



Fourth Quarter and Full-Year 2015 Financial Results

January 26, 2016





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

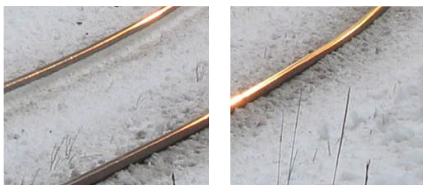
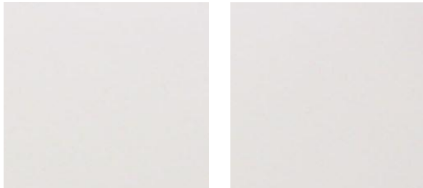
CN has made a number of economic and market assumptions in preparing its 2016 outlook. The Company is assuming that North American industrial production for the year will increase by approximately one per cent and assumes U.S. housing starts in the range of 1.2 million units and U.S. motor vehicle sales 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.



Claude Mongeau
President and Chief Executive Officer



Very strong Q4 results overall

- Swift response to declining volume trends
- Diluted EPS of \$1.18, up 15%
- Balancing Operational and Service Excellence

Capping a solid 2015 performance

- Staying on top of our key markets, with good pricing
- Core focus on efficiency with 58.2% operating ratio
- Solid EPS growth and free cash flow generation

Maintaining our industry leadership position

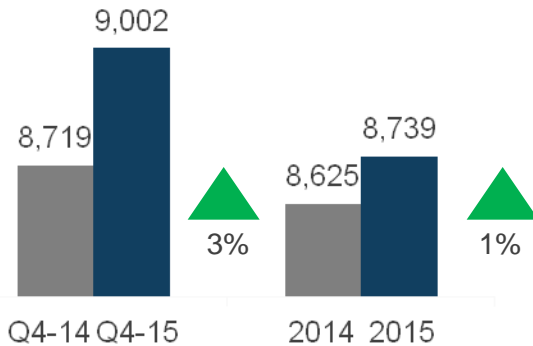


Jim Vena
Executive VP and Chief Operating Officer

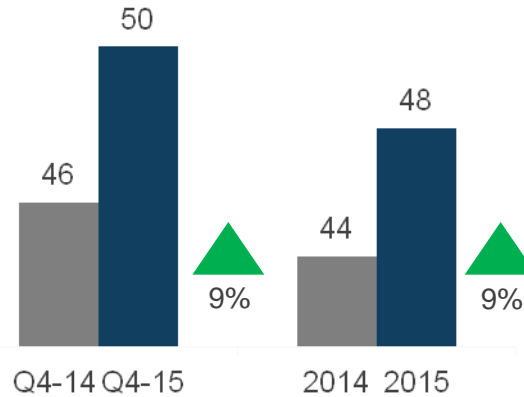


Operating Highlights

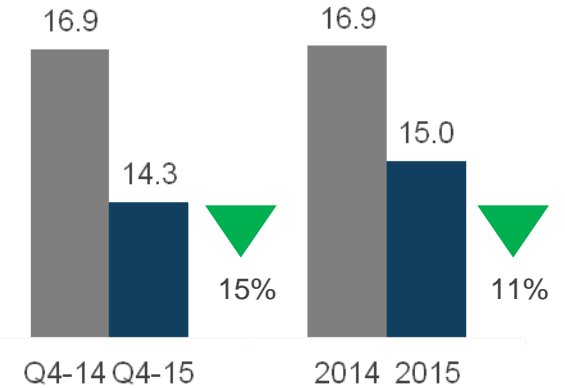
Train Productivity (GTMs per train mile)



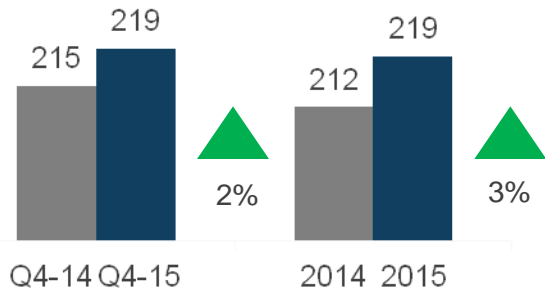
Yard Productivity (Cars per yard switching hour)



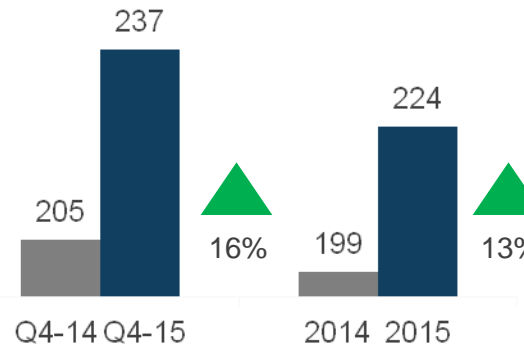
Terminal Dwell (Entire railroad, hours)



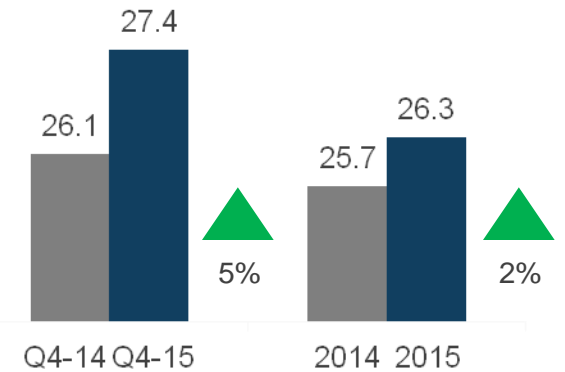
Locomotive Utilization (Trailing GTMs per total horsepower)



Car Velocity (Car miles per day)



Train Velocity (mph)



Maintaining industry leading efficiency



Operational and Service Excellence

SAFETY

Culture and engagement

PRODUCTIVITY

Labor and fuel

CAPACITY

Re-aligning resources

SERVICE

Customer-centric
end-to-end approach





JJ Ruest
Executive VP and Chief Marketing Officer



Q4 Top Line Performance

Revenues -1%

Carloads -8%

\$ / Carload 8%

RTMs -5%

¢ / RTM 5%

Same Store Price* 3%

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

Bulk

Grain & Fertilizers

Coal

Merchandise

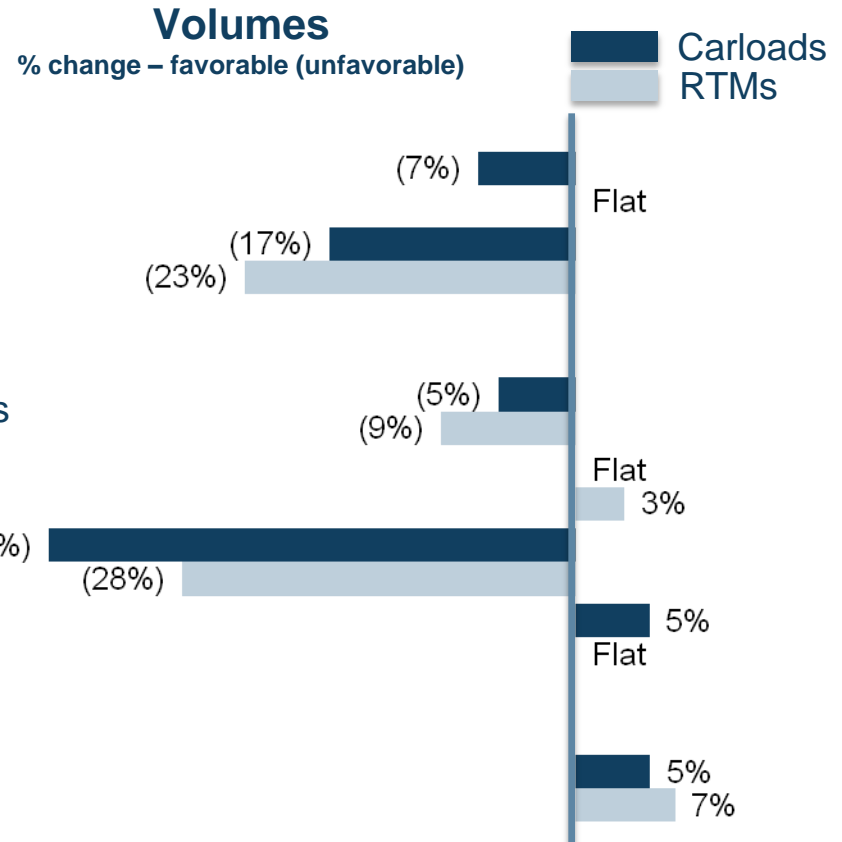
Petroleum & Chemicals

Forest Products

Metals & Minerals

Automotive

Intermodal



Volume weakness largely offset by Canadian dollar shock absorber and disciplined pricing



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



Luc Jobin
Executive VP and Chief Financial Officer



Q4 Results

<i>In millions of Canadian dollars, except EPS data, unless otherwise indicated</i>	2015	2014	Change Favorable (Unfavorable)
Revenues	\$ 3,166	\$ 3,207	(1%)
Operating expenses	1,812	1,947	
Operating income	1,354	1,260	7%
Interest expense	(119)	(94)	
Other income	16	13	
Income before income taxes	1,251	1,179	
Income tax expense	(310)	(335)	
Net income	\$ 941	\$ 844	11%
Diluted EPS	\$ 1.18	\$ 1.03	15%
Weighted-average diluted number of shares (in millions)	796.3	816.9	
Operating ratio	57.2%	60.7%	3.5 pts

Exceptional performance by the entire team



Q4 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	\$ 608	\$ 592	(3%)	4%
Purchased services and material	437	442	1%	8%
Fuel	304	448	32%	42%
Depreciation and amortization	290	279	(4%)	3%
Equipment rents	103	85	(21%)	(6%)
Casualty and other	70	101	31%	39%
Total operating expenses	\$ 1,812	\$ 1,947	7%	15%

Swift and disciplined response to lower volumes

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



Full-Year Results

<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.



Full-Year Free Cash Flow

	2015	2014	Change Favorable (Unfavorable)
<i>In millions of Canadian dollars, unless otherwise indicated</i>			
Net income	\$ 3,538	\$ 3,167	
Non-cash adjustments	1,758	1,386	
Payments for income taxes	(725)	(722)	
Other working capital items	569	550	
Net cash provided by operating activities	5,140	4,381	759
Capital expenditures (net)	(2,706)	(2,297)	
Major asset sales	-	173	
Other investing	(121)	(52)	
Net cash used in investing activities	(2,827)	(2,176)	(651)
Net cash provided before financing activities	2,313	2,205	(108)
Change in restricted cash and cash equivalents	60	15	
Free cash flow	\$ 2,373	\$ 2,220	153
Total net indebtedness at end of period (including restricted cash and cash equivalents) ⁽¹⁾	9,751	\$ 7,857	
Adjusted debt-to-total capitalization ratio ⁽²⁾	42.5%	40.0%	
Adjusted debt-to-adjusted EBITDA multiple ^{(2) (3)}	1.71 x	1.57x	

(1) As a result of the retrospective adoption of a new accounting standard in the fourth quarter of 2015, the 2014 debt balance has been adjusted and the related financial ratios have been restated. See Note 2 - Accounting changes to the Company's 2015 unaudited Interim Consolidated Financial Statements for additional information.

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

(3) 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.



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

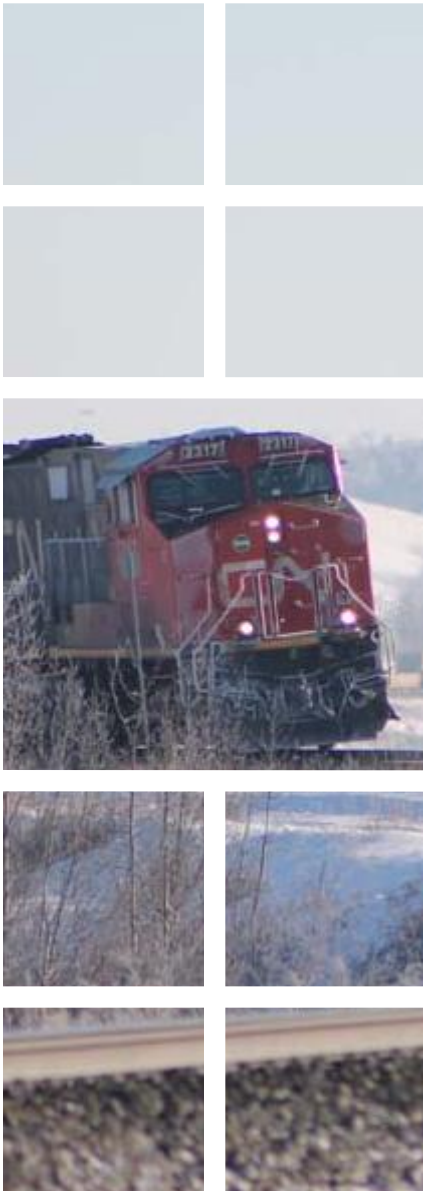
- Capital envelope of C\$2.9B, including negative foreign exchange impact and increased PTC investment

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

(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 2016 financial outlook.





Claude Mongeau
President and Chief Executive Officer



Looking Ahead



- Managing through the weaker volume environment
- Leveraging a great franchise and a well-diversified portfolio
- Committed to our agenda of Operational and Service Excellence

Focused on creating long-term shareholder value