



Third Quarter 2015 Financial Results

October 27, 2015





Forward-Looking Statements

The financial results in this presentation were determined on the basis of U.S. GAAP. Please refer to the website www.cn.ca/nonGAAP for the reconciliation of certain non-GAAP measures to comparable GAAP measures. To the extent that CN has provided non-GAAP financial measures in its outlook, the Company may not be able to provide a reconciliation to the GAAP measures, due to unknown variables and uncertainty related to future results.

Certain information included in this presentation 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. Key assumptions used in determining forward-looking information are set forth below.

2015 key assumptions

CN has made a number of economic and market assumptions in preparing its 2015 outlook. The company is assuming that North American industrial production for the year will increase by approximately one per cent and is now assuming U.S. housing starts in the range of 1.1 million units and U.S. motor vehicle sales of approximately 17 million units, versus its previous (July 20, 2015) assumptions of 1.2 million and 16.7 million, respectively. The 2014/2015 Canadian grain crop represented a significant reduction toward the historical trend line after a record 2013/2014 grain crop, while the 2014/2015 U.S. grain crop was above trend. For the 2015/2016 crop year, the Company now assumes that the Canadian grain crop will be below the five-year average and that the U.S. grain crop will be above the five-year average, compared with its previous assumption that both crops would be in-line with trend yields. CN also now expects 2015 customer shipments of energy-related commodities, namely crude oil and frac sand, to be below 2014 levels, versus its previous assumption of no growth. With these assumptions, CN now assumes total carloads for all freight categories in 2015 will be approximately 2 per cent below 2014 levels, compared with its previous assumption that 2015 shipments would be comparable with those in 2014. CN expects continued pricing improvement above inflation. CN now assumes that in 2015 the value of the Canadian dollar in U.S. currency will be in the range of \$0.75 to \$0.80, and that the average price of crude oil (West Texas Intermediate) will be in the range of US\$45 to US\$50 per barrel, versus its previous assumptions of approximately \$0.80 and US\$50 per barrel, respectively. In 2015, CN plans to invest approximately C\$2.7 billion in its capital program, of which approximately C\$1.4 billion is targeted toward maintaining the safety and integrity of the network, particularly track infrastructure.

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.



Luc Jobin
Executive VP and Chief Financial Officer



Managing through the weaker volume environment

- Leveraging our franchise diversity
- Quickly recalibrating resources to drive efficiency

Balancing Operational and Service Excellence

- Maintaining end-to-end supply chain focus
- Record operating ratio of 53.8%

Strong financial results

- Diluted EPS up 21%
- YTD free cash flow of C\$1,741M

Solid execution in a challenging environment

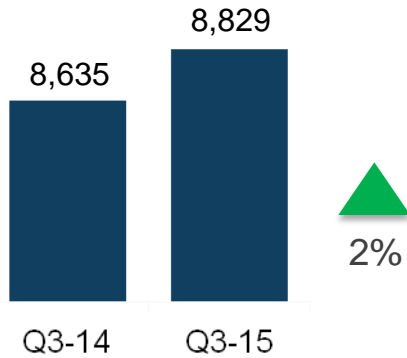


Jim Vena
Executive VP & Chief Operating Officer

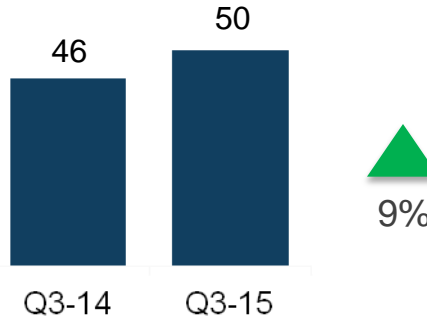


Q3 Operating Highlights

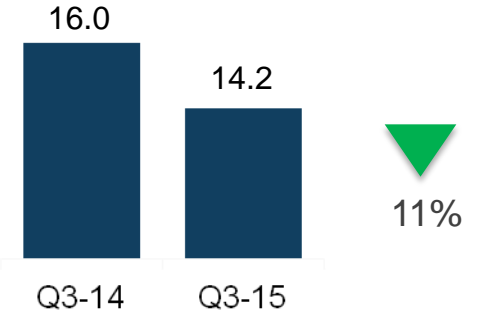
Train Productivity (GTMs per train mile)



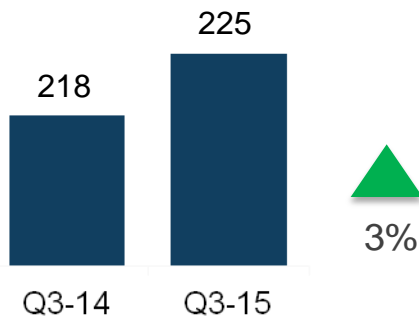
Yard Productivity (Cars per yard switching hour)



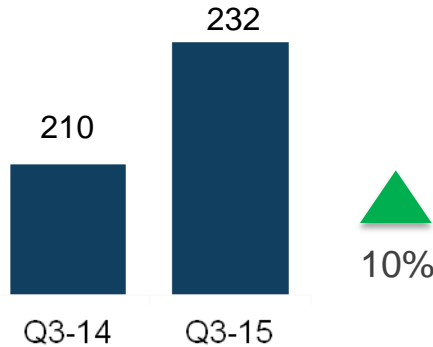
Terminal Dwell (Entire railroad, hours)



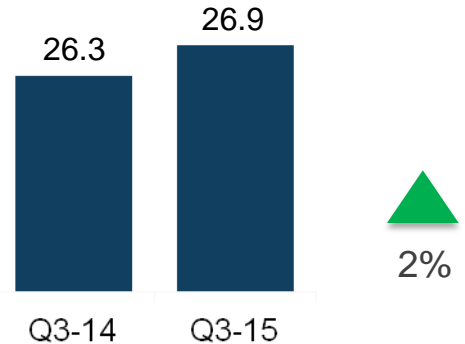
Locomotive Utilization (Trailing GTMs per total horsepower)



Car Velocity (Car miles per day)



Train Velocity (mph)



Outstanding performance by the team



Maintaining Industry Leading Efficiency



Culture of execution

- Data driven front-line decision making
- Keeping safety as the top priority

Intense focus on asset utilization

- Locomotives, railcars, people
- Zeroing-in on both the detail and the overall network

Maintaining Operational and Service Excellence

- Focusing on customer needs
- Driving end-to-end supply chain efficiency

Running a safe, efficient railroad



JJ Ruest
Executive VP & Chief Marketing Officer

Revenues	3%
Carloads	-6%
\$ / Carload	9%
RTMs	-6%
¢ / RTM	10%
Same Store Price*	3.3%

*Price on same store revenues –
~75% of CN's revenues are same store

Bulk

Grain & Fertilizers

Coal

Merchandise

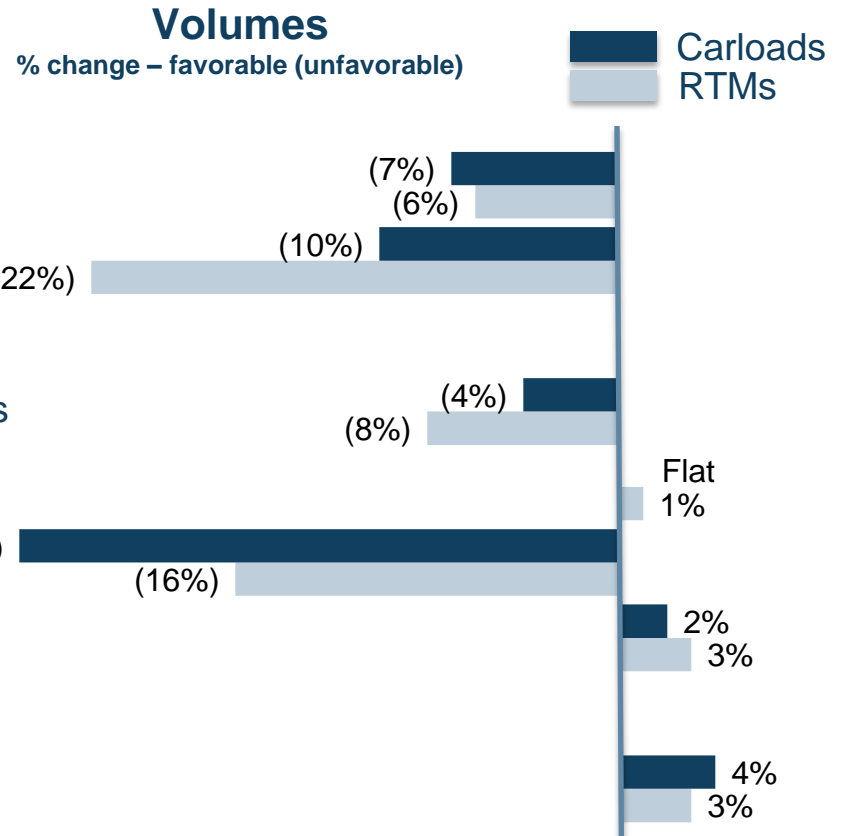
Petroleum & Chemicals

Forest Products

Metals & Minerals (25%)

Automotive

Intermodal



Weakness in coal, grain and energy markets



Bulk

- Canadian grain crop below 5-year average
 - Impacting 2016 carloads
 - Good outlook for seed crushing
 - Negative revenue cap pricing
- U.S. grain exports impacted by strong U.S. dollar and large South American crop
- Intermodal product for specialty crop export supply chain
- Global demand for Canadian potash sustained
- Coal markets in broad secular decline

21%

Merchandise

- Lumber and panels driven by U.S. housing starts, CN large railcar fleet and expired softwood lumber tax
- Solid vehicle sales and increased railcar fleet supporting automotive
- Steady outlook for refined petroleum products and petrochemicals, supported by CN private fleet management services
- Steel and iron ore impacted by weak energy capex and flood of steel imports
- Crude and frac sand below 2014 levels

50%

Intermodal

- International traffic remains strong
 - New vessel calls in Prince Rupert (Maersk) and Halifax (CMA & G6)
 - Strong U.S. Midwest franchise
- Domestic Canadian transcontinental gains, domestic cross-border under pressure
- Strong customer and market support for CN's supply chain service definition
- Building the future:
 - Pre-selling port terminal expansion
 - Mobile on-dock rail
 - DP World / Prince Rupert and GCT / Vancouver

23%

2015 Q3 YTD revenue breakdown – Other revenues represent the remaining 6%

Leveraging our strength in U.S. consumer markets



Luc Jobin
Executive VP and Chief Financial Officer



Q3 Results

<i>In millions of Canadian dollars, except EPS data, unless otherwise indicated</i>	2015	2014	Change Favorable (Unfavorable)
Revenues	\$ 3,222	\$ 3,118	3%
Operating expenses	1,735	1,832	
Operating income	1,487	1,286	16%
Interest expense	(111)	(94)	
Other income	11	(2)	
Income before income taxes	1,387	1,190	
Income tax expense	(380)	(337)	
Net income	\$ 1,007	\$ 853	18%
Diluted EPS	\$ 1.26	\$ 1.04	21%
Weighted-average diluted number of shares (in millions)	801.9	820.9	
Operating ratio	53.8%	58.8%	5 pts

Record quarterly performance



Q3 Operating Expenses

<i>In millions of Canadian dollars, unless otherwise indicated</i>	2015	2014	% Change Favorable (Unfavorable)	% Change at constant currency ⁽¹⁾ Favorable (Unfavorable)
Labor and fringe benefits	\$ 588	\$ 580	(1%)	6%
Purchased services and material	401	378	(6%)	3%
Fuel	293	446	34%	45%
Depreciation and amortization	287	258	(11%)	(4%)
Equipment rents	93	83	(12%)	5%
Casualty and other	73	87	16%	29%
Total operating expenses	\$ 1,735	\$ 1,832	5%	14%

Swift response to weaker volume environment

(1) Please see website, www.cn.ca/nonGAAP, for an explanation of this non-GAAP measure.



YTD Free Cash Flow

In millions of Canadian dollars, unless otherwise indicated

	2015
Net income	\$ 2,597
Non-cash adjustments	1,231
Payments for income taxes	(581)
Other working capital items	600
Net cash provided by operating activities	3,847
Capital expenditures (net)	(2,064)
Other investing	(102)
Net cash used in investing activities	(2,166)
Net cash provided before financing activities	1,681
Change in restricted cash and cash equivalents	60
Free cash flow	\$ 1,741
Total net indebtedness at end of period (including restricted cash and cash equivalents)	9,426
Adjusted debt-to-total capitalization ratio ⁽¹⁾	43.5%
Adjusted debt-to-adjusted EBITDA multiple ^{(1) (2)}	1.76 x

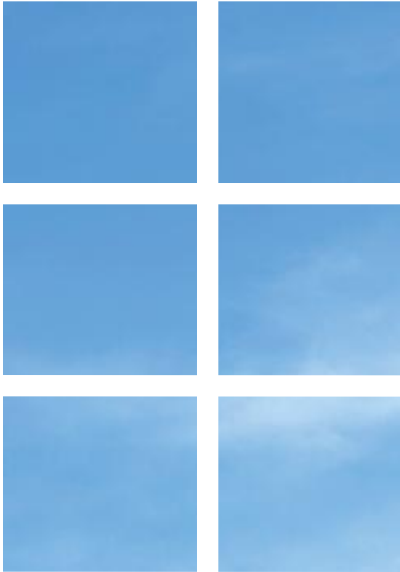
(1) Debt is adjusted to include the present value of operating lease commitments.

(2) EBITDA is defined as earnings before interest, income taxes, depreciation and amortization, and is adjusted to exclude Other income and the deemed interest on operating leases.

Please see website, www.cn.ca/nonGAAP, for an explanation of the various non-GAAP measures.



Affirming 2015 Financial Outlook



Double-digit earnings growth over 2014 adjusted diluted EPS of C\$3.76 ⁽¹⁾

- Despite slower growth environment
- Disciplined inflation-plus pricing

Reinvesting in the business

- 2015 capital envelope of C\$2.7B
- Focusing on the safety, integrity and fluidity of our plant



Rewarding shareholders

- New share buyback announced (Oct. 2015 to Oct. 2016)
- 25% dividend increase in 2015 and gradually moving towards a 35% payout ratio



(1) Please see website, www.cn.ca/nonGAAP, for an explanation of this non-GAAP measure.

Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors underlying CN's 2015 financial outlook.



Looking Ahead



- Leveraging a great franchise and a well-diversified portfolio
- Committed to our agenda of Operational and Service Excellence
- On track to achieve full-year guidance

Creating value for our customers and shareholders