



INVESTOR DAY 2017

JUNE 14, 2017 | MONTREAL, QC

Forward-Looking Statements

This presentation contains statements about future events and financial and operating performance that constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities laws, including but not limited to, statements concerning management’s expectations with respect to CN’s future plans and operations, its strategic agenda and initiatives, potential opportunities, financial and operating performance, planned capital investments, and cost-management programs. Forward-looking statements may be identified by the use of terminology such as “believes,” “expects,” “anticipates,” “assumes,” “outlook,” “plans,” “targets,” or other similar words. By their nature, 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.

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 to be materially different from the outlook or any future results or performance implied by such statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements. Important risk factors that could affect the forward-looking statements include, but are not limited to, the effects of general economic and business conditions; changes in business strategies; 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; increases in maintenance and operating costs; security threats; reliance on technology; trade restrictions; transportation of hazardous materials; various events which could disrupt operations, including natural events such as severe weather, droughts, floods and earthquakes; climate change; labor negotiations and disruptions; environmental claims; uncertainties of investigations, proceedings or other types of claims and litigation; risks and liabilities arising from derailments; timing or completion of capital programs; impacts from accounting pronouncements not yet adopted; 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 and available on CN’s website, for a description of major risk factors and assumptions.

Forward-looking statements reflect information as of the date on which they are made. 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 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.

Non-GAAP Measures

CN reports its financial results in accordance with United States generally accepted accounting principles (GAAP). This presentation may also contain non-GAAP measures that do not have any standardized meaning prescribed by GAAP and therefore, may not be comparable to similar measures presented by other companies. For further details of non-GAAP measures, including a reconciliation to the most directly comparable GAAP financial measures, reference should be made to Management’s Discussion and Analysis in CN’s annual and interim reports, and other reports filed by CN from time to time with Canadian and U.S. securities regulators, which are available on CN’s website.

The background is a dark teal color with a network of thin, light teal lines and circular nodes. Some nodes contain faint icons: a book, a pie chart, a bar chart with a dollar sign, and a document with a dollar sign. A central vertical line has a series of upward-pointing chevrons.

CN INVESTOR DAY 2017

Ghislain Houle
Executive Vice-President
and Chief Financial Officer

Solid, Consistent Financial Policy

Investing in the business

- First call on cash
- Earning well above cost of capital

Solid balance sheet

- Potential strategic opportunities
- Weather economic downturns

Shareholder distributions

- Dividends
- Share buybacks

Investing in the Business -- Our First Call on Cash

Investing **steadily**

- Basic track infrastructure investments
- Capacity improvements
- Growth projects



Efficient **network**

- Improved velocity
- Improved fluidity
- Longer/heavier trains



Improved **service**

- Driving value for our customers
- Enabling topline growth through volumes and price

Better **asset utilization**

- Lowers operating ratio and improves margins
- Improves efficiency and value to the bottom line

Investing in the Business -- Our First Call on Cash

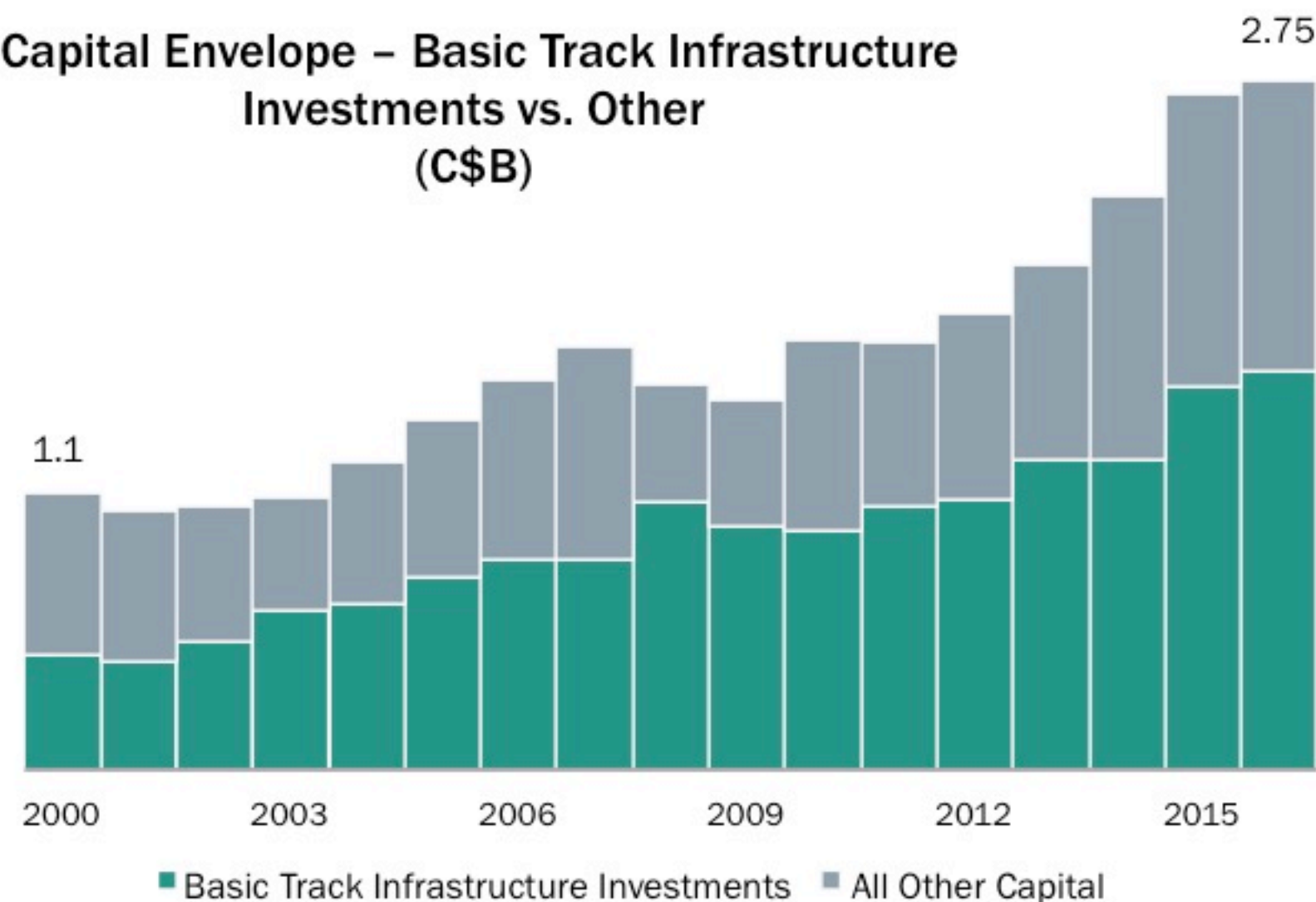
Basic track
infrastructure
investments

Capacity
improvements

Growth
enablers

Solid Foundation Built on Basic Track Infrastructure Investments

Capital Envelope – Basic Track Infrastructure Investments vs. Other (C\$B)



\$1.5 billion
in basic track
infrastructure investments
Average for the last few years

Making up
~50% of capital envelope

Total network of
~20k route miles

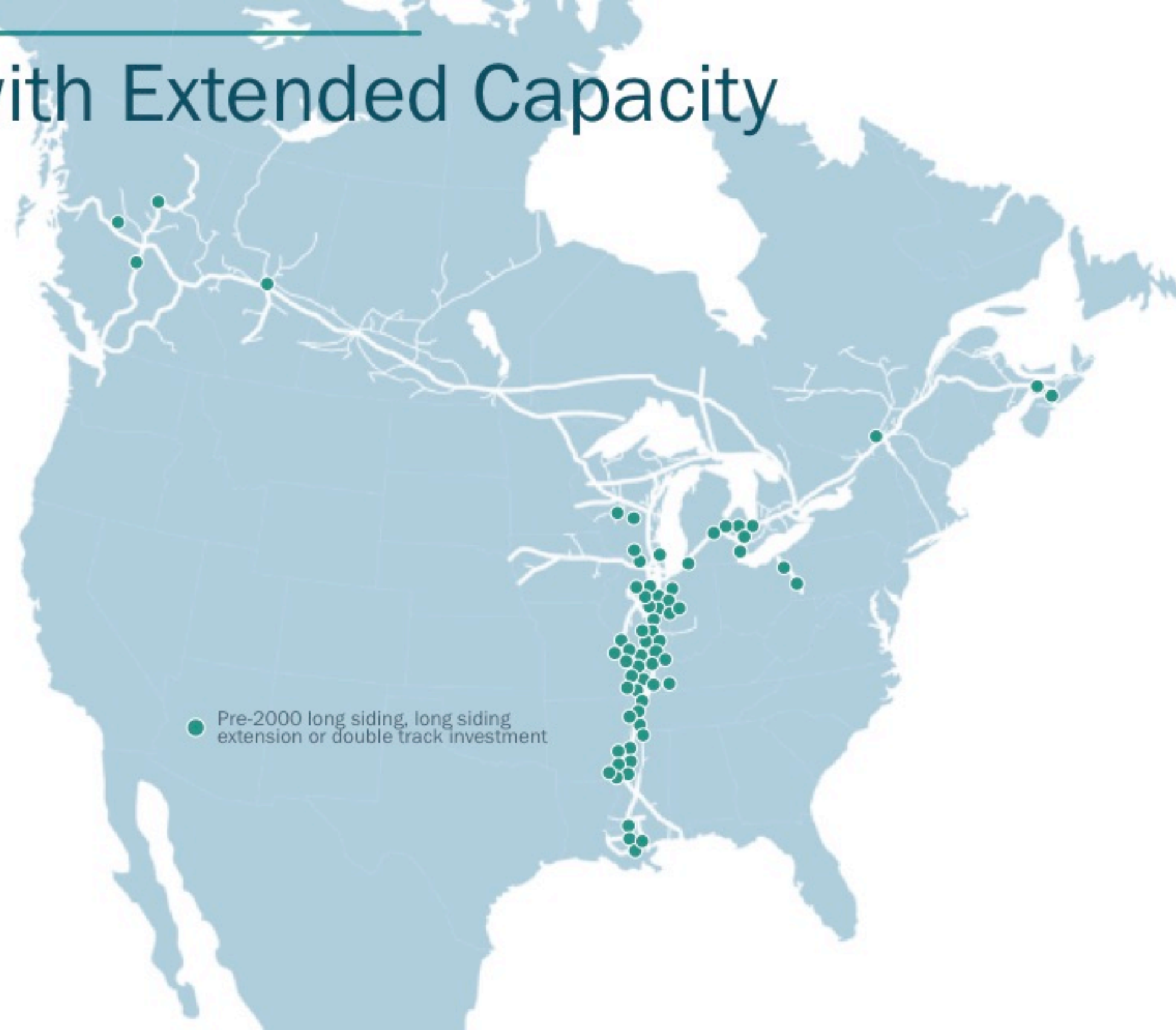
Over 7k bridges
owned and maintained by CN

~600 miles of track
installed in each of last few years

~2 million ties
installed in each of last few years

Building a Fluid Network with Extended Capacity

Pre-2000



Building a Fluid Network with Extended Capacity

2000

\$12 Million
in capital investments

4

long siding and double
track investments
since 2000

- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

Building a Fluid Network with Extended Capacity

Car Velocity
(Car miles per day)



2000

Train Productivity
(GTMs per train mile)



2000



2000 - 2001

\$38 Million
in capital investments

Workload Growth
(Daily GTMs, in millions)



2000

19
long siding and double
track investments
since 2000

- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

Building a Fluid Network with Extended Capacity

Car Velocity
(Car miles per day)



2000 2002

Train Productivity
(GTMs per train mile)



2000 2002



2000 - 2002

\$46 Million
in capital investments

Workload Growth
(Daily GTMs, in millions)



2000 2002

21

long siding and double
track investments
since 2000

- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

Building a Fluid Network with Extended Capacity

Car Velocity
(Car miles per day)



2000 2002

Train Productivity
(GTMs per train mile)



2000 2002



2000 - 2003

\$112 Million
in capital investments

Workload Growth
(Daily GTMs, in millions)



2000 2002

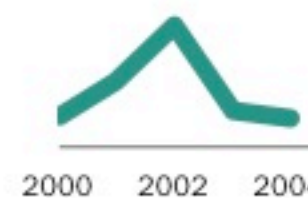
52

long siding and double
track investments
since 2000

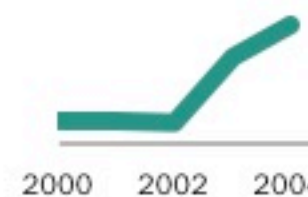
- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

Building a Fluid Network with Extended Capacity

Car Velocity (Car miles per day)



Train Productivity (GTMs per train mile)



66

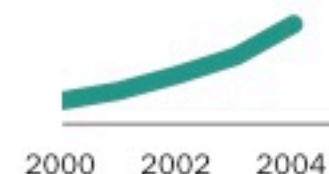
long siding and double
track investments
since 2000

- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

2000 - 2004

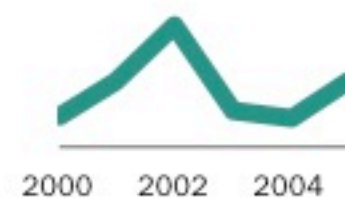
\$143 Million
in capital investments

Workload Growth (Daily GTMs, in millions)

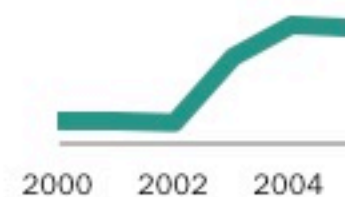


Building a Fluid Network with Extended Capacity

Car Velocity (Car miles per day)



Train Productivity (GTMs per train mile)



79

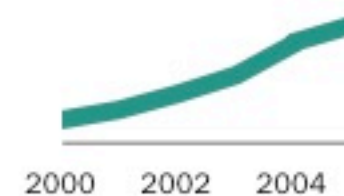
long siding and double
track investments
since 2000

- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

2000 - 2005

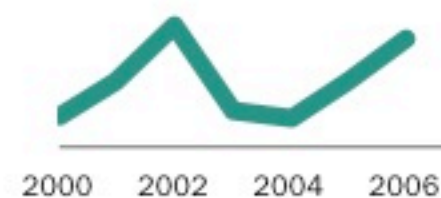
\$185 Million
in capital investments

Workload Growth (Daily GTMs, in millions)

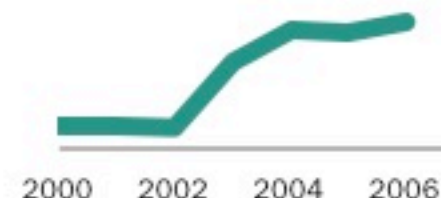


Building a Fluid Network with Extended Capacity

Car Velocity
(Car miles per day)



Train Productivity
(GTMs per train mile)



103

long siding and double
track investments
since 2000

- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

2000 - 2006

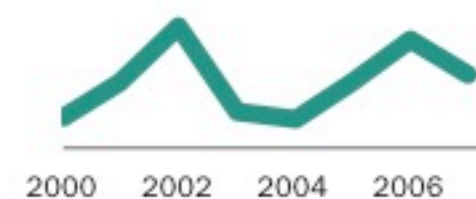
\$247 Million
in capital investments

Workload Growth
(Daily GTMs, in millions)

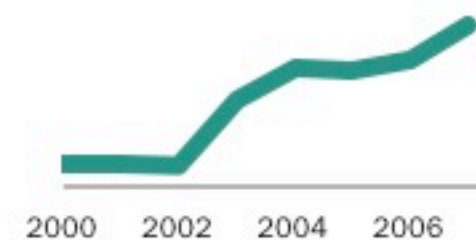


Building a Fluid Network with Extended Capacity

Car Velocity
(Car miles per day)



Train Productivity
(GTMs per train mile)



116

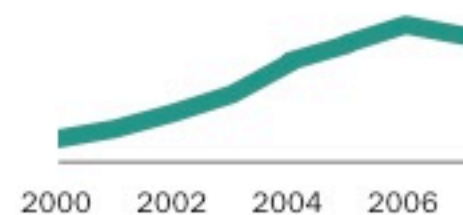
long siding and double
track investments
since 2000

- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

2000 - 2007

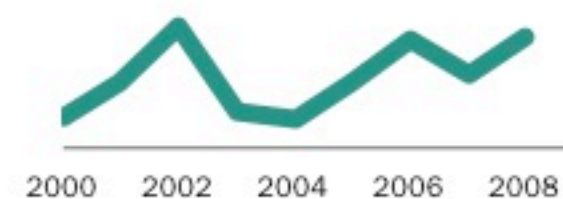
\$311 Million
in capital investments

Workload Growth
(Daily GTMs, in millions)

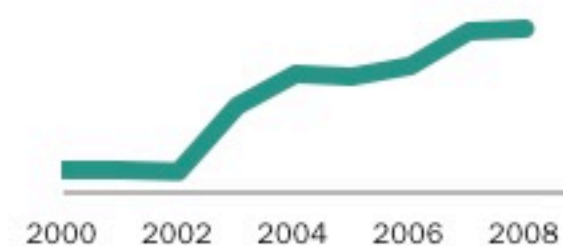


Building a Fluid Network with Extended Capacity

Car Velocity
(Car miles per day)



Train Productivity
(GTMs per train mile)



129

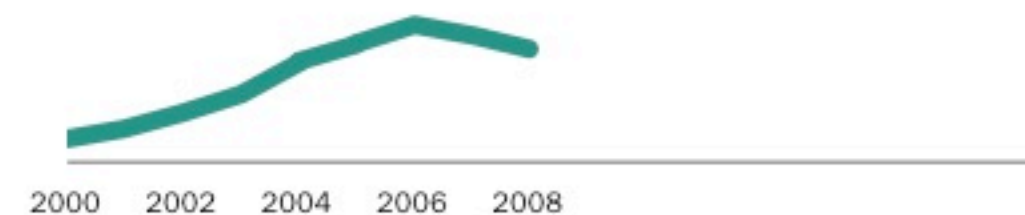
long siding and double
track investments
since 2000

- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

2000 - 2008

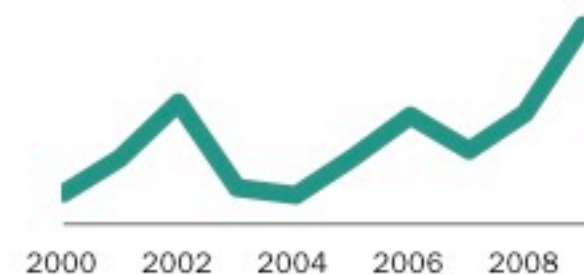
\$361 Million
in capital investments

Workload Growth
(Daily GTMs, in millions)

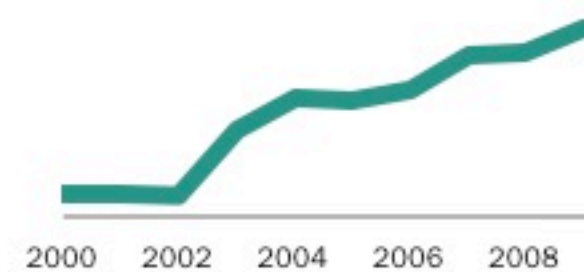


Building a Fluid Network with Extended Capacity

Car Velocity
(Car miles per day)



Train Productivity
(GTMs per train mile)



136

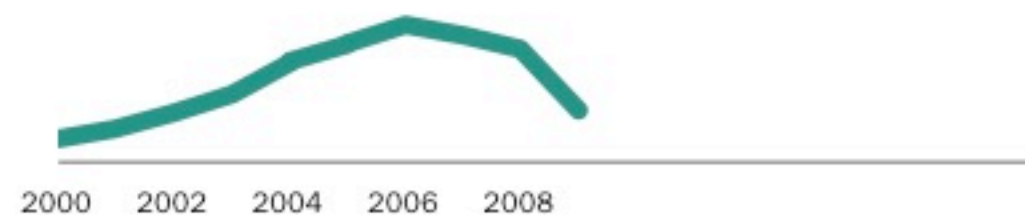
long siding and double
track investments
since 2000

- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

2000 - 2009

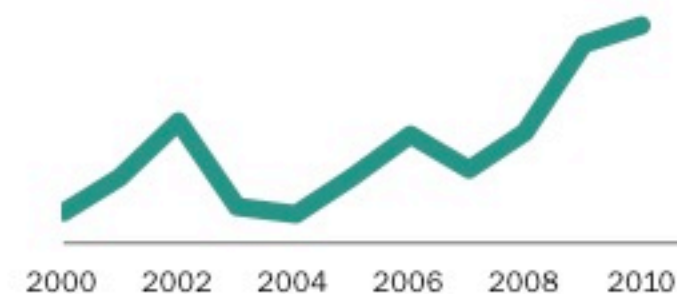
\$391 Million
in capital investments

Workload Growth
(Daily GTMs, in millions)

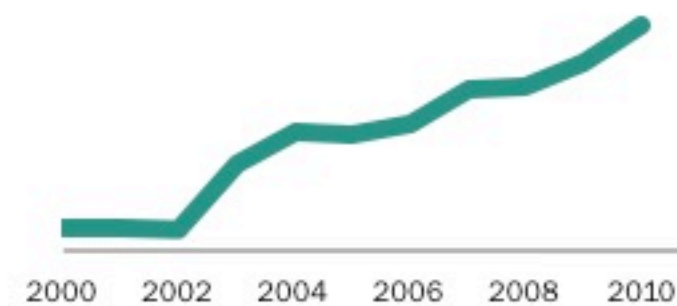


Building a Fluid Network with Extended Capacity

Car Velocity
(Car miles per day)



Train Productivity
(GTMs per train mile)



142

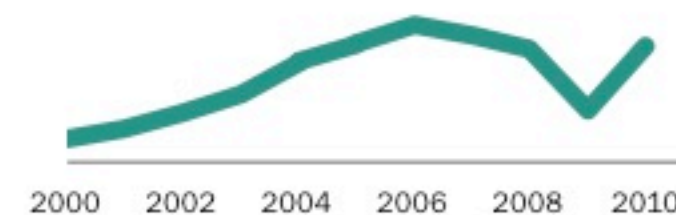
long siding and double
track investments
since 2000

- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

2000 - 2010

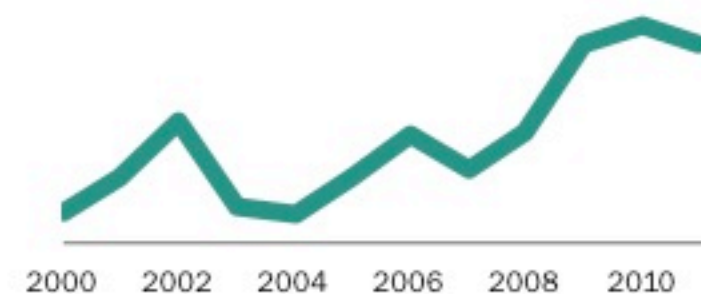
\$415 Million
in capital investments

Workload Growth
(Daily GTMs, in millions)

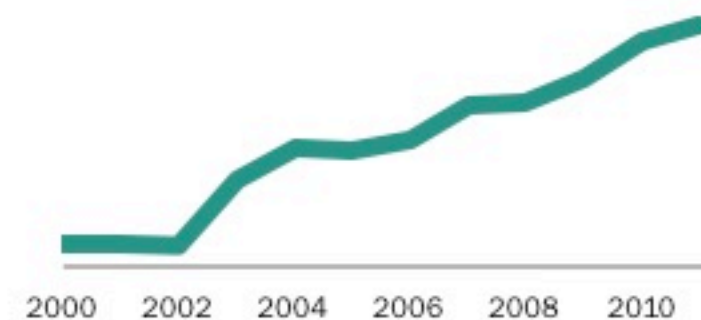


Building a Fluid Network with Extended Capacity

Car Velocity
(Car miles per day)



Train Productivity
(GTMs per train mile)



151

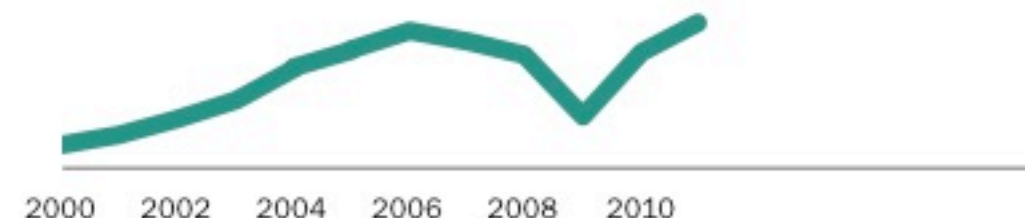
long siding and double
track investments
since 2000

- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

2000 - 2011

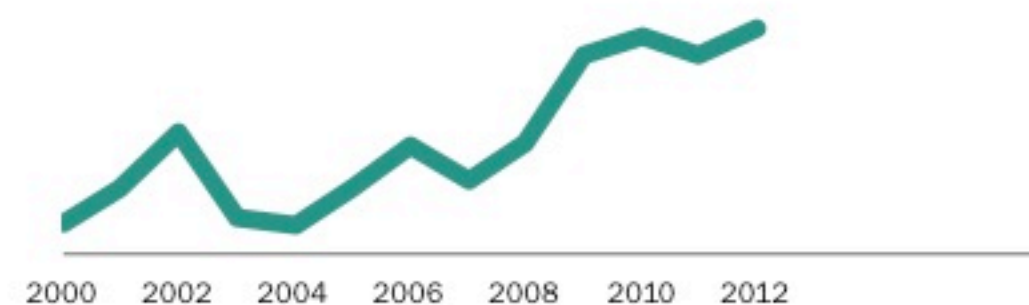
\$460 Million
in capital investments

Workload Growth
(Daily GTMs, in millions)

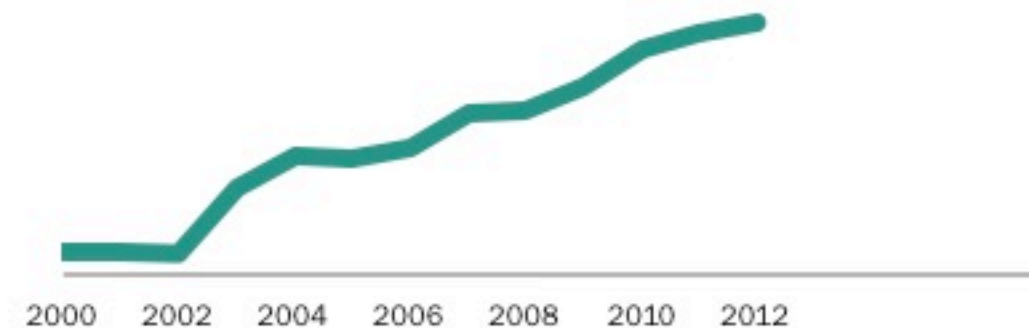


Building a Fluid Network with Extended Capacity

Car Velocity
(Car miles per day)



Train Productivity
(GTMs per train mile)



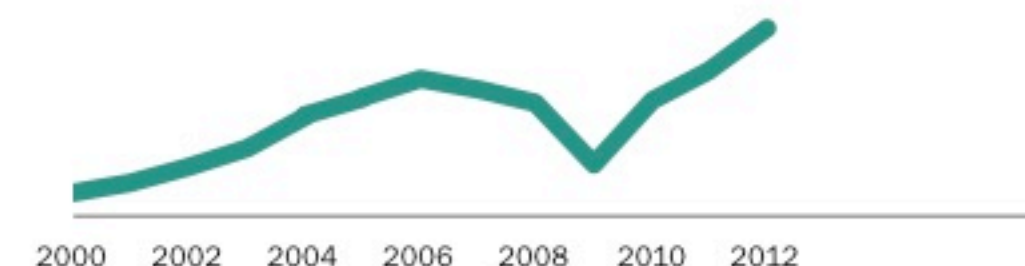
159
long siding and double
track investments
since 2000

- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

2000 - 2012

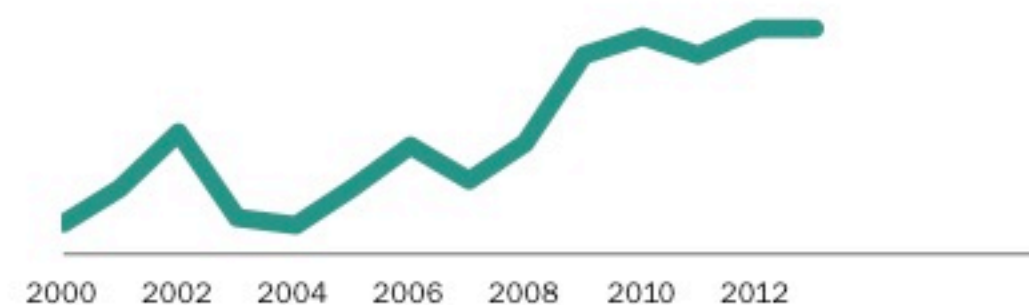
\$493 Million
in capital investments

Workload Growth
(Daily GTMs, in millions)

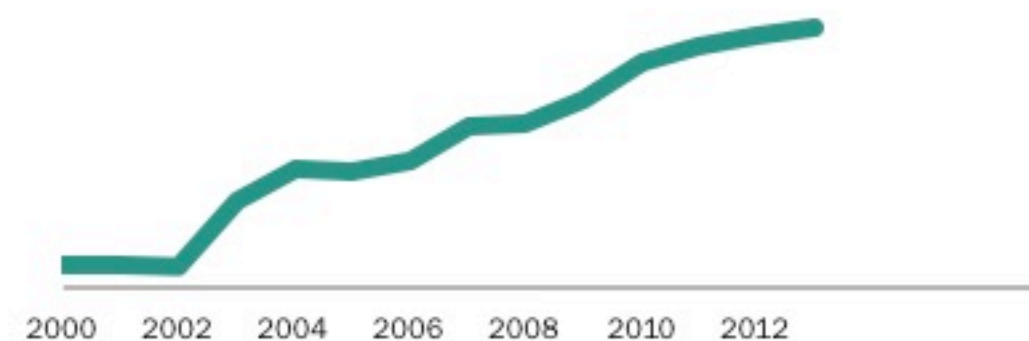


Building a Fluid Network with Extended Capacity

Car Velocity
(Car miles per day)



Train Productivity
(GTMs per train mile)



173

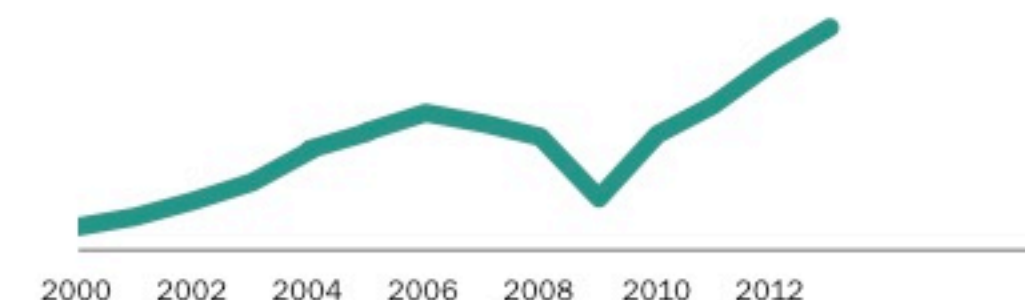
long siding and double
track investments
since 2000

- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

2000 - 2013

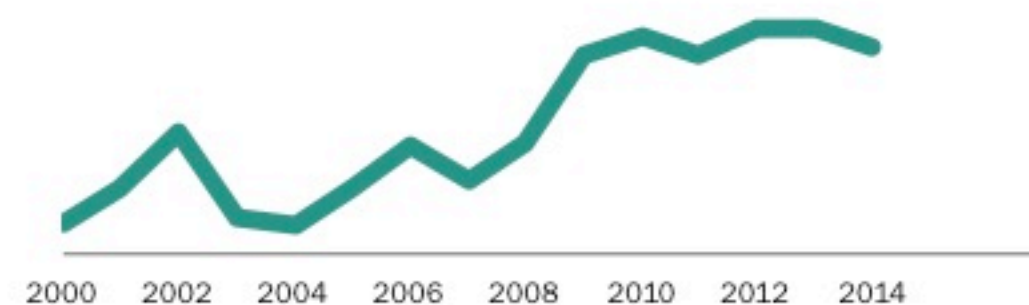
\$630 Million
in capital investments

Workload Growth
(Daily GTMs, in millions)

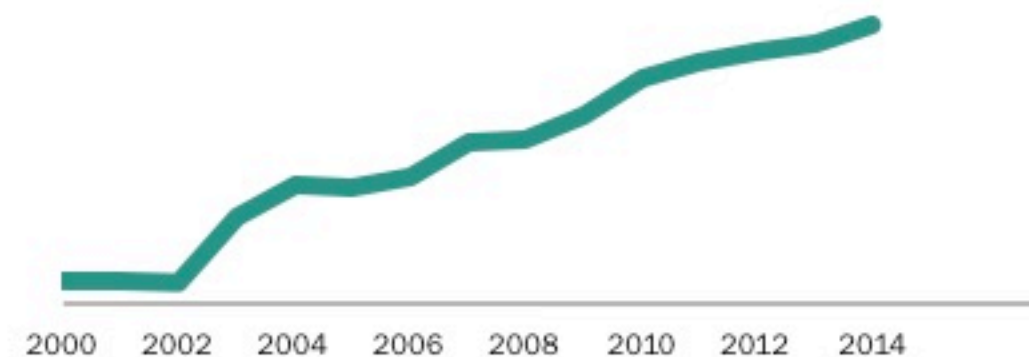


Building a Fluid Network with Extended Capacity

Car Velocity
(Car miles per day)



Train Productivity
(GTMs per train mile)



178

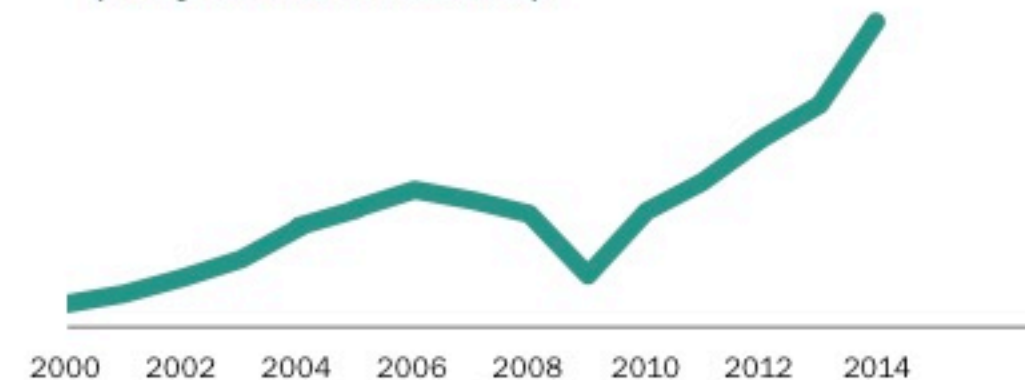
long siding and double track investments since 2000

- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

2000 - 2014

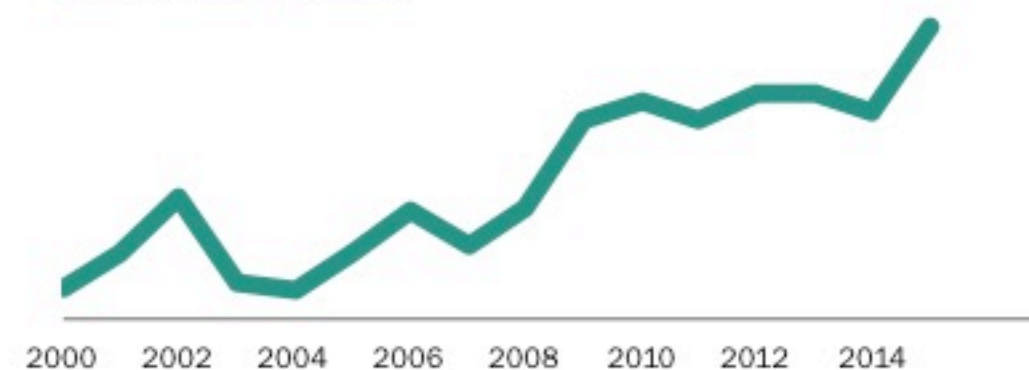
\$698 Million
in capital investments

Workload Growth
(Daily GTMs, in millions)

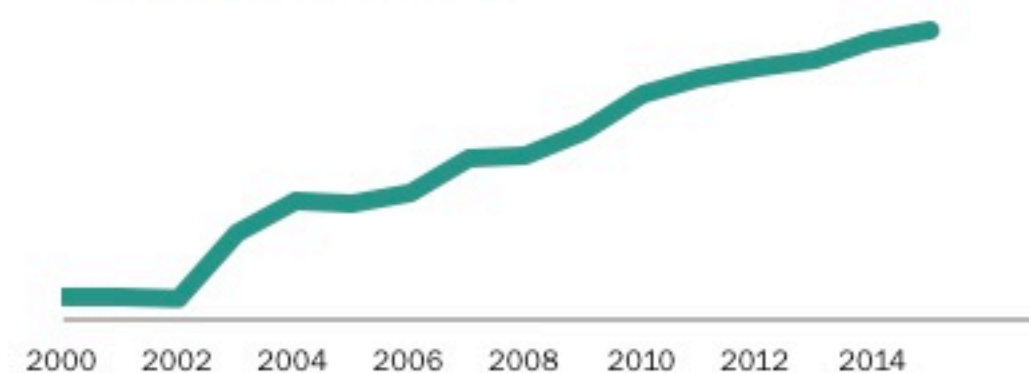


Building a Fluid Network with Extended Capacity

Car Velocity
(Car miles per day)



Train Productivity
(GTMs per train mile)



188

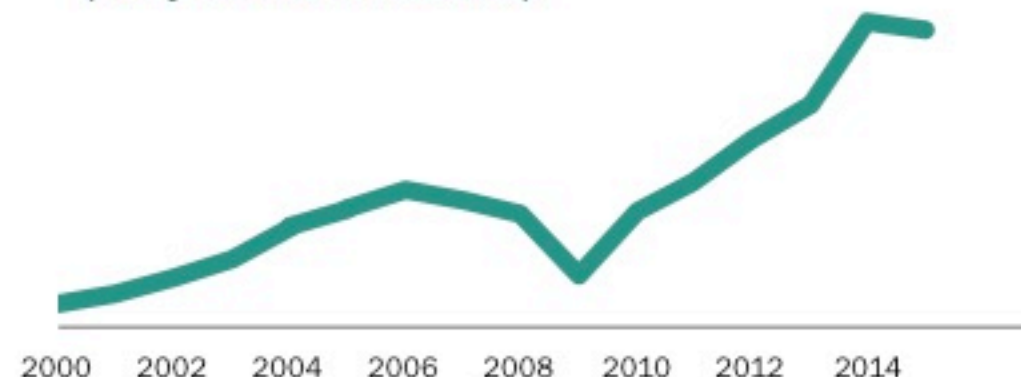
long siding and double
track investments
since 2000

- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

2000 - 2015

\$844 Million
in capital investments

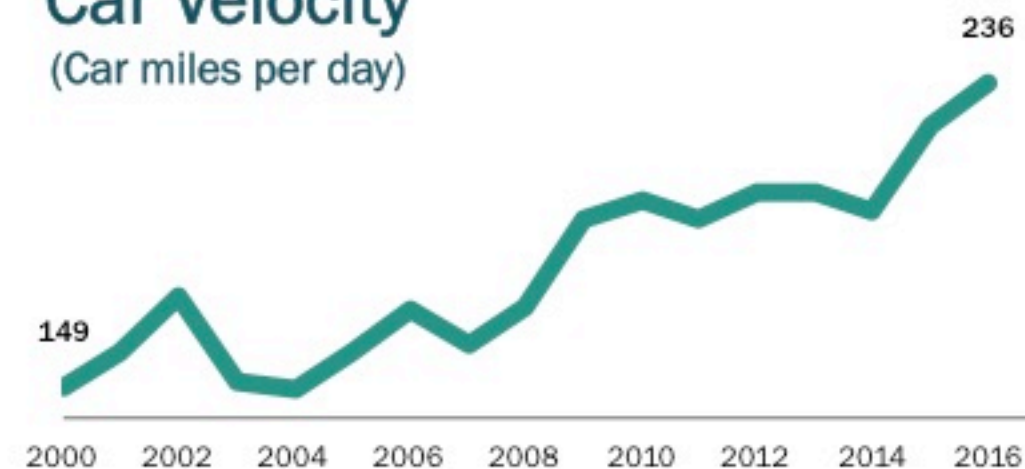
Workload Growth
(Daily GTMs, in millions)



Building a Fluid Network with Extended Capacity

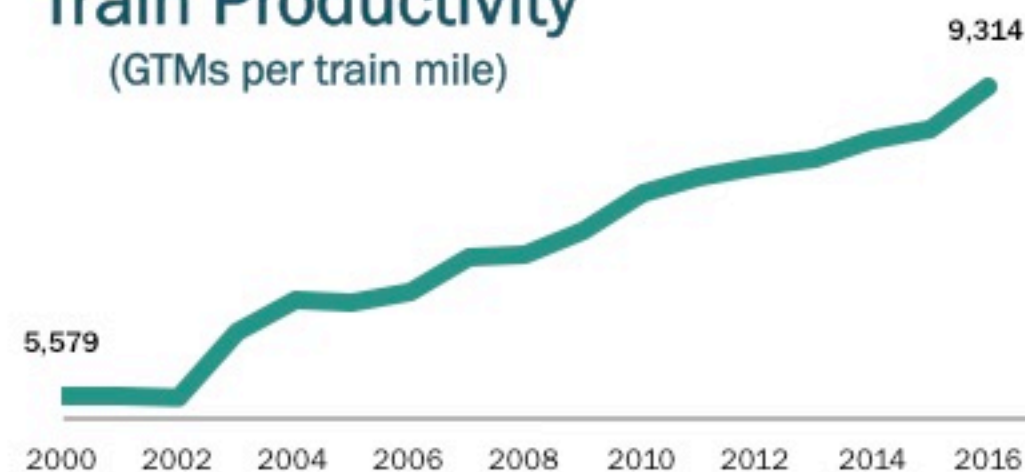
Car Velocity

(Car miles per day)



Train Productivity

(GTMs per train mile)



188

long siding and double track investments since 2000

- Pre-2000 long siding, long siding extension or double track investment
- New long siding, long siding extension or double track investment

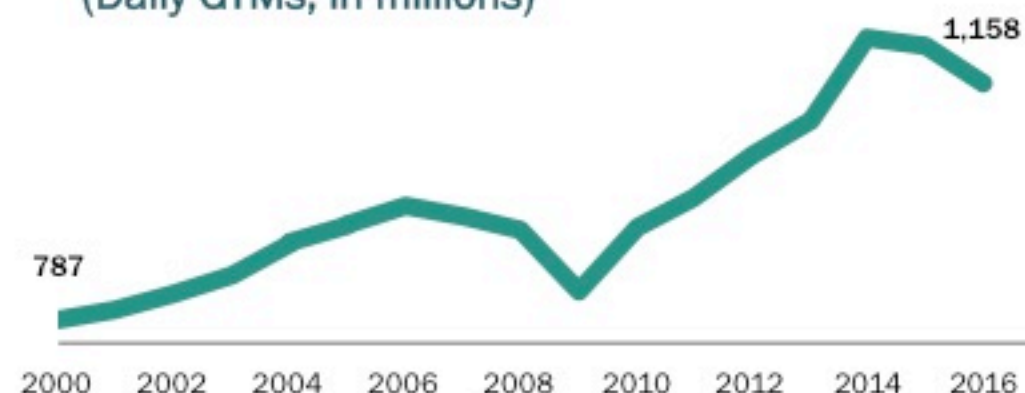
2000 - 2016

\$850 Million

in capital investments

Workload Growth

(Daily GTMs, in millions)



Building a Fluid Network with Extended Capacity

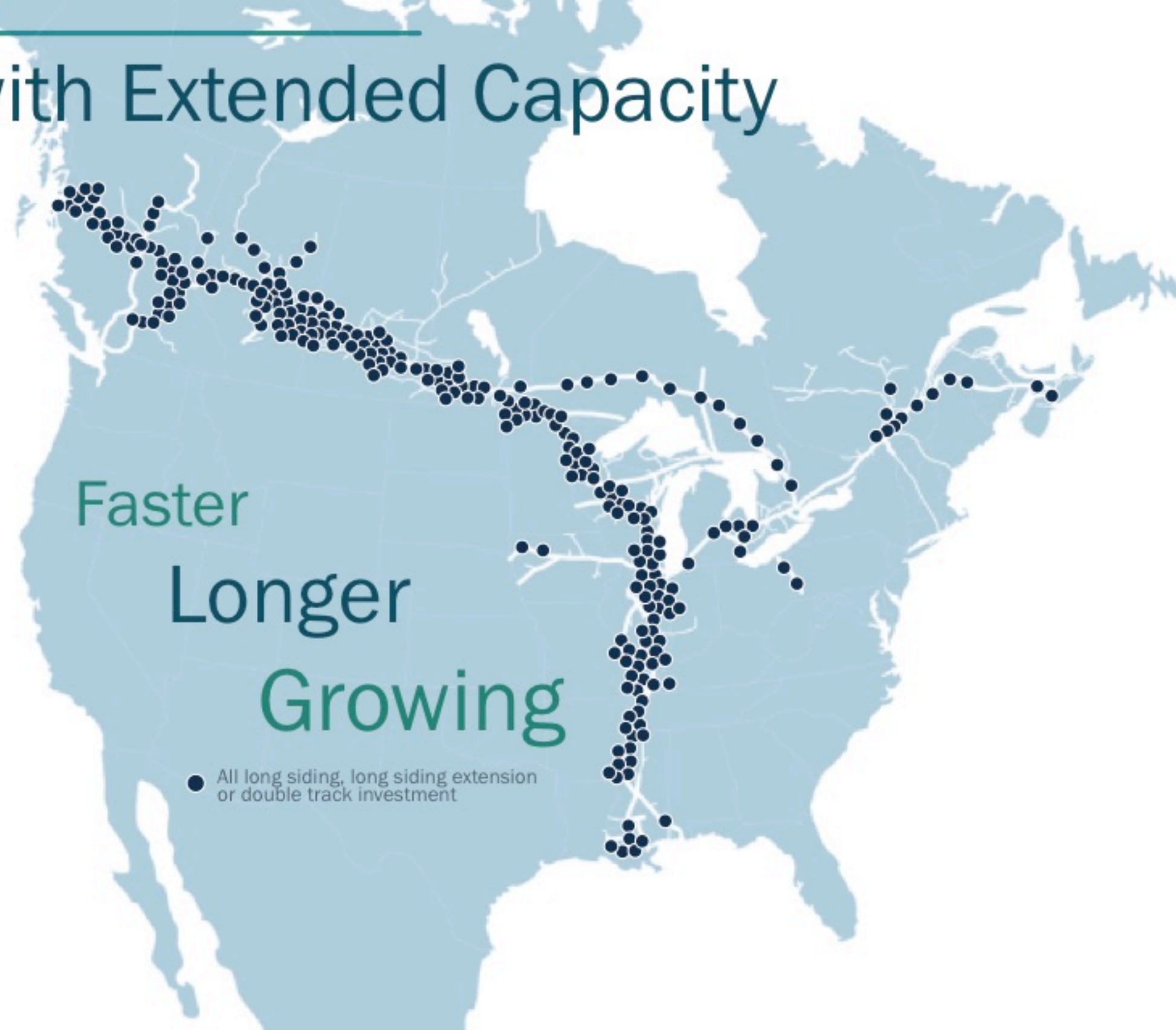
2000 - 2017

Car Velocity*
(Car miles per day)

52% Faster

Train Productivity*
(GTMs per train mile)

68% Heavier trains



Workload Growth*
(Daily GTMs, in millions)

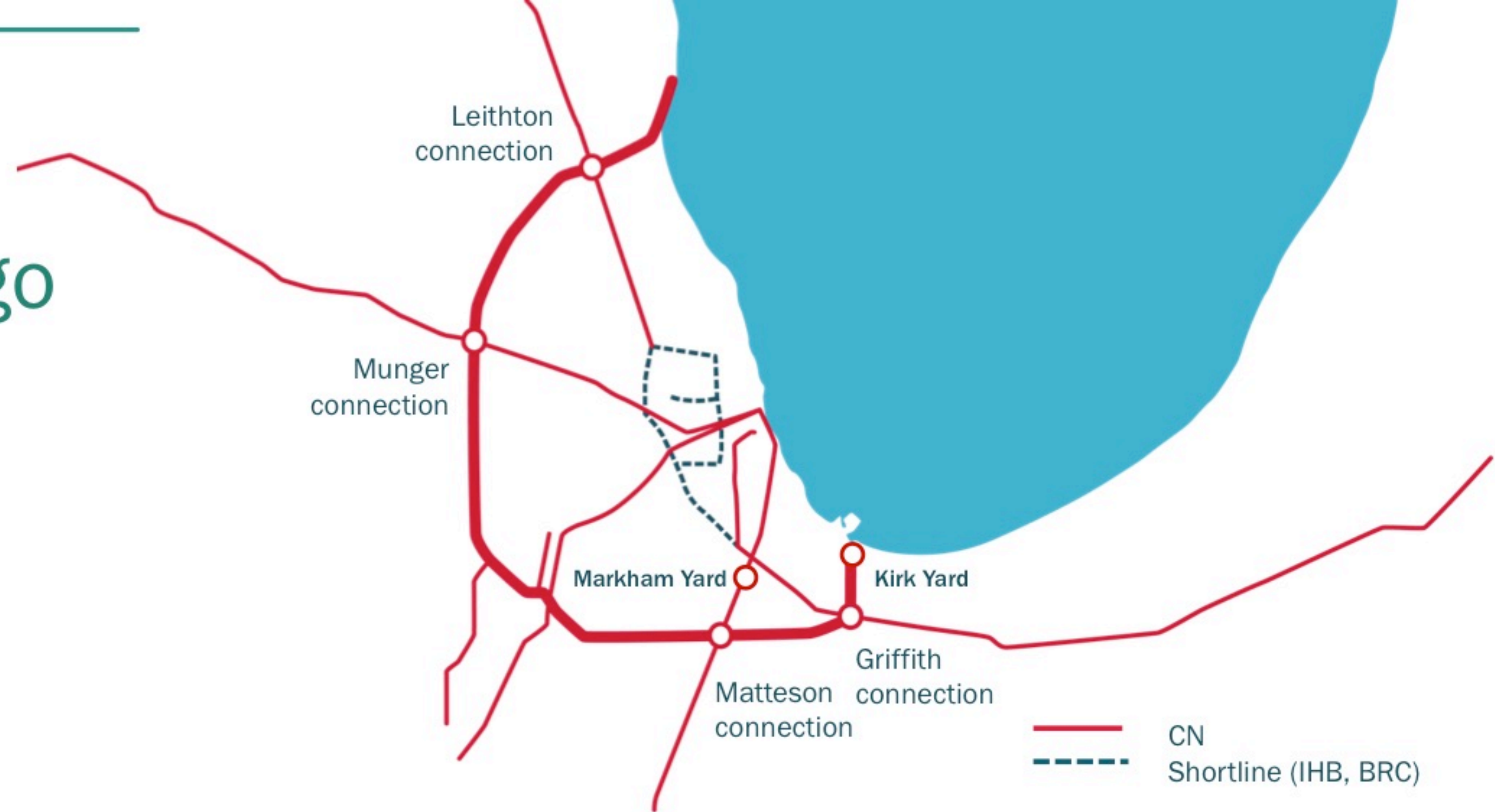
65% More GTMs

*Reflects Q1 2017 vs. 2000

Our Chicago Advantage

Fast track Around Chicago

- Control dispatching of CN trains and routes
- Reliable service offering to customers
- Improved operations productivity and efficiency
- Streamlined interchange with other carriers



Extending our Reach and Growing Beyond the Rail Head

Our Automotive Franchise



Extending our Reach and Growing Beyond the Rail Head

Our Intermodal Franchise



Extending our Reach and Growing Beyond the Rail Head

Our Transload Footprint



Investing to Connect Customers to Our Network

Forest Products

Grain

Frac Sand

Coal



The CN Network

Sole access
to Halifax and Prince Rupert

Three coast
footprint

What Sets us Apart

Exclusive EJ&E beltway
around Chicago



Strong Balance Sheet for Strategic Opportunities and Economic Downturns

Best credit ratings
among North American Class I railroads

Access to both US and Canadian
debt capital markets across short- and long-term tenors

Among the largest non-bank
Canadian companies by market
capitalization traded on the TSX

~\$8B of acquisitions without any credit rating
downgrades or negative outlook on rating

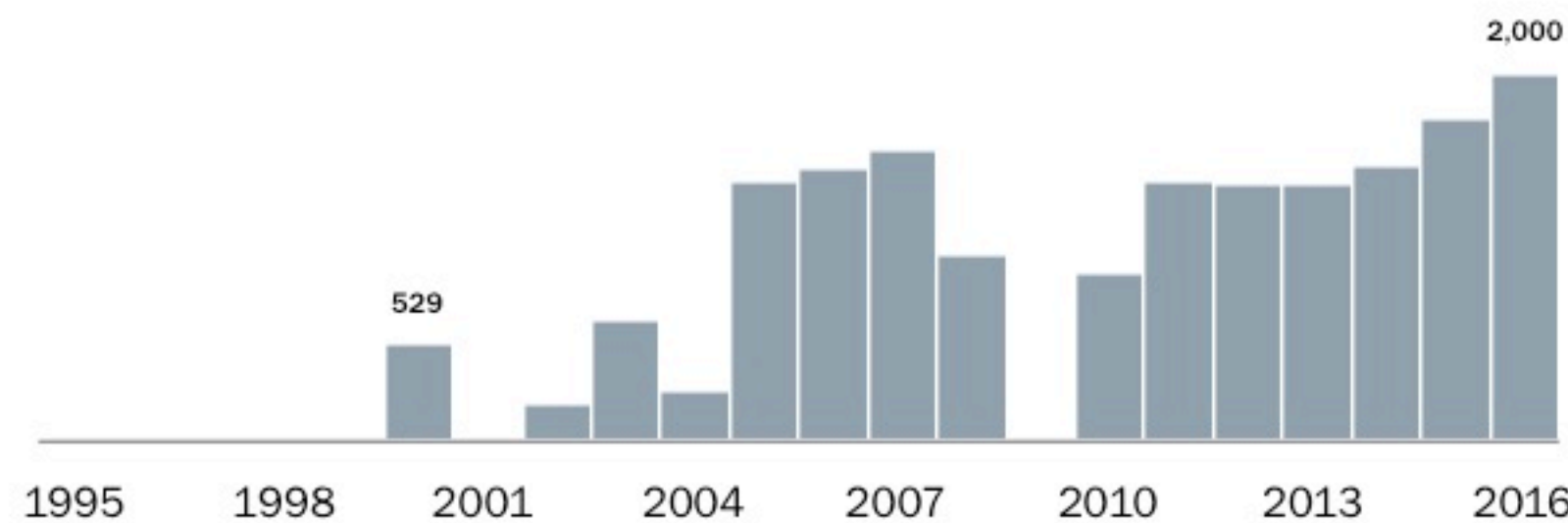
At issuance in July 2016, achieved the
second lowest 30-year coupon ever
by a non-financial issuer

Lowest debt issuance costs
of all the Class I railroads

DBRS (March 2017): “[...] substantial financial resources to support its capex spending
[...] and share repurchases [...] while maintaining financial metrics at steady levels”

Rewarding our Shareholders

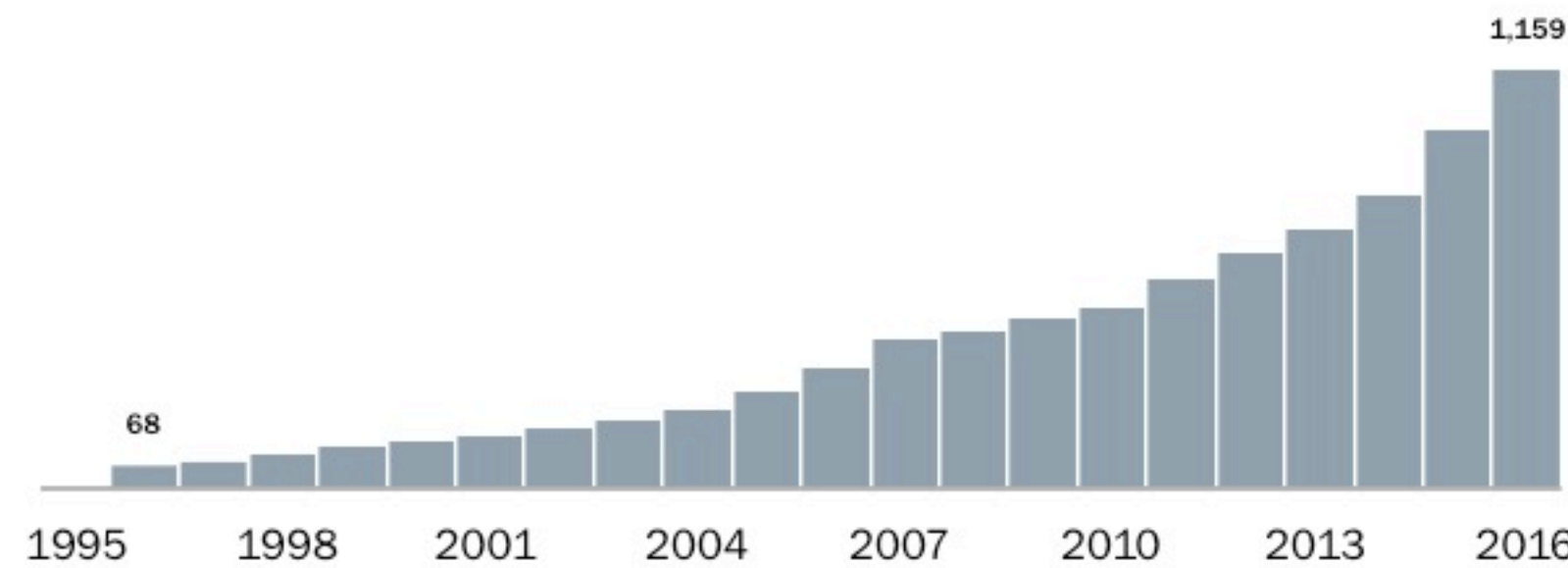
Share Buybacks
(C\$M)



~\$18 Billion
in share buybacks

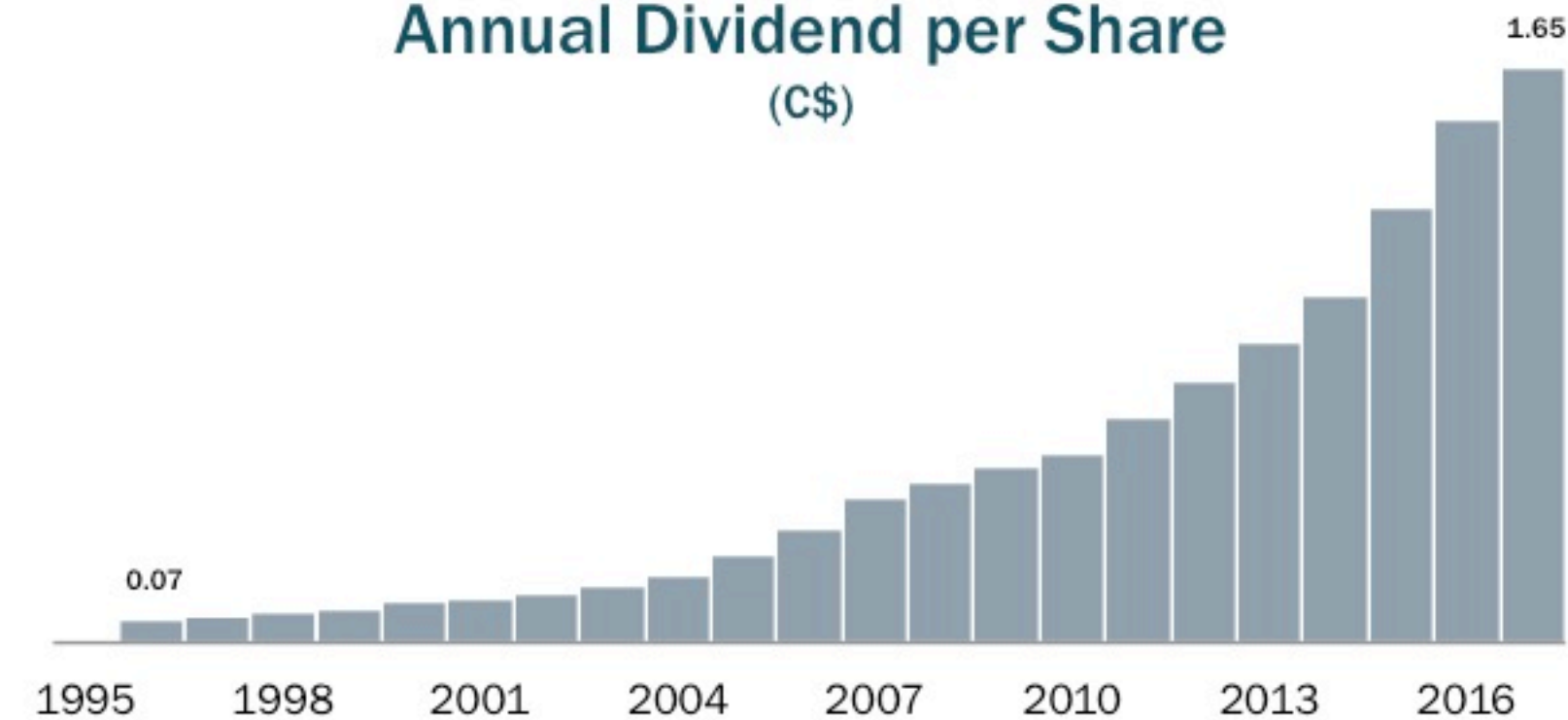
Flexible Buybacks
can slow or stop for market conditions
and/or strategic acquisitions

Dividends
(C\$M)



~\$9 Billion
in dividends paid

Annual Dividend per Share
(C\$)



21
consecutive years
of dividend growth

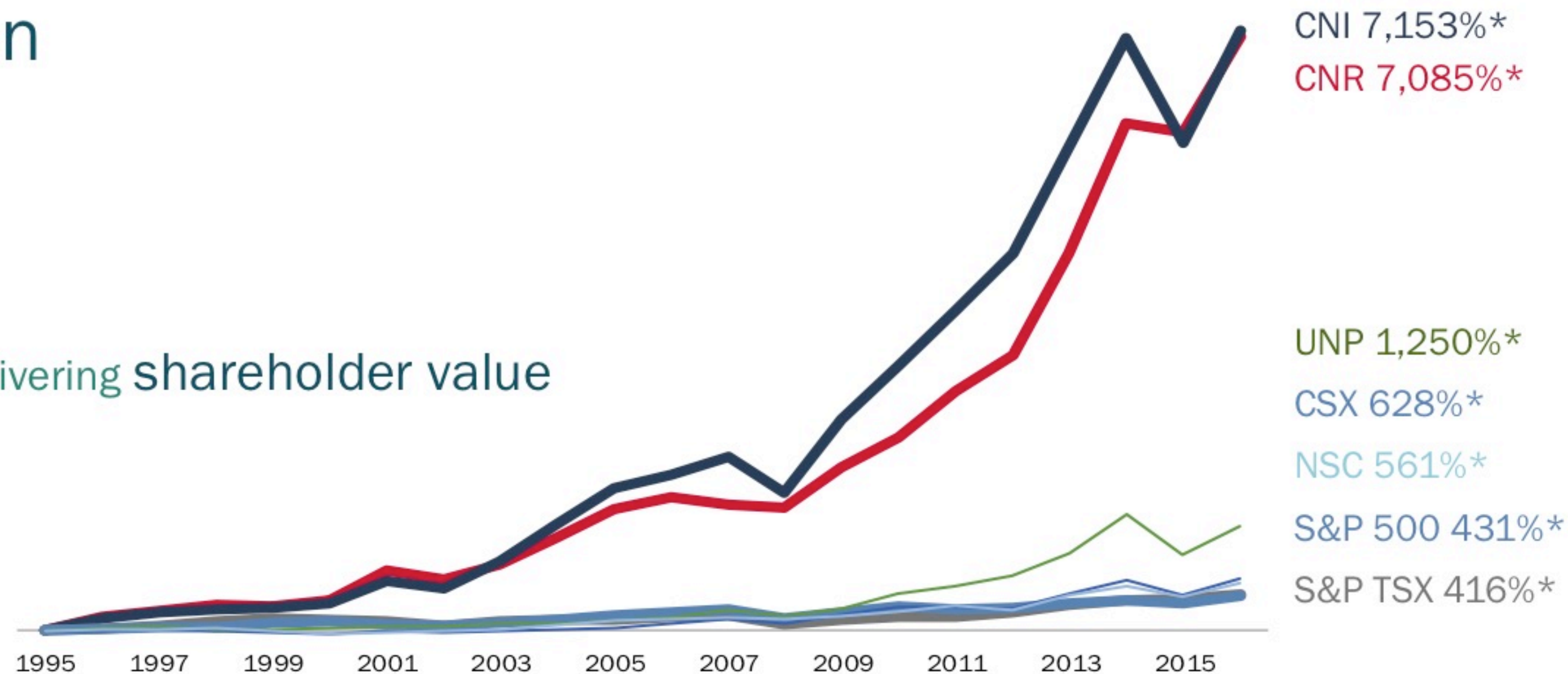
17%
cumulative average growth rate
in dividends per share

Solid Shareholder Value Creation

Consistently outpacing the Market

Continuous track record of delivering shareholder value

CN stock always a smart play as buying at any point has yielded solid returns



*Cumulative total return since initial public offering.

Index: Closing price on November 1995 = 100
Assumes reinvestment of all dividends

Source: Bloomberg

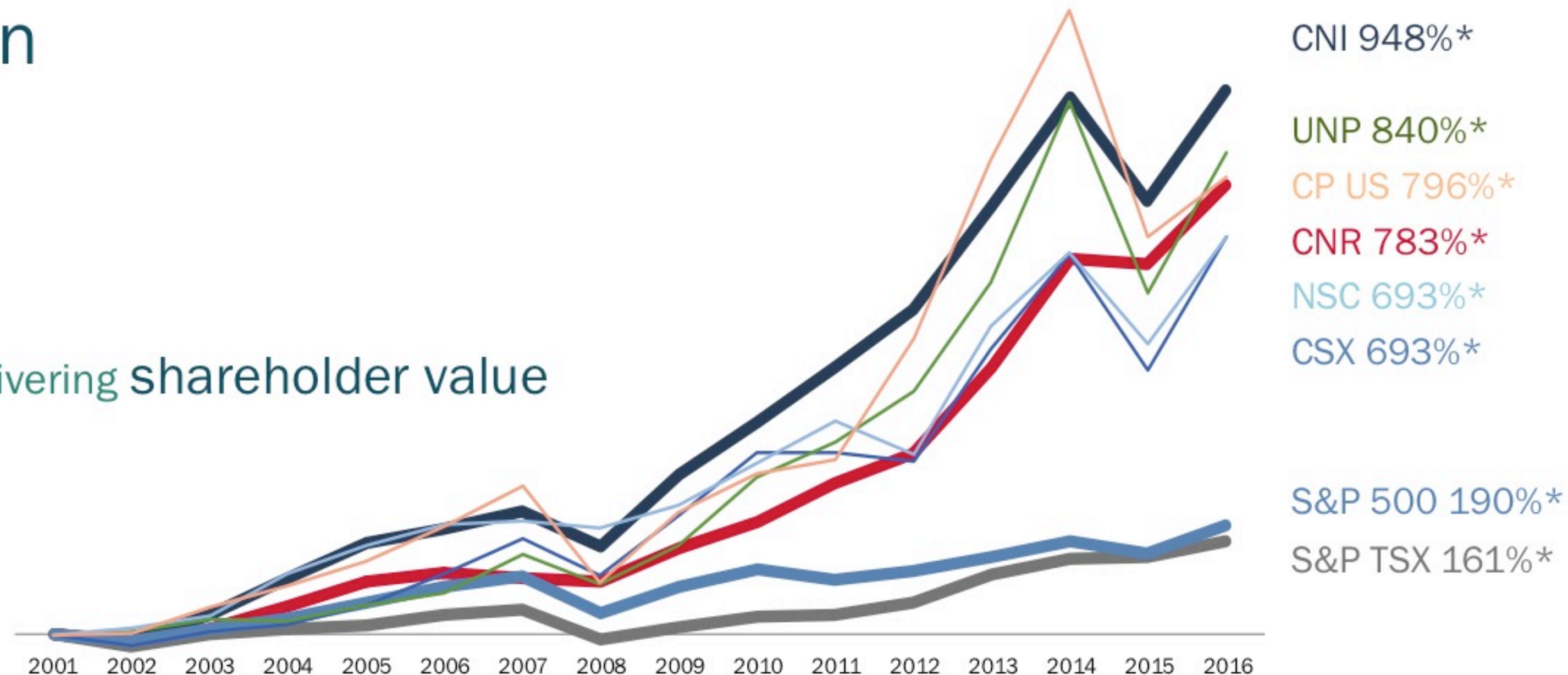


Solid Shareholder Value Creation

Consistently outpacing the Market

Continuous track record of delivering shareholder value

CN stock always a smart play as buying at any point has yielded solid returns



*Cumulative total return since initial public offering.

Index: Closing price on December 2001 = 100
Assumes reinvestment of all dividends

Source: Bloomberg



A Testament of CN's Great, Consistent Performance

A pattern of good performance, punctuated by a transition point, followed by great performance.

“Great performance” was defined as a **cumulative total stock return of at least three times** the general market from the transition point **through 15 years**

A Testament of CN's Great, Consistent Performance

The transition from **good to great** had to be **company specific**, not an industrywide event

A Testament of CN's Great, Consistent Performance

An established and ongoing company **in business for at least 25 years** prior to its transition, and **publicly traded** with stock-return data available **for at least 10 years** prior to its transition

A Testament of CN's Great, Consistent Performance

Whatever the year of transition, the company had to be **a significant, ongoing, stand-alone company**

A Testament of CN's Great, Consistent Performance

At the time of its selection,
the company still had to
show **an upward trend**

Innovation and Technology Providing a Competitive Edge

Predictive Analytics

Big Data Analysis

Multimodal Innovation

In the range of **\$500M** to be invested over next **5** years
earning at least our threshold of **12%** return on investment

ERA (Engineering Reliability Analytics)

Advanced Operations

MARS (Mechanical Analytics for Rail Safety)



Transforming Our Procurement & Supply Management Function

People

- Clear **reporting accountability** with supply management focus
- Leveraging **cross-functional category teams** comprised of the business users and functional specialists facilitated and led by procurement

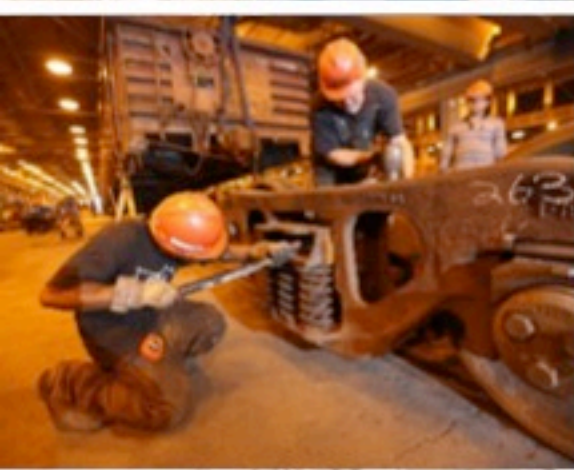
Process

- Implement **category management**, structuring into portfolios that mirror the supply market, consolidating opportunities to **leverage total spending**
- Procurement strategy **linked** to inventory stocking strategy

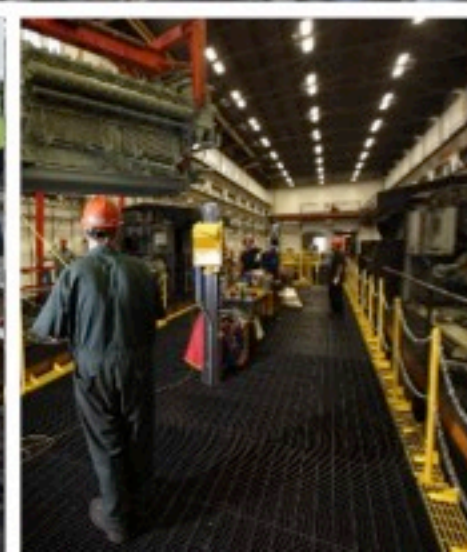
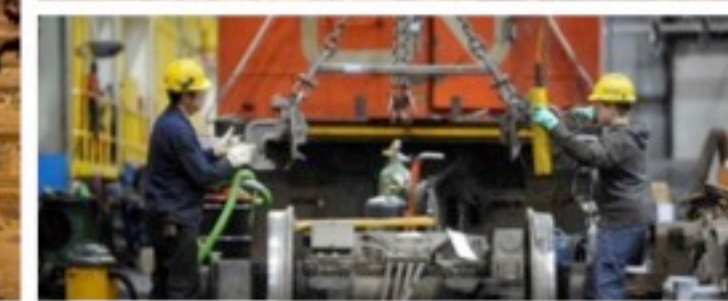
Technology

- Expedited **Fieldglass** system onboarding of suppliers with better and **consistent master data**
- Identify and implement succession platforms to existing systems
- Implement a top tier **contract management system**

Three year transformation journey requiring approximately **\$20-30M** investment yielding savings of **\$50M**
versus the current baseline in beginning phases and over **\$100M** cumulative when the transformation is complete



Collaboration & Teamwork Moving Forward Together



Solid, Consistent Financial Philosophy

Investing in the business

Solid Foundation Built on Basic Track Infrastructure Investments

Building a Fluid Network with Extended Capacity

Growth enabling investments

Strong Balance Sheet for Economic
Downturns and for Strategic Opportunities

Rewarding our Shareholders

