

Documents Included as Part of this Report

No. News Release

99.1 NORTH AMERICAN ENERGY PARTNERS ANNOUNCES RESULTS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2014

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.

NORTH AMERICAN ENERGY PARTNERS INC.

Date: November 4, 2014

By: /s/ David
Blackley
Name: David Blackley
Title: Chief Financial Officer

HT: Opt">

CN reports Q2-2012 net income of C\$631 million,
or C\$1.44 per diluted share

Adjusted Q2-2012 net income was C\$659 million, with adjusted diluted EPS rising 19 per cent to C\$1.50 (1)

MONTREAL, July 25, 2012 — CN (TSX: CNR)(NYSE: CNI) today reported its financial and operating results for the second quarter and six-month period ended June 30, 2012.

Second-quarter 2012 highlights

- Net income was C\$631 million, or C\$1.44 per diluted share, versus year-earlier net income of C\$538 million, or C\$1.18 per diluted share.
- Adjusted diluted Q2-2012 earnings per share (EPS) -- excluding a net income tax expense of C\$0.06 per diluted share -- rose 19 per cent to C\$1.50. The net income tax expense resulted from the enactment of higher provincial income tax rates, partly offset by an income tax recovery from the recapitalization of a foreign investment. (1)
- Revenues increased 13 per cent to C\$2,543 million, while revenue ton-miles rose eight per cent and carloadings increased four per cent.
 - Operating income increased 13 per cent to C\$985 million.
 - The operating ratio was 61.3 per cent, unchanged from the year-earlier.
- Free cash flow for the first six months of 2012 totalled C\$703 million, including the impact of Q1-2012 voluntary pension plan contributions totalling C\$450 million, compared with free cash flow of C\$823 million for the same period of 2011. (1)

Net income for first-half 2012 was C\$1,406 million, or C\$3.18 per diluted share, compared with net income of C\$1,206 million, or C\$2.63 per diluted share, for the comparable period of 2011.

Adjusted net income for the first six months of 2012 -- excluding the net income tax expense of C\$0.06 per diluted share, and the gain on the sale of rail lines (C\$0.57 per diluted share) -- was C\$1,182 million, with adjusted diluted EPS increasing 24 per cent to C\$2.67.

Claude Mongeau, president and chief executive officer, said: “CN’s team of railroaders continues to deliver impressive results, converting strong volume and revenue growth into solid bottom-line results. Our focus on maintaining a fluid network and solid execution allowed us to further improve our industry-leading service for the benefit of our customers and shareholders.

“Other than grain and fertilizers, CN registered solid traffic increases in every commodity group during the second quarter -- intermodal, automotive, coal, petroleum and chemicals, and metals and minerals business units all registered double-digit gains in revenue ton-miles, with the rise in volumes due in part to economic growth, market share gains, and a labor disruption at a key competitor.”

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Revised 2012 financial outlook (2)

CN's first-half financial performance and assumption of continued positive economic conditions have prompted an upward revision of the Company's 2012 financial outlook, last updated on April 23, 2012.

Under its revised 2012 outlook, CN aims to:

- Deliver up to 15 per cent growth in adjusted diluted EPS for the year, over adjusted diluted EPS of C\$4.84 in 2011 despite an additional pension expense of approximately C\$100 million. This compares with CN's April outlook calling for a full 10 per cent growth in 2012 adjusted diluted EPS. (1)
- Generate free cash flow of approximately C\$1 billion – taking into consideration a potential C\$250 million additional voluntary pension contribution in the fourth quarter (for a potential total voluntary pension contribution of C\$700 million in 2012). This compares with CN's April outlook calling for free cash flow in the order of C\$950 million. (1)

Mongeau said: "Our agenda of Operational and Service Excellence continues to gain momentum on all key fronts. If economic growth remains on track in the second half, we should deliver another banner year in 2012."

Foreign currency impact on results

Although CN reports its earnings in Canadian dollars, a large portion of its revenues and expenses is denominated in U.S. dollars. As such, the Company's results are affected by exchange-rate fluctuations. On a constant currency basis that excludes the impact of fluctuations in foreign currency exchange rates, CN's second-quarter and first-half 2012 net income would have been lower by C\$13 million and C\$17 million, respectively, or by C\$0.03 and C\$0.04 per diluted share, respectively. (1)

Second-quarter 2012 revenues, traffic volumes and expenses

The 13 per cent rise in second-quarter revenues mainly resulted from higher freight volumes, due in part to growth in North American and Asian economies, the Company's performance above market conditions in a number of segments, as well as increased volumes as a result of a labor disruption at a key competitor; freight rate increases; the impact of a higher fuel surcharge resulting from year-over-year increases in applicable fuel prices and higher volumes; and the positive translation impact of the weaker Canadian dollar on U.S.-dollar-denominated revenues.

Revenues increased for metals and minerals (20 per cent), petroleum and chemicals (19 per cent), automotive (18 per cent), intermodal (16 per cent), coal (15 per cent), and forest products (nine per cent). Grain and fertilizers revenues declined one per cent.

Revenue ton-miles, measuring the relative weight and distance of rail freight transported by CN, increased eight per cent from the year-earlier period.

Rail freight revenue per revenue ton-mile, a measurement of yield defined as revenue earned on the movement of a ton of freight over one mile, increased five per cent over the second quarter of 2011, driven by freight rate increases, the impact of a higher fuel surcharge and the positive translation impact of the weaker Canadian dollar, partly offset by an increase in the average length of haul.

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Operating expenses for the second quarter increased by 12 per cent to C\$1,558 million, mainly due to higher labor and fringe benefits expense, increased fuel costs, the negative translation impact of the weaker Canadian dollar on U.S.-dollar-denominated expenses, as well as increased purchased services and material expense.

- 1) See discussion and reconciliation of non-GAAP adjusted performance-measures in the attached supplementary schedule, Non-GAAP Measures.
- 2) See Forward-Looking Statements for a summary of the key assumptions and risks regarding CN's 2012 outlook.

Forward-Looking Statements

Certain information included in this news release constitutes "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities laws. CN cautions that, by their nature, these forward-looking statements involve risks, uncertainties and assumptions. The Company cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of the Company or the rail industry to be materially different from the outlook or any future results or performance implied by such statements. To the extent that CN has provided guidance that are non-GAAP financial measures, the Company may not be able to provide a reconciliation to the GAAP measures, due to unknown variables and uncertainty related to future results. Key assumptions used in determining forward-looking information are set forth below.

Key assumptions

CN, as referenced earlier in this news release, is revising the 2012 financial outlook that was last updated on April 23, 2012, in a news release announcing the Company's first-quarter 2012 financial results.

Current assumptions

CN's revised 2012 financial outlook is based on a number of economic and market assumptions. The Company is forecasting that North American industrial production for 2012 will increase by about 3.5 per cent. For the year, CN also expects U.S. housing starts to be approximately 750,000 units, and U.S. motor vehicles sales to be approximately 14.5 million units. In addition, CN is assuming the 2012/2013 U.S. grain crop will be in line with the 2011/2012 crop year, and that the 2012/2013 Canadian grain crop will be slightly higher than the five-year average. With the assumptions above, CN also assumes carload growth in the mid-single digit range, along with continued pricing improvement above inflation. CN also assumes the Canadian-U.S. exchange rate to be slightly below parity for 2012 and that the price of crude oil (West Texas Intermediate) for the year to be in the range of US\$85-US\$95 per barrel. In 2012, CN plans to invest approximately C\$1.8 billion in capital programs, of which more than C\$1 billion will be targeted on track infrastructure to maintain a safe and fluid railway network. In addition, the Company will invest in projects to support a number of productivity and growth initiatives.

Prior assumptions (as of April 23, 2012)

CN, on April 23, 2012, revised its initial 2012 financial outlook that was issued on Jan. 24, 2012, in a news release announcing the Company's fourth-quarter and full-year 2011 financial results. On April 23, 2012, the Company forecast that North American industrial production for 2012 would increase by about 3.5 per cent (up from three per

cent previously forecast). CN also expected U.S. housing starts would be approximately 750,000 units (compared with 700,000 units) and U.S. motor vehicles sales would be approximately 14.5 million units (up from 13.5 million units) for the year. In addition, CN assumed the 2012/2013 grain crops in both Canada and the U.S. would be in line with five-year averages. With respect to the 2011/2012 crop, U.S. corn and soybean production was projected to be slightly below -- and exports were projected to be significantly below -- the prior year's crop. Canadian 2011/2012 grain production and export forecasts were projected to be moderately above the prior year's crop. With these assumptions, CN also assumed carload growth in the mid-single digit range, along with continued pricing improvement above inflation. CN assumed the Canadian-U.S. exchange rate would be around parity for 2012, and that the price of crude oil (West Texas Intermediate) for the year would be in the range of US\$100 per barrel. In 2012, CN planned to invest approximately C\$1.8 billion in capital programs (up from C\$1.75 billion), of which more than C\$1 billion was to be targeted on track infrastructure to maintain a safe and fluid railway network. In addition, the Company planned to invest in projects to support a number of productivity and growth initiatives.

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Important risk factors that could affect the 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 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 risk factors.

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

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

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CANADIAN NATIONAL RAILWAY COMPANY
CONSOLIDATED STATEMENT OF INCOME (U.S. GAAP) - unaudited
(In millions, except per share data)

Item2

| | Three months ended June 30 | | Six months ended June 30 | |
|-----------------------------------|-------------------------------|----------|-----------------------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| Revenues | \$ 2,543 | \$ 2,260 | \$ 4,889 | \$ 4,344 |
| Operating expenses | | | | |
| Labor and fringe benefits | 504 | 432 | 1,013 | 905 |
| Purchased services and material | 305 | 268 | 604 | 554 |
| Fuel | 379 | 353 | 755 | 680 |
| Depreciation and amortization | 230 | 217 | 460 | 435 |
| Equipment rents | 59 | 54 | 121 | 105 |
| Casualty and other | 81 | 62 | 158 | 146 |
| Total operating expenses | 1,558 | 1,386 | 3,111 | 2,825 |
| Operating income | 985 | 874 | 1,778 | 1,519 |
| Interest expense | (86) | (85) | (172) | (171) |
| Other income (Note 3) | 9 | 10 | 302 | 310 |
| Income before income taxes | 908 | 799 | 1,908 | 1,658 |
| Income tax expense (Note 7) | (277) | (261) | (502) | (452) |
| Net income | \$ 631 | \$ 538 | \$ 1,406 | \$ 1,206 |
| Earnings per share (Note 10) | | | | |
| Basic | \$ 1.44 | \$ 1.19 | \$ 3.20 | \$ 2.64 |
| Diluted | \$ 1.44 | \$ 1.18 | \$ 3.18 | \$ 2.63 |
| Weighted-average number of shares | | | | |
| Basic | 437.2 | 453.9 | 439.1 | 456.1 |
| Diluted | 439.5 | 457.1 | 441.5 | 459.4 |

See accompanying notes to unaudited consolidated financial statements.

CANADIAN NATIONAL RAILWAY COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (U.S. GAAP) - unaudited
(In millions)

| | Three months ended | | Six months ended | |
|----------------------------------------------------------------------------------------------------------------------|--------------------|-----------------|------------------|-----------------|
| | June 30 2012 | June 30 2011 | June 30 2012 | June 30 2011 |
| Net income | \$ 631 | \$ 538 | \$ 1,406 | \$ 1,206 |
| Other comprehensive income (loss) | | | | |
| Foreign exchange gain (loss) on: | | | | |
| Translation of the net investment in foreign operations | 128 | (33) | 11 | (180) |
| Translation of US dollar-denominated long-term debt designated as a hedge of the net investment in U.S. subsidiaries | (125) | 29 | (13) | 169 |
| Pension and other postretirement benefit plans (Note 6) | | | | |
| Amortization of net actuarial loss included in net periodic benefit cost (income) | 31 | 2 | 62 | 4 |
| Amortization of prior service cost included in net periodic benefit cost (income) | 2 | 1 | 4 | 1 |
| Derivative instruments | - | - | - | (1) |
| Other comprehensive income (loss) before income taxes | 36 | (1) | 64 | (7) |
| Income tax recovery (expense) | 9 | (4) | (14) | (25) |
| Other comprehensive income (loss) | 45 | (5) | 50 | (32) |
| Comprehensive income | \$ 676 | \$ 533 | \$ 1,456 | \$ 1,174 |

See accompanying notes to unaudited consolidated financial statements.

CANADIAN NATIONAL RAILWAY COMPANY
CONSOLIDATED BALANCE SHEET (U.S. GAAP) - unaudited
(In millions)

| | June 30 2012 | December 31 2011 | June 30 2011 |
|----------------------------------------------------------------------|-----------------|---------------------|-----------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 345 | \$ 101 | \$ 175 |
| Restricted cash and cash equivalents (Note 4) | 472 | 499 | 467 |
| Accounts receivable | 833 | 820 | 825 |
| Material and supplies | 277 | 201 | 240 |
| Deferred and receivable income taxes | 47 | 122 | 50 |
| Other | 85 | 105 | 84 |
| Total current assets | 2,059 | 1,848 | 1,841 |
| Properties | 24,078 | 23,917 | 22,789 |
| Intangible and other assets | 329 | 261 | 840 |
| Total assets | \$ 26,466 | \$ 26,026 | \$ 25,470 |
| Liabilities and shareholders' equity | | | |
| Current liabilities: | | | |
| Accounts payable and other | \$ 1,609 | \$ 1,580 | \$ 1,452 |
| Current portion of long-term debt (Note 4) | 784 | 135 | 530 |
| Total current liabilities | 2,393 | 1,715 | 1,982 |
| Deferred income taxes | 5,629 | 5,333 | 5,301 |
| Pension and other postretirement benefits, net of current portion | 576 | 1,095 | 510 |
| Other liabilities and deferred credits | 713 | 762 | 774 |
| Long-term debt | 5,991 | 6,441 | 5,432 |
| Shareholders' equity: | | | |
| Common shares | 4,132 | 4,141 | 4,211 |
| Accumulated other comprehensive loss | (2,789) | (2,839) | (1,741) |
| Retained earnings | 9,821 | 9,378 | 9,001 |
| Total shareholders' equity | 11,164 | 10,680 | 11,471 |
| Total liabilities and shareholders' equity | \$ 26,466 | \$ 26,026 | \$ 25,470 |

See accompanying notes to unaudited consolidated financial statements.

CANADIAN NATIONAL RAILWAY COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (U.S. GAAP) -
unaudited
(In millions)

| | Three months ended June 30 | | Six months ended June 30 | |
|---------------------------------------------|-------------------------------|------------|-----------------------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| Common shares (1) | | | | |
| Balance, beginning of period | \$ 4,153 | \$ 4,228 | \$ 4,141 | \$ 4,252 |
| Stock options exercised and other | 22 | 34 | 78 | 56 |
| Share repurchase programs (Note 4) | (43) | (51) | (87) | (97) |
| Balance, end of period | \$ 4,132 | \$ 4,211 | \$ 4,132 | \$ 4,211 |
| Accumulated other comprehensive loss | | | | |
| Balance, beginning of period | \$ (2,834) | \$ (1,736) | \$ (2,839) | \$ (1,709) |
| Other comprehensive income (loss) | 45 | (5) | 50 | (32) |
| Balance, end of period | \$ (2,789) | \$ (1,741) | \$ (2,789) | \$ (1,741) |
| Retained earnings | | | | |
| Balance, beginning of period | \$ 9,679 | \$ 8,966 | \$ 9,378 | \$ 8,741 |
| Net income | 631 | 538 | 1,406 | 1,206 |
| Share repurchase programs (Note 4) | (326) | (356) | (635) | (650) |
| Dividends | (163) | (147) | (328) | (296) |
| Balance, end of period | \$ 9,821 | \$ 9,001 | \$ 9,821 | \$ 9,001 |

See accompanying notes to unaudited consolidated financial statements.

(1) During the three and six months ended June 30, 2012, the Company issued 0.6 million and 1.9 million common shares, respectively, as a result of stock options exercised and repurchased 4.5 million and 9.2 million common shares, respectively, under its current share repurchase program. At June 30, 2012, the Company had 434.8 million common shares outstanding.

CANADIAN NATIONAL RAILWAY COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS (U.S. GAAP) - unaudited
(In millions)

| | Three months ended June 30 | | Six months ended June 30 | |
|-----------------------------------------------------------------------------------------------------|-------------------------------|--------|-----------------------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| Operating activities | | | | |
| Net income | \$ 631 | \$ 538 | \$ 1,406 | \$ 1,206 |
| Adjustments to reconcile net income to net cash | | | | |
| provided by operating activities: | | | | |
| Depreciation and amortization | 230 | 217 | 460 | 435 |
| Deferred income taxes | 78 | 119 | 272 | 223 |
| Gain on disposal of property (Note 3) | - | - | (281) | (288) |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | (56) | (54) | (12) | (72) |
| Material and supplies | (15) | (13) | (76) | (32) |
| Accounts payable and other | 290 | 106 | 90 | 42 |
| Other current assets | 19 | 3 | (11) | (7) |
| Pensions and other, net | 34 | (17) | (512) | (109) |
| Net cash provided by operating activities | 1,211 | 899 | 1,336 | 1,398 |
| Investing activities | | | | |
| Property additions | (389) | (377) | (613) | (597) |
| Disposal of property (Note 3) | - | - | 311 | 299 |
| Change in restricted cash and cash equivalents (Note 4) | 27 | (467) | 27 | (467) |
| Other, net | (4) | 3 | (2) | 17 |
| Net cash used in investing activities | (366) | (841) | (277) | (748) |
| Financing activities | | | | |
| Issuance of debt (Note 4) | 554 | 64 | 1,631 | 64 |
| Repayment of debt | (723) | (17) | (1,468) | (39) |
| Issuance of common shares due to exercise of stock options and related excess tax benefits realized | 19 | 31 | 73 | 51 |
| Repurchase of common shares (Note 4) | (369) | (407) | (722) | (747) |
| Dividends paid | (163) | (147) | (328) | (296) |
| Net cash used in financing activities | (682) | (476) | (814) | (967) |
| Effect of foreign exchange fluctuations on US dollar-denominated cash and cash equivalents | - | - | (1) | 2 |
| Net increase (decrease) in cash and cash equivalents | 163 | (418) | 244 | (315) |

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| | | | | |
|------------------------------------------------------------------------|----------|----------|----------|----------|
| Cash and cash equivalents, beginning of period | 182 | 593 | 101 | 490 |
| Cash and cash equivalents, end of period | \$ 345 | \$ 175 | \$ 345 | \$ 175 |
| Supplemental cash flow information | | | | |
| Net cash receipts from customers and other | \$ 2,541 | \$ 2,228 | \$ 4,920 | \$ 4,333 |
| Net cash payments for: | | | | |
| Employee services, suppliers and other expenses | (1,233) | (1,156) | (2,767) | (2,427) |
| Interest | (76) | (75) | (186) | (162) |
| Personal injury and other claims | (14) | (16) | (44) | (33) |
| Pensions (Note 6) | (5) | (5) | (558) | (98) |
| Income taxes | (2) | (77) | (29) | (215) |
| Net cash provided by operating activities | \$ 1,211 | \$ 899 | \$ 1,336 | \$ 1,398 |
| See accompanying notes to unaudited consolidated financial statements. | | | | |

CANADIAN NATIONAL RAILWAY COMPANY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (U.S. GAAP)

Note 1 - Basis of presentation

In management's opinion, the accompanying unaudited Interim Consolidated Financial Statements and Notes thereto, expressed in Canadian dollars, and prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial statements, contain all adjustments (consisting of normal recurring accruals) necessary to present fairly Canadian National Railway Company's (the Company) financial position as at June 30, 2012, December 31, 2011 and June 30, 2011, and its results of operations, changes in shareholders' equity and cash flows for the three and six months ended June 30, 2012 and 2011.

These unaudited Interim Consolidated Financial Statements and Notes thereto have been prepared using accounting policies consistent with those used in preparing the Company's 2011 Annual Consolidated Financial Statements. While management believes that the disclosures presented are adequate to make the information not misleading, these unaudited Interim Consolidated Financial Statements and Notes thereto should be read in conjunction with the Company's Interim Management's Discussion and Analysis (MD&A) and the 2011 Annual Consolidated Financial Statements and Notes thereto.

Note 2 - Accounting change

In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-05, Presentation of Comprehensive Income, giving companies the option to present the components of net income and comprehensive income in either one or two consecutive financial statements. ASU 2011-05 eliminates the option to present the components of other comprehensive income in the statement of changes in shareholders' equity. ASU 2011-05 also requires reclassification adjustments for each component of accumulated other comprehensive income (AOCI) in both net income and other comprehensive income (OCI) to be separately disclosed on the face of the financial statements. In December 2011, the FASB issued ASU 2011-12, Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income, which deferred the effective date to present reclassification adjustments in net income. The effective date of the deferral is consistent with the effective date of ASU 2011-05 which is effective for fiscal years beginning on or after December 15, 2011. The FASB is currently re-evaluating the requirements, with a final decision expected in 2012. The Company has adopted the requirements of these ASUs.

Note 3 - Disposal of property

2012 – Disposal of Bala-Oakville

In March 2012, the Company entered into an agreement with Metrolinx to sell a segment of the Bala and a segment of the Oakville subdivisions in Toronto, Ontario, together with the rail fixtures and certain passenger agreements (collectively the "Bala-Oakville"), for cash proceeds of \$311 million before transaction costs. Under the agreement, the Company obtained the perpetual right to operate freight trains over the Bala-Oakville at its then current level of operating activity, with the possibility of increasing its operating activity for additional consideration. The transaction resulted in a gain on disposal of \$281 million (\$252 million after-tax) that was recorded in Other income under the full accrual method of accounting for real estate transactions.

2011 – Disposal of IC RailMarine Terminal

In August 2011, the Company sold substantially all of the assets of IC RailMarine Terminal Company (ICRMT), an indirect subsidiary of the Company, to Raven Energy, LLC, an affiliate of Foresight Energy, LLC (Foresight) and the Cline Group (Cline), for cash proceeds of \$70 million (US\$73 million) before transaction costs. ICRMT is located on the east bank of the Mississippi River and stores and transfers bulk commodities and liquids between rail, ship and barge, serving customers in North American and global markets. Under the sale agreement, the Company will benefit from a 10-year rail transportation agreement with Savatran, LLC, an affiliate of Foresight and Cline, to haul a minimum annual volume of coal from four Illinois mines to the ICRMT transfer facility. The transaction resulted in a gain on disposal of \$60 million (\$38 million after-tax) that was recorded in Other income.

CANADIAN NATIONAL RAILWAY COMPANY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (U.S. GAAP)

2011 – Disposal of Lakeshore East

In March 2011, the Company entered into an agreement with Metrolinx to sell a segment of the Kingston subdivision known as the Lakeshore East in Pickering and Toronto, Ontario, together with the rail fixtures and certain passenger agreements (collectively the “Lakeshore East”), for cash proceeds of \$299 million before transaction costs. Under the agreement, the Company obtained the perpetual right to operate freight trains over the Lakeshore East at its then current level of operating activity, with the possibility of increasing its operating activity for additional consideration. The transaction resulted in a gain on disposal of \$288 million (\$254 million after-tax) that was recorded in Other income under the full accrual method of accounting for real estate transactions.

Note 4 - Financing activities

Revolving credit facility

In May 2011, the Company entered into an \$800 million four-year revolving credit facility agreement with a consortium of lenders. In March 2012, the agreement was amended to extend the term to May 2017. The agreement, which contains customary terms and conditions, allows for increases in the facility amount, up to a maximum of \$1,300 million, as well as the option to extend the term by an additional year at each anniversary date, subject to the consent of individual lenders. The Company plans to use the credit facility for working capital and general corporate purposes, including backstopping its commercial paper program. As at June 30, 2012, the Company had no outstanding borrowings under its revolving credit facility (nil as at December 31, 2011).

Commercial paper

The Company has a commercial paper program, which is backed by its revolving credit facility, enabling it to issue commercial paper up to a maximum aggregate principal amount of \$800 million, or the US dollar equivalent. As at June 30, 2012, the Company had borrowings of \$270 million of commercial paper (\$82 million (US\$81 million) as at December 31, 2011) presented in Current portion of long-term debt on the Consolidated Balance Sheet. The weighted-average interest rate on these borrowings was 1.04% (0.20% as at December 31, 2011).

Bilateral letter of credit facilities and Restricted cash and cash equivalents

In April 2011, the Company entered into a series of three-year bilateral letter of credit facility agreements with various banks to support its requirements to post letters of credit in the ordinary course of business. In March 2012, the agreements were amended to extend the maturity by one year to April 2015 and an additional letter of credit agreement was signed with an additional bank. Under these agreements as amended, the Company has the option from time to time to pledge collateral in the form of cash or cash equivalents, for a minimum term of one month, equal to at least the face value of the letters of credit issued. As at June 30, 2012, from a total committed amount of \$559 million (\$520 million as at December 31, 2011) by the various banks, the Company had letters of credit drawn of \$502 million (\$499 million as at December 31, 2011). As at June 30, 2012, cash and cash equivalents of \$472 million (\$499 million as at December 31, 2011) were pledged as collateral and recorded as Restricted cash and cash equivalents on the Consolidated Balance Sheet.

Share repurchase programs

In October 2011, the Board of Directors of the Company approved a share repurchase program which allows for the repurchase of up to 17.0 million common shares between October 28, 2011 and October 27, 2012 pursuant to a normal course issuer bid at prevailing market prices plus brokerage fees, or such other prices as may be permitted by the Toronto Stock Exchange.

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The following table provides the activity under such share repurchase program as well as the share repurchase program of the prior year:

| | Three months ended June 30 | | Six months ended June 30 | |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------|----------|
| In millions, except per share data | 2012 | 2011 | 2012 | 2011 |
| Number of common shares repurchased (1) | 4.5 | 5.5 | 9.2 | 10.5 |
| Weighted-average price per share (2) | \$ 82.96 | \$ 74.08 | \$ 78.92 | \$ 71.18 |
| Amount of repurchase | \$ 369 | \$ 407 | \$ 722 | \$ 747 |
| (1) | Includes common shares purchased in the first quarters of 2012 and 2011 pursuant to private agreements between the Company and arm's length third-party sellers. | | | |
| (2) | Includes brokerage fees. | | | |

CANADIAN NATIONAL RAILWAY COMPANY
 NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (U.S. GAAP)

Note 5 - Stock plans

The Company has various stock-based incentive plans for eligible employees. A description of the Company's major plans is provided in Note 11 – Stock plans to the Company's 2011 Annual Consolidated Financial Statements. The following table provides total stock-based compensation expense for awards under all plans, as well as the related tax benefit recognized in income, for the three and six months ended June 30, 2012 and 2011.

| In millions | Three months ended June 30 | | Six months ended June 30 | |
|------------------------------------------|----------------------------|-------|--------------------------|-------|
| | 2012 | 2011 | 2012 | 2011 |
| Cash settled awards | | | | |
| Restricted share unit plan | \$ 21 | \$ 18 | \$ 30 | \$ 47 |
| Voluntary Incentive Deferral Plan (VIDP) | 9 | 7 | 10 | 18 |
| | 30 | 25 | 40 | 65 |
| Stock option awards | 3 | 3 | 5 | 5 |
| Total stock-based compensation expense | \$ 33 | \$ 28 | \$ 45 | \$ 70 |
| Tax benefit recognized in income | \$ 8 | \$ 7 | \$ 9 | \$ 18 |

Cash settled awards

Following approval by the Board of Directors in January 2012, the Company granted 0.5 million restricted share units (RSUs) to designated management employees entitling them to receive payout in cash based on the Company's share price. The RSUs granted by the Company are generally scheduled for payout in cash after three years ("plan period") and vest conditionally upon the attainment of a target relating to return on invested capital over the plan period.

Payout is conditional upon the attainment of a minimum share price calculated using the average of the last three months of the plan period. In addition, commencing at various dates, for senior and executive management employees ("executive employees"), payout is conditional on compliance with the conditions of their benefit plans, award or employment agreements, including but not limited to non-compete, non-solicitation, and non-disclosure of confidential information conditions. Current or former executive employees who breach such conditions of their benefit plans, award or employment agreements will forfeit the RSU payout. Should the Company reasonably determine that a current or former executive employee may have violated the conditions of their benefit plans, award or employment agreements, the Company may at its discretion change the manner of vesting of the RSUs to suspend payout on any RSUs pending resolution of such matter.

In February 2012, the Company's Board of Directors unanimously voted to forfeit and cancel the RSU payout of approximately \$18 million otherwise due in February 2012 to its former Chief Executive Officer (CEO) after determining that the former CEO was likely in breach of his non-compete and non-disclosure of confidential information conditions contained in the former CEO's employment agreement. Pending a final resolution of the legal proceedings, the Company, without prejudice, has not recorded a gain from the cancellation of the RSU payout. See Note 8 - Major commitments and contingencies to the Company's unaudited Interim Consolidated Financial Statements.

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As at June 30, 2012, 0.1 million RSUs remained authorized for future issuance under this plan.

The following table provides the 2012 activity for all cash settled awards:

| In millions | RSUs | | VIDP | |
|----------------------------------|-----------|---------|-----------|--------|
| | Nonvested | Vested | Nonvested | Vested |
| Outstanding at December 31, 2011 | 0.9 | 0.9 | - | 1.4 |
| Granted (Payout) | 0.5 | (0.7) | - | - |
| Outstanding at June 30, 2012 | 1.4 | 0.2 (1) | - | 1.4 |

(1) Consists of the units of the RSU payout currently in dispute. See Note 8 - Major commitments and contingencies to the Company's unaudited Interim Consolidated Financial Statements.

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The following table provides valuation and expense information for all cash settled awards:

| In millions, unless otherwise indicated | RSUs (1) | | | | VIDP (2) | Total |
|-----------------------------------------------|----------|----------|----------|--------|----------|--------|
| | 2012 | 2011 | 2010 | 2009 | | |
| Year of grant | | | | | | |
| Stock-based compensation expense | | | | | | |
| recognized over | | | | | | |
| requisite service period | | | | | | |
| Six months ended June 30, 2012 | \$ 6 | \$ 12 | \$ 12 | - | \$ 10 | \$ 40 |
| Six months ended June 30, 2011 | N/A | \$ 6 | \$ 16 | 25 | \$ 18 | \$ 65 |
| Liability outstanding | | | | | | |
| June 30, 2012 | \$ 6 | \$ 32 | \$ 56 | 18 (3) | \$ 129 | \$ 241 |
| December 31, 2011 | N/A | \$ 19 | \$ 44 | 82 | \$ 119 | \$ 264 |
| Fair value per unit | | | | | | |
| June 30, 2012 (\$) | \$ 54.12 | \$ 75.03 | \$ 85.31 | N/A | \$ 86.10 | N/A |
| Fair value of awards vested during the period | | | | | | |
| Six months ended June 30, 2012 | \$ - | \$ - | \$ - | N/A | \$ 1 | \$ 1 |
| Six months ended June 30, 2011 | N/A | \$ - | \$ - | - | \$ 1 | \$ 1 |
| Nonvested awards at June 30, 2012 | | | | | | |
| Unrecognized compensation cost | \$ 18 | \$ 18 | \$ 8 | N/A | \$ 1 | \$ 45 |
| Remaining recognition period (years) | 2.5 | 1.5 | 0.5 | N/A | N/A (4) | N/A |
| Assumptions (5) | | | | | | |
| Stock price (\$) | \$ 86.10 | \$ 86.10 | \$ 86.10 | N/A | \$ 86.10 | N/A |
| Expected stock price volatility (6) | 19% | 17% | 19% | N/A | N/A | N/A |
| Expected term (years) (7) | 2.5 | 1.5 | 0.5 | N/A | N/A | N/A |
| Risk-free interest rate (8) | 0.98% | 0.97% | 0.96% | N/A | N/A | N/A |
| Dividend rate (\$ (9) | \$ 1.50 | \$ 1.50 | \$ 1.50 | N/A | N/A | N/A |

- (1) Compensation cost is based on the fair value of the awards at period-end using the lattice-based valuation model that uses the assumptions as presented herein.
- (2) Compensation cost is based on intrinsic value.
- (3) Consists of the carrying value of the RSU payout currently in dispute. See Note 8 - Major Commitments and contingencies to the Company's unaudited Interim Consolidated Financial Statements.
- (4) The remaining recognition period has not been quantified as it relates solely to the 25% Company grant and the dividends earned thereon, representing a minimal number of units.
- (5) Assumptions used to determine fair value are at June 30, 2012.

- (6) Based on the historical volatility of the Company's stock over a period commensurate with the expected term of the award.
- (7) Represents the remaining period of time that awards are expected to be outstanding.
- (8) Based on the implied yield available on zero-coupon government issues with an equivalent term commensurate with the expected term of the awards.
- (9) Based on the annualized dividend rate.

Stock option awards

Following approval by the Board of Directors in January 2012, the Company granted 0.6 million conventional stock options to designated senior management employees. The stock option plan allows eligible employees to acquire common shares of the Company upon vesting at a price equal to the market value of the common shares at the date of grant. The options are exercisable during a period not exceeding 10 years. The right to exercise options generally accrues over a period of four years of continuous employment. Options are not generally exercisable during the first 12 months after the date of grant. At June 30, 2012, 10.4 million common shares remained authorized for future issuances under this plan. The total number of options outstanding at June 30, 2012, including conventional and performance-accelerated options, was 4.5 million and 1.1 million, respectively. As at June 30, 2012, the performance-accelerated stock options were fully vested.

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The following table provides the activity of stock option awards in 2012. The table also provides the aggregate intrinsic value for in-the-money stock options, which represents the value that would have been received by option holders had they exercised their options on June 30, 2012 at the Company's closing stock price of \$86.10.

| | Number of options In millions | Weighted-average exercise price | Options outstanding Weighted-average years to expiration | Aggregate intrinsic value In millions |
|-----------------------------------------|-------------------------------------|------------------------------------|----------------------------------------------------------------|---------------------------------------------|
| Outstanding at December 31, 2011 (1) | 6.9 | \$ 40.80 | | |
| Granted | 0.6 | \$ 76.69 | | |
| Exercised | (1.9) | \$ 34.76 | | |
| Outstanding at June 30, 2012 (1) | 5.6 | \$ 46.63 | 5.3 | \$ 222 |
| Exercisable at June 30, 2012 (1) | 3.9 | \$ 39.11 | 4.0 | \$ 184 |

(1) Stock options with a US dollar exercise price have been translated to Canadian dollars using the foreign exchange rate in effect at the balance sheet date.

The following table provides valuation and expense information for all stock option awards:

In millions, unless otherwise
indicated

| Year of grant | 2012 | 2011 | 2010 | 2009 |
|---------------|------|------|------|------|
|---------------|------|------|------|------|