellence program;
- strengthening our relationships and improving our communication with customers;
- ensuring the opportunity for regular two-way communication with employees;
- taking part in structured community engagement; and
- maintaining open dialogue with Aboriginal peoples.

Specifically on the safety front, CN actively engaged communities across its network, meeting with emergency responders and elected officials, providing training and expertise and sharing relevant information on dangerous goods shipments.

For the year 2015, CN received a number of awards and recognition including:

- Ranked 5th in the Globe and Mail's Report on Business section's annual review of Corporate Governance in Canada, moving up significantly from 19th in 2014

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- Six awards from Investor Relations Magazine in the following categories (among others): the grand prix for best overall investor relations (large cap), best investor relations officer (large cap), best IR by a CFO (large cap) and best investor meetings
- Recognized on the CDP climate performance leadership index
- Ranked among the best 50 corporate citizens in Canada by Corporate Knights
- Listed on the Jantzi Social Index
- Listed on FTSE4Good Index
- Named to Dow Jones Sustainability World Index for the fourth year in a row

Throughout 2015, CN also continued its support of hundreds of CN railroaders in the community who are champions in the causes they choose to support. CN granted C\$1,127,800 to support its employees, their families and pensioners in their volunteer efforts.

As well, our Investor Relations department actively engages with the broad investment community, including shareholders, analysts, potential investors, as well as shareholder advocacy groups, to provide public information on the Company, as well as to address any specific questions or concerns. We have in place various means of communication for

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receiving feedback from interested parties, such as a toll-free number for general inquiries (1-888-888-5909). 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 Chair of the Board, who presides over all non-executive director sessions. These procedures are described on our website at www.cn.ca, under *Delivering Responsibly/Governance*.

Audit Committee Disclosure

National Instrument 52-110 — Audit Committees (“NI 52-110”) of the CSA requires issuers to include the charter of their audit committee and disclose information with respect to the composition, education and experience of the members of their audit committees, as well as all fees paid to external auditors in their annual information form. We comply with the requirements regarding composition and responsibilities, as summarized hereinafter, and we refer to our Annual Information Form — section “9.2 Audit Committee Disclosure” and “Schedule A” — available on SEDAR at www.sedar.com and on our website at www.cn.ca, under Investors for a description of the education and relevant experience of the Audit Committee members and with regards to the charter of our Audit Committee.

Composition of the Audit Committee

The Audit Committee is composed of seven independent directors, namely, Donald J. Carty, Chair of the Committee, Ambassador Gordon D. Giffin, Edith E. Holiday, Maureen Kempston Darkes, James E. O’Connor, Robert L. Phillips and Laura Stein. The Chair of the Human Resources and Compensation Committee, Mr. Giffin, is a required member of the Audit Committee, as provided for in the charter of the Audit Committee. No member of the Audit Committee receives, other than in his or her capacity as a director or member of a Board committee, directly or indirectly, any fee from the Company or any subsidiary of the Company, nor is an affiliated person of the Company, or any subsidiary of the Company.

Mandate of the Audit Committee

As further described below, the Audit Committee’s responsibilities can be divided into four categories:

•overseeing financial reporting;

•monitoring risk management and internal controls;

• monitoring internal auditors; and

• monitoring external auditors.

Overseeing Financial Reporting

The mandate of the Audit Committee provides that the committee is responsible for reviewing, with management and the external auditors, the annual and quarterly financial statements of the Company and accompanying information, including the Company's Management's Discussion and Analysis ("MD&A") disclosure and earnings press releases, prior to their release, filing and distribution. The mandate also provides that the Committee should review the procedures in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures.

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

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

Monitoring Risk Management and Internal Controls

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

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

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

Monitoring Internal Auditors

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

Monitoring External Auditors

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

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

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

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

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

Furthermore, the mandate of the Audit Committee states that the Audit Committee may retain independent advisors to help it carry out its responsibilities, including fixing such advisors' fees and retention terms, subject to advising the Board Chair. The Committee makes arrangements for the appropriate funding for payment of the external auditors and any advisors retained by it. Pursuant to its charter, the Audit Committee

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also has direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The internal and external auditors must meet separately with the Audit Committee, without management, twice a year, and more frequently as required.

The Audit Committee met five (5) times in 2015 and held *in camera* sessions at each meeting. The report of the Audit Committee, set forth in Schedule “C” of this Information Circular, outlines the major subject areas reviewed by the Committee during the year, in compliance with its mandate.

Non-Audit Services

The external auditors are prohibited from providing certain non-audit services.

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

Audit Committee Report Regarding Internal Control Over Financial Reporting

The Audit Committee periodically received management’s report assessing the adequacy and effectiveness of our disclosure controls and procedures and systems of internal control in respect of the 2015 fiscal year. The Company’s external auditors, KPMG LLP, are responsible for performing an independent audit of our consolidated financial statements in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (“PCAOB”) in the U.S., and an independent audit of the effectiveness of internal controls over financial reporting, in accordance with the standards of the PCAOB. These audits serve as a basis for KPMG LLP’s opinions addressing whether the consolidated financial statements fairly present our financial position, results of operations, and cash flows in conformity with U.S. Generally Accepted Accounting Principles (“GAAP”).

The Audit Committee has discussed with KPMG LLP the matters required to be discussed by the PCAOB Auditing Standards No. 16 (Communication With Audit Committees) and Chartered Professional Accountants of Canada (“CPA”) Handbook — Assurance Section 260 (Communications With Those Charged With Governance) including matters

relating to the conduct of the audit of our financial statements and the assessment of the effectiveness of our internal control over financial reporting under section 404 of the *Sarbanes-Oxley Act*.

KPMG LLP provided the Committee with written disclosures and the letter required by Rule 3526 of the PCAOB. The Audit Committee has discussed with KPMG LLP the firm's independence from the Company. A formal written statement describing all relationships between KPMG LLP and the Company was remitted to the Audit Committee and it includes a written confirmation that KPMG LLP are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation and are independent public accountants with respect to the Company within the meaning of all relevant U.S. professional and regulatory standards, including the independence rules adopted by the SEC pursuant to the *Sarbanes-Oxley Act*, and Rule 3520 of the PCAOB.

Based on this review and these discussions, the Audit Committee recommended to the Board that the Company's audited consolidated financial statements be filed with Canadian securities regulators and be included in the Company's Annual Report on Form 40-F for the year ended December 31, 2015 filed with the SEC.

Education and Relevant Experience of the Audit Committee Members

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

All members of the Audit Committee are financially literate and several members are audit committee financial experts.

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

The NYSE corporate governance rules require that if an audit committee member serves simultaneously on the Audit Committee of more than three public companies, the Board must determine and disclose that this simultaneous service does not impair the ability of the member to effectively serve on the Audit Committee.

In addition to serving on the Audit Committee of CN, Mr. Carty serves on the audit committees of the following public companies: EMC Corporation, VMWare, Inc. and Virgin America Inc. The Corporate Governance and Nominating Committee and the Board have reviewed Mr. Carty's Audit Committee service commitments and have concluded that such other audit committee services in no way impair his ability to effectively serve on the Audit Committee of CN.

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Statement of Executive Compensation

Dear Shareholder:

On behalf of the Human Resources and Compensation Committee (“Committee”) and the Board of Directors of Canadian National Railway Company (“CN” or “Company”), we are pleased to share with you our approach to executive compensation. Once again in 2015, the Company’s annual “Say on Pay” advisory vote received strong support with 97.3% of the votes in favour of CN’s disciplined approach to executive compensation. CN remains committed to transparency by providing clear and comprehensive disclosure information to its shareholders.

2015 Overview

CN’s experienced executive team of Named Executive Officers (“NEOs”) remained stable in 2015. Since Mr. Mongeau’s appointment in 2010, only the Executive Vice-President and Chief Operating Officer position has turned over with the appointment of Mr. Vena in 2013. The commitment and depth of CN’s executive team was once again demonstrated in 2015 during Mr. Mongeau’s medical leave of absence in the later part of the year. The Board’s planning permitted interim leadership by Mr. Jobin to ensure that the executive team leadership remained solid and seamless. Such commitment and the depth of CN’s executive team was at the forefront of our solid operational and financial results in 2015 and the role played by each member of the executive team in a volatile economic and market environment is a testimony to our executive team’s experience and commitment to our shareholders.

2014 RESULTS 2015 RESULTS

	C\$	C\$	INCREASE VS. 2014 RESULTS
Revenues (\$ millions)	12,134	12,611	+ 3.9%
Operating Income (\$ millions)	4,624	5,266	+ 13.9%
Adjusted Diluted Earnings Per Share (\$) ⁽¹⁾	3.76	4.44	+ 18.1%
Free Cash Flow (\$ millions)	2,220	2,373	+ 6.9%
Return on Invested Capital	17.36%	17.45%	+ 9bps

Excludes a deferred income tax expense of C\$42 million in 2015 resulting from the enactment of a higher (1) provincial corporate income tax rate and also excludes a gain on disposal of the Deux-Montagnes subdivision of C\$80 millions in 2014.

Despite significant volume headwinds in key commodity markets, CN delivered record financial results. The CN executive team reacted swiftly to the changing environment by recalibrating resources and was able to improve operating and service metrics, including the achievement of a record operating ratio of 58.2%. The Company's safety performance was also solid in 2015 with a 25% reduction in Federal Railroad Administration ("FRA") accident ratio and a 10% reduction in FRA injury ratio. The Company's unwavering commitment to safety continued to be strongly supported in 2015 through various initiatives such as the implementation of the "Looking After Each Other" campaign which focuses on peer-to-peer communications, better process control, as well as continued targeted capital expenditures.

	2015	3-YEAR PERFORMANCE
	ANNUAL GROWTH	COMPOUNDED ANNUAL GROWTH
TOTAL SHAREHOLDER RETURN RATE		RATE
Canadian National Railway (TSX)	-1.7%	21.5%
Union Pacific Corporation (NYSE)	-32.9%	9.8%
CSX Corporation (NYSE)	-26.8%	12.0%
Norfolk Southern Corporation (NYSE)	-20.8%	13.8%
Canadian Pacific Railway Ltd. (TSX)	-20.5%	21.5%

Disciplined Approach to Compensation

CN's approach to executive compensation is driven by our goal to deliver sustainable and solid returns to shareholders. CN exercises a disciplined approach to executive compensation by ensuring that target compensation supports attraction and retention of executive talent while remaining within our executive compensation policy. In addition, short and long-term incentive plans are structured to align realized pay and shareholder returns through the use of various key performance measures, including the use of Relative Total Shareholder Return ("Relative TSR") performance measures.

Long-term growth and value creation remain central to our pay strategy and targets are set to ensure that our compensation policies do not encourage undue risk-taking on the part of our executives. In some instances, performance measures are used under both short and long-term performance plans to ensure that profitable short-term decisions are also in support of long-term performance. CN's executive compensation program also supports safe and reliable operations, environmentally and socially responsible practices, industry leading returns and the attraction and retention of skilled employees.

CN's executive compensation policy aims to position total direct compensation between the median and the 60th percentile of the executives' respective comparator group. Our disciplined approach to compensation has resulted in an overall aggregate positioning of all executives' total direct compensation slightly below the median as confirmed by Willis Towers Watson's review in December 2015. The Committee also independently retains the services of Hugessen Consulting Inc. to provide advice on compensation recommendations that are presented for Committee approval.

Compensation Decisions in 2015

Since 2002, the compensation of our NEOs has been paid in U.S. dollars so as to provide for a more precise, meaningful and stable comparison with U.S. denominated compensation of incumbents in equivalent positions within the comparator group. Given that Canadian securities laws require that the compensation information provided in the Summary Compensation Table and other prescribed tables be stated in Canadian dollars, currency fluctuations impact the year-over-year comparability of compensation levels. The Committee believes that the Company's comparator group and the U.S. dollar denominated approach to compensation for the NEOs is appropriate and, combined with an overall disciplined approach, provides a competitive total package.

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Base Salary

CN's policy for base salaries and target bonuses is to be at the 50th percentile of the comparator group. In 2015, the base salary of all NEOs remained unchanged, with the exception of Mr. Vena who was promoted to the position of Executive Vice-President and Chief Operating Officer in 2013, and who received an increase to maintain a market competitive compensation envelope.

Annual Incentive Bonus Plan

The annual incentive targets remained constant at 120% of base salary for the President and Chief Executive Officer and at 80% of base salary for the other NEOs. The annual incentive bonus plan is designed to measure and reward against challenging targets for revenue, operating income, diluted earnings per share, return on invested capital ("ROIC"), and free cash flow. For 2015, the Board approved a payout at 93% of target on the corporate component which accounts for 70% of the annual incentive paid to executives. Personal performance, which accounts for 30%, was prorated to reflect partial payout on the corporate component.

Long-Term Incentive Program

The Long-Term Incentive ("LTI") plan design changed significantly in 2015 with the inclusion of a new set of Relative TSR performance measures which accounts for 30% of the Performance Share Units ("PSUs") grant value. Concurrent with the introduction of these new performance measures, the LTI mix has evolved to a lower weighting on stock options from 50% to 45%. The maximum payout multiplier for PSUs was increased from 150% to 200% to align with the prevailing payout range for all Class I Railroads. PSU payments at the end of the performance cycle will be made in CN common shares purchased on the open market rather than cash. Finally, the minimum service condition for continued vesting in case of retirement, has been increased to 15 months in an effort to maintain retention of such experienced managers and officers during the critical winter period.

New Safety Component to the Annual Incentive Bonus Plan for 2016

Safety performance has always been an inherent component of the corporate performance targets for the annual incentive bonus plan and has been part of the individual performance objectives for the President and CEO and Operations executives in the past. In 2015, the Committee continued its ongoing review of CN's compensation programs and approved the introduction of a new safety component as part of our continuous effort to promote, support, and reward the achievement of safety milestones. In the 2016 annual incentive bonus plan of all executive officers, the safety component will represent 10% of the annual bonus and be based on the achievement of specific accident and injury ratios. The Committee believes that this approach will not only support the rollout of the Company's safety agenda, but will also emphasize the common leadership responsibilities of all executive officers in

the achievement of our annual safety targets.

Compensation Risk Mitigation

Our compensation programs are designed to encourage appropriate behaviours and include appropriate risk mitigation mechanisms. In 2015, following a review of the Company's compensation policies, programs and practices, Willis Towers Watson conducted its annual review and concluded that there do not appear to be significant risks arising from CN's compensation programs that are reasonably likely to have a material adverse effect on the Company. Based on the adjustment to the LTI design performed in 2015, Willis Towers Watson also indicated that "the increased weight on PSUs in the LTI mix and the introduction of the relative TSR measure align with both competitive market trends and 'best practice' governance standards". At its December 2015 meeting, the Committee reviewed the Willis Towers Watson risk assessment report and supported its conclusions. In its own assessment, the Committee has determined that proper risk mitigation features are in place within the Company's compensation programs.

Conclusion

As CN recently achieved another milestone with the celebration of the 20th anniversary of its initial public offering, the Committee remains fully engaged in ensuring that CN's executive compensation remains anchored on a disciplined approach, linked to performance and is market competitive. The Committee and the Board of Directors believe that compensation outcomes are appropriate and in line with CN's disciplined approach to executive compensation. The Chair of the Human Resources and Compensation Committee and other members will be present during the Meeting to answer questions you may have about our executive compensation. We believe that our approach to executive compensation supports the execution of the Company's strategic plan and we remain committed to developing compensation programs that will continue to be aligned with our shareholders' long-term interests.

/s/ Robert Pace

Robert Pace

Chair of the Board

/s/ Gordon D. Giffin

Ambassador Gordon D. Giffin

Chair of the Human Resources and Compensation Committee

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Human Resources and Compensation Committee

Composition of the Human Resources and Compensation Committee

The Committee is composed of eight independent members. All members have a thorough understanding of compensation policies and principles related to executive compensation and have experience in human resources and compensation matters. Furthermore, members are also members of other committees of the Board and this overlap provides for a strong link between committees' risk oversight responsibilities.

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

Mr. Carty spent 30 years in the airline business before retiring as Vice-Chairman and Chief Financial Officer of Dell, Inc. Mr. Carty has experience in developing and implementing compensation plans and performance-based goals for executive and enterprise-wide personnel. Mr. Carty served as chair of the Human Resources Committee of Talisman Energy Inc. until 2015 and is actively involved in human resources as chair of the board of directors of Porter Airlines Inc. and Virgin America Inc.

Mr. Giffin is Partner at the law firm of Dentons US LLP, 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-five years. Mr. Giffin was United States Ambassador to Canada from August 1997 to April 2001 and had responsibility for personnel matters. Mr. Giffin serves as chair of the board of TransAlta Corporation, as a member of the Management Resources and Compensation Committee of the Canadian Imperial Bank of Commerce and as a member of the Governance and Compensation Committee of Element Financial Corporation.

Ms. Holiday has extensive experience serving as a board member for different companies such as Hess Corporation and White Mountains Insurance Group, Ltd. and has served on the board of H.J. Heinz Company and RTI International Metals, Inc. As General Counsel at the United States Treasury Department and as Secretary of the Cabinet at The White House, Ms. Holiday was in charge of the supervision of approximately 2,200 lawyers.

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

traded companies.

Mr. Lynch held various senior positions in the Government of Canada, including as Clerk of the Privy Council, Secretary to the Cabinet and Head of the Public Service of Canada where he was responsible for the overall management of 263,000 employees in 80 departments and agencies of the Canadian government. Mr. Lynch is a member of the Leadership Council of the Bank of Montreal, the chair of the Corporate Governance Committee of Empire Company Limited and a member of the Human Resources Committee of Empire Company Limited and a member of the Nominating Committee of CNOOC Limited.

Mr. O'Connor was chair of the board of directors and Chief Executive Officer of Republic Services, Inc. one of the largest waste management companies in the U.S., and was involved in various human resources and compensation matters. Mr. O'Connor also serves as a director on the board of Clean Energy Fuels Corp. and Casella Waste Systems, Inc. (Lead Director).

Mr. Phillips served as President and Chief Executive Officer of various companies, including Dreco Energy Services Ltd, PTI Group Inc. and British Columbia Railway Corporation where he gained in depth exposure to human resources and compensation matters. He currently serves on the Human Resources and Compensation Committees of Precision Drilling Corporation, Canadian Western Bank, MacDonald Dettwiler & Associates Ltd and West Fraser Timber Co. Ltd.

Ms. Stein currently serves as Executive Vice-President — General Counsel & Corporate Affairs at The Clorox Company. She also served as Senior Vice-President and General Counsel at H.J. Heinz Company. Ms. Stein gained extensive human resources and compensation experience through the review and execution of compensation matters for both companies. Ms. Stein has also engaged with shareholders' advisory groups on various compensation matters.

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

AREA OF EXPERIENCE	NUMBER OF COMMITTEE MEMBERS WITH VERY STRONG OR STRONG EXPERIENCE	
Membership on HR committees	8/8	100%
Organizational exposure to the HR function	8/8	100%
Leadership and succession planning, talent development	8/8	100%
Approval of employment contracts	7/8	88%

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Development/oversight of incentive programs	7/8	88%
Oversight of stress-testing of incentive programs vs. business/operating performance	7/8	100%
Pension plan administration/oversight	5/8	63%
Interpretation and application of regulatory requirements related to compensation policies and practices	7/8	88%
Engagement with investors and investor representatives on compensation issues	5/8	63%
Oversight of financial analysis related to compensation policies and practices	7/8	88%
Exposure to market analysis related to compensation policies and practices	7/8	88%
Drafting or review of contracts and other legal materials related to compensation policies and practices	3/8	38%
Oversight of labour matters	4/8	50%

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Mandate of the Human Resources and Compensation Committee

The Committee's responsibilities include:

- ensuring that appropriate mechanisms are in place regarding succession planning for the executive management positions, including that of the President and Chief Executive Officer;
- reviewing executive management's performance assessment;
- reviewing leadership and talent management for the Company's key positions;
- overseeing the identification and management of risks associated with CN's compensation policies and practices and reviewing disclosure on: (i) the role of the Committee in that respect; (ii) any practices that CN uses to identify and mitigate such risks and (iii) any identified risk arising from CN's compensation policies and practices that is reasonably likely to have a material adverse effect on CN;
- overseeing the selection of any benchmark group used in determining compensation or any element of compensation and reviewing disclosure on such group;
- retaining outside advisors to assist it in the performance of its functions and responsibilities, including compensation consultants, independent legal counsel or other independent advisors and overseeing their work;
- evaluating the independence of compensation consultants in accordance with applicable NYSE listing standards or other applicable laws, rules or regulations;
- recommending to the Board of Directors executive management's compensation; and
- reviewing human resources practices by ensuring, among other things, that appropriate human resources systems are in place to allow the Company to attract, motivate and retain the quality of personnel required to meet its business objectives.

The Committee's full charter is available as part of CN's Corporate Governance Manual at www.cn.ca, under Delivering Responsibly/ Governance. Finally, the Committee met five times in 2015 and held *in camera* sessions during each meeting. The report of the Committee, set forth in Schedule "C" to this Information Circular, outlines the major subject areas reviewed by the Committee during the year.

Talent Management and Employee Engagement

In 2015, the Committee continued to oversee actions aimed at further strengthening the Company's Talent Management strategies with a view to connect, recognize and engage with railroaders who drive CN's sustained success. The Company leveraged its two new training centres located in Winnipeg (Manitoba) and Homewood (Illinois) in a continuous effort to provide advanced training programs, enhance productivity and effectiveness, and instill a stronger and lasting safety culture.

The Company invests in a diverse range of programs to engage with its employees. Employees' involvement in these programs continues to support CN's agenda, whether it is CN Ambassadors helping recruit the next generation of railroaders, EcoChampions supporting the Company's sustainability efforts, Wellness Champions promoting healthy life habits, or Railroaders in the Community engaged in the neighbourhoods where CN operates. The fact that over 80% of employees are CN shareholders is another testament to their engagement in the Company's success.

The Company continued to drive cross-functional awareness in 2015 through developmental opportunities for key talent, including the LINK business program, internships in transportation for women and leadership training with a goal to support diversity, career development and business performance. Programs for accelerated business learning continued to be refined as well as those for expanded understanding of our operations. Through 2015, the Company leveraged its development portal in an effort to provide access to development tools and reference material to employees. Talent reviews were conducted throughout 2015 with the identification and development of key talent for succession.

CN is also consciously weaving a diversity component into talent initiatives to ensure it is creating an environment that allows CN to compete for the best talent. Over 200 review sessions were conducted with business leaders across the Company, including presentations by Executive Vice-Presidents ("EVPs") to the President and CEO. As a result, development plans and talent initiatives are helping to build bench strength and improve readiness for future opportunities, while taking into account individuals' capabilities and interests. Customized development plans were built for railroaders identified as key talent. The functional EVPs presented their strategic plans on talent and succession to the Board, and the Committee is confident that solid leadership development and succession plans are in place.

As of December 31, 2015, CN had 23,172 employees contributing to the success of our organization. The Committee is satisfied that, under Mr. Mongeau's leadership, the proper human resources strategies and systems are in place to attract and retain talented and engaged employees to ensure the Company's ongoing success.

Executive and Board Compensation Consultants

Management retains consulting firms to assist in determining compensation for its executives. In 2015, Management retained the services of Willis Towers Watson to provide market information on competitive executive compensation levels and plan designs, survey results and trends, as well as external perspectives on various executive compensation matters. In 2015, Management was invoiced C\$191,200 by Willis Towers Watson for these services.

The Committee also independently retains the services of executive compensation consultants to provide advice on compensation recommendations that are presented for Committee approval. Since October 2007, the Committee has retained the services of Hugessen Consulting Inc. (“Hugessen”) for that purpose. The Committee mandated Hugessen to review and provide advice directly to the Committee on executive compensation recommendations and related questions. In aggregate, the fees invoiced by Hugessen in 2015 totalled approximately C\$60,900. The Committee has also reviewed Hugessen’s independence and evaluated their performance for 2015. The Committee is satisfied with the advice received from Hugessen and that such advice is objective and independent. Hugessen also meets the independence requirements of the NYSE Listing Standards and confirmed that on an annualized basis, the amount of fees received by the firm from CN represents less than 5% of the total fees of Hugessen.

Since 2007, the Board of Directors has adopted a policy to the effect that the Chair of the Committee must pre-approve all non-compensation services provided to the Company by the consultant retained by the Committee to perform executive compensation-related services. Pursuant to an understanding between the Committee and Hugessen, the latter has agreed not to perform any work for Management. During 2015, the only services performed by Hugessen were executive compensation-related services provided directly to the Committee.

Executive Compensation – Related Fees

TYPE OF FEE (BEFORE TAX)	SERVICES RENDERED IN 2014		SERVICES RENDERED IN 2015		PERCENTAGE OF TOTAL FEES FOR SERVICES RENDERED IN 2015	
	(C\$)		(C\$)		(%)	
	Hugessen	Willis Towers Watson	Hugessen	Willis Towers Watson ⁽¹⁾	Hugessen	Willis Towers Watson
Executive and Board Compensation-Related Fees	86,800	322,300	⁽²⁾ 60,900	191,200	100%	37%
All Other Fees	0	139,600	0	330,500	⁽³⁾ 0%	63%

(1) U.S. fees were converted in Canadian dollars using the 2015 annual average exchange rate of U.S.\$1.00 = C\$1.2787.

In 2014, Willis Towers Watson also provided support to the Corporate Governance and Nominating Committee for (2) the review of compensation arrangements for non-executive directors, as described on page 16. The Board was invoiced C\$30,000 for these services.

(3) Includes broad-based compensation and health and benefits related services.

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Compensation Discussion and Analysis

Executive Summary

Named Executive Officers

This CD&A section explains our executive compensation policy and programs and focuses on the following executives who appear in the compensation tables:

Claude Mongeau President and Chief Executive Officer

Luc Jobin Executive Vice-President and Chief Financial Officer

Jim Vena Executive Vice-President and Chief Operating Officer

Jean-Jacques Ruest Executive Vice-President and Chief Marketing Officer

Sean Finn Executive Vice-President Corporate Services and Chief Legal Officer

Compensation Framework and Policy

The Company follows a comprehensive executive compensation program for NEOs which includes: i) base salary; ii) annual incentive bonus; iii) long-term incentives; iv) pension benefits; and v) executive perquisites. The first three elements define total direct compensation. The objective of CN's compensation program is to attract, retain and engage top talent by ensuring that there is a clear link between the Company's long-term strategy, its business plan and executive rewards.

Decisions on how much to pay the NEOs and all other executives in terms of total direct compensation are based on the Company's executive compensation policy. The policy aims to position total direct compensation between the median and the 60th percentile of the executives' respective comparator groups. For the NEOs, the comparator group consists of select Class I Railroads (Union Pacific Corporation, CSX Corporation, Norfolk Southern Corporation and Canadian Pacific Railway Limited). For all other executives, the comparator group is comprised of a broad sample of U.S. organizations with revenues between U.S.\$6 billion and U.S.\$15 billion that participate in Willis Towers Watson's proprietary database. CN generated revenues of C\$12.6 billion in 2015. For executives in group or division level positions, a total sample of the U.S. Industrial organizations is used, with revenue ranges aligned to reflect the scope of the role of the respective CN executive. More information on the comparator groups can be found on page

42.

In December 2015, as part of the annual compensation review process, Willis Towers Watson provided an assessment of how total direct compensation offered to all executives during the year compared against that of the respective comparator groups. Willis Towers Watson reported that the overall aggregate positioning of all executives' total direct compensation was slightly below the median of the comparator group.

Decision Process

The compensation of the NEOs, other than that of the President and CEO, is recommended by the President and CEO and reviewed and recommended by the Committee for approval by the Board of Directors. The compensation of the President and CEO is recommended by the Committee and approved by the independent members of the Board of Directors. The President and CEO serves at the will of the Board. Neither the President and CEO nor the other NEOs have an employment contract. For a discussion on the compensation of the President and CEO, please see the section entitled "President and Chief Executive Officer Compensation" on page 51.

2015 Base Salary Increases

The base salaries of NEOs are paid in U.S. dollars in order to provide for a more precise, meaningful and stable comparison with U.S. denominated salaries of incumbents in equivalent positions within the comparator group. As part of the NEOs' annual compensation review, base salaries were set with reference to the median of the Class I Railroads comparator group. Salary increases reflect market competitiveness, economic outlook, leadership abilities, retention considerations and succession plans. Base salaries for NEOs were not adjusted in 2015, with the exception of the Executive Vice-President and Chief Operating Officer ("COO") who received an increase to maintain a market competitive compensation envelope. For more information on base salaries, please refer to page 43.

2015 Annual Bonus Results

As in prior years, the President and CEO's target bonus in 2015 was 120% of base salary. The other NEOs' target bonus was 80% of base salary. Corporate performance accounted for 70% of the annual incentive bonus and was measured against challenging targets for revenue, operating income, diluted earnings per share, ROIC and free cash flow. The ROIC performance objective is also used as a performance measure for the Performance Share Units as it mitigates risk between short and long-term performance on invested capital. The Board is of the view that its chosen corporate performance objectives are appropriate for a capital-intensive business like CN.

Despite a rapidly evolving economic and business environment, the corporate performance for 2015 remained solid, with an aggregate performance close to target. Consequently, the Board of Directors assessed the performance of the Company at “partially meets”, resulting in a corporate bonus factor of 93%. The table showing the 2015 corporate performance objectives, as approved by the Board of Directors in January 2015, and the 2015 results as reported by the Company, can be found on page 45.

The remaining 30% of the annual incentive bonus was based on individual performance that considered the strategic and operational priorities related to each NEO’s function.

The Committee reviewed and recommended for Board approval an overall individual performance rating for the President and CEO at 100% in light of the Company’s solid financial and safety performance and despite the challenging environment. The individual performance ratings for the other NEOs were also reviewed by the Committee. The resulting average individual bonus factor of all NEOs, including the President and Chief Executive Officer, was 110%. The individual rating was then adjusted by the corporate bonus factor of 93% to reflect the partial payout of the corporate performance component. The individual performance rating, along with the corporate bonus factor, served as the basis for calculating the annual incentive bonus payouts set out in the Summary Compensation Table on page 56.

Overall, 2015 bonus payouts for NEOs ranged from 93% to 100% of target.

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2015 Long-Term Incentives

In determining the appropriate long-term incentive fair value of LTI granted to NEOs, the Committee considered external market data, as well as other factors such as individual performance, retention risk and succession plans, and the Company's compensation philosophy. The fair value of LTI grants for NEOs is determined with reference to the 60th percentile of the Class I Railroads comparator group.

To align with mid- and long-term business performance and shareholder value creation, long-term incentives consist of a combination of PSUs and stock options, respectively weighing 55% and 45% of the long-term incentive fair value granted⁽¹⁾.

The payout of PSUs granted in 2015 to NEOs is subject to two distinct performance measures. 70% of the PSU award is subject to the achievement of solid return on invested capital performance for the period ending on December 31, 2017 and to the attainment of a minimum average closing share price established at the beginning of the cycle. The remaining 30% is subject to CN's relative TSR measured against two comparator groups i) Class I Railroad⁽²⁾ and ii) S&P/TSX 60 companies for the same period ending on December 31, 2017.

The stock options granted in 2015 are conventional and vest over four years at a rate of 25% at each anniversary date. Stock options have a 10-year term.

The table summarizing the performance objectives and payout condition of the 2015 PSU award can be found on page 47.

2013 Performance Share Units Award Payout

The Committee reviewed the vesting of the 2013 PSUs against the performance targets. The Company achieved a three-year average return on invested capital to December 31, 2015 of 17.38%, exceeding the maximum objective set in 2013. This outcome resulted in a performance vesting factor of 150% of the PSUs awarded in 2013, in accordance with the plan rules. As the minimum average closing share price condition was also met, payout under the plan occurred in February 2016, provided compliance with the other conditions of the award agreements.

As part of the equity-settlement conversion option introduced in 2014, 132 executives and senior managers elected to convert the settlement of previously awarded PSUs in equity rather than cash. For these participants, the PSUs were therefore settled in CN common shares purchased on the open market.

The table illustrating the 2013 PSU performance objectives and results can be found on page 48.

Risk Mitigation in Our Compensation Program

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

- Appropriate balance between fixed and variable pay, as well as short and long-term incentives;
- Multiple performance measures to be met or exceeded in the AIBP;
- Overlap of performance measures for short and long-term incentives to mitigate risk;
- Capped incentive payout opportunities with no minimum guaranteed payout;
- Cannot engage in hedging activity or in any form of transactions in publicly traded options on CN securities;
 - Executive compensation clawback policy is in place;
- Stock ownership guidelines apply to executives and senior management employees; and
- The Committee retains the services of an independent executive compensation consultant.

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

In December 2015, following a review of the Company's compensation policy, programs and practices, Willis Towers Watson concluded again this year that "overall, there do not appear to be significant risks arising from CN's compensation programs that are reasonably likely to have a material adverse effect on the Company". The Committee supports the conclusions from Willis Towers Watson's risk assessment report and in its own assessment determined that proper risk mitigation features are in place within the Company's compensation program.

Non-Compete, Non-Solicitation and Non-Disclosure

The railroad industry operates in a highly competitive market and CN has undergone a transformational journey to be an industry leader. In recent years, the Company has continued to improve its efforts to protect itself and its confidential information. Accordingly, the Company's long-term incentive award agreements, as well as its non-registered pension plans, contain non-compete, non-solicitation, non-disclosure of confidential information and other restrictive clauses. Payout under the long-term incentive plans or the non-registered pension plans is subject to current or former employees complying with these conditions. Further details related to CN's non-compete and non-solicitation provisions are available on page 49.

The weighting of the long-term incentive grant value for the President and CEO is different (62% PSUs and 38% Stock Options) to reflect stock option distribution requirements which limit the number of stock options that may be awarded during any calendar year to any individual participant to a maximum of 20 percent of the stock options awarded in that year.

(2) Excluding Burlington Northern and Santa Fe Railway and Kansas City Southern Railway.

Executive Compensation Policy Objectives

The Company's executive compensation policy and programs are designed to ensure that there is a clear link between the Company's long-term strategy, its business plan and executive rewards, thus encouraging appropriate behaviour. A significant proportion of executive incentive compensation is therefore tied to key corporate objectives that play a critical role in driving the organization's short and long-term profitability and return to shareholders. The executive compensation program is also designed to be competitive, in order to attract, retain and motivate outstanding executive talent while providing for appropriate risk control features.

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

Compensation Policy

The Company's Executive Compensation Policy

The executive compensation policy aims to target total direct compensation between the median and 60th percentile of the executives' respective comparator groups. Base salaries and target annual bonuses are set with reference to the median level of the respective comparator group, whereas the grant date fair value of long-term incentives is set with reference to the 60th percentile. The Committee believes that the compensation policy and its principles provide for competitive and reasonable compensation levels.

Compensation Decisions and Process

The compensation is determined as part of an annual process followed by the Committee and outlined in the chart below:

The Committee reviews benchmark information in December each year, and approves compensation adjustments in January of the following year by taking into consideration comparator group practices, economic outlook, leadership abilities, retention considerations and succession plans.

The Committee reviews and recommends for approval by the Board of Directors the performance targets related to both the AIBP and the PSUs in January. These targets are derived from CN's annual business plan, which is prepared by Management and reviewed with the full Board during the Strategic Planning Committee meetings prior to the beginning of the applicable year. Business planning is an extensive process during which Management examines with the Board the economic, business, regulatory and competitive conditions which affect or can be expected to affect CN's business in the following three-year period. Throughout the year, members of the Committee are provided with updates related to the Company's performance against targets.

The Board and Committee also have open access to senior management throughout the year, should they wish to discuss specific business issues or seek clarification. The Board and the Committee are therefore confident that they have detailed visibility of the Company's financial performance and that they are appropriately equipped to recommend executive compensation decisions. Finally, throughout the annual

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