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CN

INVESTOR DAY 2019

JUNE 4 • TORONTO, ON

Forward-looking Statements

Certain statements included in the Investor Day presentations 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 with respect to CN’s operations, business opportunities and anticipated financial performance, including diluted earnings per share (EPS) and adjusted diluted EPS growth, operating ratio, adjusted return on invested capital (ROIC), capital investment ratio, free cash flow, dividends per share growth, adjusted dividend payout ratio and cost savings, and the related key assumptions. 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.

2019 key assumptions

CN has made a number of economic and market assumptions in preparing its 2019 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 of approximately 1.25 million units and U.S. motor vehicle sales of approximately 17 million units. For the 2018/2019 crop year, the grain crops in both Canada and the United States were in line with their respective three-year averages. The Company assumes that the 2019/2020 grain crops in both Canada and the United States will be in line with their respective three-year averages. CN now assumes total RTMs in 2019 will increase in the mid single digits versus 2018 (compared to its April 29, 2019 assumption in the high single digits). CN assumes continued pricing above rail inflation. CN assumes that in 2019, the value of the Canadian dollar in U.S. currency will be approximately \$0.75, and assumes that in 2019 the average price of crude oil (West Texas Intermediate) will be in the range of US\$60 to US\$65 per barrel. In 2019, CN plans to invest approximately C\$3.9 billion in its capital program, of which C\$1.6 billion is targeted toward track and railway infrastructure maintenance.

2020-2022 key assumptions

CN has made a number of economic and market assumptions in preparing its three-year financial perspective. The Company assumes that North American industrial production will increase by approximately two per cent annually over the next three years, and assumes annual U.S. housing starts of at least 1.25 million units, and annual U.S. motor vehicle sales of approximately 17 million units. The Company assumes that the annual grain crops in both Canada and the United States will be in line with their respective three-year averages. CN assumes continued pricing above rail inflation. CN assumes that the value of the Canadian dollar in U.S. currency will be approximately \$0.75 and that the average price of crude oil (West Texas Intermediate) will be in the range of US\$60 to US\$65 per barrel during this period.

Forward-looking statements are not guarantees of future performance and involve 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 and related cybersecurity risk; trade restrictions or other changes to international trade arrangements; 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 the Investor Day presentations that do not have any standardized meaning prescribed by GAAP, including adjusted diluted EPS, adjusted dividend payout ratio, adjusted ROIC and free cash flow. These non-GAAP measures may not be comparable to similar measures presented by other companies. These measures are defined and reconciled to the comparable GAAP measures on our website, www.cn.ca/investors/cn-investor-day.

CN's 2019 full-year adjusted diluted EPS outlook excludes, and the 2020-2022 financial perspective may exclude, 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.

To the extent the Company has provided guidance using other non-GAAP measures, including adjusted ROIC and free cash flow, CN is not able to provide a reconciliation to a GAAP measure, due to unknown variables and uncertainty related to future results.



The Next Level of Scheduled Railroading

JJ RUEST

President and
Chief Executive Officer

My Principles

PLAYING AS ONE

LIVING FINANCIAL DISCIPLINE

TAKING CALCULATED RISKS



We have a bias for action

Principles of Scheduled Railroading

We play hard, we play to win



Proven Track Record ➤ CN Brand



Proven Track Record – What We Said

2017 Investor Day

Diluted EPS CAGR of 10%

Average Operating Ratio (OR) of mid-50s
(prior to pension reclass)

Procurement and Supply Management
savings of ~\$100M

Dividend growth in line with earnings growth
○ Targeting dividend payout ratio of 35%

Share repurchases in line with recent years



Proven Track Record – What We Achieved

What We Said - 2017 Investor Day

Diluted EPS CAGR of 10%

Average Operating Ratio (OR) of mid-50s
(prior to pension reclass)

Procurement and Supply Management
savings of ~\$100M

Dividend growth in line with earnings growth
○ Targeting dividend payout ratio of 35%

Share repurchases in line with recent years

What Was Achieved (2017-2018)

Achieved

Average OR of ~60%, despite pension reclass and
capacity constraints in Western Canada

Achieved early

Dividend CAGR faster than earnings CAGR
○ 33% adjusted dividend payout ratio*

Achieved



Executed strategy and delivered on targets set at our 2017 Investor Day

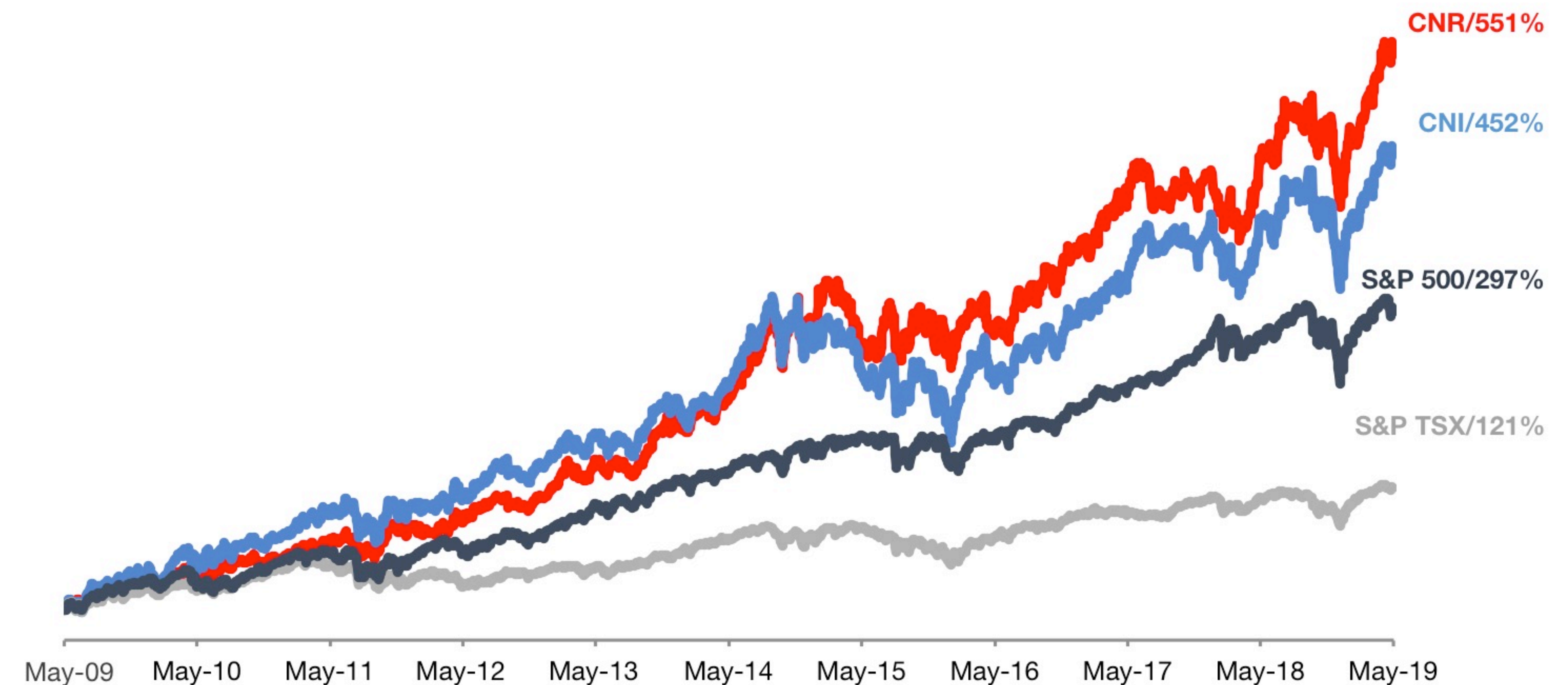
*See website for an explanation of this non-GAAP measure.



Our Strengths and Competitive Advantages

- Significant capital costs to replicate rail network – solid franchise with 3-coast access
- Pioneers of Scheduled Railroading
- Best-in-class balance sheet
- Solid growth profile / consistent pricing above rail inflation, reinforcing our first use of cash policy towards the business
- Proven high-quality management team
- Best-in-class supply chain enabler
- Transformative diverse talent
- Acquisition track record
- Chicago fluidity advantage expected to last forever
- West Coast trade benefitting from Canada Transpacific partnership, East Coast trade from Comprehensive Economic and Trade Agreement (CETA)

Consistently Outpacing the Market (cumulative total return over last 10 years)



Source: Bloomberg

Index: Closing price May 2009 = 100
Assumes reinvestments of dividends



Delivering Responsibly

ESG at CN

Environmental Protection

- CN reduced Greenhouse Gas (GHG) emission intensity by 40% over the past 25 years
- CN leads the North American rail industry, consuming 15% less fuel per Gross Ton Mile (GTM)
- Rail is four times more fuel efficient than truck



Social Responsibility

- Run a safe operation with an uncompromising safety culture
- Provide a safe, supportive and diverse work environment where our people can grow to their full potential
- Build stronger communities across our network



Strong Governance

- Committed to continuously improving our culture of integrity and ethical business conduct
- Executive compensation aligned with shareholders
- Committed to diversity; signatory to the Catalyst Accord; member of 30% Club



Pioneers in Scheduled Railroading

Communicating our updated strategic game plan



Scheduled Railroading Is Our Foundation

- CN pioneered Scheduled Railroading over 15 years ago
- Driving safety, service, productivity, asset utilization and cost control
- Deploying technology – next strategic driver of value
- Continuing to be nimble on resource allocation



Right Talent in the Right Role

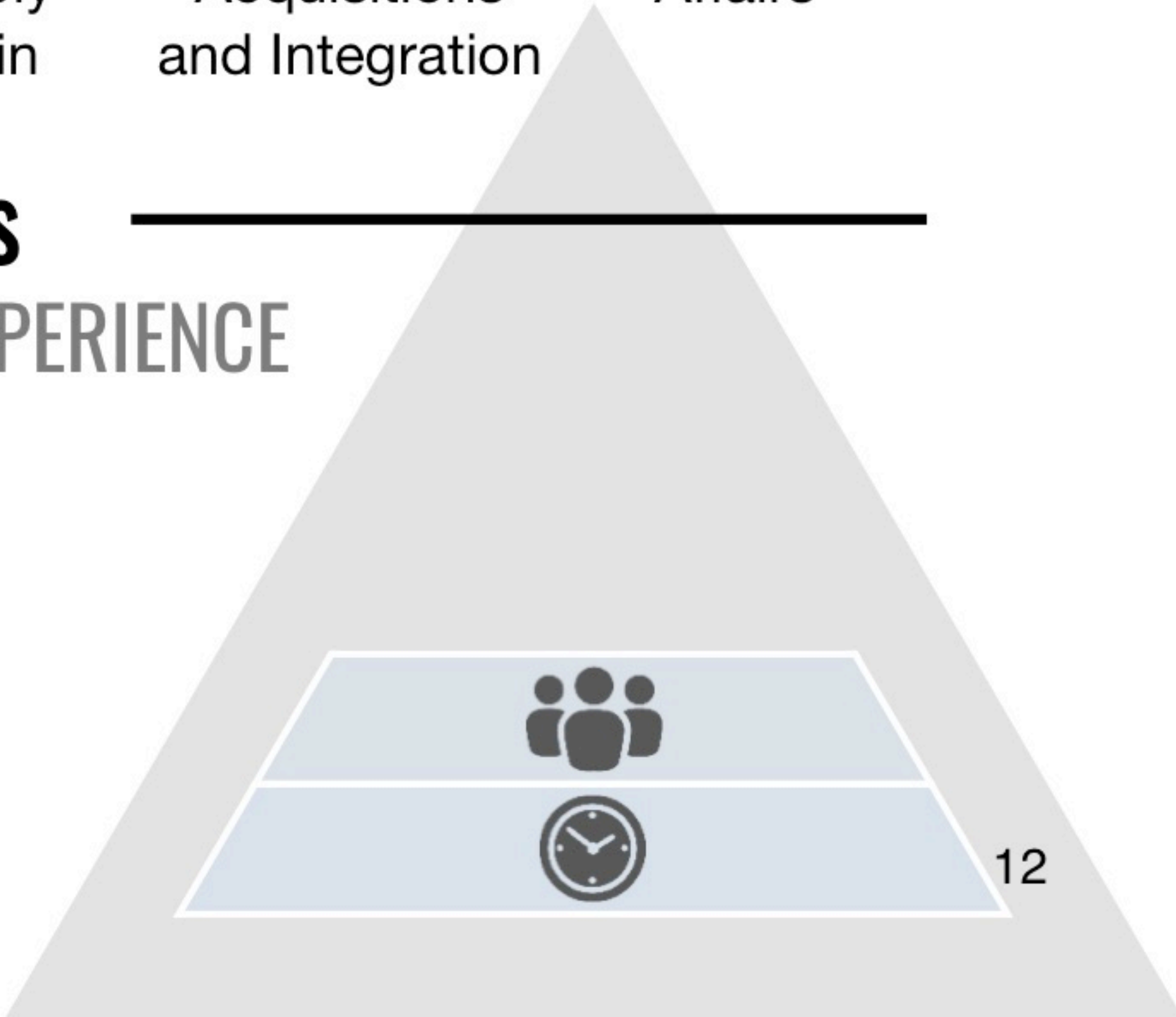
Seasoned Scheduled Railroaders and Proven Market Makers –
First railroad to implement new talent to value methodology



Derek Taylor	James Thompson	Doug MacDonald	Doug Ryhorchuk	Michael Farkouh	Keith Reardon	Buck Rogers	Allen Foster	Kelly Levis	James Cairns	Janet Drysdale	Fiona Murray
VP Southern Region	VP Western Region	VP Eastern Region	VP Network Operations	VP Railroad and Technology Deployment	Senior VP Consumer Product Supply Chain	VP Petroleum and Chemicals	VP Bulk	VP Industrial Products	Senior VP Rail Centric Supply Chain	VP Financial Planning, Acquisitions and Integration	VP Public and Government Affairs

Seasoned Scheduled Railroaders
RANGING FROM 19-35 YEARS OF EXPERIENCE

Proven Market Makers
RANGING FROM 12-35 YEARS OF EXPERIENCE



Right Talent in the Right Role

Embracing external talent to challenge the art of what is possible –
Similar to outside talent from Illinois Central pioneering Scheduled Railroading on CN



Mohit Bhat
Assistant VP
Enterprise Architect



Nayan Bharadwa
Assistant VP
Operational Technology



Chief Digital Officer



Michael Foster
Executive VP
and Chief
Information and
Technology
Officer



Rob Reilly
Executive VP
and Chief
Operating
Officer



Raj Gupta
VP System
Engineering



Jim Sokol
VP
Mechanical



Paul Harridine
VP
Procurement
and Supply
Management



Mitch Beekman
VP Safety and
Environment



Martin Guimond
VP
Multimodal
Operations



Mike Jones
President
(TransX)



Marlene Puffer
President and
CEO, CN
Investment
Division

**Technology
Transformation Activators**

**Business Function
Transformation Activators**



Industry-Leading Profitable Growth

Organic Growth

- Investing ahead of our customers' and partners' growth
- Leveraging best-in-class natural resources supply chains (unit trains)
- Taking advantage of the North American consumer economy freight growth
- Expanding service offering, including in temperature-controlled supply chains

Strategic Acquisitions and Partnerships

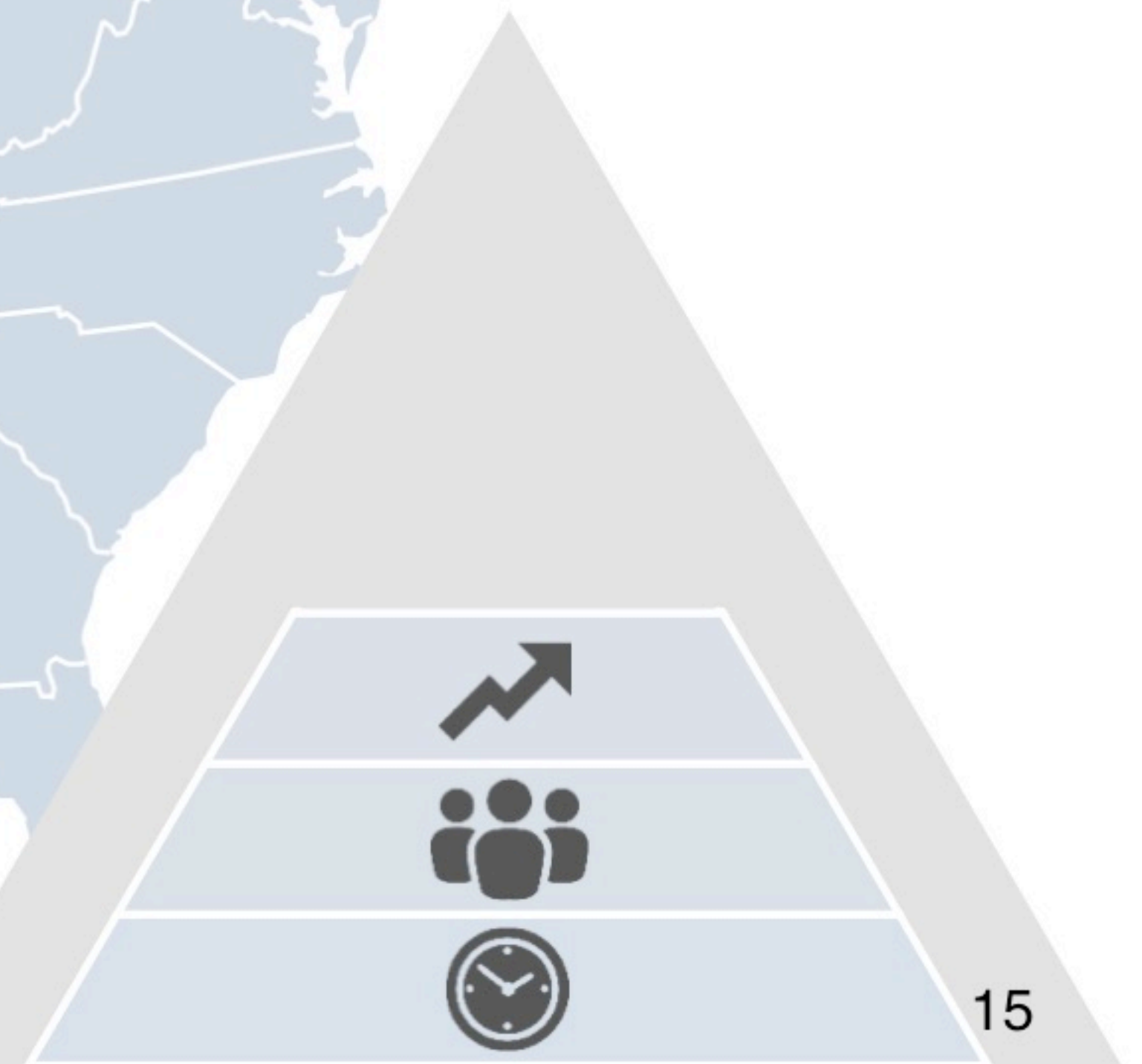
- Feeding more rail volumes onto our unique three-coast network
- Extending our industry-leading physical and commercial reach
- Increasing rail intermodal by converting over-the-road freight
- Developing Prince Rupert Port(s) of the East to leverage underutilized Halifax-Chicago corridor

Producing compounded pricing above rail inflation



Leveraging the Network to Drive Growth

- Keeping investments up ahead of business opportunities in high-density Western Region
- Driving organic and inorganic growth opportunities to leverage underutilized network in Eastern and Southern Regions



Modernizing Scheduled Railroading by Deploying Advanced Technologies

- Learning from other industrial leaders, modernizing rail mindset and processes
- Moving from proof-of-concept to full-scale technology deployment
 - Digitizing in-motion train and track inspection
 - Digitizing the work process of thousands of crew and carmen
 - Automating labor intensive back office processes
- Implementing Smart Network (Digital Twin)
- Developing technological tools to improve intermodal asset utilization, such as dray truck, gates, cranes, chassis and containers



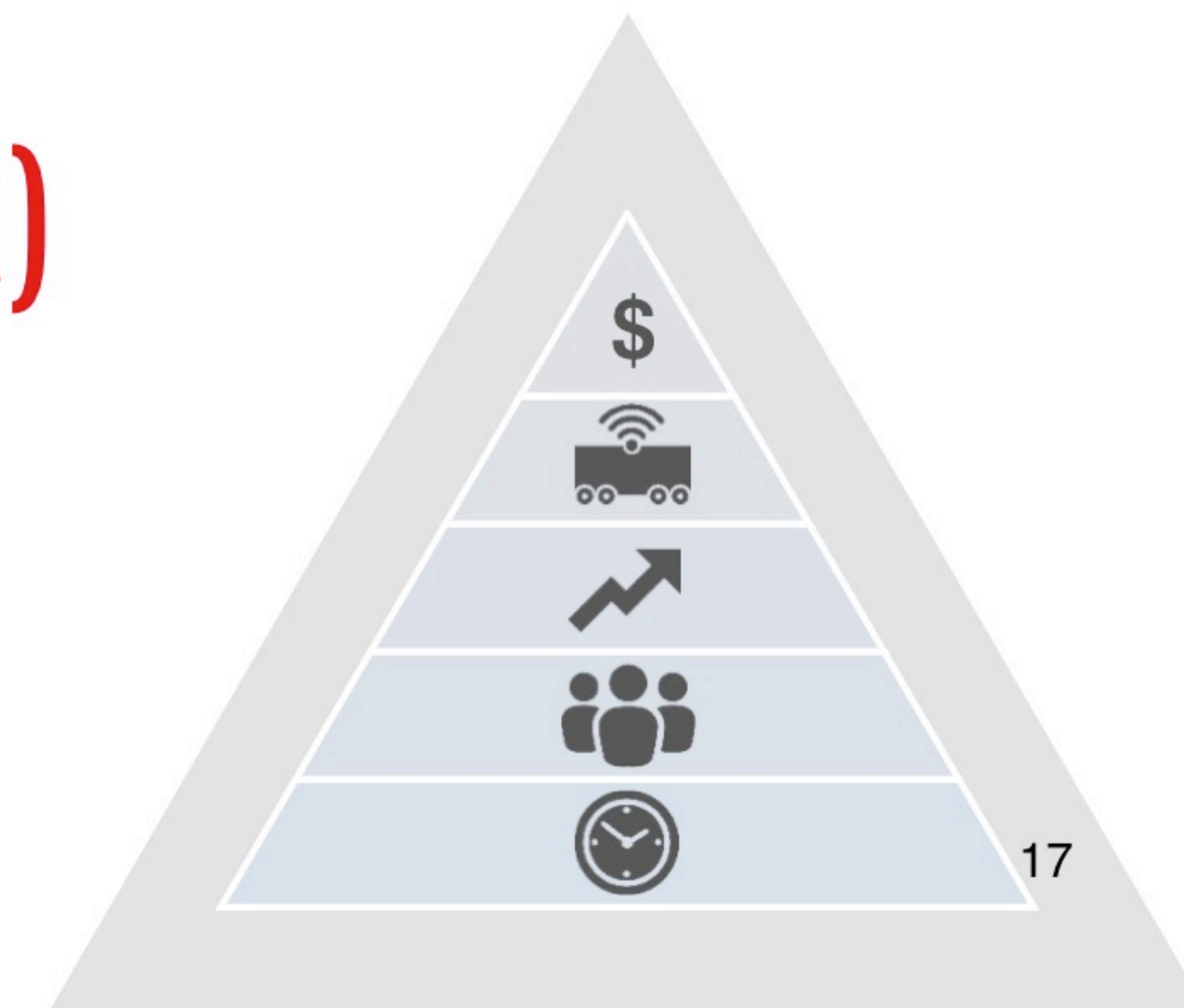
Driving Shareholder Value Creation

- Continued strong earnings growth translating into solid free cash flow generation
- Strategic capital allocation
 - Reinvesting wisely into the business for the long-term
 - Strategic acquisitions and partnerships to accelerate growth
 - Rewarding shareholders

Historical Total Shareholder Return (TSR)

1 year 19%	5 years 110%	10 years 551%
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Source: Bloomberg



Our Strategic Game Plan to Deliver Long-Term Profitable Growth and Deploy Advanced Technologies to Create Shareholder Value



Scheduled Railroading Pioneers

MIKE CORY

Executive Vice-President
and Chief Operating Officer



JAMES THOMPSON

Vice-President, Western Region



WESTERN REGION

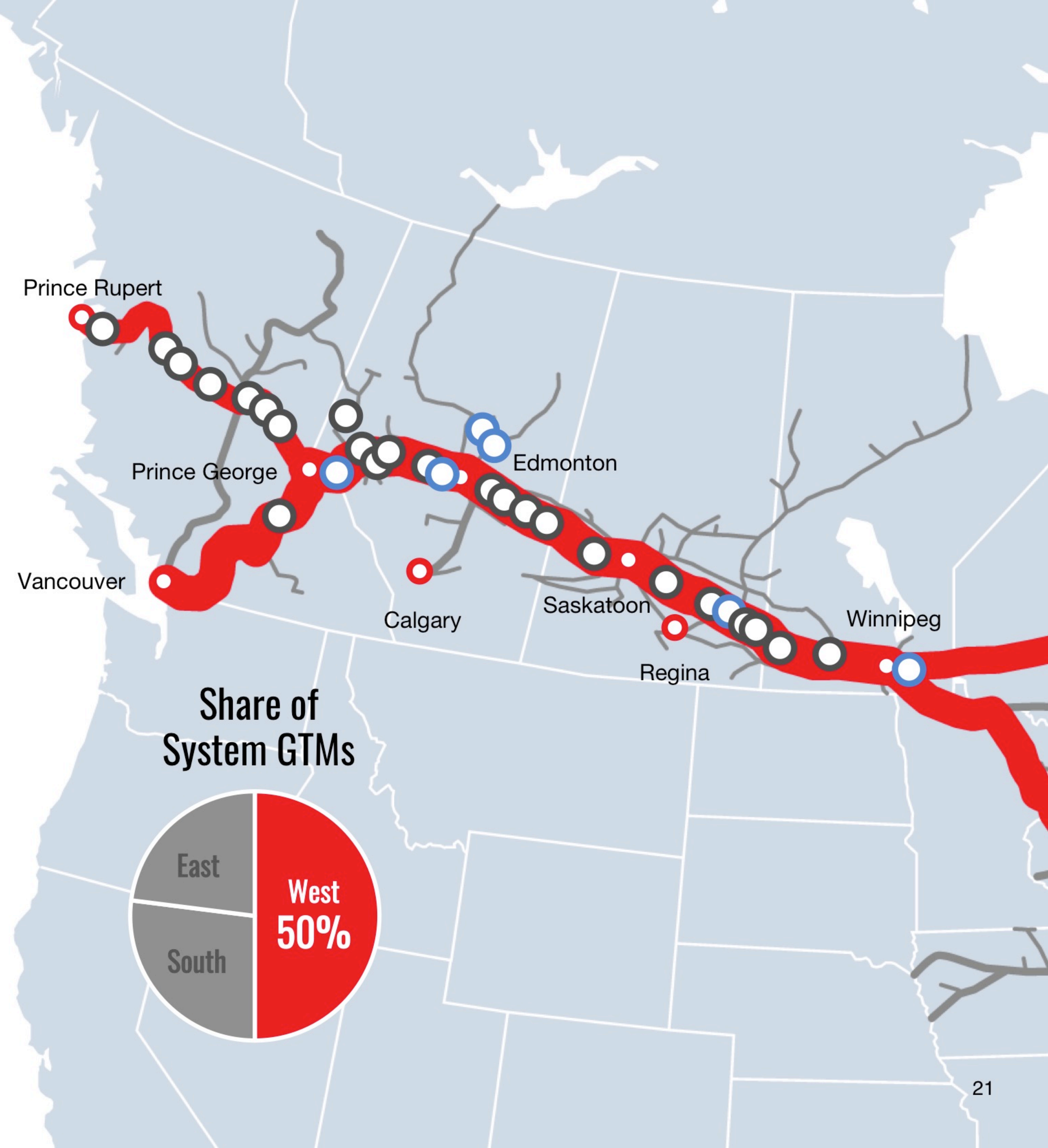
Over \$600M investment in 2018-2019

Providing the ability to improve service
and grow at low incremental cost

- Catch up capital in 2018-2019
- Enabling improvement in key operating metrics
-- train speed, car velocity, terminal dwell
 - Getting closer to 2017 performance levels
with ~15% higher workload (GTMs)
- Higher asset utilization translating into lower
transportation costs (crews, fuel, rolling stock)
and increased capacity



- Mainline investments
- Yard capacity improvements



DEREK TAYLOR

Vice-President, Southern Region



SOUTHERN REGION

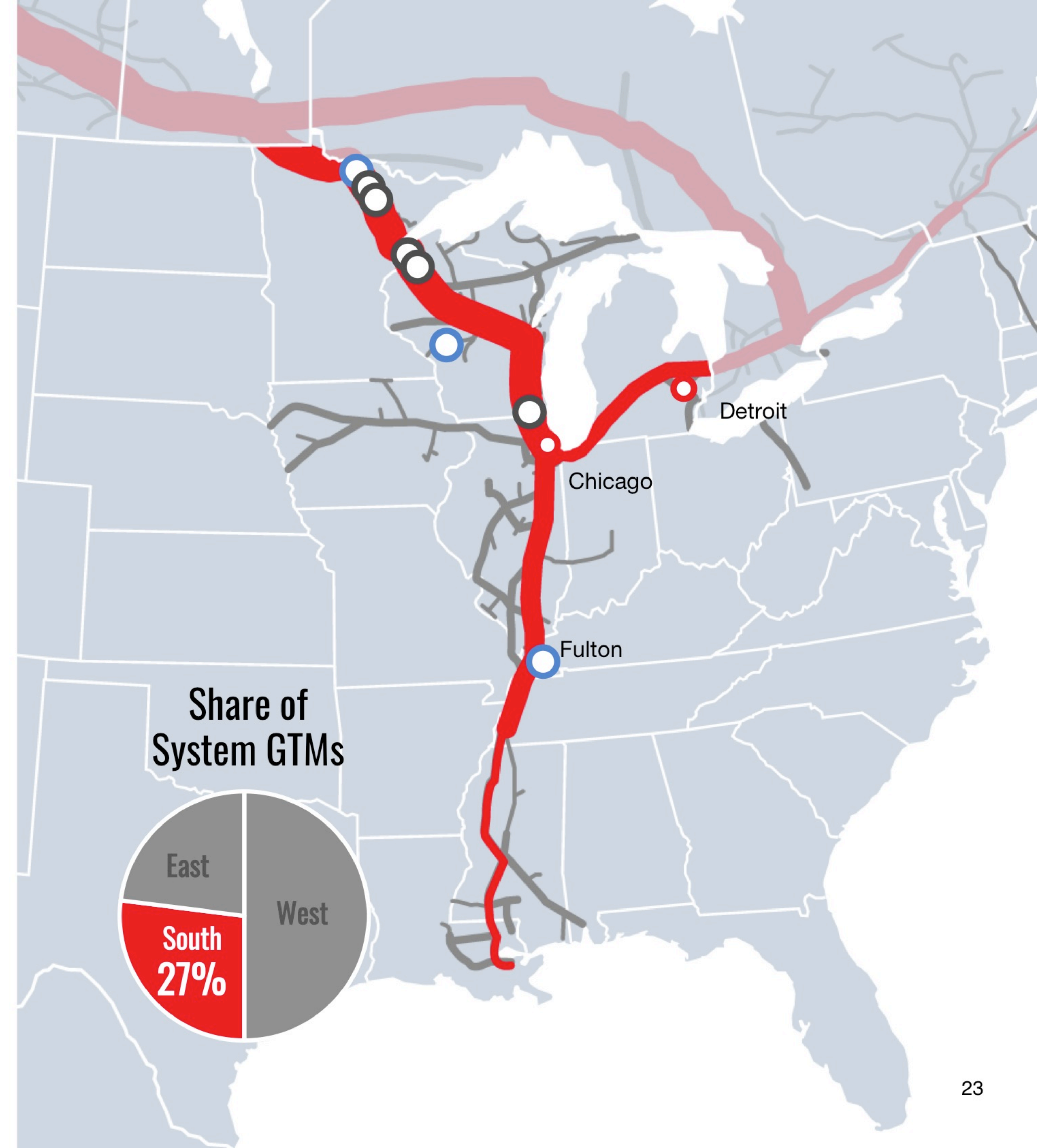
Network optimized for speed and market opportunity

Chicago (EJ&E) structural advantage proven again last winter

- Realizing the benefits of early deployment of capacity investments and a longer construction window
- Key operating metrics -- train speed, car velocity, terminal dwell
 - Now ahead of 2017 levels with ~10% higher workload (GTMs)
- Leveraging operational efficiency and solid service to drive growth: consumer-related in the US Midwest, petrochemical opportunities in the Gulf, and gateways for containerized imports and bulk commodity exports



- Mainline investments
- Yard capacity improvements



DOUG MACDONALD

Vice-President, Eastern Region



EASTERN REGION

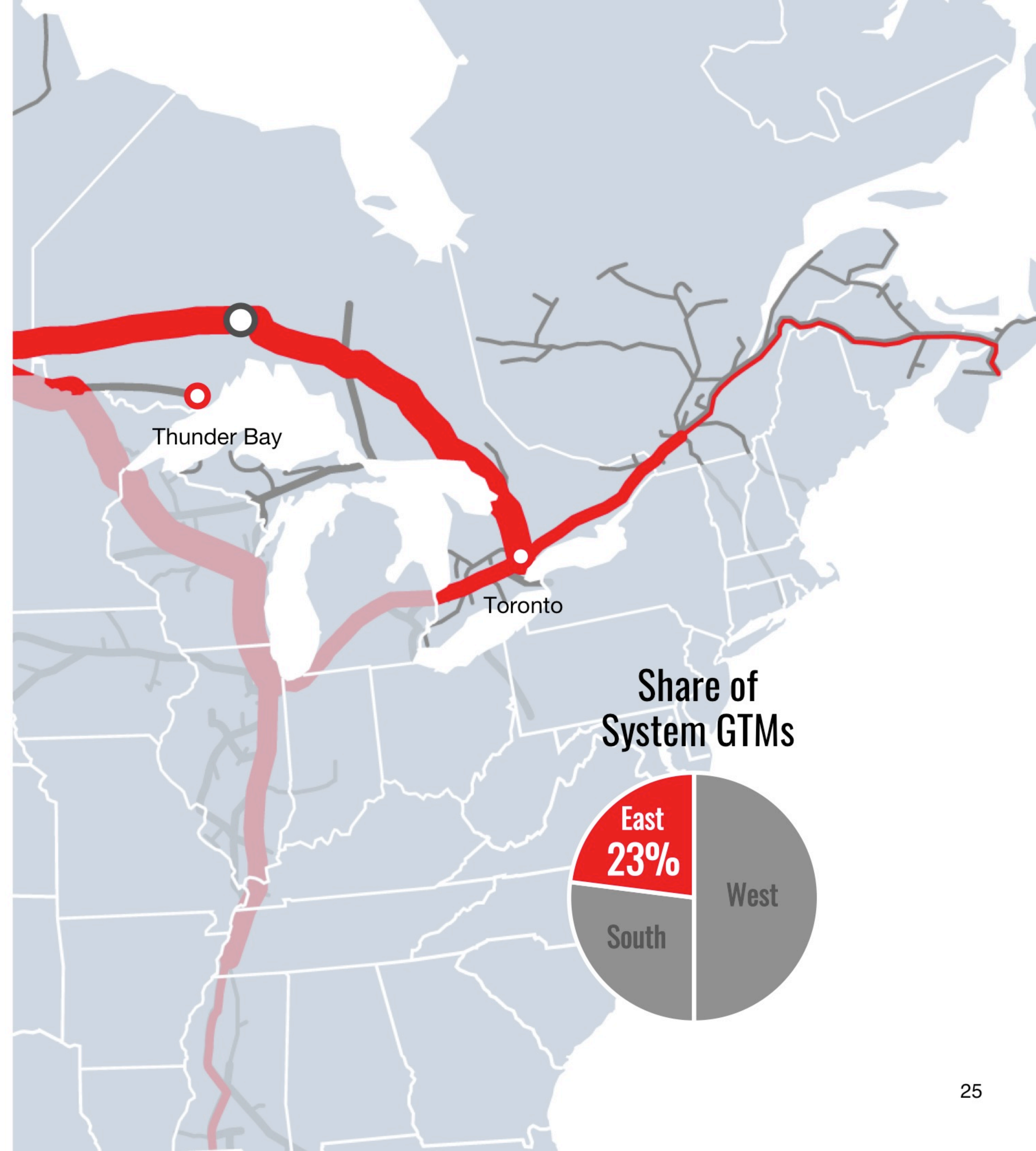
Capacity to grow with minimal investment

Balancing service and operational excellence to drive growth on our underutilized network

- Improving intermodal on-time performance while increasing train length
- Investing in value added automobile services, such as Halifax Autoport, while reducing empty car movements
- Increasing train speed and asset utilization to improve car order fulfillment for manufacturing customers



- Mainline investments
- Yard capacity improvements



JIM SOKOL

Vice-President, Mechanical



Mechanical

Critical to reliable operations

- Increasing scheduled versus unscheduled maintenance
 - customized preventative maintenance program based on age and reliability performance data
 - helping to optimize locomotive routing which supports shop productivity for labor and parts
- Increasing use of technology and data to improve safety and productivity
 - automated railcar inspection portals, handheld devices, data-driven root cause analysis, daily KPIs assessed against clear standards
- Integrated fleet strategy
 - optimizing use of contract shops to reduce locomotive dwell time and drive cost / quality improvement
 - Increasing Original Equipment Manufacturer (OEM) engagement including quality expectations and locomotive health monitoring

**Improving safety, productivity,
and unlocking capacity**



Mobile Device
for Carmen



Automated Railcar
Inspection Portals

RAJ GUPTA

Vice-President, System Engineering



Engineering

Maintaining strong and reliable infrastructure while maximizing network availability and train speed

- Aiming for best-in-class work block productivity -- key for efficient deployment of maintenance capital investments
 - optimizing in-block productivity by reducing mobilization / de-mobilization time, improving work equipment reliability, enhancing coordination of material delivery and logistics, and scaling gang size as appropriate
 - continuing to improve work block planning with Network Operations to deliver required work block hours on time, while protecting train movements
- Building an intelligent engineering business system to improve safety, execution and efficiency
 - leveraging automated track inspection technology to improve preventative maintenance, driving significant safety and productivity gains
 - improving planning and processes through more efficient data capture, including enhanced mobile reporting; leveraging advanced data analytics, machine learning and artificial intelligence

6,400 employees
~20,000 route miles
4,000+ yard miles
22,000+ switches
1,000+ siding miles
21,000 crossings
~7,000 bridges
~56,000 culverts

**Improving safety, productivity,
and unlocking capacity**



**Capital Investment
Efficiencies**



**Intelligent Engineering
Business Systems**

DOUG RYHORCHUK

Vice-President, Network Operations



Network Operations

Central coordination to optimize our resources

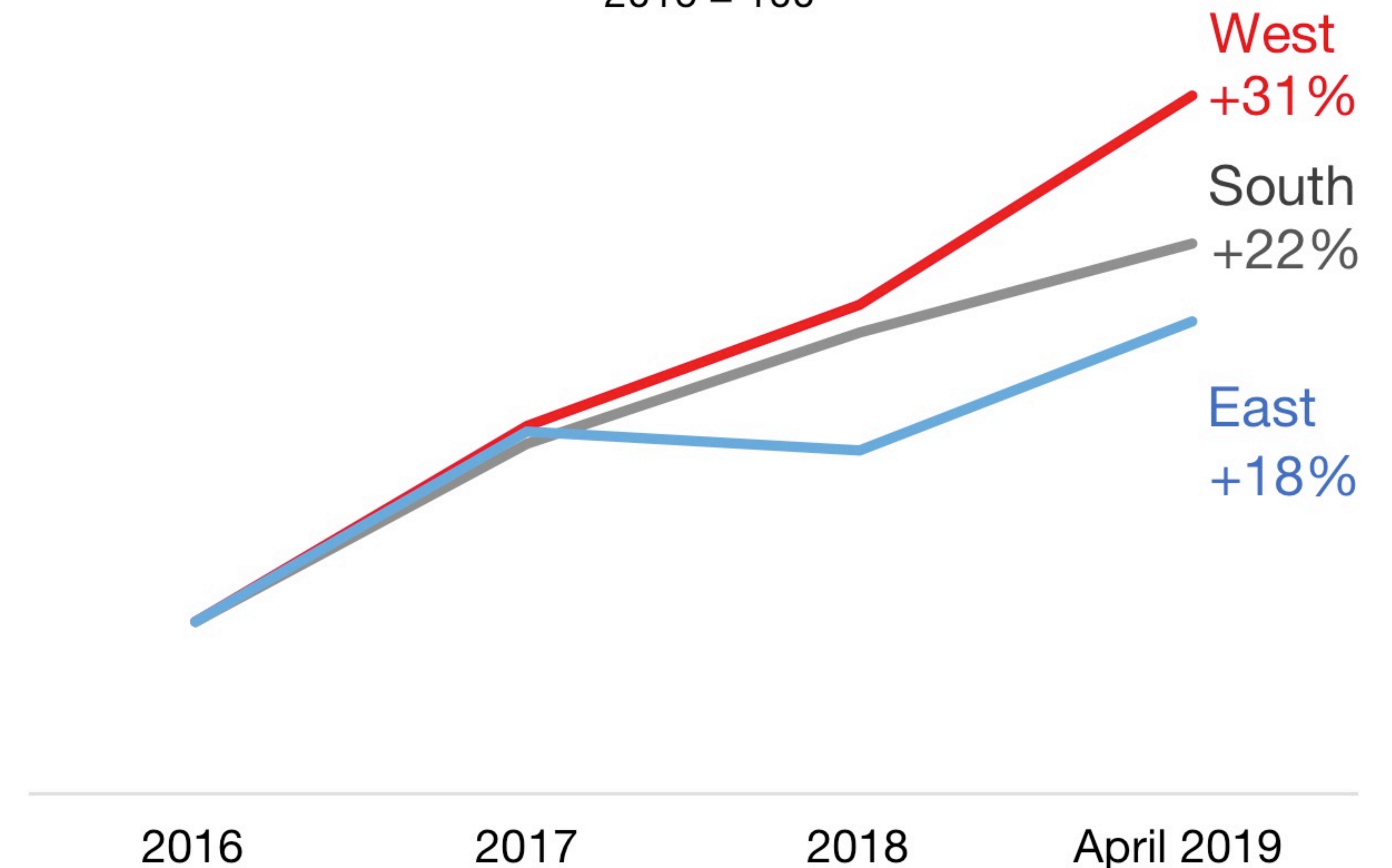
- Core to scheduled railroading
 - consolidating regional efforts to optimize the overall network
 - allocating locomotives and railcars to balance the system and to maximize asset productivity
- Continuing to improve work block delivery to Engineering to ensure efficient use of maintenance capital while protecting train movements
- Improving capacity planning with the implementation of Smart Network (Digital Twin) technology to pinpoint future capacity pinch points
 - ensuring “keep up” capital is deployed at the right time in the right place for network fluidity

**At the heart of the operating team
and a critical link to Marketing**



Workload (GTMs) Growth Since 2016

2016 = 100



JAMES THOMPSON

Vice-President, Western Region

DEREK TAYLOR

Vice-President, Southern Region

DOUG MACDONALD

Vice-President, Eastern Region

JIM SOKOL

Vice-President, Mechanical

RAJ GUPTA

Vice-President, System Engineering

DOUG RYHORCHUK

Vice-President, Network Operations



Organic Growth Opportunities

KEITH REARDON

Senior Vice-President,
Consumer Product Supply Chain

JAMES CAIRNS

Senior Vice-President,
Rail Centric Supply Chain



Continuing to Build Our Consumer Product Supply Chain

International Intermodal

- Multiple gateways and 3-coast access to 15 port terminals
- Ability to deliver first/last mile trucking to customers
- Seamless border crossing/in-house customs expertise
- Improving steamship lines' roundtrip economics

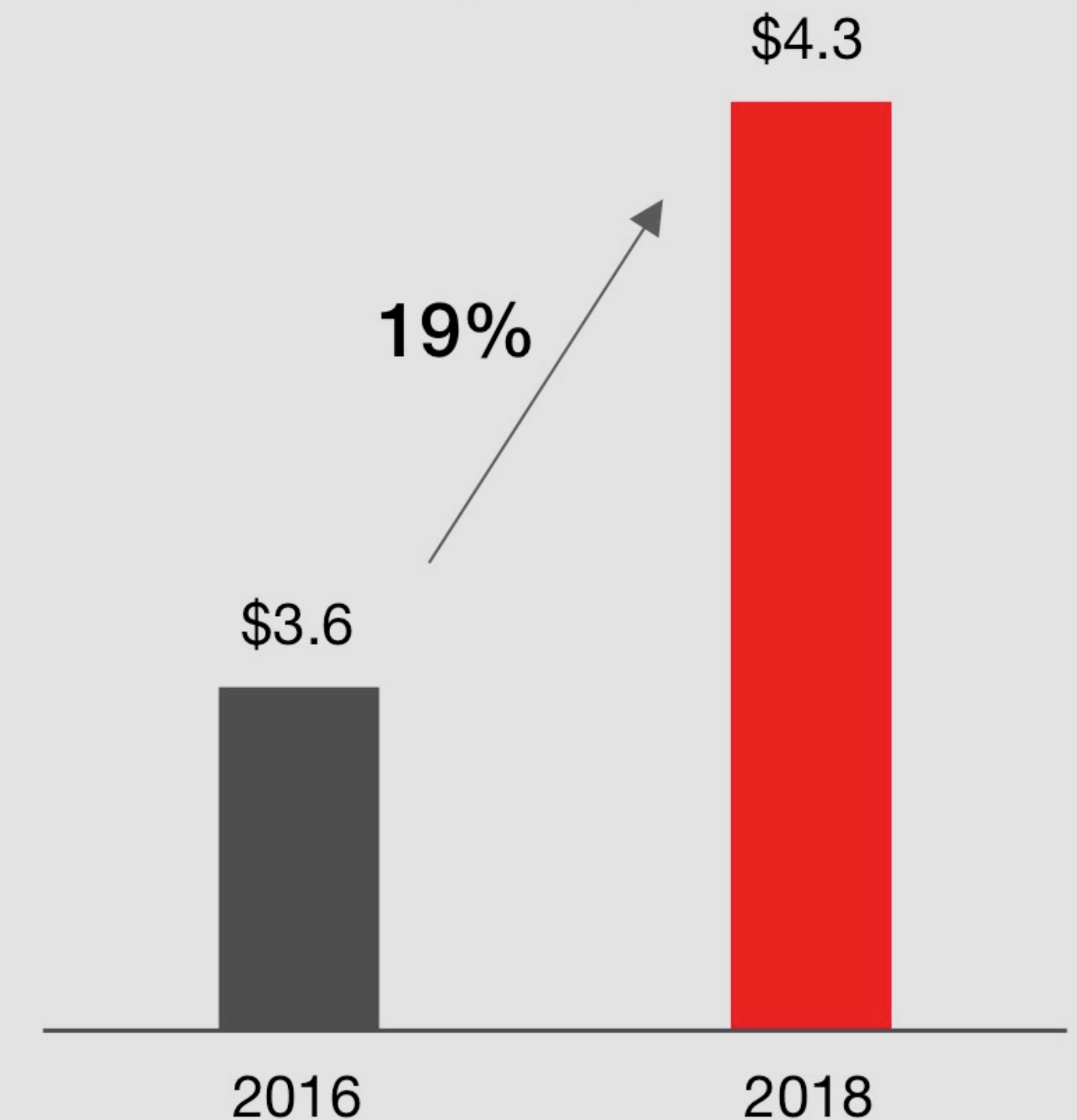
Domestic Intermodal

- Building on leadership in temperature-controlled supply chain with recent TransX talent and assets
- Now delivering truck competitive transit times supported by recent capacity investments

Automotive

- 18 strategically located auto compounds covering 15 major metropolitan dealer markets across North America
- Looking to further extend our reach with additional facilities, particularly in the U.S.

Consumer Products Supply Chain Revenues (\$B Cdn)



Consumer Products – Looking Forward 2020-2022



Key Consumer Product Supply Chain Growth Opportunities Enabling Economy Plus Growth

2020-2022
Estimated incremental revenue opportunity



International Intermodal

Low
\$550M

High
\$750M



Domestic Intermodal

Low
\$200M

High
\$350M

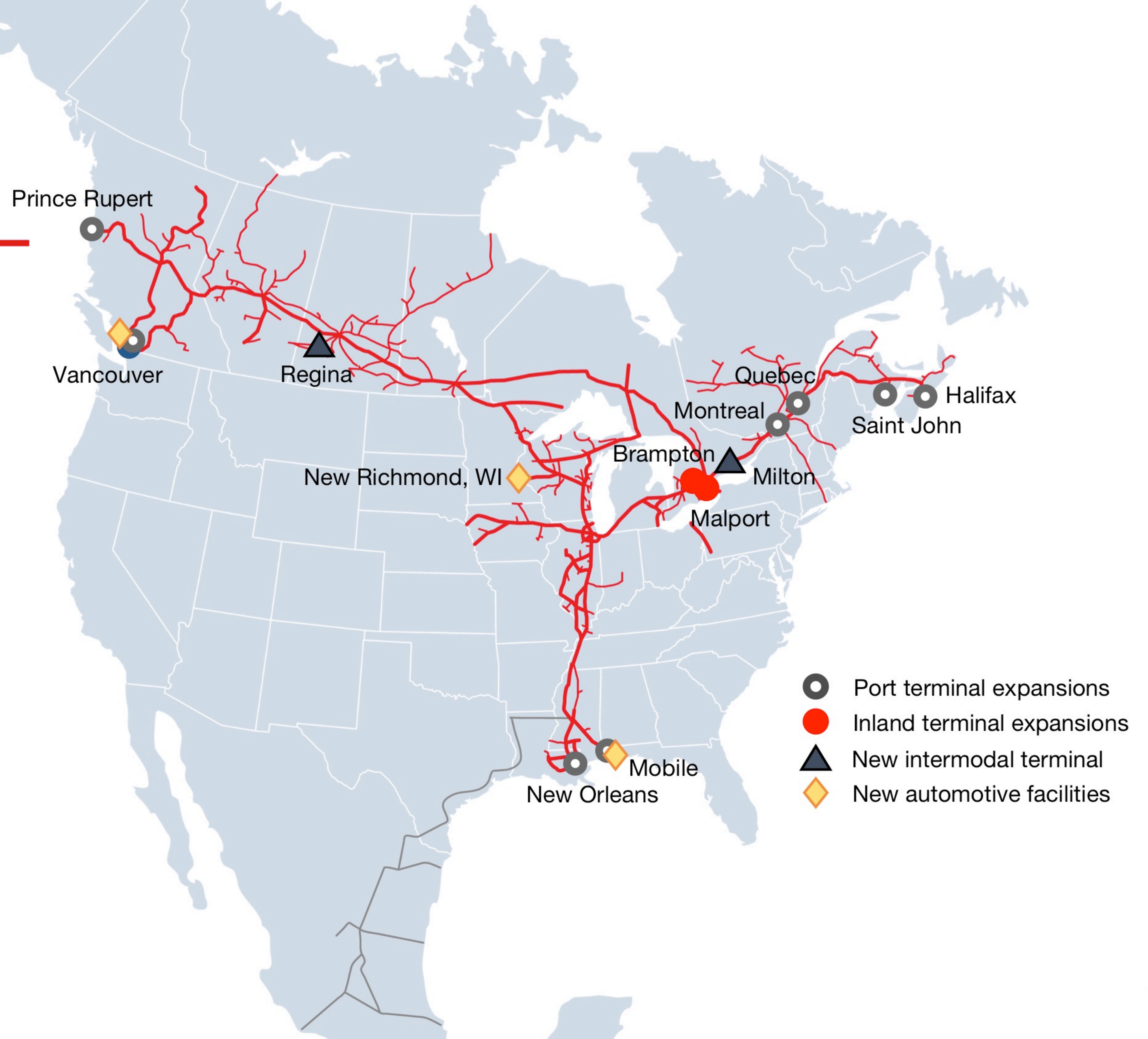


Automotive

Low
\$50M

High
\$100M

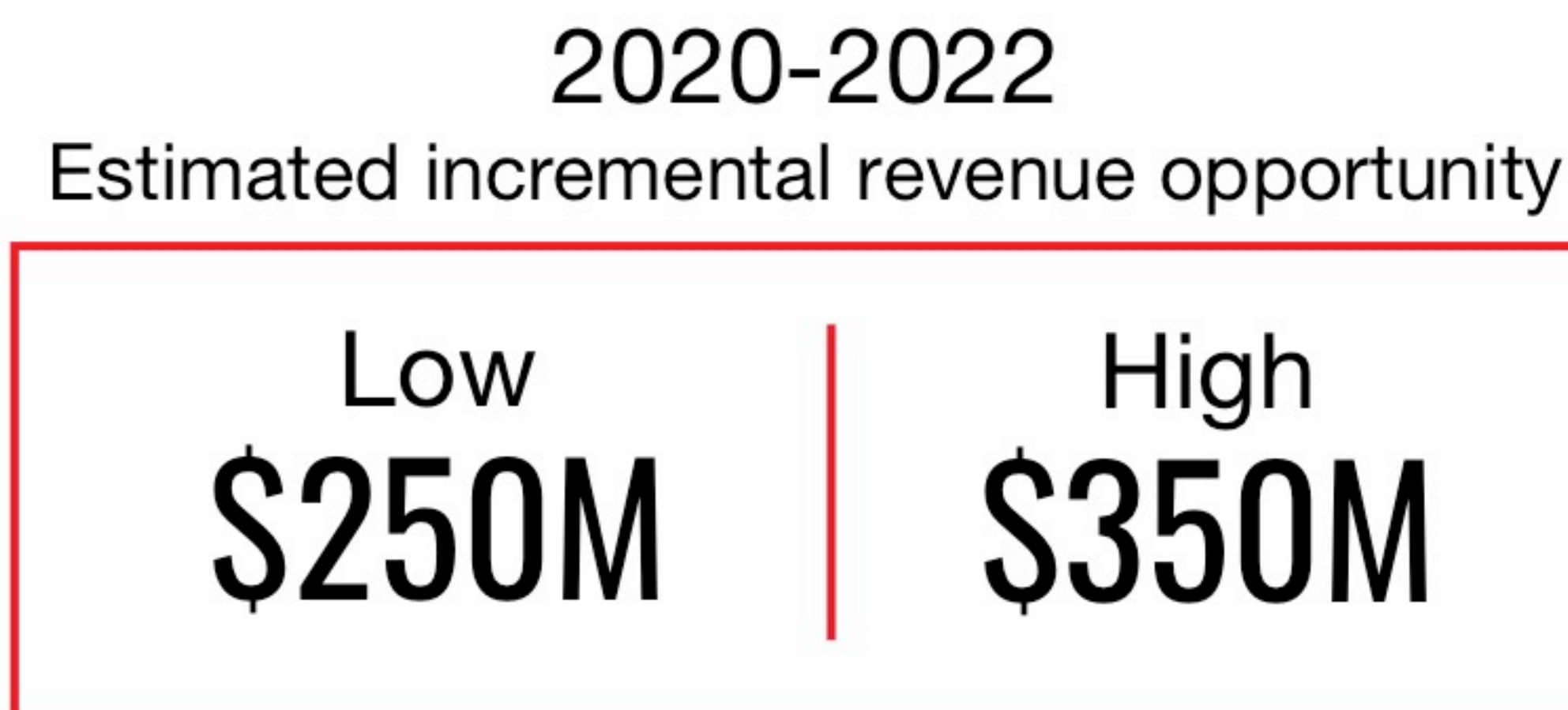
Unparalleled North American Network – Key Capacity Expansions Across Our Network



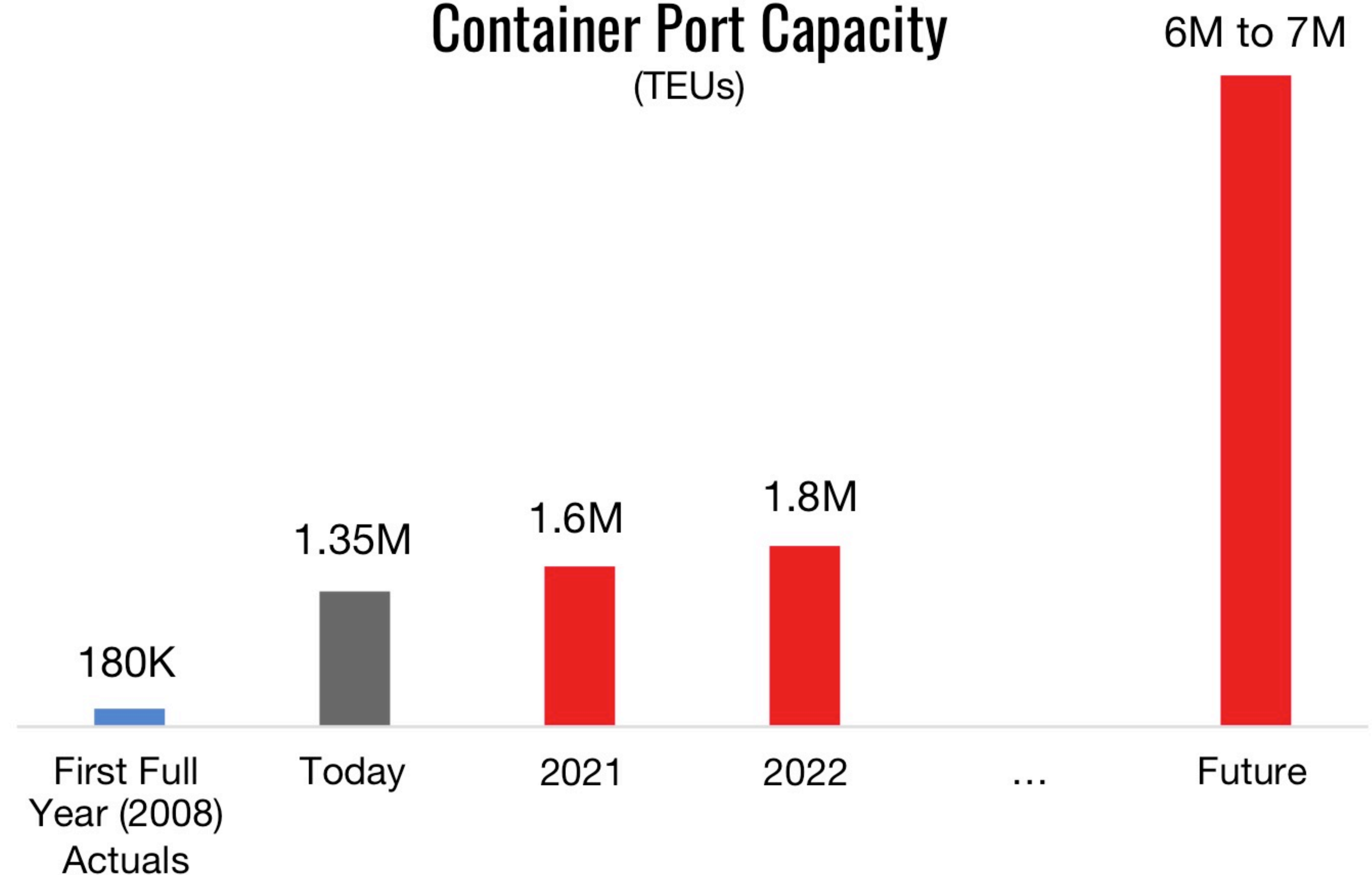
International Intermodal – Prince Rupert

Key West Coast port feeding CN's network

- In 2018, achieved 80% of the 1.35M TEU capacity – 2 years ahead of schedule
- Best West Coast gateway to North America
 - 1-2 days closer sailing time
 - Favorable roundtrip economics supported by export balance
 - Close partnership between terminal and rail operations driving efficiency and premium customer service
 - 9 out of 10 major steamship lines now leveraging Prince Rupert's unique advantages



DP WORLD Container Port Capacity (TEUs)



Potential for ongoing capacity expansions for many years to come

International Intermodal – Vancouver

All supply chain stakeholders jointly investing

- Significant terminal investments increasing available capacity
- Rail-related investments in Vancouver, funded by CN, Port of Vancouver and Federal Government, aligned to ensure gateway fluidity
- Significant market share continuing to grow

2020-2022

Estimated incremental revenue opportunity

Low
\$250M

High
\$300M



Deltaport



- Realization of 600K TEU capacity expansion in 2017 was delayed – now operational and CN well-positioned to drive growth

Centerm



- Expansion project starting Q2 2019
 - Annual container throughput capacity will increase by 600K TEUs end of 2021 to 1.5M TEUs

Vanterm



- Planned expansion by 2020
 - Annual container throughput capacity to increase by 215K TEUs to 1.1M TEUs

International Intermodal – Port of Halifax

Feeding CN's underutilized eastern network

- PSA winning strategic buyer for Halterm Terminal – a leading global port terminal operator
- 750K TEU current capacity
- \$250M of investments in the past 10 years:
 - Longer and deeper piers
 - Upgraded gates and marshalling areas
- 2019 investments:
 - Super Post-Panamax ship-to-shore crane scheduled to be in service June 2020 and able to handle today's largest vessels
- Additional investments in 2020:
 - Berth extension

2020-2022

Estimated incremental revenue opportunity

Low
\$50M

High
\$100M



Domestic Intermodal

Recent capacity investments enabling service improvements

Wholesale

- Strengthening position through strong partnerships with industry leaders
- Courier traffic now back on CN
- Full membership in Equipment Management Pool (EMP) program reducing empty container movements and extending our reach
- Integration of TransX best practices/cross-pollination:
 - Efficient dispatching for better asset utilization
 - Hands-on, personal customer service

Retail

- Strengthening position through door-to-door and CargoCool services
- Solid customer base and extensive network reach

Terminals

- Technology tools to improve asset utilization and productivity
- Vancouver Intermodal Terminal (VIT) returning capacity to domestic intermodal now that Deltaport rail expansion is completed



HUDSON'S BAY COMPANY



2020-2022

Estimated incremental revenue opportunity

Low
\$200M

High
\$350M

Automotive

Future engines of growth from new storefronts and capacity expansions

- New auto compound in Vancouver (built) providing ability to drive growth in the Vancouver area
- New CN Auto compound in New Richmond, WI to access Minnesota market with direct, single line CN service
- New plant expansion plans/future product investments from Ford and Fiat Chrysler Automobiles (FCA)
- AutoMobile International Terminal (2H 2020) – Roll-on/Roll-off (RORO) terminal for imports and short sea shipping from Mexico, conducive to CN rail network to/from Canada and Midwest markets

2020-2022

Estimated incremental revenue opportunity

Low
\$50M

High
\$100M



Continuing to Build Our Rail Centric Supply Chain

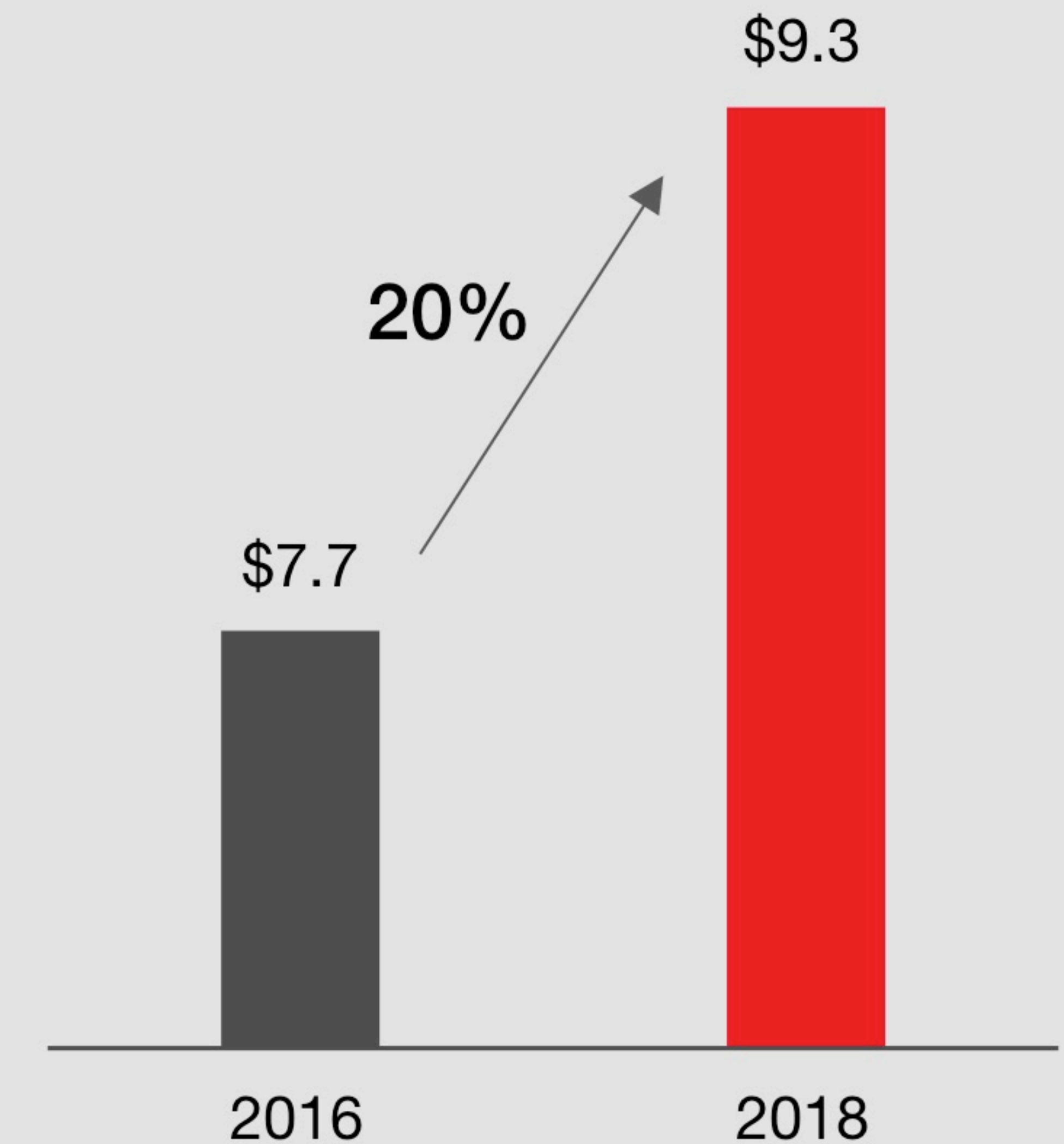
Energy

- Opportunistic on crude oil
- Incremental gas/oil production driving growth opportunities for frac sand, NGLs, refined petroleum products and sulphur
- New NGL export terminal capacity in Rupert
- New coal mine ramping up production

Non-Energy

- Strong CN franchise for forest product origination
- End-to-end grain supply chain and broad mix of other commodities

Rail Centric Supply Chain Revenues
(\$B Cdn)



Rail Centric – Looking Forward 2020-2022



Key Rail Centric Supply Chain Growth Opportunities

Enabling Economy Plus Growth

2020-2022
Estimated incremental revenue opportunity



Energy

Low | High
\$450M | **\$1.15B**



Non-energy

**Growing faster
than the economy**



Crude Oil

Best-in-class network supporting growing demand from Western Canada to U.S. Gulf Coast

- Lack of U.S. Gulf Coast pipeline access and growing production increases demand for crude-by-rail
- Peak rail shipments expected for the next 1-2 years
- Working to create long term crude-by-rail demand by promoting diluent recovery capacity, bringing rail transportation costs in line new pipelines
- Advancing partnerships for CanaPux pilot and eventual full-scale deployment

2020-2022

Estimated incremental revenue opportunity

Up to \$400M



Frac Sand and NGLs

Benefitting from our solid origin franchise in Wisconsin

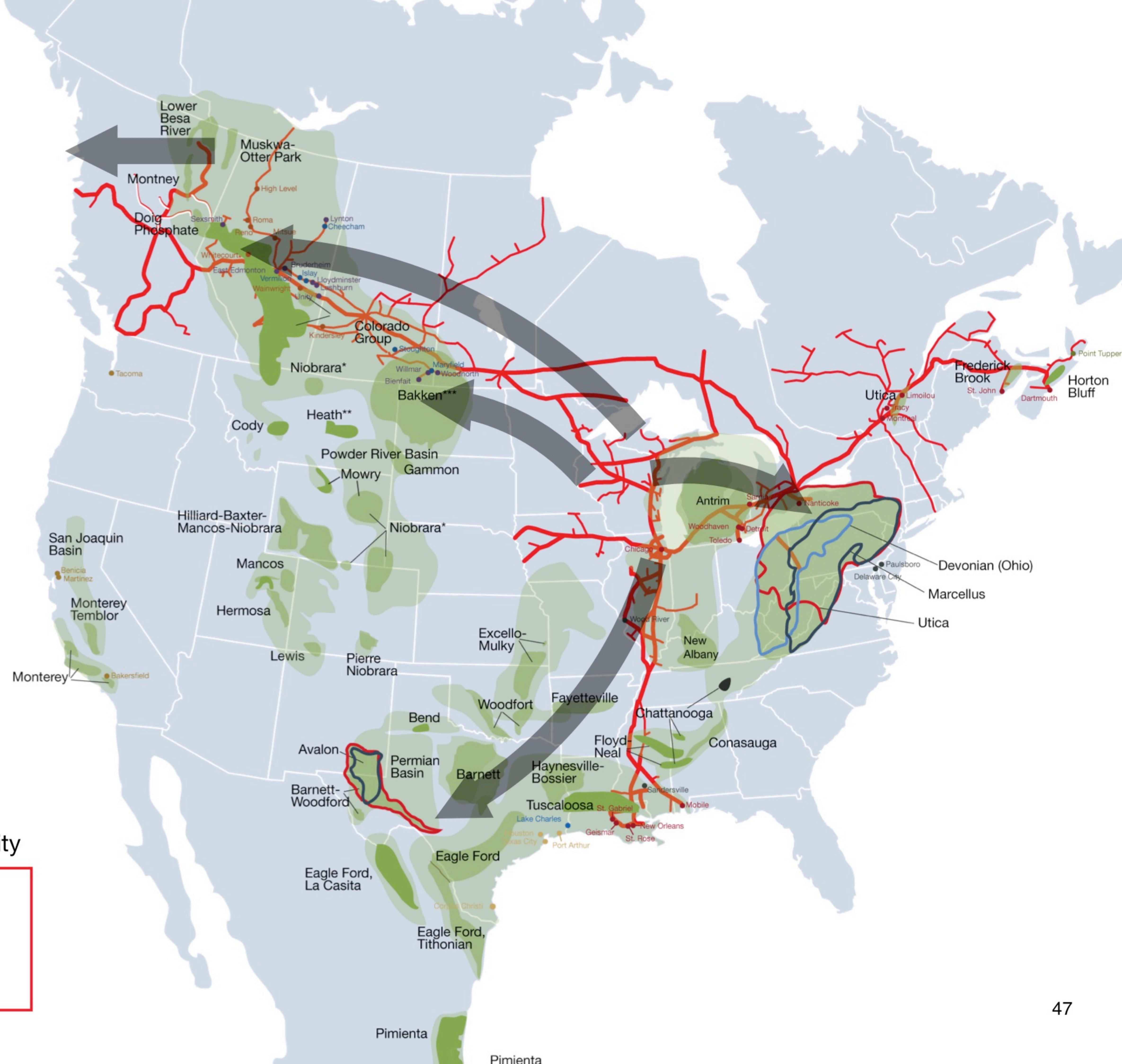
- Great origination and termination frac sand franchise
 - Single-line efficient hook-and-haul operation with long length of haul from Wisconsin to Western Canada
- Mindful of risk related to local sourcing of frac sand and demand volatility
- New Altagas propane export facility at Prince Rupert – first and only Canadian propane export facilities, potential for others
 - Providing Western Canadian propane access to Asian markets
- CN direct access to NGL fractionation capacity in Edmonton area
 - Generating additional product that must move by rail due to lack of pipeline capacity

2020-2022

Estimated incremental revenue opportunity

Low
\$200M

High
\$300M



Coal & Petroleum Coke

Innovating best-in-class natural resources export supply chain

- Unique single access to Ridley and Convent Terminals, offering opportunities for strong growth in export coal
- First coal train from new Coal Spur (Vista) coal mine expected to ramp up to 3M tonnes and eventually to 6M to 10M tonnes
- Heavy Canadian crude processes creating increased pet coke volumes to offshore markets through West Coast and Gulf Coast gateways

2020-2022

Estimated incremental revenue opportunity

Low
\$150M

High
\$250M



Refined Petroleum Products & Sulphur

Market disruption creating opportunities

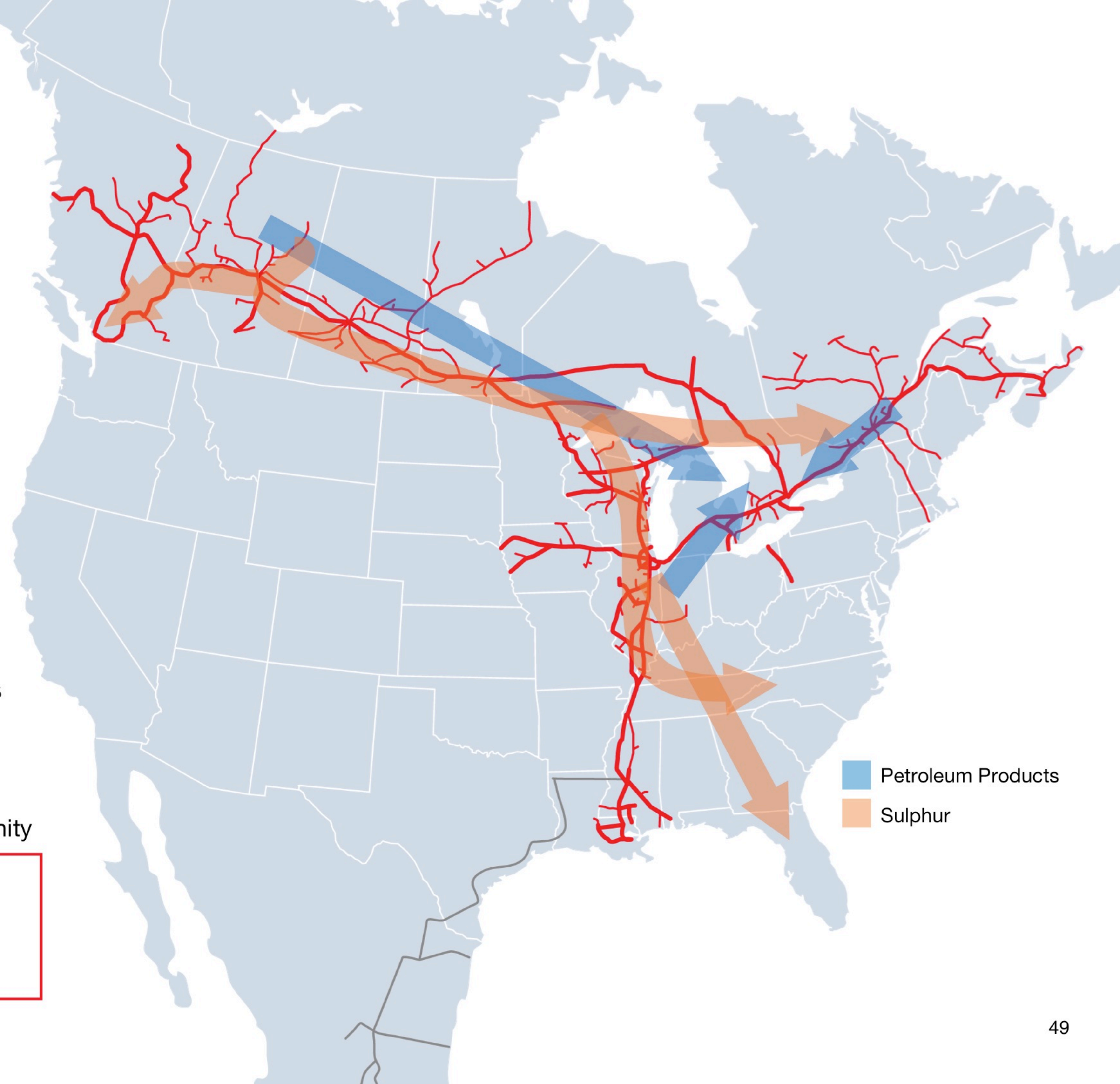
- Growing demand for refined petroleum products in Southern Ontario creating opportunities to source refined petroleum products from Alberta
 - Unique CN reach from Alberta to Southern Ontario
- Alberta oil sands production generating increased sulphur volumes
 - Unique CN reach from origin to export facilities in Vancouver and the St. Lawrence Seaway

2020-2022

Estimated incremental revenue opportunity

Low
\$100M

High
\$200M



Solid, Well-Diversified Non-Energy Franchise

Competitive advantage in major segments
enabling economy plus growth

Forest Products

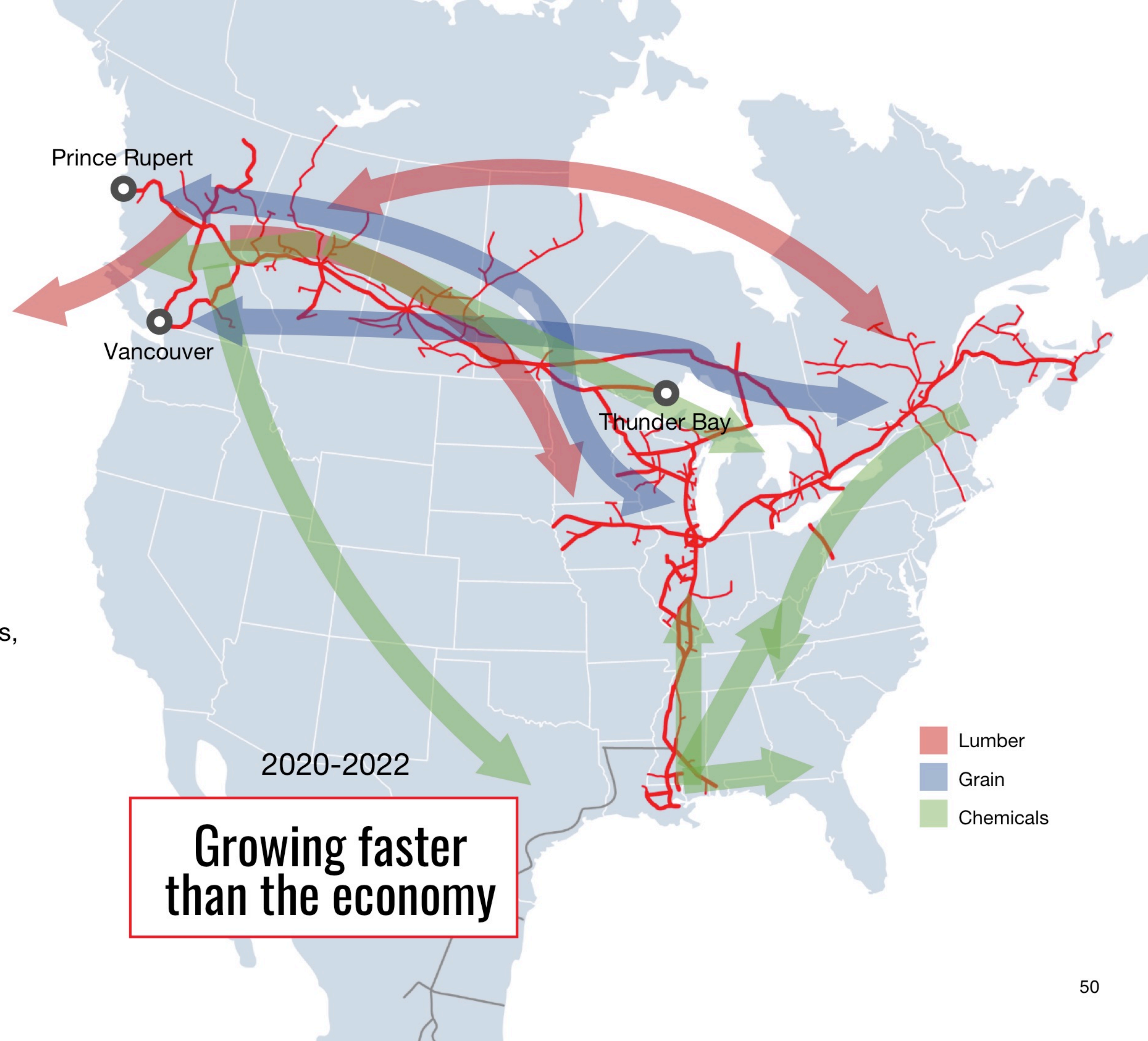
- Strong franchise supported by premium car fleet accessing U.S. and offshore markets
- Customer expansions and recent capacity investments supporting growth

Grain

- Increasing crop yields, investment in new grain cars, new/expanding export port terminals, and new elevator construction driving growth
 - Of the 25 new elevators in Western Canada, 20 are exclusive to CN

Chemicals and Plastics

- Strong origin and destination franchise supported by dense network of last mile distribution centres



Aiming to Grow Faster than the Economy (2020-2022)

Taking full advantage of our unparalleled North American network

Consumer Products Supply Chain

International Intermodal	Low \$550M	High \$750M
Domestic Intermodal	Low \$200M	High \$350M
Automotive	Low \$50M	High \$100M
Total	\$800M	\$1,200M

Rail Centric Supply Chain

Crude Oil	Up to \$400M	
Frac Sand and NGLs	Low \$200M	High \$300M
Coal and Pet Coke	Low \$150M	High \$250M
Refined Petroleum and Sulphur	Low \$100M	High \$200M
Total	\$450M	\$1,150M

Low \$1.3B | High \$2.4B

Inorganic Growth Strategy

JANET DRYSDALE

Vice-President, Financial Planning,
Acquisitions and Integration



Inorganic Growth



The right strategy



At the right time



With solid execution
and integration



Track Record



Starting from a Solid Two-Coast Largely Canadian Network

1995

CN Network at Privatization



Building a Unique Three-Coast North American Franchise

1998-2004

Illinois Central Railway with
Scheduled Railroading Talent (IC)

Wisconsin Central Railway (WC)

British Columbia Railway (BC Rail)

Great Lakes Transportation (GLT)



Further Extending Our Network Reach with Tuck-In Acquisitions

2006-2008

Savage Alberta Railway

Mackenzie Northern Railway

Lakeland & Waterways Railway

Central Western Railway

Athabasca Northern Railway

Chemin de fer de la Matapédia et du Golfe

Ottawa Central Railway

New Brunswick East Coast Railway

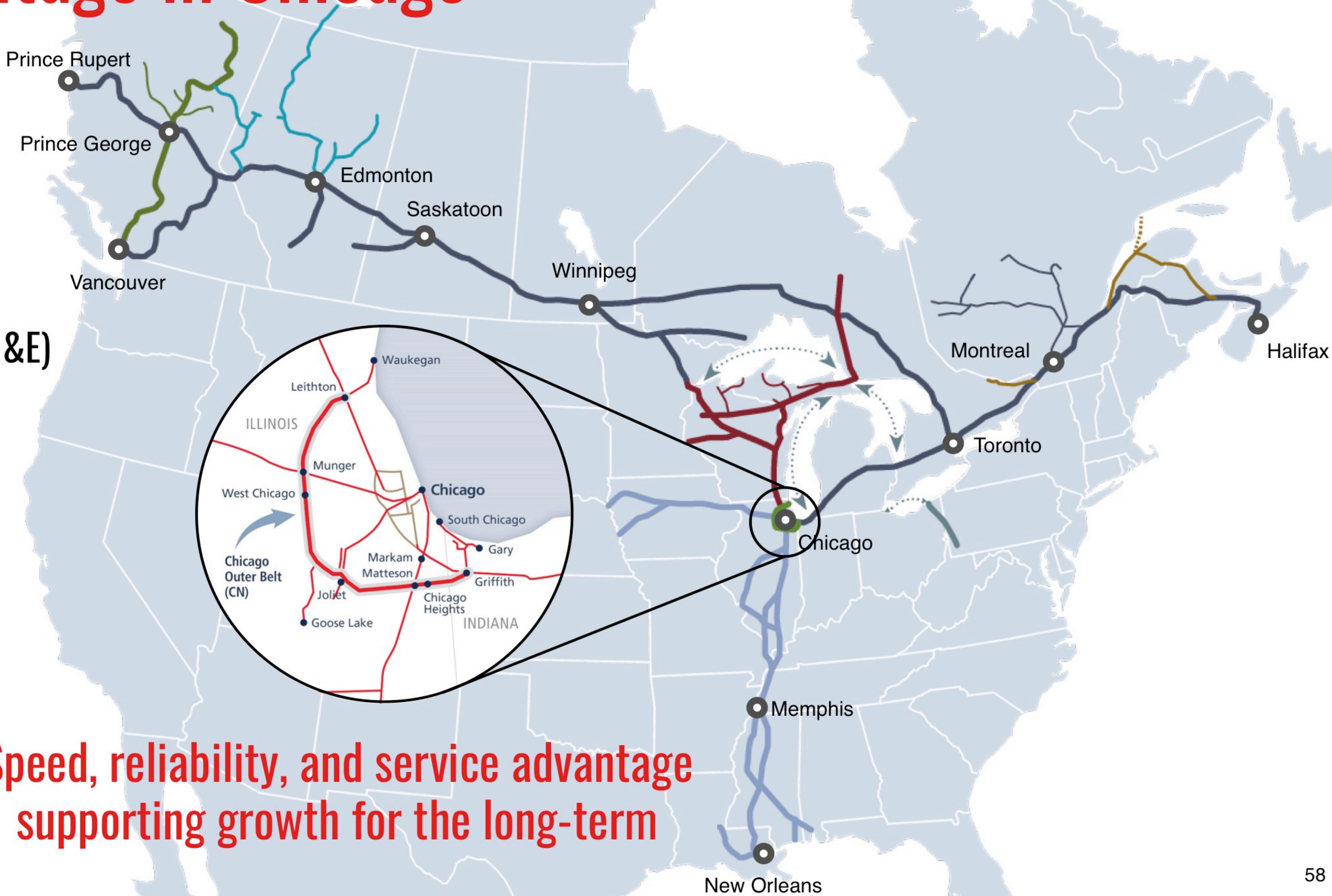
Compagnie de gestion de Matane



Structural Advantage in Chicago

2009

Elgin, Joliet and Eastern Railway (EJ&E)



Speed, reliability, and service advantage
supporting growth for the long-term



Targets



CN's Universe for Strategic Acquisitions

Rail-Centric

Intermodal and Logistics

Port Partnerships



Pursuing targets that help our customers get their products to market more efficiently, extend our reach, and increase volume to our network



Criteria



Disciplined Target Selection

Right Target to Feed the Network

Creates incremental
rail volume

Onboards talent

Enables modal options &
complementary services

Extends physical &
commercial reach



Disciplined Target Selection

Right Target to Feed the Network

Creates incremental
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Onboards talent

Enables modal options &
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Extends physical &
commercial reach

Financially Compelling and Executable

Determine standalone
ROIC

Identify revenue
and cost synergies

Consider required
regulatory approvals



Disciplined Target Selection

Right Target to Feed the Network

Creates incremental rail volume

Onboards talent

Enables modal options & complementary services

Extends physical & commercial reach

Financially Compelling and Executable

Determine standalone ROIC

Identify revenue and cost synergies

Consider required regulatory approvals

Flawless Integration

Deliver on expected standalone return

Realize synergies

Cross-pollinate best practices



Disciplined Target Selection

Right Target to Feed the Network

Creates incremental rail volume

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Consider required regulatory approvals

Flawless Integration

Deliver on expected standalone return

Realize synergies

Cross-pollinate best practices

ONE Goal

Driving shareholder value



TransX



TransX – Opportunistic Intermodal Transaction

Creating Incremental
Rail Volume

Onboarding
Talent

Enabling Complementary
Services

Extending Physical and
Commercial Reach



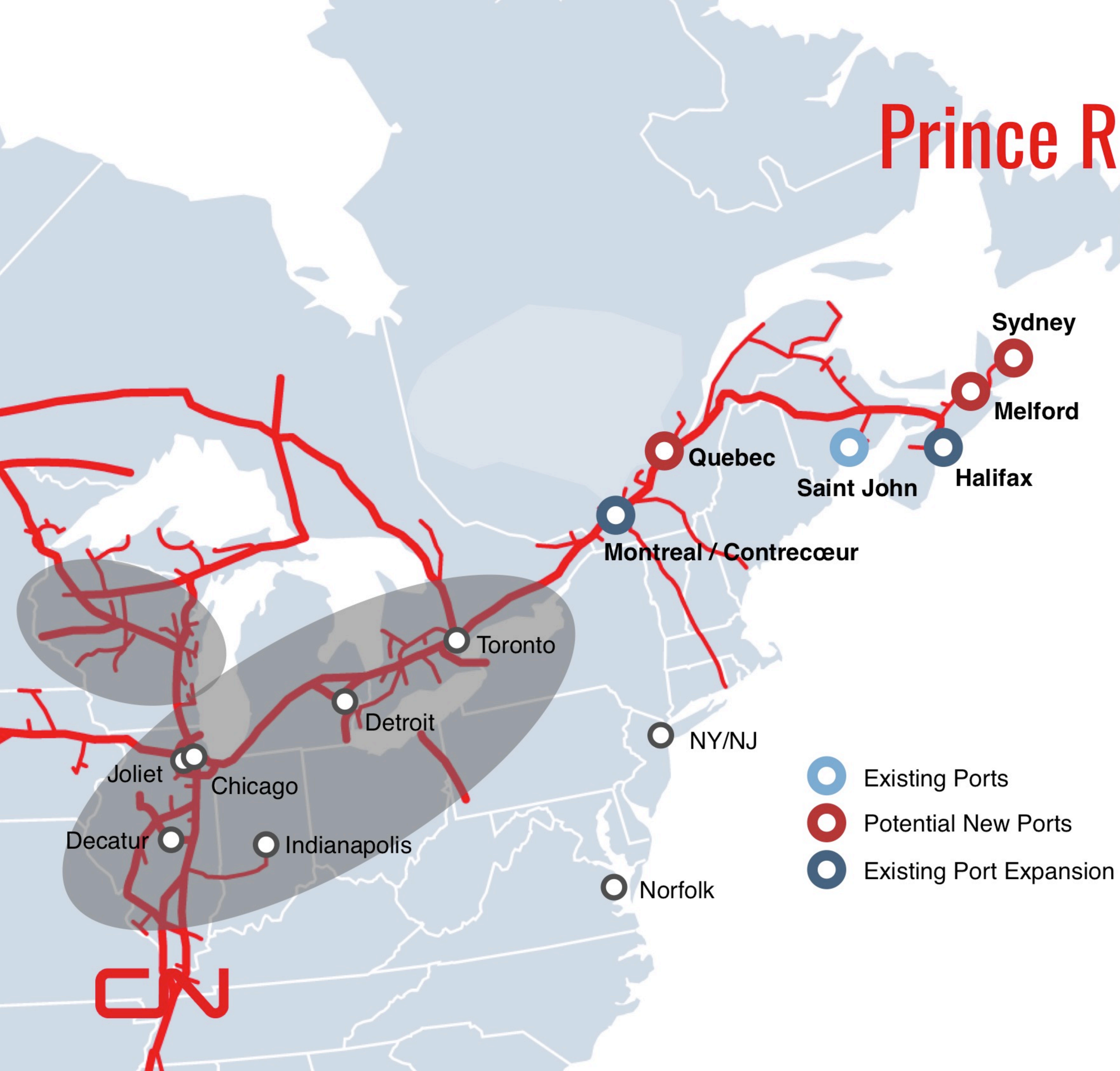
Broadening our intermodal services and solidifying our leadership
as an end-to-end transportation and logistics company



East Coast Ports



Prince Rupert Port(s) of the East



- East Coast port developments to capture growth from Ultra Large Container Vessels
- Canadian East Coast ports offer competitive gateways for European and Asian cargo
- Partnering with Eastern Canadian port operators to develop market competitive end-to-end service to the U.S. Midwest
- Leveraging our underutilized Eastern network

**Emulating the success of
our Prince Rupert model**

Summing It Up

- A solid track record of accretive inorganic growth
- Specific deal criteria – highly selective and opportunistic
- Supplements organic growth strategy – multiple levers for growth
- Provides incremental upside





Deploying Advanced Technologies – Our Next Strategic Driver of Value

MICHAEL FOSTER

Executive Vice-President and
Chief Information and Technology Officer

MICHAEL FARKOUH

Vice-President, Railroad
and Technology Deployment



Transformation Through Advanced Technologies

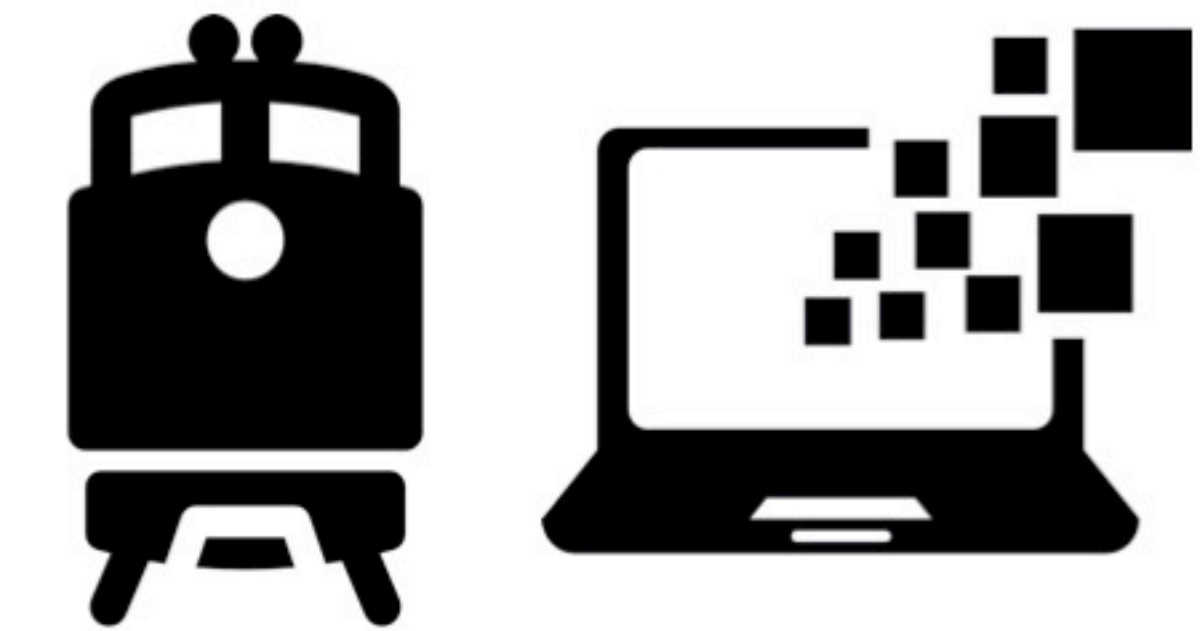
Pioneers in Scheduled Railroading – Deploying advanced technologies as the next strategic driver of value

ONE
TEAM

Driving a business-led,
technology-enabled
mindset



Leveraging our
Enterprise Architecture
roadmap to enable
business agility



Implementing rail and
non-rail technology to
further drive innovation

Increasing speed to market with repeatable and reusable technology



Key Projects Being Deployed



Autonomous Track Inspection Program



Automated Inspection Portals



Handheld Technology for Mechanics



Handheld Technology for Train Crews



Enterprise Automation



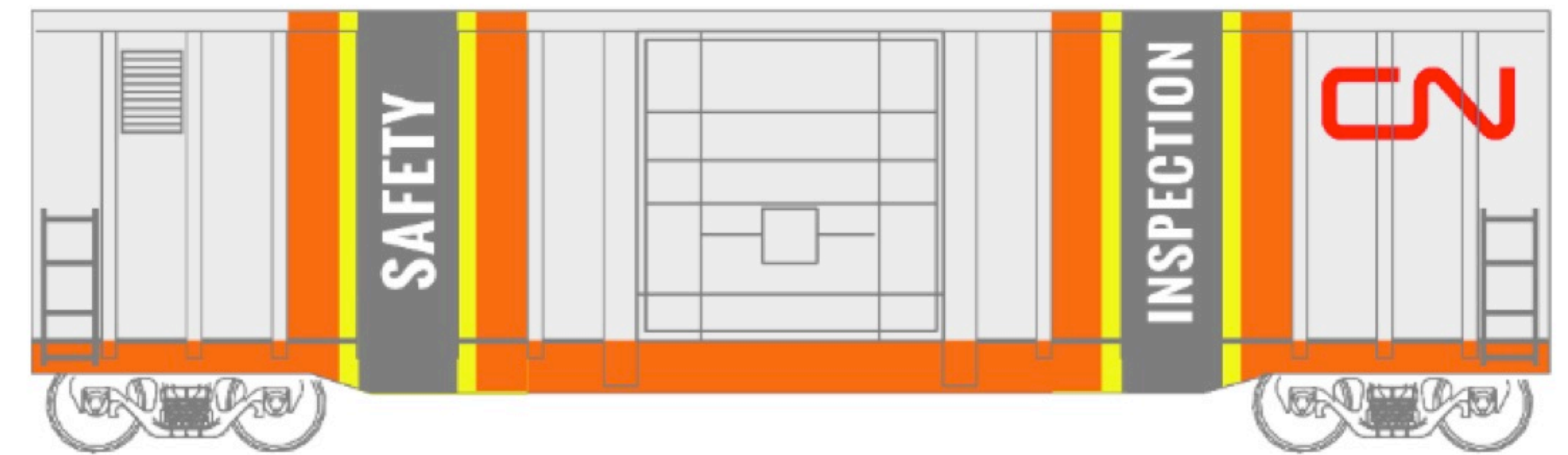
Smart Network (Digital Twin)



Autonomous Track Inspection Program

Specially equipped railcars in regular train service at track speed with the latest sensor and AI technology to fully automate track inspections

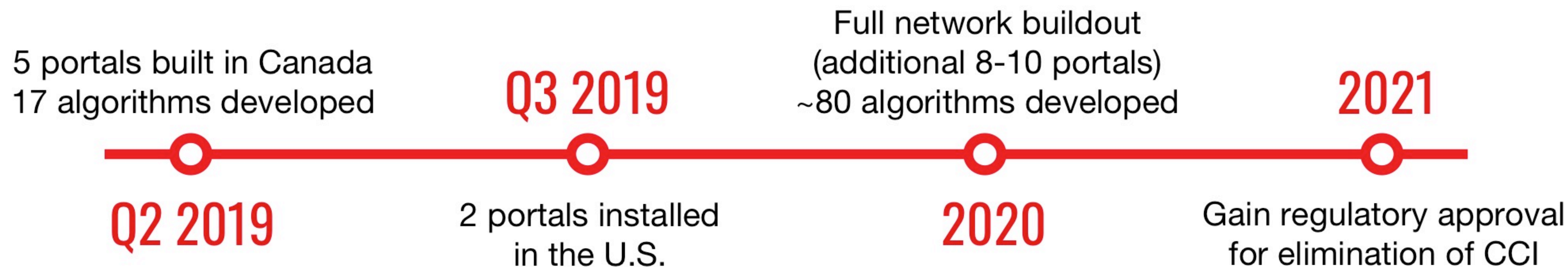
- Avoids slow speed hi-rail vehicles on the tracks performing manual/automated inspections
- Increases inspection frequency, quality and more accurate preventative maintenance to support our safety agenda
- Unlocks capacity and improves service reliability by reducing track disruptions



Automated Inspection Portals

High resolution imaging hardware coupled with powerful machine learning software is changing how we inspect our fleet

- Immediate benefits from reduction of mechanical manual roll-by inspections at train departure from the yard, significantly reducing initial train start delays and improving yard capacity
- Significant future benefits from elimination of time consuming manual Certified Car Inspections (CCI)
- Contributing to improved border fluidity for intermodal trains by ensuring manifest accuracy ahead of border crossing
- Increased frequency and improved quality of inspections, especially on difficult parts of the railcar, including the undercarriage, supporting our safety agenda



Handheld Technology

A Mobile Foundation Starting with 3 Applications

Mobile Device for Mechanics

- Increase data accuracy and scope of work billed
- Improve supervisors' visibility of work progression and efficiency with remote communication of instructions

Mobile Device for Train Crews

- Speed up information flow to customers and increase accuracy and completeness in reporting work performed
- Enable dynamic planning and work assignment, staying current on progress

Documentation on Mobile Devices

- Improve safety and productivity with easier navigation and access to operating rules, customization of content and more robust update process

Full deployment of Car Repair
Billing application

Q4 2019

Enable digital reporting on
services to customers

Q3 2019

Full deployment of Electronic Operating Manual
and the first phase of Mobile Reporting Services

2020



Digitization of manual processes driving standardization, improved productivity, reduced costs and better revenue capture



Enterprise Automation

Using technology to automate and eliminate manual and time consuming tasks

- Leveraging a variety of tools, such as Robotic Process Automation (RPA), smart data capture, conversational interfaces (chatbots), cognitive automation and agile orchestration technologies
- Scalability at low incremental cost
- Enables employees to focus on value added tasks

Assessing enterprise-wide opportunities and prioritizing use cases

Q2 2019

Q3 2019

Deploying RPA in Service Delivery

Automating 10-15 processes across the network through a variety of automation tools

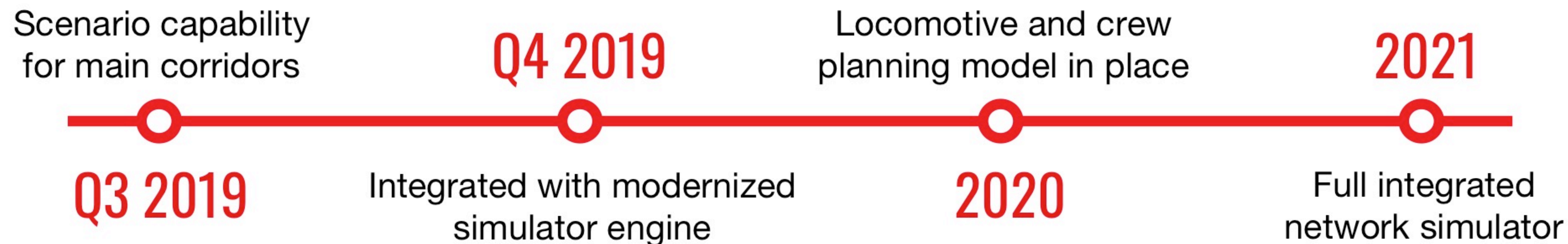
Q4 2019



Smart Network (Digital Twin)

An integrated digital scenario analysis and simulation tool to improve insight and enhance capacity planning relative to changing demand

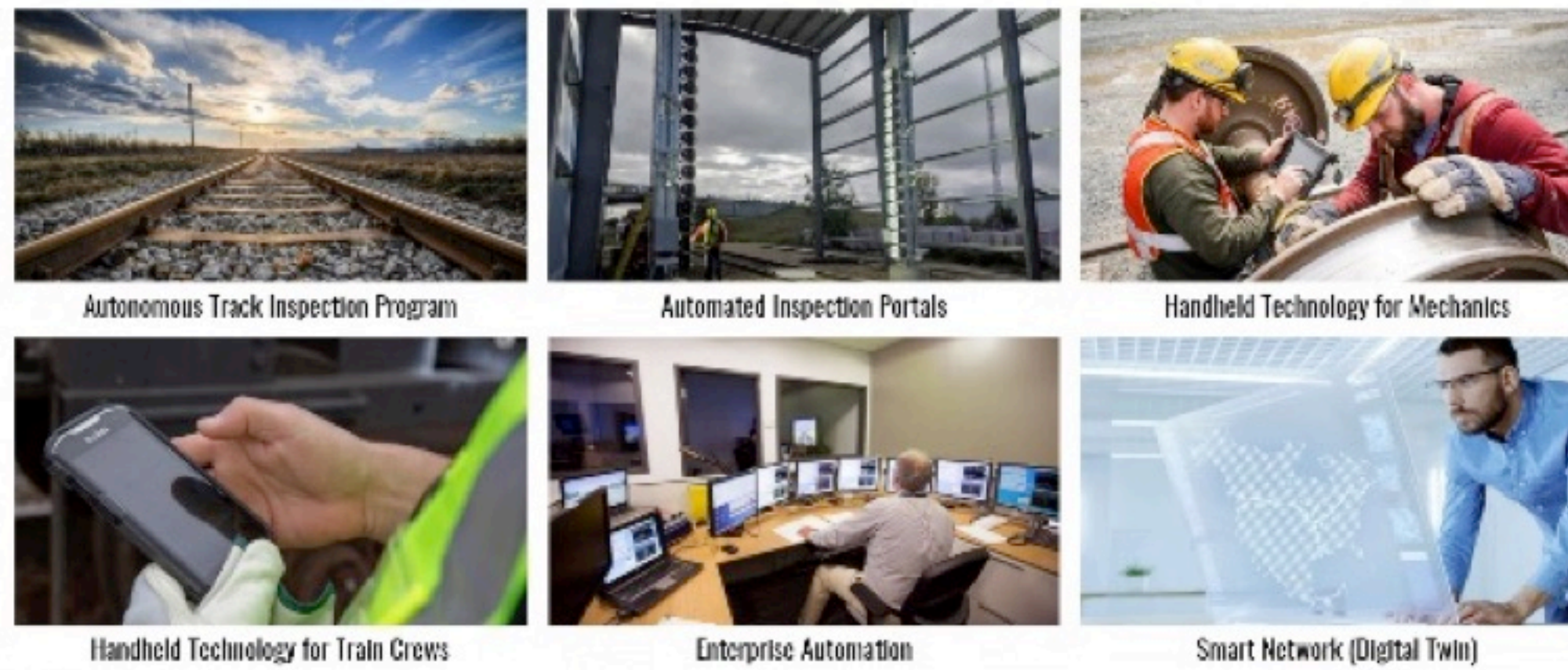
- Simulates train movements on the network to gain insight on capacity, cost and operational fluidity
- Anchored on simulation and a holistic view of network operations
- Stress testing scenario analysis will help identify options/trade-offs to handle forecasted volume, including identification of specific pinch points, on a more timely basis
 - Particularly important given long lead times to bring new capacity online, such as infrastructure construction, crews, and locomotives



Information & Technology

Deploying Advanced Technologies to Drive Value

Key Projects Being Deployed



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Transformation Through Advanced Technologies

Pioneers in Scheduled Railroading – Deploying advanced technologies as next strategic driver of value

**ONE
TEAM**

Driving a business-led,
technology-enabled
mindset



Leveraging our
Enterprise Architecture
roadmap to enable
business agility



Implementing rail and
non-rail technology to
further drive innovation

Increasing speed to market with repeatable and reusable technology



32

- 1 Expected cumulative savings of \$200–\$400M over 2020–2022
- 2 Implementing technology as a driver for safety, customer and shareholder value
- 3 Using advanced information technology to take Scheduled Railroading to the next level



Long-Term Profitable Growth

GHISLAIN HOULE

Executive Vice-President
and Chief Financial Officer



Forward-looking Statements

Certain statements included in the Investor Day presentations 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 with respect to CN’s operations, business opportunities and anticipated financial performance, including diluted earnings per share (EPS) and adjusted diluted EPS growth, operating ratio, adjusted return on invested capital (ROIC), capital investment ratio, free cash flow, dividends per share growth, adjusted dividend payout ratio and cost savings, and the related key assumptions. 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.

2019 key assumptions

CN has made a number of economic and market assumptions in preparing its 2019 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 of approximately 1.25 million units and U.S. motor vehicle sales of approximately 17 million units. For the 2018/2019 crop year, the grain crops in both Canada and the United States were in line with their respective three-year averages. The Company assumes that the 2019/2020 grain crops in both Canada and the United States will be in line with their respective three-year averages. CN now assumes total RTMs in 2019 will increase in the mid single digits versus 2018 (compared to its April 29, 2019 assumption in the high single digits). CN assumes continued pricing above rail inflation. CN assumes that in 2019, the value of the Canadian dollar in U.S. currency will be approximately \$0.75, and assumes that in 2019 the average price of crude oil (West Texas Intermediate) will be in the range of US\$60 to US\$65 per barrel. In 2019, CN plans to invest approximately C\$3.9 billion in its capital program, of which C\$1.6 billion is targeted toward track and railway infrastructure maintenance.

2020-2022 key assumptions

CN has made a number of economic and market assumptions in preparing its three-year financial perspective. The Company assumes that North American industrial production will increase by approximately two per cent annually over the next three years, and assumes annual U.S. housing starts of at least 1.25 million units, and annual U.S. motor vehicle sales of approximately 17 million units. The Company assumes that the annual grain crops in both Canada and the United States will be in line with their respective three-year averages. CN assumes continued pricing above rail inflation. CN assumes that the value of the Canadian dollar in U.S. currency will be approximately \$0.75 and that the average price of crude oil (West Texas Intermediate) will be in the range of US\$60 to US\$65 per barrel during this period.

Forward-looking statements are not guarantees of future performance and involve 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 and related cybersecurity risk; trade restrictions or other changes to international trade arrangements; 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 the Investor Day presentations that do not have any standardized meaning prescribed by GAAP, including adjusted diluted EPS, adjusted dividend payout ratio, adjusted ROIC and free cash flow. These non-GAAP measures may not be comparable to similar measures presented by other companies. These measures are defined and reconciled to the comparable GAAP measures on our website, www.cn.ca/investors/cn-investor-day.

CN’s 2019 full-year adjusted diluted EPS outlook excludes, and the 2020-2022 financial perspective may exclude, 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.

To the extent the Company has provided guidance using other non-GAAP measures, including adjusted ROIC and free cash flow, CN is not able to provide a reconciliation to a GAAP measure, due to unknown variables and uncertainty related to future results.



Proven Track Record – What We Achieved

What We Said - 2017 Investor Day

Diluted EPS CAGR of 10%

Average Operating Ratio (OR) of mid-50s (prior to pension reclass)

Procurement and Supply Management savings of ~\$100M

Dividend growth in line with earnings growth

- Targeting dividend payout ratio of 35%

Share repurchases in line with recent years

What Was Achieved (2017-2018)

Achieved

Average OR of ~60%, despite pension reclass and capacity constraints in Western Canada

Achieved early

Dividend CAGR faster than earnings CAGR

- 33% adjusted dividend payout ratio*

Achieved



Executed strategy and delivered on targets set at our 2017 Investor Day

*See website for an explanation of this non-GAAP measure.



Earnings Growth



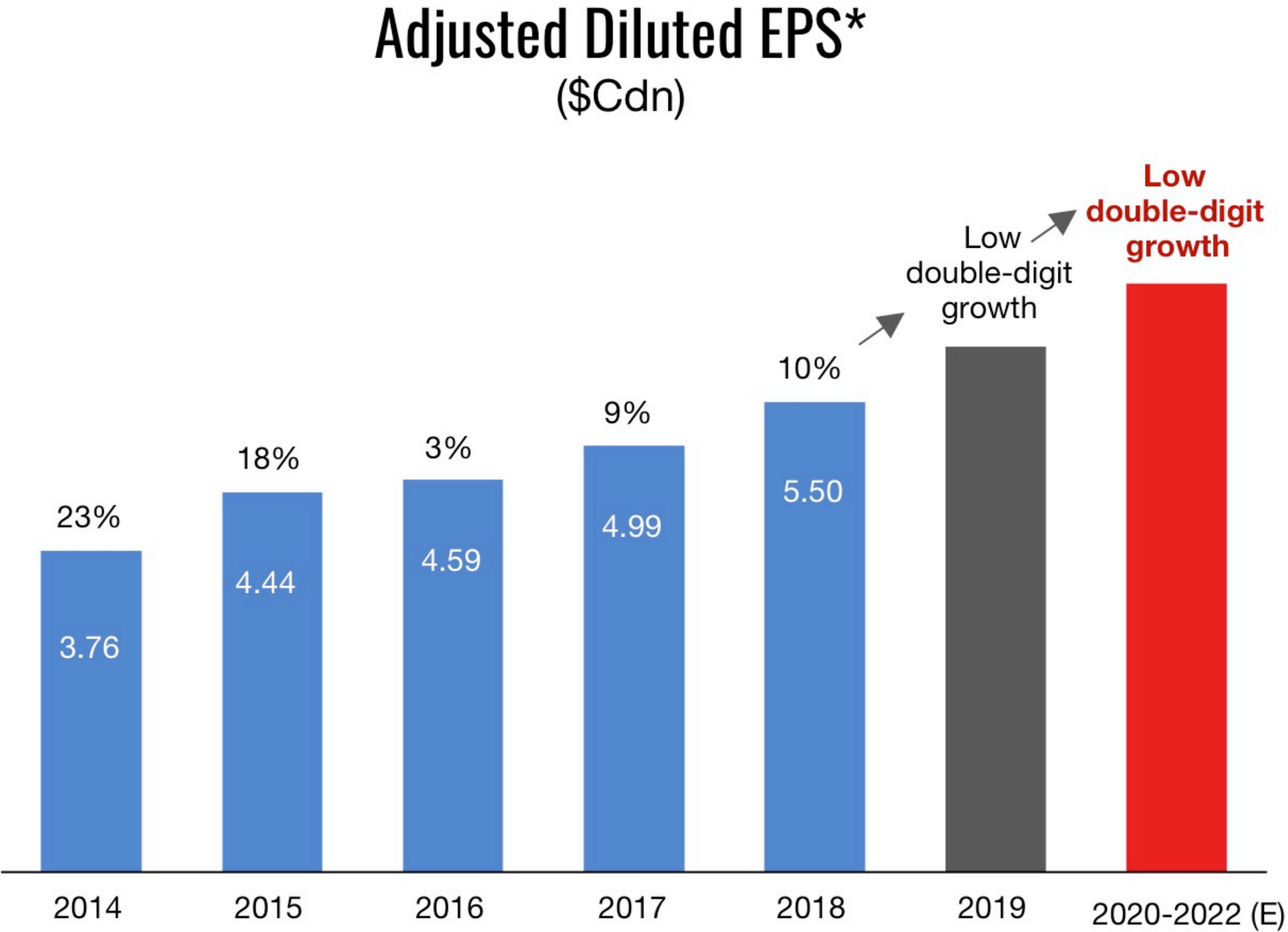
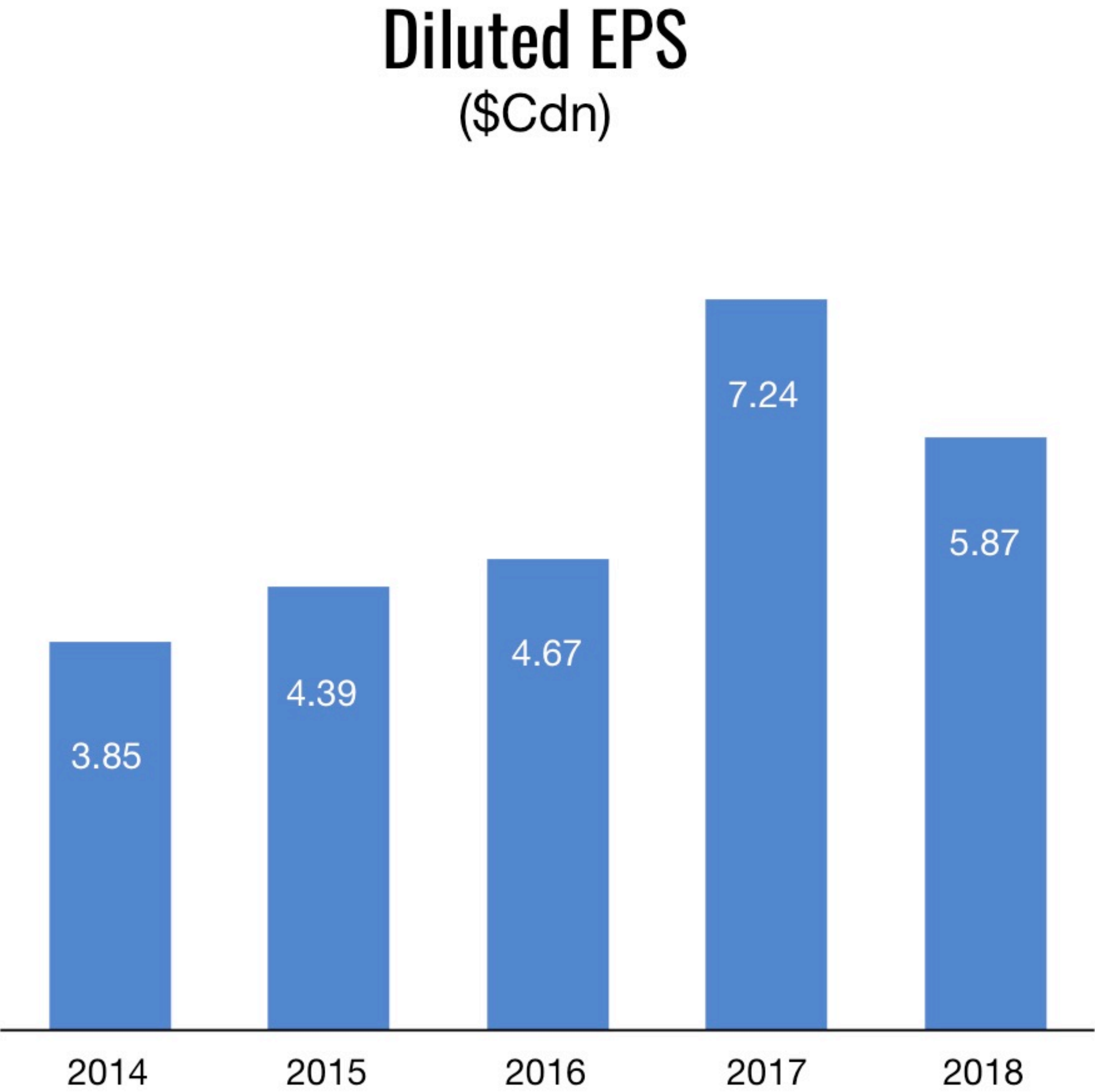
2019 Financial Outlook

- Volumes in terms of RTMs expected to be slightly weaker than anticipated
 - Now assuming total RTMs in 2019 will grow in the mid-single digit range versus 2018, compared to the previous assumption of high single digits
- Reaffirming our earnings outlook with adjusted diluted EPS growth in the low double-digit range versus 2018 adjusted diluted EPS of \$5.50
 - Demonstrating our ability to be nimble and quickly adapt to changing demand environment
- Capital infrastructure investments have started and are expected to be essentially completed by end of Q3



Targeting Diluted EPS CAGR (2020–2022) of Low Double-Digits

Driven by a solid pipeline of organic growth opportunities and bringing
Scheduled Railroading to the next level by deploying advanced technologies



*See website for an explanation of this non-GAAP measure.

Key Assumptions



Assuming a Supportive Economy (2020-2022)

- North American industrial production to grow by approximately 2% per year
- Annual U.S. housing starts of at least 1.25 million units
- Annual U.S. motor vehicle sales of approximately 17 million units
- U.S. and Canadian grain crops in line with their respective three-year averages
- The value of the Canadian dollar in U.S. currency will be approximately \$0.75
- The average price of crude oil (West Texas Intermediate) in the range of US\$60 to US\$65 per barrel

Volumes and Pricing



Key Drivers of Top-line Growth

- Organic growth opportunities above and beyond economy
- Pricing above rail inflation
- Inorganic growth opportunities would provide further upside potential

**Key Top-line Organic
Growth Opportunities
\$1.3B to \$2.4B
(2020-2022)**

Expecting volumes to grow faster than the economy



Procurement and Supply Management Transformation



Implementing Best-in-Class Procurement Practices

- Original expectation for \$100M* in net cost savings over three years (2017-2019)
- Delivered \$100M* in two years – line of sight for another \$50M*
- Driving improvements through:
 - Executing master agreements
 - Establishing service KPIs
 - Evaluating total cost of ownership

**Taking a partnership approach –
treating our suppliers like our customers**



* Roughly half relates to capital



Engineering and Mechanical Opportunities



Opportunities to Improve Our Business to Reach the Next Level of Scheduled Railroading

- Outside talent in Engineering and Mechanical providing new perspectives on reliability, capital productivity and capacity
- Improving work block productivity and planning in Engineering
 - Drives capital efficiency (“bang for buck”)
- Increasing locomotive reliability in Mechanical
 - Towards airline levels of performance
- Overarching goal of developing preventative and scheduled maintenance cycles – critical to safety agenda

Deploying advanced technologies and innovation will accelerate these key initiatives and increase benefits



Advanced Technology Deployment



Deploying Six Key Advanced Technology Projects

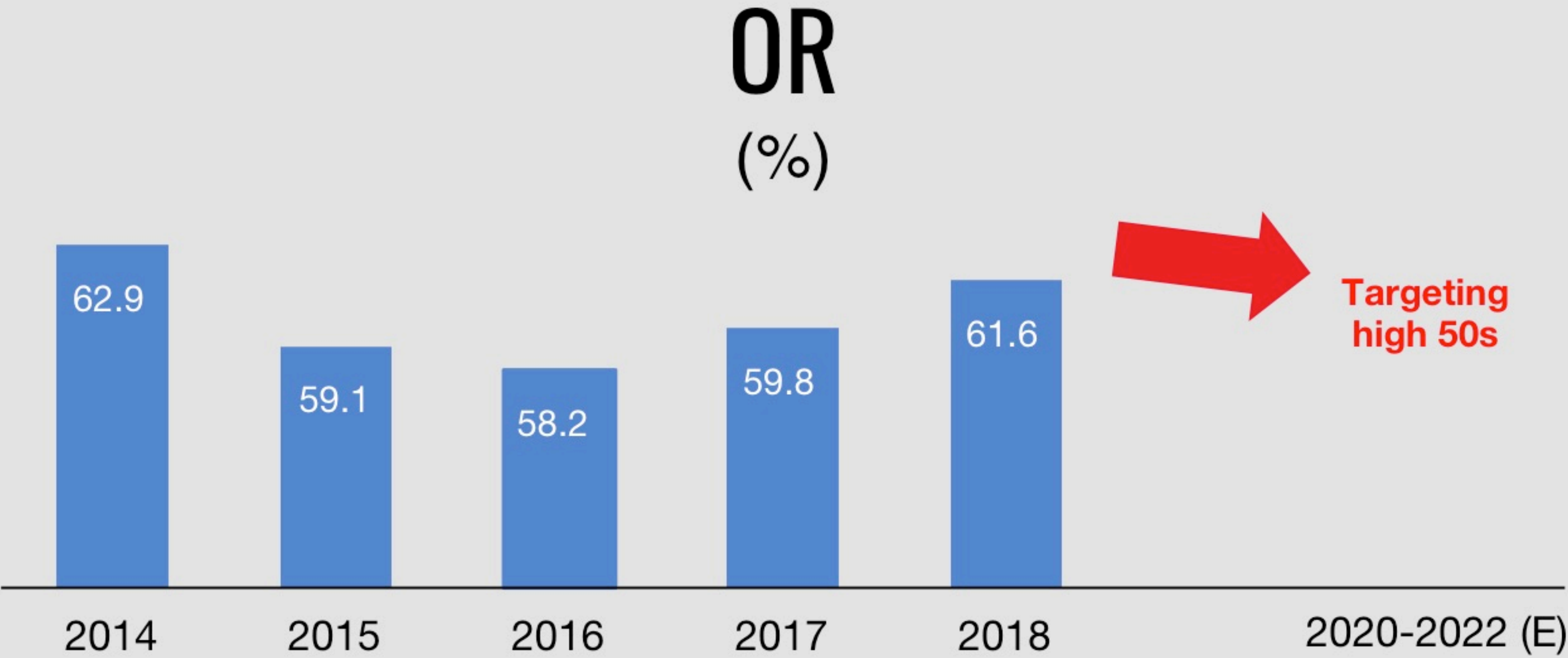
- Deployment of key innovation and technology projects contributing to reduced costs, additional capacity, improved safety and reliability, and more revenue opportunities
- Contributing to fewer incidents, failures and downtime
- Digitizing and automating our processes in Accounting, customs clearance, and customer service

Expected cumulative savings of
\$200-\$400M over 2020-2022



Operating Ratio Target

Targeting a High 50s OR While Balancing Other Key Financial Metrics



Getting back to our sweet spot for OR,
including TransX



Capital Allocation



Capital Allocation Principles Unchanged

- First priority to reinvest in the business
- Maintain balance sheet capacity for organic and inorganic opportunities

Reinvesting in the Business

- Preserve our operational and service excellence, safety, and growth agenda at low incremental cost
- Strategic acquisitions and investments

Maintaining Strong Balance Sheet

- Strong investment grade credit rating
- Access to public financing markets throughout economic cycles

Balancing Approach with Shareholder Initiatives

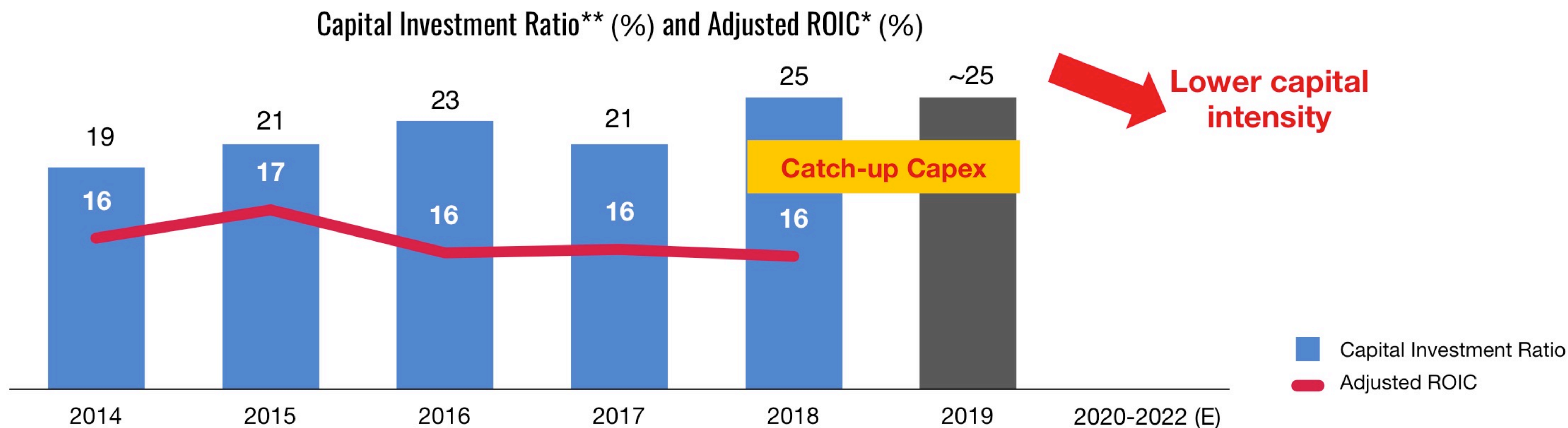
- Flexibility to support dividend growth
- Opportunistic share repurchases once all other objectives are met – a tool to maintain targeted leverage



After 2 years of catch-up capex, driven by strong sustainable organic growth, capital intensity expected to return to historical levels

Going forward, need to invest ahead of volume growth to deliver service and operational excellence at low incremental cost

Expect to generate return on invested capital (ROIC)* in the range of 15-17%



*See website for an explanation of this non-GAAP measure.
**Capital investments as a percentage of revenues.

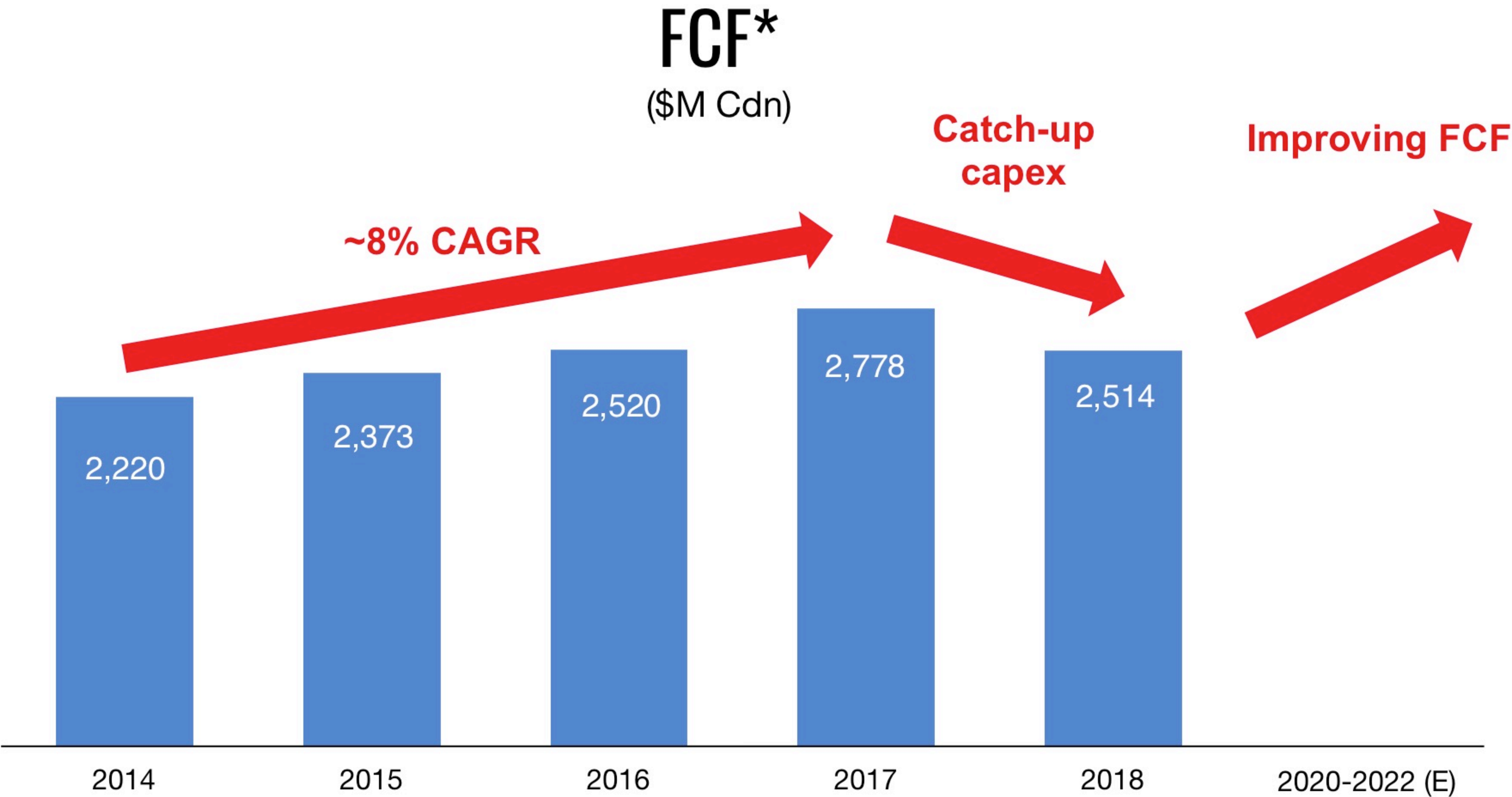


Free Cash Flow Target



Aiming to Grow Free Cash Flow (FCF)* Faster than Earnings

Key to shareholders



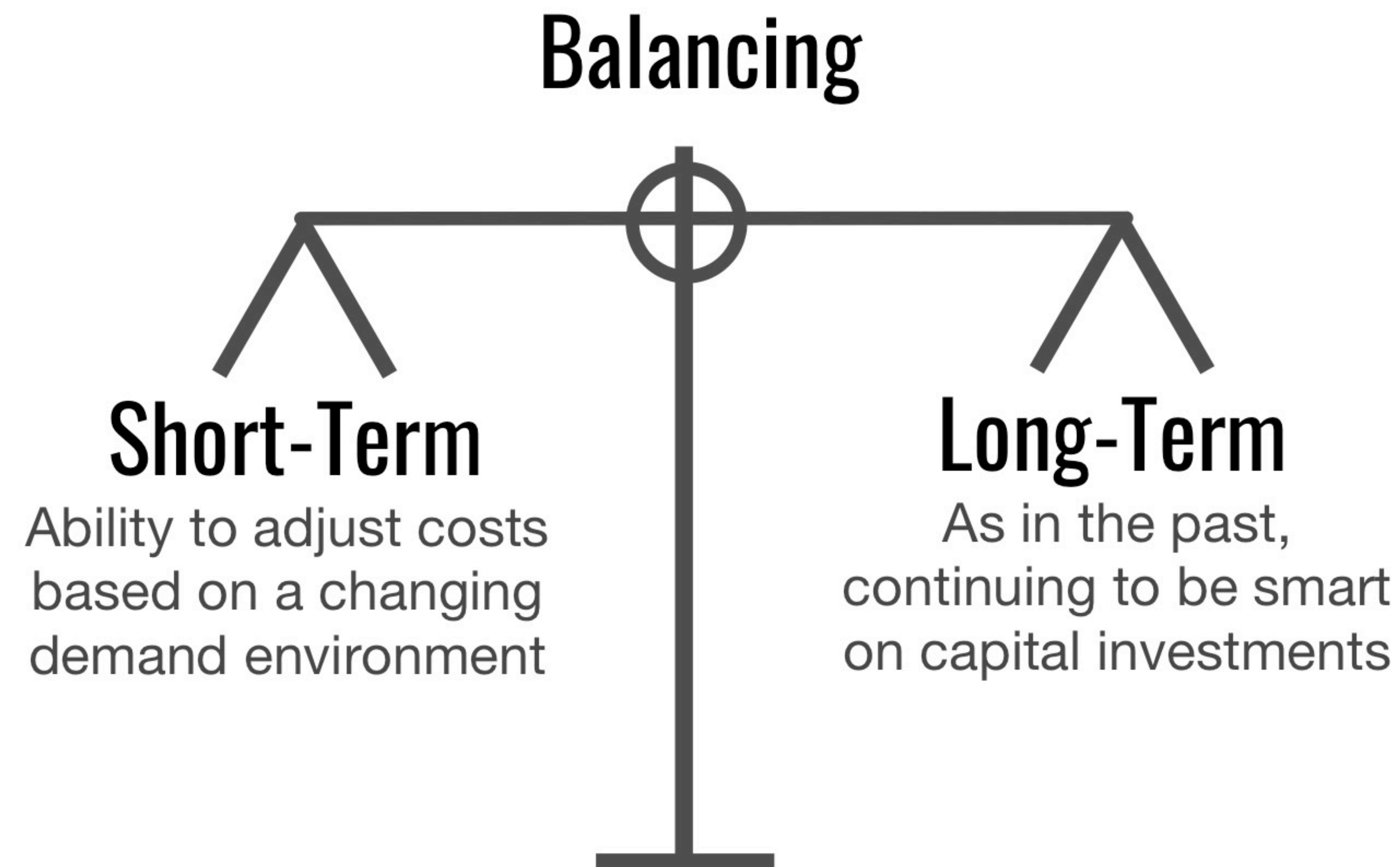
*See website for an explanation of this non-GAAP measure.



Resilience through Economic Cycles



Set-up to Perform through Economic Cycles



In the 2009 Great Recession, CN matched a significant decline in revenues of 13% with a swift decline of 12% in operating expenses

Summing Up



Driving Solid Value for Our Shareholders (2020-2022)

Low double-digit
diluted EPS CAGR

Normalizing
capital intensity
to historical
levels

High 50s
OR

15% to 17%
ROIC

FCF growing
faster than
earnings

Dividend per
share growth
in line with
earnings



Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors underlying CN's targets above and our 2020-2022 financial perspective. See website for an explanation of non-GAAP measures.

Our Strategic Game Plan to Deliver Long-Term Profitable Growth and Deploy Advanced Technologies to Create Shareholder Value

