



STIFEL TRANSPORTATION & LOGISTICS CONFERENCE



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NYSE: CNI

TSX: CNR



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. 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. Key assumptions used in determining forward-looking information are set forth below.

2016 key assumptions

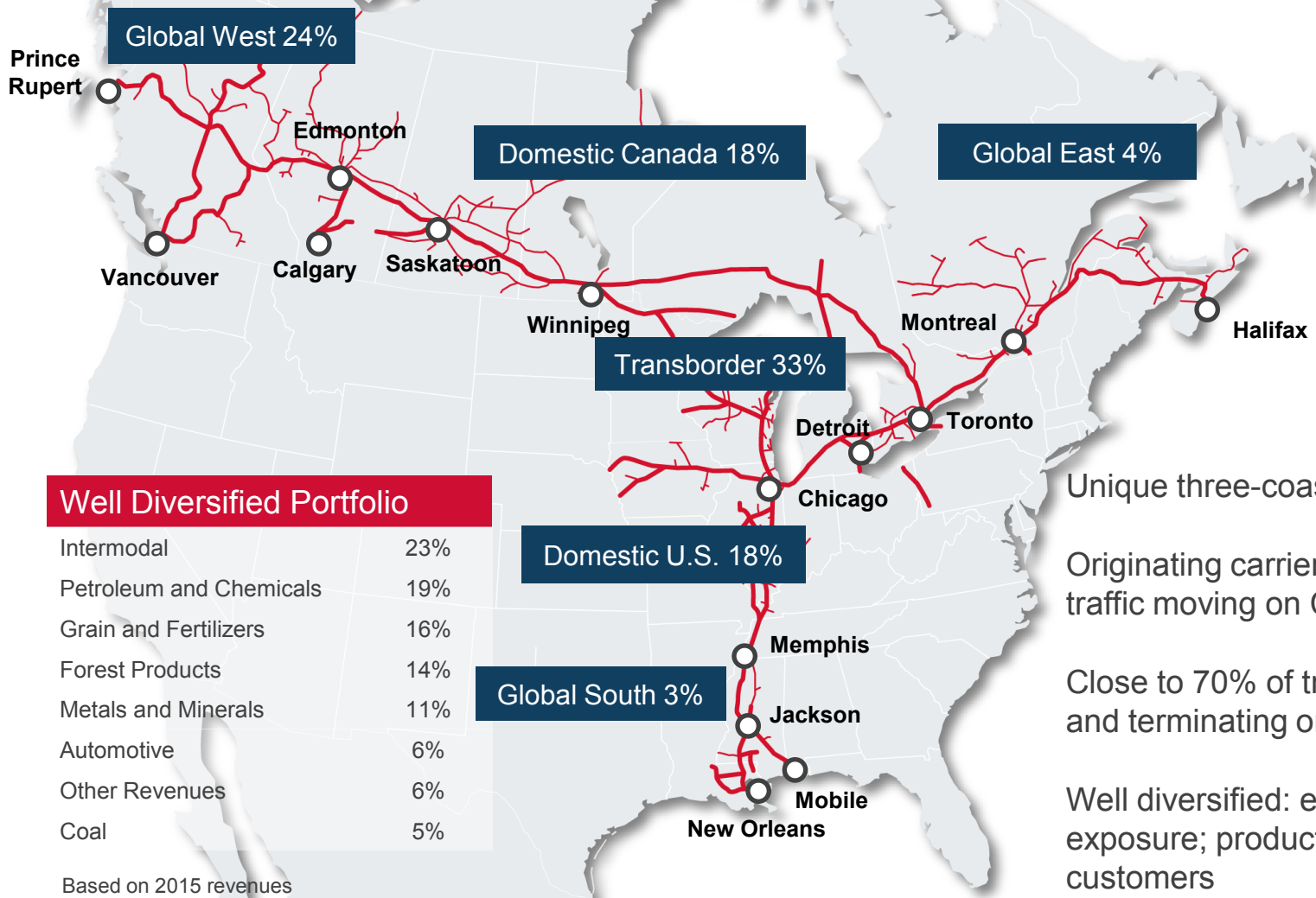
CN has made a number of economic and market assumptions in preparing its 2016 outlook. The Company is assuming that North American industrial production for the year will increase by approximately one per cent and assumes U.S. housing starts in the range of 1.2 million units and U.S. motor vehicle sales of approximately 17.5 million units. For the 2015/2016 crop year, the Canadian grain crop was in line with the five-year average and the U.S. grain crop was above the five-year average. The Company assumes that both Canadian and U.S. 2016/2017 grain crops will be in line with their respective five-year averages. With these assumptions, CN assumes total carloads for all freight categories in 2016 will be slightly negative versus 2015. CN expects continued pricing improvement above inflation. CN assumes that in 2016 the value of the Canadian dollar in U.S. currency will be in the range of \$0.70 to \$0.75, and that the average price of crude oil (West Texas Intermediate) will be in the range of US\$30 to US\$40 per barrel. In 2016, CN plans to invest approximately C\$2.9 billion in its capital program, of which C\$1.5 billion is targeted toward 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.



A Great Franchise



Well Diversified Portfolio

| | |
|-------------------------|-----|
| Intermodal | 23% |
| Petroleum and Chemicals | 19% |
| Grain and Fertilizers | 16% |
| Forest Products | 14% |
| Metals and Minerals | 11% |
| Automotive | 6% |
| Other Revenues | 6% |
| Coal | 5% |

Based on 2015 revenues

Unique three-coast access

Originating carrier for ~85% of traffic moving on CN's network

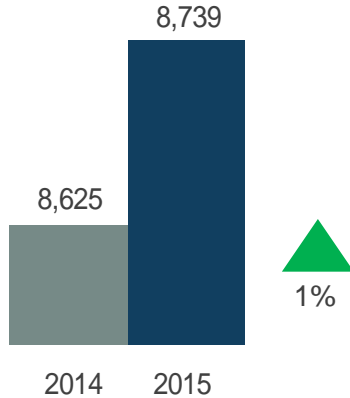
Close to 70% of traffic originating and terminating on CN's network

Well diversified: economic exposure; products; geography; customers

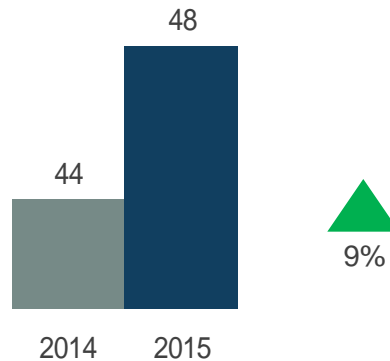


Driven by a Core Focus on Efficiency

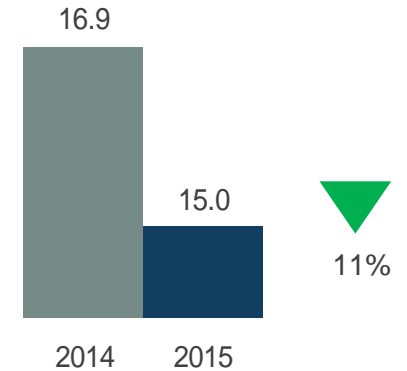
Train Productivity
(GTMs per train mile)



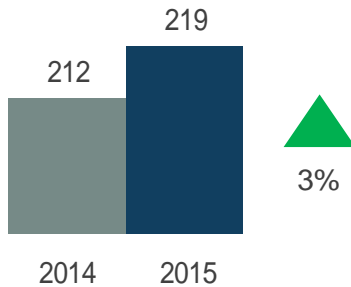
Yard Productivity
(Cars per yard switching hour)



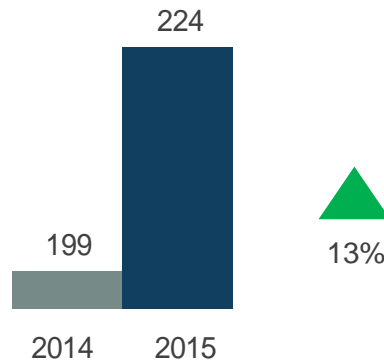
Terminal Dwell
(Entire railroad, hours)



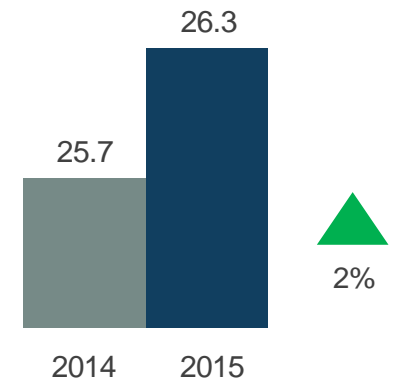
Locomotive Utilization
(Trailing GTMs per total horsepower)



Car Velocity
(Car miles per day)



Train Velocity
(mph)





Balancing Operational and Service Excellence

SAFETY

Culture and engagement

PRODUCTIVITY

Labor and fuel

CAPACITY

Re-aligning resources

SERVICE

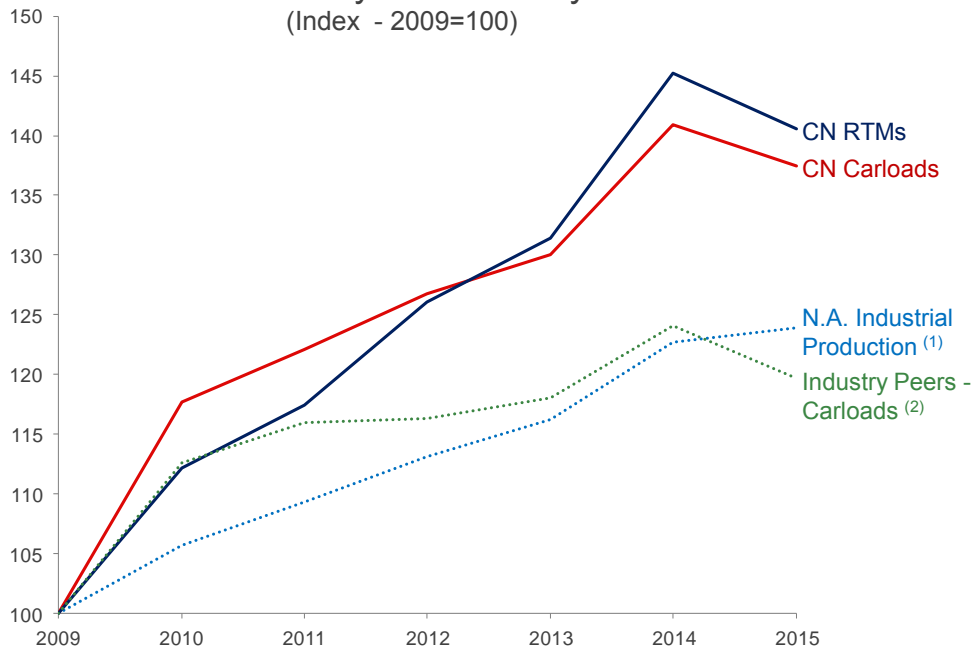
Customer-centric
end-to-end approach





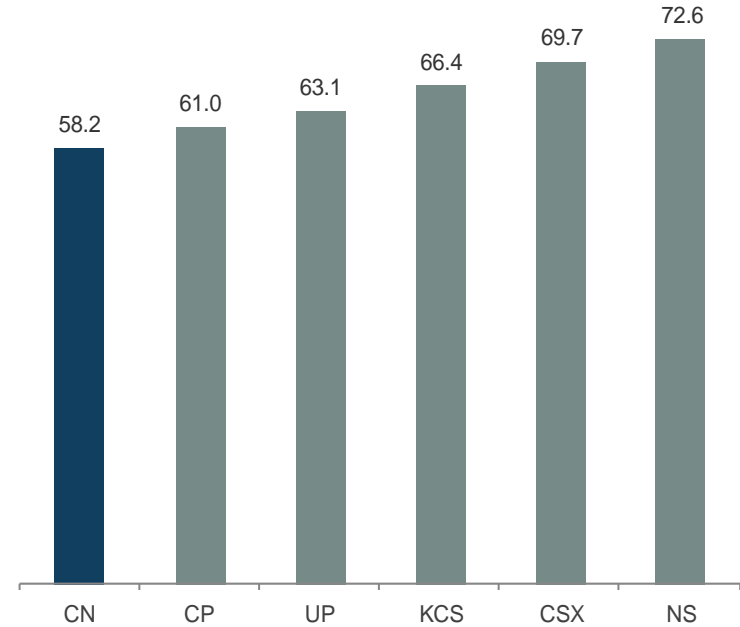
Maintaining our Industry Leadership

CN Volumes vs Economy and Industry
(Index - 2009=100)



(1) Source for Industrial Production: U.S. Federal Reserve, Statistics Canada
(2) Includes CP, NS, CSX, UP, KCS

2015 Industry Operating Ratios (%)
(Expenses / Revenues)



CN Operating Ratio (%)

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 63.6 | 63.5 | 62.9 | 63.4 | 61.9 | 58.2 |

Outpacing the economy and the industry



Solid 2015 Performance

| <i>In millions of Canadian dollars, except EPS data, unless otherwise indicated</i> | 2015 | 2014 | Change Favorable (Unfavorable) |
|---|------------------|-------------|--------------------------------------|
| Revenues | \$ 12,611 | \$ 12,134 | 4% |
| Operating expenses | 7,345 | 7,510 | |
| Operating income | 5,266 | 4,624 | 14% |
| Interest expense | (439) | (371) | |
| Other income | 47 | 107 | |
| Income before income taxes | 4,874 | 4,360 | |
| Income tax expense | (1,336) | (1,193) | |
| Net income | \$ 3,538 | \$ 3,167 | 12% |
| Diluted EPS | \$ 4.39 | \$ 3.85 | 14% |
| Adjusted diluted EPS ⁽¹⁾ | \$ 4.44 | \$ 3.76 | 18% |
| Weighted-average number of shares (diluted in millions) | 805.1 | 823.5 | |
| Operating ratio | 58.2% | 61.9% | 3.7 pts |

Achieved initial guidance of double-digit earnings growth despite headwinds

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



2016 Top-line Outlook

Intermodal

- International – growth in U.S business
 - Full-year impact of new vessel calls at Prince Rupert and Halifax
 - Continued growth in U.S. housing starts, consumer spending & automotive manufacturing
 - Weak Canadian dollar constructive for Canadian ports to sell their services for the Midwest
- Domestic – in line with the weak Canadian economy
- Building for the future:
 - Pre-selling 2017 port terminal expansions at Prince Rupert & Vancouver
 - Mid-year Panama canal expansion: an opportunity for Mobile and New Orleans

23%

2015 revenue breakdown – Other revenues represent the remaining 6%

Merchandise

- U.S. housing starts and weak Canadian dollar driving lumber and panels
- North American consumer driving auto sales & production
- Steady outlook for refined petroleum products and natural gas feedstock based products, supported by CN's private fleet service
- Very challenging environment for energy-related commodities (crude, frac sand, metals)
- Cyclical weakness in iron ore

50%

Bulk

- Canadian grain crop (2015/2016) now in line with 5-year average
 - Good outlook for seed crushing & specialty crops
 - Transient negative impact of revenue cap pricing
- Some opportunities in potash, but a global competitive environment
- Coal remains very challenged in both Canada (met) and U.S. (thermal)
- U.S. grain negatively impacted by global oversupply and strong U.S. dollar

21%

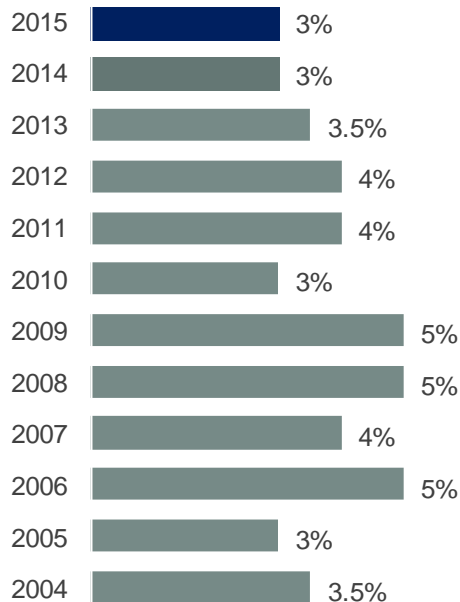
For 2016, expect carloads to be slightly negative

Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors underlying CN's 2016 financial outlook.



Negotiating Value for Our Service and Our Capacity

Value Pricing



Same Store Pricing excludes foreign exchange changes and fuel surcharges. Measures year-over-year price changes on same store traffic (origin, destination, commodity, car type, customer).
~ 75% of CN's revenues are same store.

Same Store Price

- Consistent measure of all past renewals
- Targeting 3% in 2016
- Negative impact from Canadian regulated grain due to lower fuel prices

Up-scaling Yield

- Up-scaling of the bottom 10% of our book of business
- More sophisticated yield management tools
 - Unit revenue to cost ratio: customer provided cars
 - Unit contribution per car day: CN provided cars
 - Unit round trip revenue to cost ratio: Intermodal

Targeting inflation plus pricing and taking a disciplined approach to yield management

Effective Resource Planning



Crews

Onboarding and training programs engaging the next generation of railroaders

~ 8-10% annual attrition

~ 1,150 laid-off employees at the end of 2015



Locomotives

90 new AC locomotives in 2016

- Reduced overhaul program and “cascading” providing flexibility
- ~250 locomotives stored at the end of 2015

Continuing to drive productivity



Cars

Regular stress testing of fleet sizes

Approximately half of the railcars on CN’s network are customer owned/leased

CN cars a mix of ownership (2/3) and leases (1/3) mitigating risk to changing market conditions



Plant

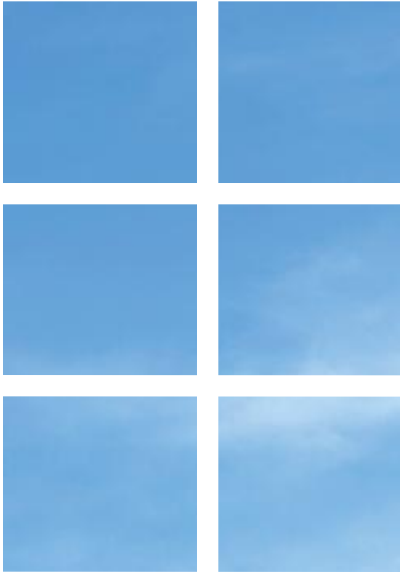
Plant safety and integrity, first and foremost

Leveraging lower traffic volumes and cheaper commodity prices to maximize capital dollar efficiency

Right-sizing resources



2016 Financial Outlook



Expect to deliver mid single-digit earnings growth over 2015 adjusted diluted EPS of C\$4.44 ⁽¹⁾

- Slightly negative carloads but pricing above inflation

Continuing to reinvest in the business for safety and efficiency

- Capital envelope of C\$2.9B, including negative foreign exchange impact and increased PTC investment



Rewarding shareholders

- Dividend increase of 20% and gradually moving towards a target payout ratio of 35%
- Share buyback program in place (Oct. 2015 to Oct. 2016) with a budget of ~C\$2B



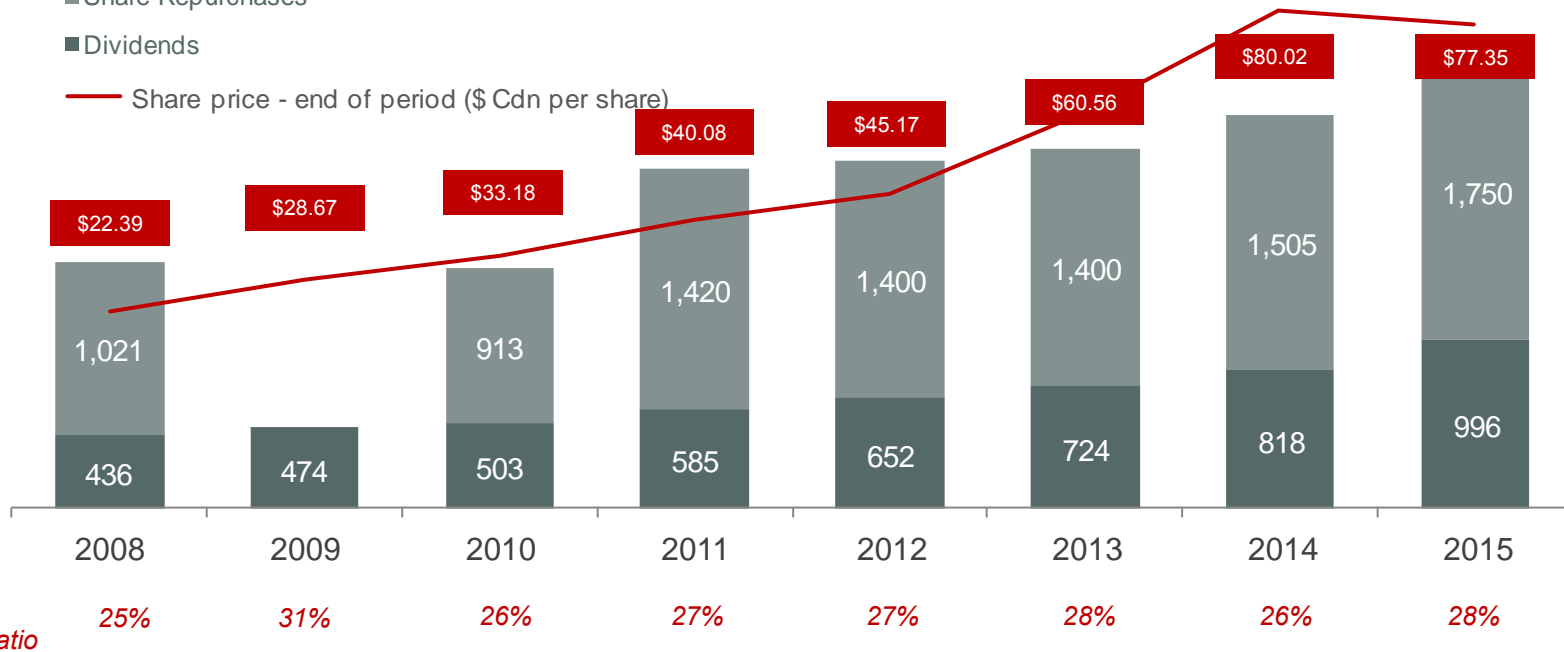
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Total Shareholder Distribution (in millions \$ Cdn)

78% of net income returned to shareholders in 2015

■ Share Repurchases
■ Dividends
— Share price - end of period (\$ Cdn per share)



- 20% increase in dividend in 2016 vs 2015
- Dividends increased every year since 1995 IPO
 - CAGR of 17% over 20 years
- Gradually moving towards a 35% payout ratio

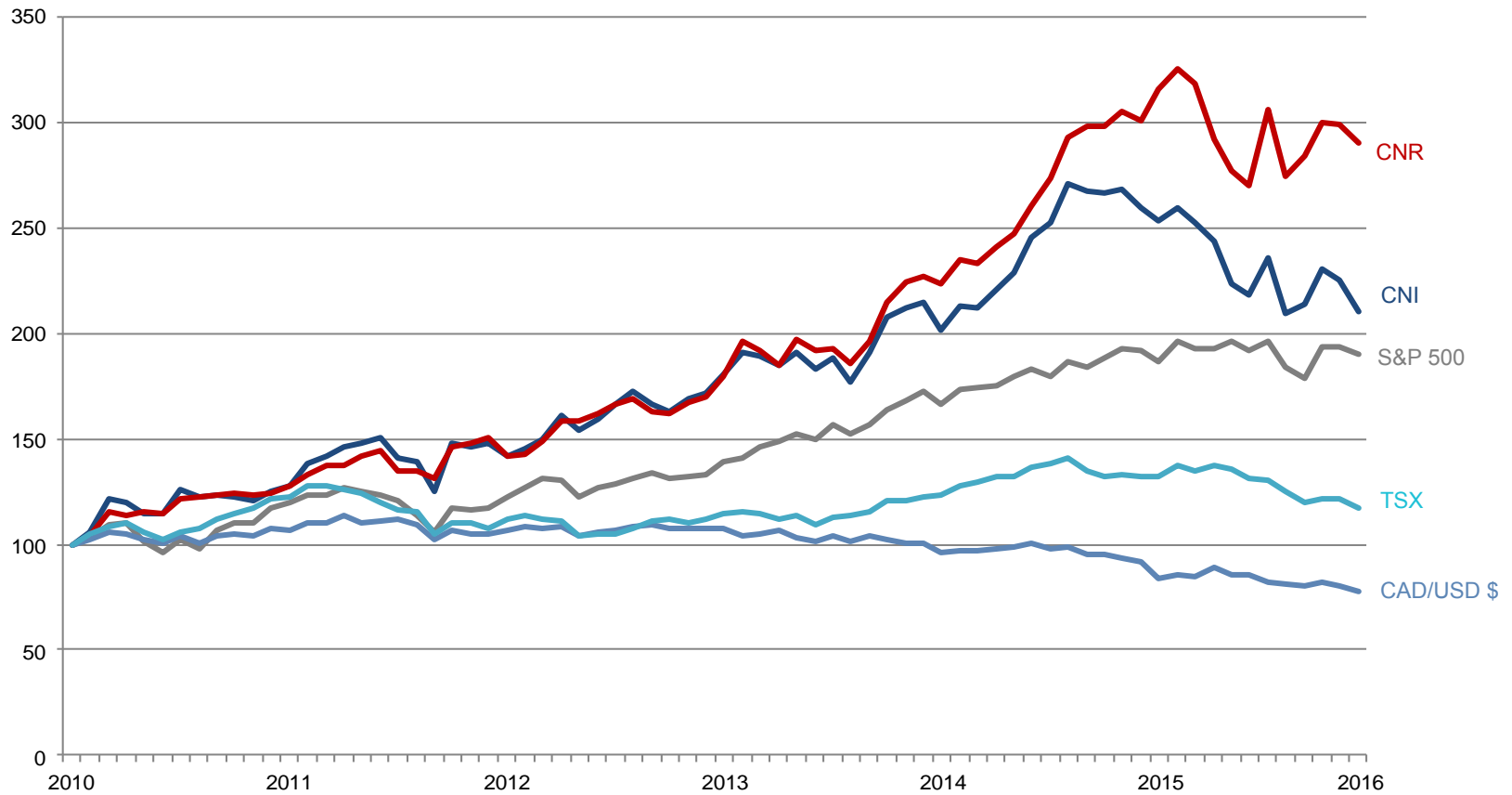
- New share repurchase program from October 30, 2015 to October 29, 2016
 - Budgeting approximately C\$2 billion
- Over C\$15B of share repurchases since 2000



Solid Track Record

CNR, CNI vs TSX, S&P 500
2010-2016

Market Cap ~US\$43B



Jan 2010 = 100
As of January 29, 2016



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