



North America's Railroad

NEWS RELEASE

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

MONTREAL, Jan. 26, 2010 — CN (TSX: CNR)(NYSE: CNI) announced today that its Board of Directors has authorized a normal-course-issuer bid to purchase, for cancellation, up to 15 million, or 3.2 per cent, of the common shares outstanding of the Company not held by insiders on Jan. 18, 2010. Approximately 471.8 million CN common shares were issued and outstanding on that date.

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

The new repurchase program – starting Jan. 29, 2010, and ending no later than Dec. 31, 2010 – will be conducted through the facilities of the Toronto and New York stock exchanges and will conform to their regulations. TSX rules permit CN to purchase daily, through TSX facilities, a maximum of 204,181 common shares under the Company's repurchase program. Purchases under the normal-course-issuer bid will be made by means of open market transactions or such other means as the TSX or a securities-regulatory authority may permit. CN has not purchased any common shares during the previous 12 months.

CN's management and directors currently believe that the purchase by the Company of its shares represents an appropriate use of its funds to increase shareholder value. Having a strong balance sheet and solid cash generation, CN can undertake the offer while continuing to pursue other opportunities.

CN also announced today that its Board of Directors has approved a seven per cent increase in the Company's quarterly cash dividend. A quarterly dividend of 27 cents (C\$0.27) per common share will be paid on March 31, 2010, to shareholders of record at the close of business on March 10, 2010.

Including today's announcement, CN has declared increases in its cash dividend 14 consecutive times since the Company's initial public offering of shares in 1995.

Luc Jobin, CN executive vice-president and chief financial officer, said: "CN has proved its resilience, posting solid financial results and free cash flow even during difficult economic times. This in turn enables the Company to reward its shareholders by increasing its dividend for 2010 and returning further cash to its shareholders through a new share buy-back program."

Forward-Looking Statements

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

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

CN – 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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