CN
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.

CN
INVESTOR DAY
2017

Jean-Jacques (JJ) Ruest

Executive Vice-President
and Chief Marketing Officer

24th Annual International Maritime Hall of Fame 2017 Award

Helping Customers Win is in our DNA

Helping Customers Win is in our DNA

How we define/ measure success

How we help customers win: A deep dive into our international intermodal market

How we will grow our overall book of business in the years ahead

How We Define Success:

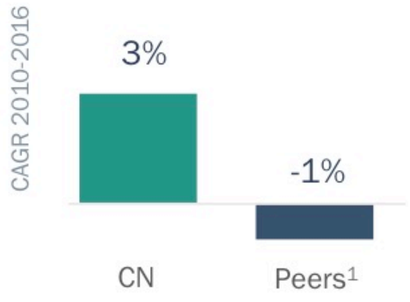
- Volume growth:
  - outpacing the economy
  - outpacing the rail industry average
  - diversified & broad base (commodities & customers)
- Same store price is above inflation

Our Track Record: Earn, Retain, Grow Further

2010	2012	2013	2014	2016	2017
Ford	Canpotex	MOL Mitsui O.S.K. Lines	OOCL	Honda	Mazda
PotashCorp	APL	UASC	Loblaw	GM	Canadian Tire
			FCA	Subaru	Yang Ming
			Kruger	G3 Canada Limited	Maple Leaf
				Kia	Lowe's
				Celadon	
				Walmart Canada	

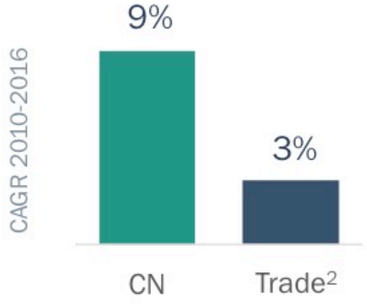
Our Track Record: Earn, Retain, Grow Further

Rail Volumes
(RTMs)



[1] UP, CSX, NS, KCS, CP
Source: Company reports

International Container Volume
(Import TEUs)



[2] Seaborne imports to Canada and the U.S.
Source: IHS Markit

CN outpaced both the economy and own industry

A Deep Dive Into the DNA of our Supply Chain Service

Help customers win in their marketplace

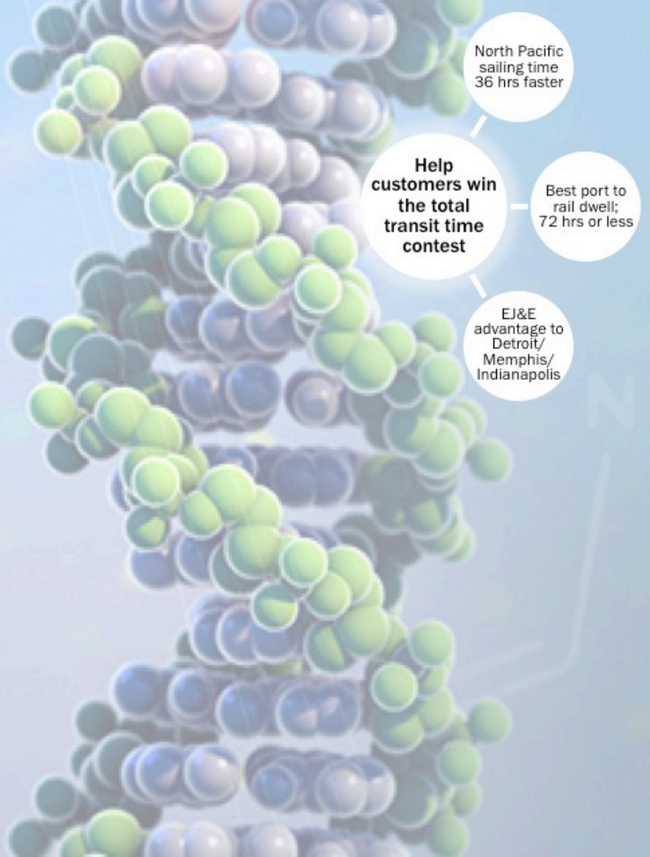
Applied to the Ocean Container Trade

Help customers win the total transit time contest

Applied to the Ocean Container Trade

Help customers win the total transit time contest

- North Pacific sailing time 36 hrs faster
- Best port to rail dwell; 72 hrs or less
- EJ&E advantage to Detroit/ Memphis/ Indianapolis



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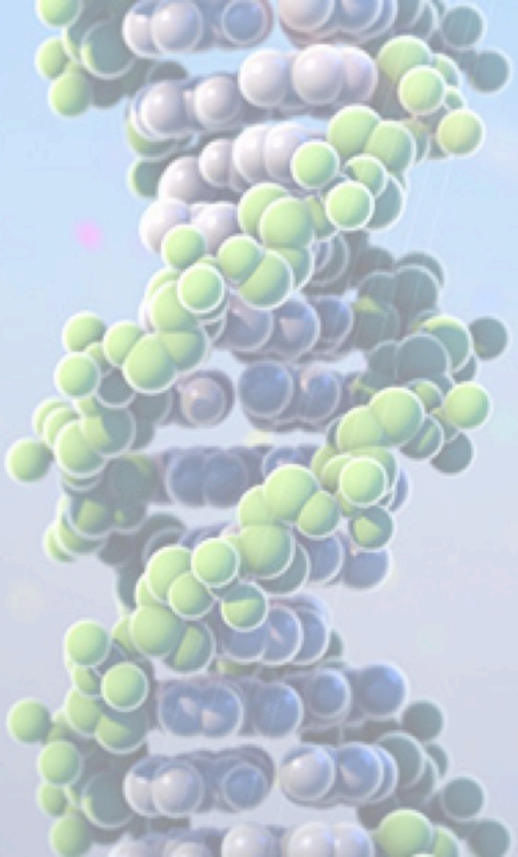
Lower round trip cost, not lower price



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CNTL street turn saving opportunities
Domestic Repositioning Program to reduce Shipping Line cost
Lower round trip cost, not lower price
Create export opportunities inland
Create export opportunities at the port

Help customers win in higher margin markets

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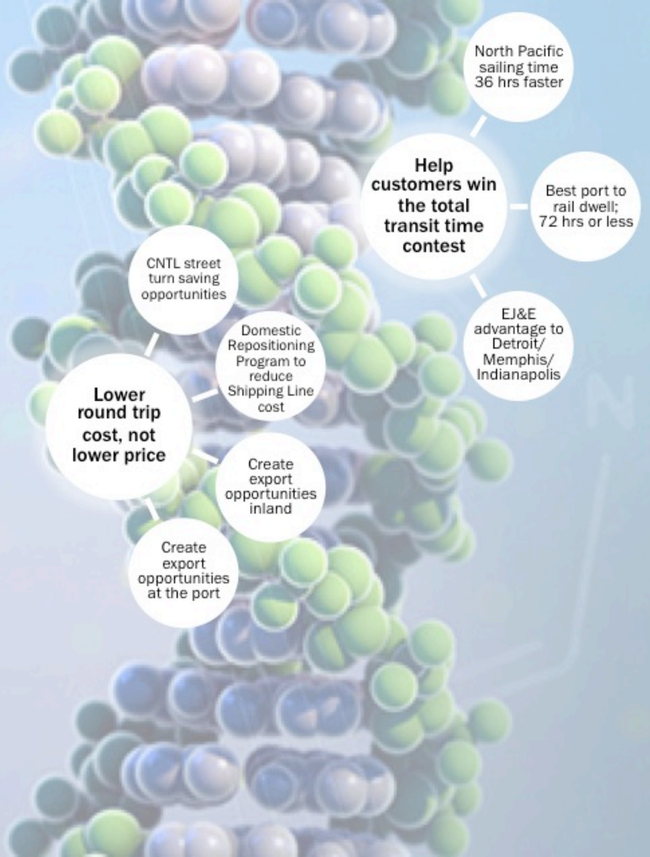
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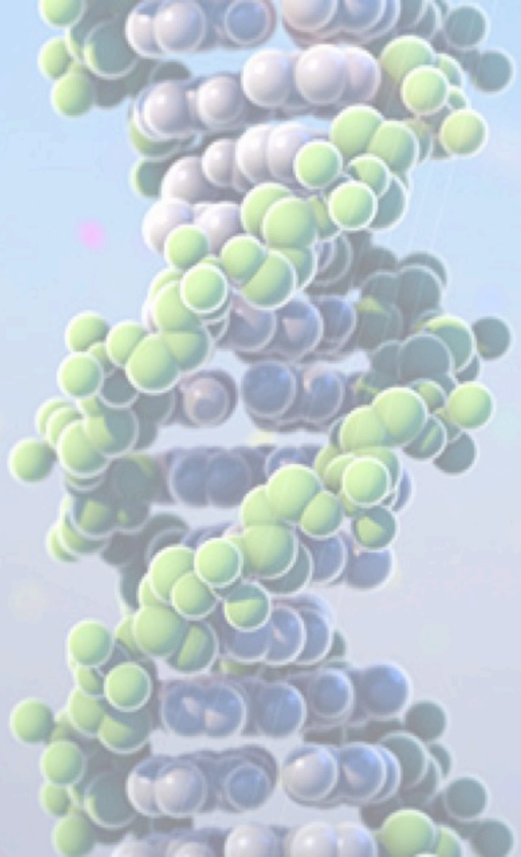
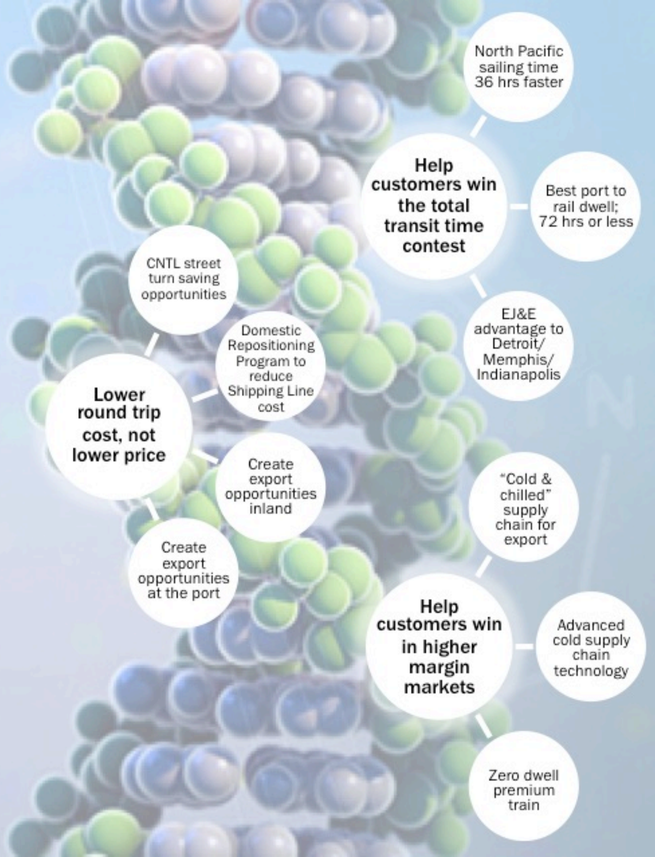
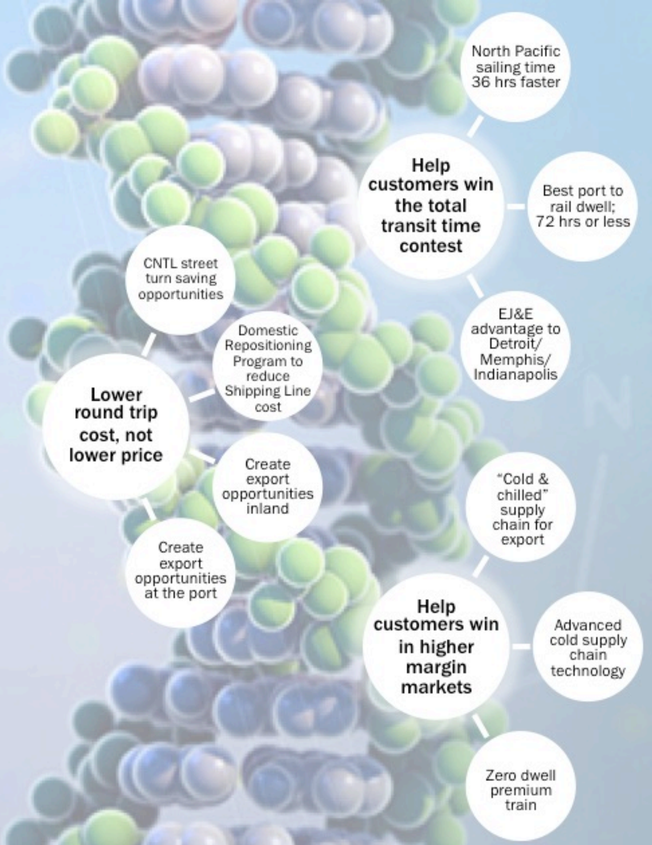
"Cold & chilled" supply chain for export
Help customers win in higher margin markets
Advanced cold supply chain technology
Zero dwell premium train





Help customers win the reliability contest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Hand to glove daily KPI with Ocean Terminals
Reliable winter & fall rail peak capacity
CN in control of Vancouver South Shore switching
Help customers win the reliability contest
Priority trucking from Vancouver waterfront
Dedicated Export Service Desk
Dedicated Auto Parts Service Desk

Big ships & big alliances ready

Help customers win the total transit time contest

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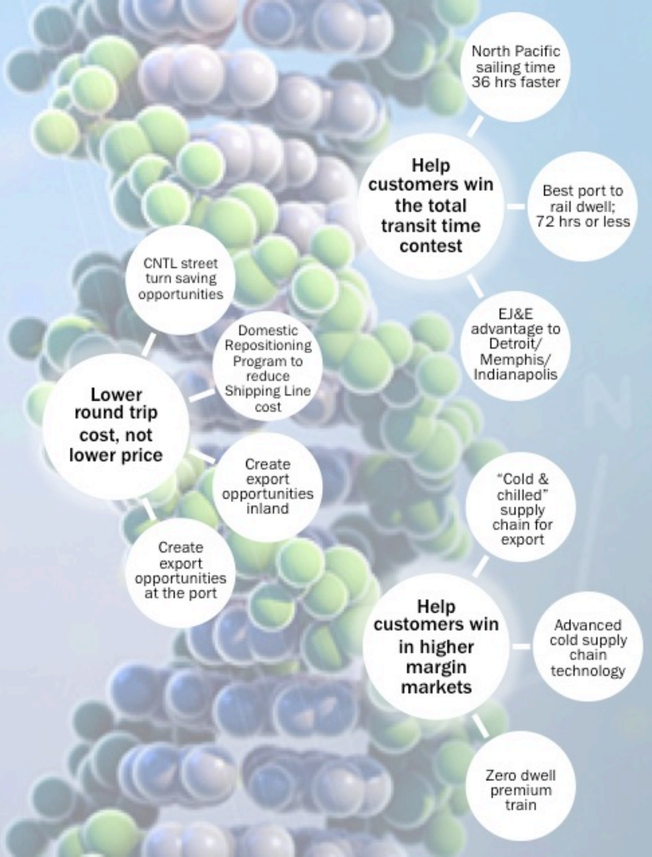
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Expanding existing U.S. inland terminals
Big ships & big alliances ready
Adding new inland destinations every year
Offering the alliances the 3-coast package

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Digital transformation for supply chain superiority

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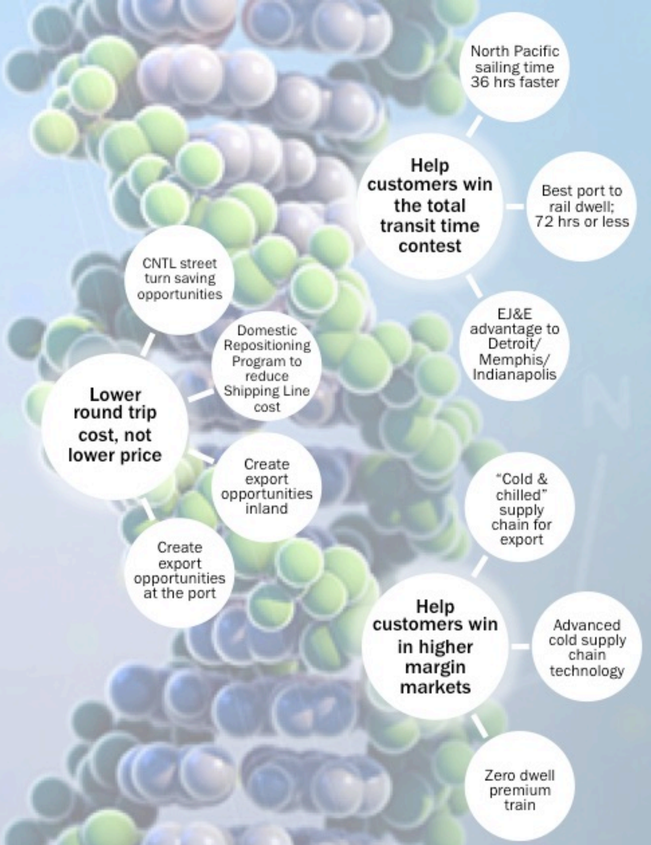
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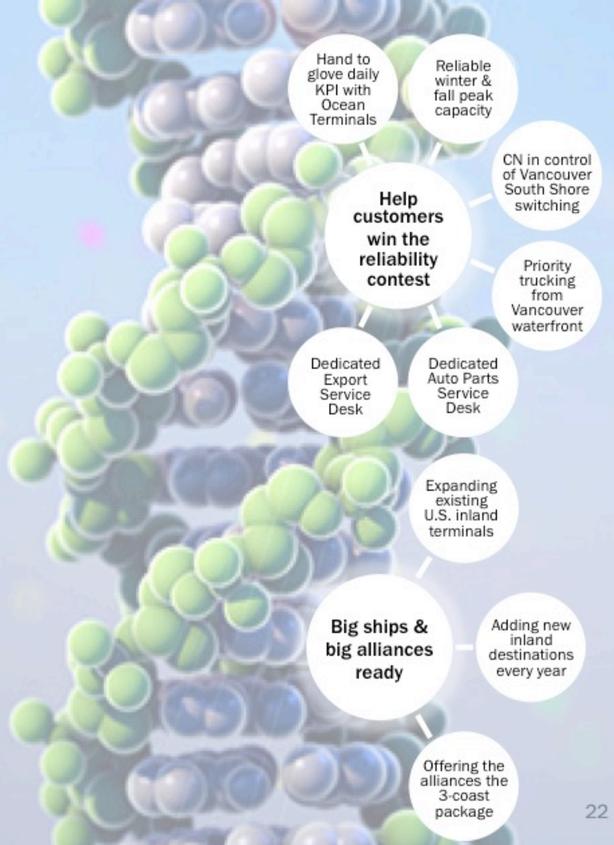
Digital transformation for supply chain superiority
End-to-end shipment visibility
Simple order process & tracking
Customer-centric KPIs
Value as defined by customers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Let me summarize…

…not easy to replicate.

Helping Customers Win is in our DNA

International Intermodal Opportunity

DP WORLD Prince Rupert, BC

$280 – 300M

Est. incremental revenue range 2018-2020

- 500,000 TEUs of new rail capacity
  - 100% CN share
  - Aiming to be near 80% capacity 3 years from start-up

GLOBAL CONTAINER TERMINALS CANADA Vancouver, BC

$225 – 250M

Est. incremental revenue range 2018-2020

- 600,000 TEUs of new rail capacity
  - At 70% CN share, the CN historical rail capacity
  - Aiming to be near 80% capacity 3 years from start-up

Looking ahead to 2021-2022

- First phase of digital transformation in place: revenue growth in container business
- New inland destination terminals: revenue growth in intermodal business
- Logistics park in Rupert (dry & cold supply chain, free trade zone logistics): revenue growth in cold supply chain business

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Domestic Intermodal Opportunity

$250 - 375M
Est. incremental revenue range 2018-2022

4 - 6%CAGR
units

- Organic growth from core business:
  - Gaining market share with retail industry (door-to-door)
  - In wholesale, through strong partnerships with the industry's best

TFI International | J.B. HUNT | M-O | K-R TRANSPORT

- Innovation:

CargoCool

  - U.S. transloads from Canadian Ports

- New Markets:
  - New terminals in new geographical markets

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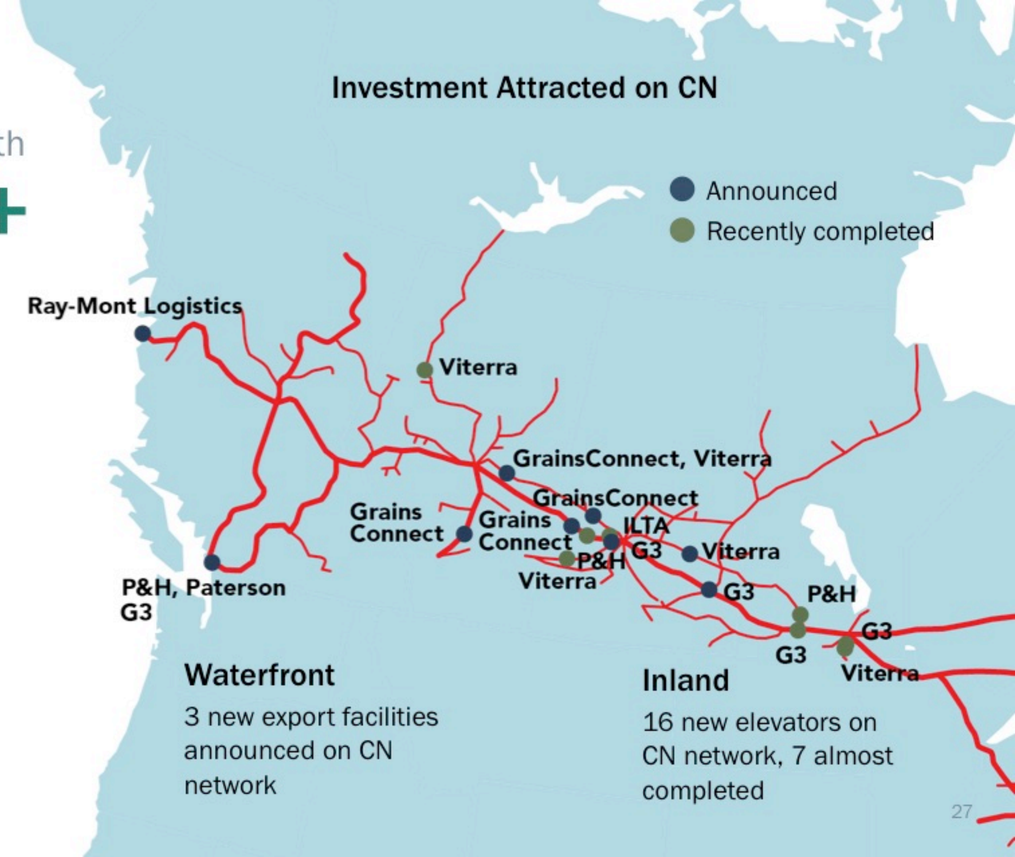
Canadian Grain Opportunity

$100 - 150M
Est. incremental revenue range 2018-2022

2 - 2.5% CAGR
Annual crop tonnage growth

CN export grain share growth
52% → **55%+**
2017 By 2022

- Aiming to outperform market, in what will be a naturally growing market
  - Commercial contracts with reciprocal incentives – deployed on 70%+ of fleet
  - New grain elevators: majority have chosen to invest on CN network
    - 16 out of 20 by 2020
    - Plus another 8 are expanding to handle unit trains
    - Plus 3 waterfront facilities on CN network
- Meal growth trend, seed crushing capacity addition



Petrochemical Edmonton Heartland Opportunity

$170 - 210M

Est. incremental revenue range 2018-2020

Petrochemical capacity in Edmonton

3 new plants

PEMBINA NWR Heartland Sulphur

3 expansions

KEYERA AltaGas

- Export terminal in Prince Rupert by 2019-2020, primarily sourced from the Heartland

  PEMBINA AltaGas (unit train to the coast)

- Total P&C Revenue CAGR from 2010 is 11% and 8% CAGR without crude
- Outlook 2020-2022
  - 3 new plastics plants announced: NOVA Sarnia (2022), Pembina/PIC - Heartland (2020), Inter pipeline (2021)

    NOVA Chemicals PEMBINA interpipeline

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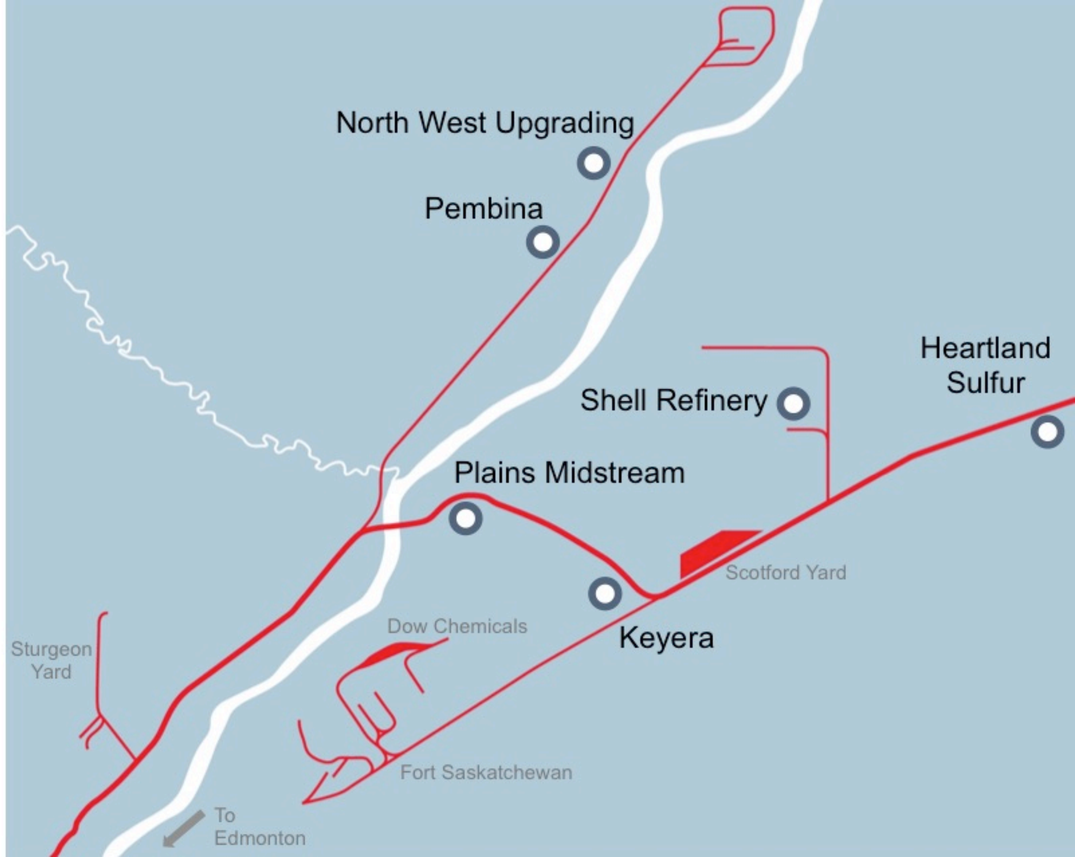


The Return of Frac Sand Opportunity

$40 - 80M

Est. incremental revenue range
2018-2020

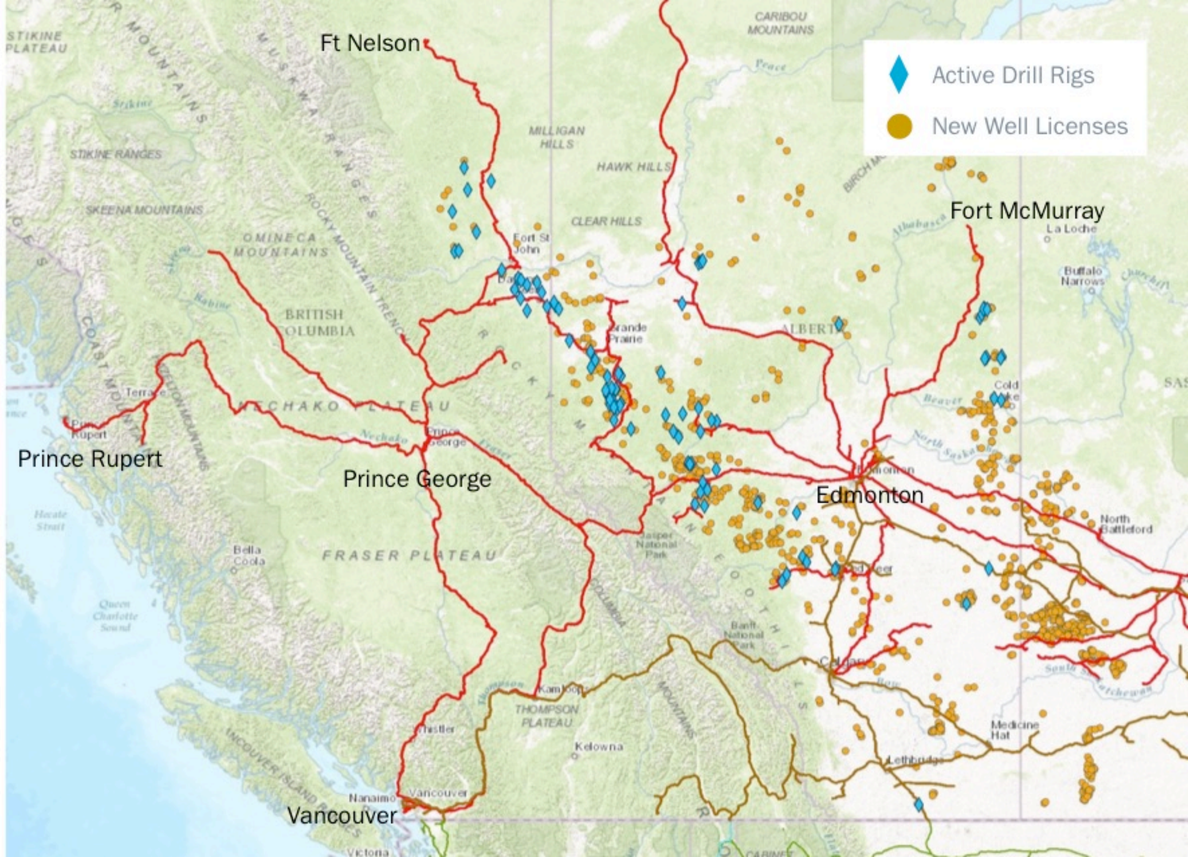
- New plants start up in Wisconsin in 2017 (~2M tonnes/annual capacity)
  - SOURCE ENERGY SERVICES Sand Products - in Blair, WI
  - Schlumberger Wisconsin Proppant plant expansion - Hixton, WI
- New unit train receiving terminals in BC/AB Montney

BADGER MINING CORPORATION
Sexsmith, AB (expansion)

SOURCE ENERGY SERVICES
Wembley, AB (expansion)
Edson, AB
Fox Creek, AB
North of Fort St. John, BC

Schlumberger
Huallen, AB

CN



Canadian Coal Opportunity

$0 - 300M (with cyclicality)

Est. incremental revenue range
2018-2020

- Canadian coal supply is a swing component to the world supply
- Metallurgical coal prices in range of **$150** (NewCastle); additional export mines
  - Brule mine (opened October 2016)
  - Wolverine mine (opened February 2017) in Tumbler Ridge, BC
  - Willow Creek mine under review by Conuma
- Thermal coal prices in range of **$60** (NewCastle); additional export mines
  - Grande Cache Coal (Alberta) – Under review for 2018
  - Vista mine (Alberta) – New mine opening; targeted 2019

Canadian Petcoke Opportunity

$0 - 90M (with cyclicality)

Est. incremental revenue range
2018-2022

- Potential growth driven by India's demand for petcoke for cement plants, petcoke price in range of **$45** (U.S. Gulf)
- Supply driven by:
- Potential export start up, via Rupert, by 2018

Potash Saint-John Upside

- East coast, Saint-John export terminal; **about $50M in 2017**
  - **Canpotex** to Atlantic Basin (Brazil)
  - Made feasible with 205 cars/train, a 29,000 tons gross weight train, carrying each 23,000 tons of potash

Lumber and Panel

- Direct correlation with U.S. housing start 2018-2022; **$400M± est.** incremental revenue range
- Expanding our centerbeam fleet

Crude by Rail Supplement to Pipe

- From Q4 2017 to late 2019 - Alberta bitumen production may exceed pipeline capacity
- Assets all in place, execution easy to deploy
- A potential short-term opportunity

Automotive Upside

- Potential for **Autoport** LIMITED to open terminal storefronts in new cities
- Potential for new waterborne import solutions
- Stay close to self-driving vehicles and their potential

Building on our Track Record

2010	2012	2013	2014	2016	2017
Ford	Canpotex	MOL Mitsui O.S.K. Lines	OOCL	Honda	Mazda
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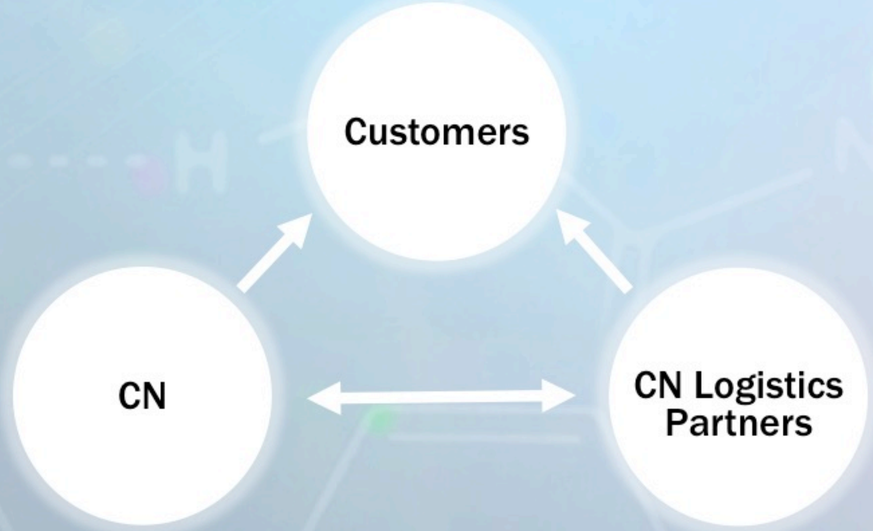
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