



North America's Railroad

NEWS RELEASE

CN announces new share repurchase program, declares third-quarter 2008 dividend

MONTREAL, July 21, 2008 — CN announced today that its Board of Directors has authorized a normal course issuer bid to purchase for cancellation up to 25 million, or 5.3 per cent, of the common shares outstanding of the Company not held by its insiders on July 14, 2008. Approximately 473.4 million CN common shares were issued and outstanding on that date.

The price CN will pay for any common shares will be the market price at the time of acquisition, plus brokerage fees, or such other price as may be permitted by the Toronto Stock Exchange.

CN recently ended its share repurchases under the program announced in July 2007, under which it repurchased 31 million common shares at a weighted average price of C\$51.22 per share.

The new repurchase program – starting July 28, 2008, and ending no later than July 20, 2009 – will be conducted through the facilities of the Toronto and New York stock exchanges and will conform to their regulations. The Toronto Stock Exchange (TSX) rules permit CN to purchase daily, through TSX facilities, a maximum of approximately 381,000 common shares under the Company's repurchase program. Purchases under the normal course issuer bid will be made by means of open market transactions or such other means as may be permitted by the TSX or a securities regulatory authority.

The new repurchase program is consistent with CN's policy to return excess cash to its shareholders through ongoing increases in dividends and share repurchase programs. With a strong balance sheet and sustained cash flow generation, CN can undertake this program while pursuing other opportunities, such as the proposed acquisition of the principal lines of the Elgin, Joliet and Eastern Railway Company and related capital investments.

CN also announced today that its Board of Directors has approved a third-quarter 2008 dividend on the Company's common shares outstanding. A quarterly dividend of twenty-three cents (C\$0.23) per common share will be paid on Sept. 30, 2008, to shareholders of record at the close of business on Sept. 9, 2008.

Forward-Looking Statements

This news release contains forward-looking statements. CN cautions that, by their nature, forward-looking statements involve risk, uncertainties and assumptions. In addition to the other assumptions contained in this release, the Company believes the U.S. economy is currently experiencing recessionary conditions, but assumes that it will recover within the next six to nine months, and that the global economy will grow at a moderate pace throughout this period. The Company cautions that these assumptions may not materialize. The Company's results could differ materially from those expressed or implied in such forward-looking statements. Important factors that could cause such differences include, but are not limited to, industry competition, legislative and/or regulatory developments, compliance with environmental laws and regulations, various events which could disrupt operations, including natural events such as severe weather, droughts, floods and earthquakes, the effects of adverse general economic and business conditions, inflation, currency fluctuations, changes in fuel prices, labor disruptions, environmental claims, investigations or proceedings, other types of claims and litigation, and other risks detailed from time to time in reports filed by CN with securities regulators in Canada and the United States. Reference should be made to "Management's Discussion and Analysis" in CN's annual and interim reports and Annual Information Form and Form 40-F filed with Canadian and U.S. securities regulators, available on CN's website, for a summary of major risks.

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

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

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