Forward-Looking Statements

Certain statements included in this presentation constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities laws. 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 may be identified by the use of terminology such as “believes,” “expects,” “anticipates,” “assumes,” “outlook,” “plans,” “targets,” or other similar words.

2017 key assumptions
CN has made a number of economic and market assumptions in preparing its 2017 outlook. The Company assumes that North American industrial production for the year will increase by approximately two per cent, and assumes U.S. housing starts in the range of 1.25 million units and U.S. motor vehicle sales of approximately 17 million units. For the 2016/2017 crop year, the grain crops in both Canada and the United States were above their respective five-year averages. The Company assumes that the 2017/2018 grain crops in both Canada and the United States will be in line with their respective five-year averages. CN assumes total RTMs in 2017 will increase by approximately 10 per cent versus 2016. CN expects continued pricing improvement above inflation. CN assumes that in 2017 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$40 to US$50 per barrel. In 2017, CN now plans to invest approximately C$2.7 billion in its capital program, compared to its July 25, 2017 plan to invest approximately C$2.6 billion in its capital program, of which C$1.6 billion is still targeted toward track infrastructure.

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; 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, fires, 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 and completion of capital programs; 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 (MD&A) 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.

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). CN also uses non-GAAP measures in this presentation that do not have any standardized meaning prescribed by GAAP, including adjusted performance measures, constant currency, free cash flow, and adjusted debt-to-adjusted EBITDA multiple. These non-GAAP measures may not be comparable to similar measures presented by other companies. For further details of these non-GAAP measures, including a reconciliation to the most directly comparable GAAP financial measures, refer to the Company’s website, Third Quarter Results at www.cn.ca/financial-results.

CN's full-year adjusted EPS outlook excludes the expected impact of certain income and expense items. However, management cannot individually quantify on a forward-looking basis the impact of these items on its EPS because these items, which could be significant, are difficult to predict and may be highly variable. As a result, CN does not provide a corresponding GAAP measure for, or reconciliation to, its adjusted EPS outlook.
Q3 Highlights

Strong demand across most segments
- 10% increase in RTMs and inflation-plus pricing
- Key drivers of growth include frac sand, intermodal, coal and Canadian grain

Balancing operational and service excellence
- Operating ratio of 54.7% – in line with our expectations
- Increasing capital investments to meet demand and future growth opportunities

Strong financial results
- Diluted EPS of C$1.27, up 2%
- Adjusted diluted EPS of C$1.31, up 5% \(^{(1)}\)
- Solid YTD free cash flow generation of C$2,321M \(^{(1)}\)

(1) Please see website, Third Quarter Results, www.cn.ca/financial-results, for an explanation of these non-GAAP measures.
Operating Highlights
Quarterly record for GTMs in Q3

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)

Average GTMs per day
(Millions)

▲ 8% vs Q3-15

▲ 4% vs Q3-15

▲ 13% vs Q3-15

▲ 2% vs Q3-15

▼ 9% vs Q3-15

▼ 5% vs Q3-15
Investing for the Long Term

Experiencing strong volume growth across most segments

Hiring and other personnel initiatives

Additional locomotives coming on-line

Continuing to invest in infrastructure, yards and equipment
  - Advancing some investments to be shovel-ready in spring of 2018
## Q3 Top Line Performance
Solid results across most segments

### Highlights

<table>
<thead>
<tr>
<th>Category</th>
<th>Revenues</th>
<th>Carloads</th>
<th>$ / Carload</th>
<th>RTMs</th>
<th>c / RTM</th>
<th>Same Store Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Change</td>
<td>7%</td>
<td>11%</td>
<td>(4%)</td>
<td>10%</td>
<td>(3%)</td>
<td>(3%)</td>
</tr>
<tr>
<td>% Change at constant currency</td>
<td>9%</td>
<td></td>
<td>(2%)</td>
<td></td>
<td>(1%)</td>
<td></td>
</tr>
</tbody>
</table>

### Volumes

<table>
<thead>
<tr>
<th>Segment</th>
<th>% of Total Revenues</th>
<th>% Change</th>
</tr>
</thead>
</table>
| Bulk
Grain & Fertilizers| 15%                 | (3%)     |
Coal                | 40%                 | (7%)     |
| Merchandise
Petroleum & Chemicals| 17%               | 1%       |
Forest Products      | 14%                 | (2%)     |
Metals & Minerals    | 50%                 | (4%)     |
Automotive           | 12%                 | (3%)     |
Intermodal           | 26%                 | 10%      |

### Notes

1. Please see website, Third Quarter Results, www.cn.ca/financial-results, for an explanation of this non-GAAP measure.
2. Based on Q3 2017 revenue breakdown – Other revenues represent the remaining 8%.
3. ~75% of CN’s revenues are same store.
## Market Outlook

Working closely with customers and supply chain partners

### Intermodal
26% of revenues

- **International**
  - Demand is strong
  - Port dwell time at Prince Rupert is back to normal. DP World diverted only one COSCO vessel to Vancouver

- **Domestic**
  - Market is constructive
  - Addressing immediate and near-term capacity needs in Brampton (ON)

### Merchandise
49% of revenues

- Ongoing energy sector recovery – frac sand, steel and heavy crude production
- Economy remains supportive for metals, minerals, chemicals, refined petroleum products
- U.S. housing market remains positive
  - Supports container imports of household goods
  - Softwood Lumber Agreement (SLA) outcome uncertain
- Automotive traffic driven by long-haul offshore imports

### Bulk
19% of revenues

- Committed to deliver on Canadian grain exports
- Coal business growth from exports of Canadian metallurgical coal, petroleum coke and accumulated mine inventories
- Potash is constructive. PCS Rocanville (SK) mine expansion completed. Now the world’s largest potash mine (capacity of 6.5 million metric tonnes per year)
- U.S. grain exports will be weaker

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*Q3 2017 revenue breakdown – Other revenues represent the remaining 6%.
Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors underlying CN’s 2017 financial outlook.*
### Q3 Results

**Solid financial performance**

<table>
<thead>
<tr>
<th>In millions of Canadian dollars, except EPS data, unless otherwise indicated</th>
<th>2017</th>
<th>2016</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$ 3,221</td>
<td>$ 3,014</td>
<td>7%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>1,762</td>
<td>1,607</td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>1,459</td>
<td>1,407</td>
<td>4%</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(119)</td>
<td>(118)</td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>5</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>1,345</td>
<td>1,289</td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(387)</td>
<td>(317)</td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$ 958</td>
<td>$ 972</td>
<td>(1%)</td>
</tr>
</tbody>
</table>

| Diluted EPS                                                               | $ 1.27 | $ 1.25 | 2%       |
| Adjusted diluted EPS                                                     | $ 1.31 | $ 1.25 | 5%       |
| Weighted-average diluted number of shares (in millions)                   | 755.0  | 775.7  |          |
| Operating ratio                                                          | 54.7%  | 53.3%  | (1.4 pts)|

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(1) Please see website, Third Quarter Results, [www.cn.ca/financial-results](http://www.cn.ca/financial-results), for an explanation of this non-GAAP measure.
### Q3 Operating Expenses

Managing costs in a high volume environment

**In millions of Canadian dollars, unless otherwise indicated**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>% Change at constant currency (1)</th>
<th>% Change Favorable (Unfavorable)</th>
<th>% Change Favorable (Unfavorable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor and fringe benefits</td>
<td>$ 525</td>
<td>$ 495</td>
<td>(6%)</td>
<td>(8%)</td>
<td></td>
</tr>
<tr>
<td>Purchased services and material</td>
<td>424</td>
<td>379</td>
<td>(12%)</td>
<td>(14%)</td>
<td></td>
</tr>
<tr>
<td>Fuel</td>
<td>312</td>
<td>261</td>
<td>(20%)</td>
<td>(24%)</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>316</td>
<td>312</td>
<td>(1%)</td>
<td>(3%)</td>
<td></td>
</tr>
<tr>
<td>Equipment rents</td>
<td>107</td>
<td>92</td>
<td>(16%)</td>
<td>(21%)</td>
<td></td>
</tr>
<tr>
<td>Casualty and other</td>
<td>78</td>
<td>68</td>
<td>(15%)</td>
<td>(19%)</td>
<td></td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$1,762</td>
<td>$1,607</td>
<td>(10%)</td>
<td>(12%)</td>
<td></td>
</tr>
</tbody>
</table>

(1) Please see website, Third Quarter Results, [www.cn.ca/financial-results](http://www.cn.ca/financial-results), for an explanation of this non-GAAP measure.
Generating Strong Free Cash Flow

<table>
<thead>
<tr>
<th>In millions of Canadian dollars, unless otherwise indicated</th>
<th>2017 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$ 2,873</td>
</tr>
<tr>
<td>Non-cash adjustments</td>
<td>1,373</td>
</tr>
<tr>
<td>Payments for income taxes</td>
<td>(498)</td>
</tr>
<tr>
<td>Other working capital items</td>
<td>419</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>4,167</td>
</tr>
<tr>
<td>Capital expenditures (net)</td>
<td>(1,795)</td>
</tr>
<tr>
<td>Other investing activities</td>
<td>(51)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(1,846)</td>
</tr>
<tr>
<td>Free cash flow(^{(1)})</td>
<td>$ 2,321</td>
</tr>
</tbody>
</table>

| **Total net indebtedness at end of period**\(^{(2)}\) | $ 9,823 |
| **Adjusted debt-to-adjusted EBITDA multiple**\(^{(1)}\)\(^{(3)}\)\(^{(4)}\) | 1.57 x  

\(^{(1)}\) Please see website, Third Quarter Results, [www.cn.ca/financial-results](http://www.cn.ca/financial-results), for an explanation of these non-GAAP measures.

\(^{(2)}\) Includes restricted cash and cash equivalents.

\(^{(3)}\) Debt is adjusted to include the present value of operating lease commitments.

\(^{(4)}\) 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. The adjusted debt-to-adjusted EBITDA multiple is based on adjusted EBITDA for the twelve months ended September 30, 2017.
Reaffirming 2017 Financial Outlook

Expect to deliver adjusted diluted EPS in the range of C$4.95 to C$5.10 versus 2016 adjusted diluted EPS of C$4.59 (1) (2)

- Volume growth of approximately 10% in terms of RTMs, with overall pricing above inflation

Increasing our capital envelope by an additional C$100M to C$2.7B for 2017

- Additional investments in infrastructure, yards and equipment

New share buyback program (Oct 2017 to Oct 2018)

(1) Please see website, Third Quarter Results, www.cn.ca/financial-results, for an explanation of this non-GAAP measure.
(2) Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors underlying CN’s 2017 financial outlook.
Economic environment remains very supportive

Focused on delivering superior service to our customers

Adjusting and optimizing our resources to accommodate strong demand and future growth opportunities

Solid plan in place given confidence in future prospects