



Innovation in motion





Robert Pace

Chairman of the Board



Innovation in motion



SAFETY BRIEFING





all aboard
for ***safety***



Michael Stevenson
November 24, 2016



Innovation in motion





NOTICE OF MEETING

SCRUTINEERS



REPORT ON QUORUM





**CONSOLIDATED
FINANCIAL STATEMENTS**



ELECTION OF DIRECTORS

Director Nominees

Shauneen Bruder

Donald Carty

Ambassador **Gordon Giffin**

Julie Godin

Edith Holiday

Luc Jobin

Maureen Kempston Darkes

The Honourable **Denis Losier**

The Honourable **Kevin Lynch**

James O'Connor

Robert Pace

Robert Phillips

Laura Stein



APPOINTMENT OF AUDITORS

ADVISORY VOTE ON EXECUTIVE COMPENSATION





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Luc Jobin

President and
Chief Executive Officer



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CANADIAN NORTHERN
45486

C.N.R.
46088

CANADIAN NORTHERN

CANADIAN NORTHERN
46828

N.R.
39054

CANADIAN NORTHERN
39054

REFRIGERATOR

REFRIGERATOR

INSIDE DIMENSIONS
LENGTH 31 FT. 0 IN.
WIDTH 8 FT. 6 IN.
HEIGHT 8 FT. 6 IN.
CAPACITY 100,000 LBS.
WEIGHT 25,000 LBS.

Innovation in motion



Innovation in motion



Innovation in service





**Innovation
in motion**

An aerial photograph showing a long freight train with many red and white boxcars and a black locomotive with the CN logo, winding through a dense green forest. The train is positioned along the edge of a large blue lake. The text "Innovation in productivity" is overlaid in white on a semi-transparent dark background in the center-right of the image.

**Innovation
in productivity**

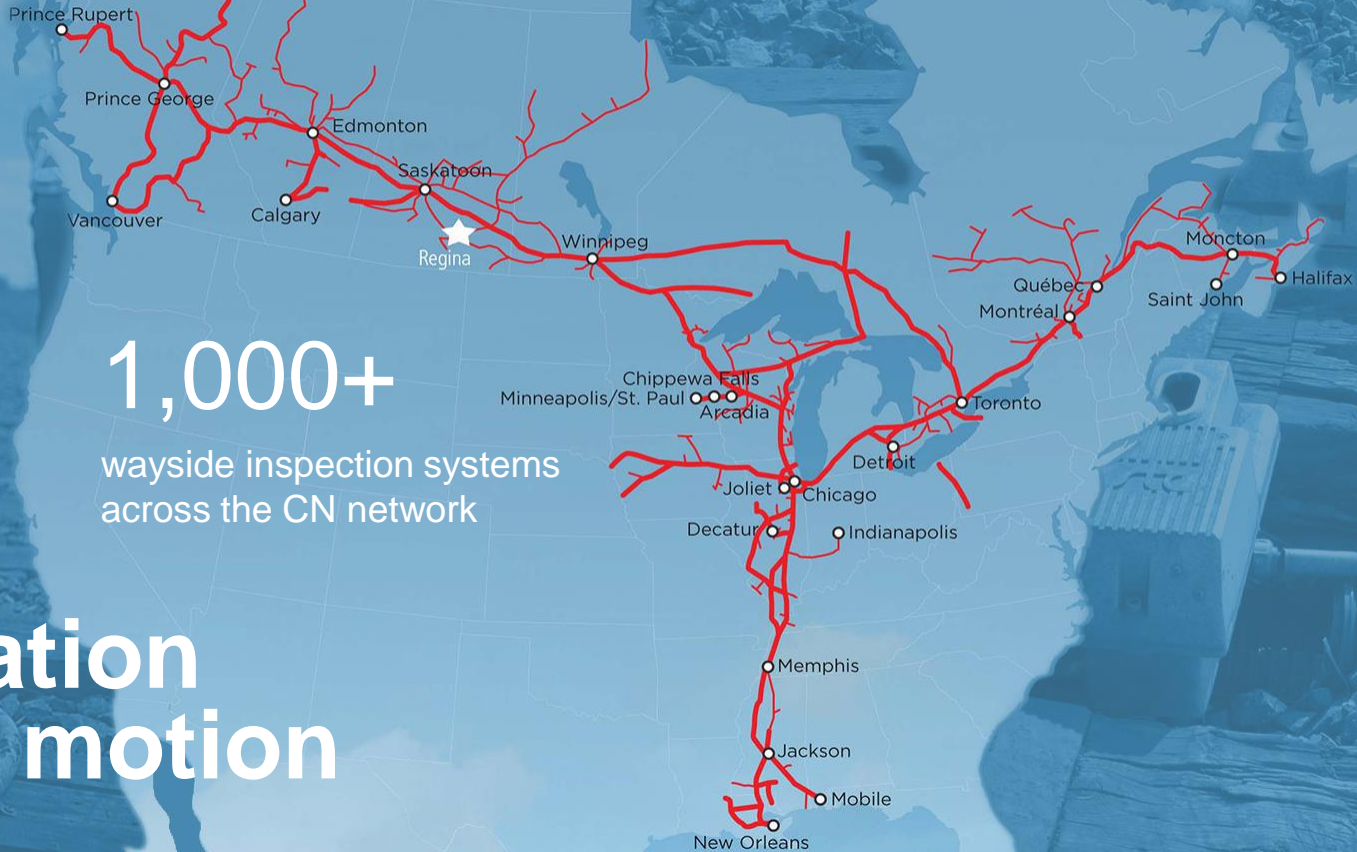


TEST TRACK EVALUATION SYSTEM

CN

CN ENGINEERING

Innovation
in safety



1,000+
wayside inspection systems
across the CN network

Innovation
in motion



**Innovation
in safety**

The CN Claude Mongeau National Training Centre



**Innovation
in safety**



Innovation in motion





Ghislain Houle

Executive Vice-President and
Chief Financial Officer

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

2017 key assumptions

CN has made a number of economic and market assumptions in preparing its 2017 outlook. The Company is now assuming that North American industrial production for the year will increase by approximately two per cent (compared with its Jan. 24, 2017 assumption that North American industrial production would increase in the range of one to 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 17.5 million units. For the 2016/2017 crop year, the grain crops in both the United States and Canada 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. With these assumptions, CN now assumes total RTMs in 2017 will increase by approximately 10 per cent versus 2016 (compared with its Jan. 24, 2017 assumption that total RTMs in 2017 would increase in the range of three to four 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, and that the average price of crude oil (West Texas Intermediate) will be in the range of US\$50 to US\$60 per barrel. In 2017, CN now plans to invest approximately C\$2.6 billion in its capital program (compared with its Jan. 24, 2017 plan to invest approximately C\$2.5 billion in its capital program in 2017), 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; security threats; reliance on technology; trade restrictions; transportation of hazardous materials; various events which could disrupt operations, including natural events such as severe weather, droughts, floods and earthquakes; climate change; labor negotiations and disruptions; environmental claims; uncertainties of investigations, proceedings or other types of claims and litigation; risks and liabilities arising from derailments; and other risks detailed from time to time in reports filed by CN with securities regulators in Canada and the United States. Reference should be made to “Management’s Discussion and Analysis” in CN’s annual and interim reports, Annual Information Form and Form 40-F, filed with Canadian and U.S. securities regulators and available on CN’s website, for a description of major risk factors.

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.



Caution Regarding 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 and are therefore not necessarily comparable to similar measures presented by other companies, and as such, should not be considered in isolation.

These measures are defined and reconciled to the comparable GAAP measures on our website:

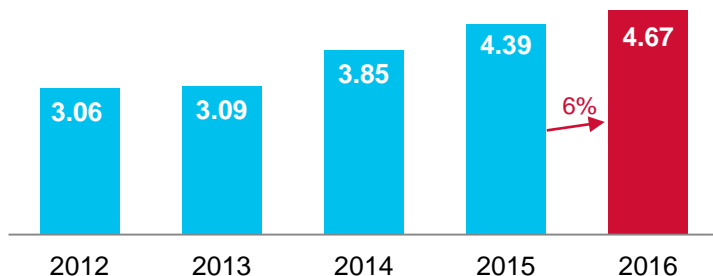
www.cn.ca/2017AGM-nonGAAP



Earnings Per Share

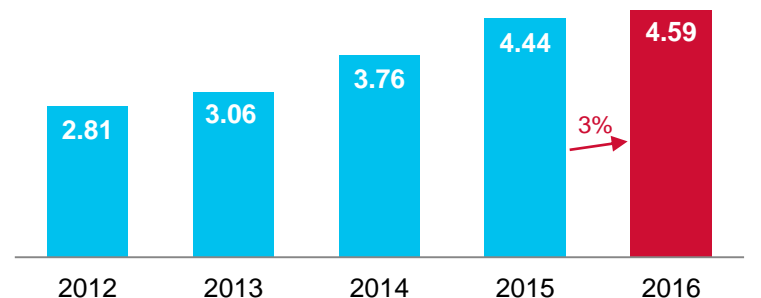
DILUTED EARNINGS PER SHARE (\$ Cdn)

11% CAGR



ADJUSTED DILUTED EARNINGS PER SHARE* (\$ Cdn)

13% CAGR



* Adjusted to exclude items affecting the comparability of results. See website for an explanation of this non-GAAP measure.

** Weighted average of CP, UP, CSX and NS based on publicly available information.

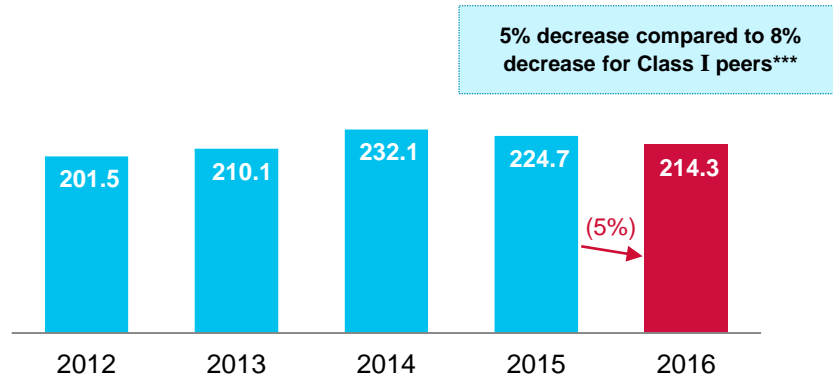
SOLID RESULTS IN A CHALLENGING YEAR



Driving Top Line Growth

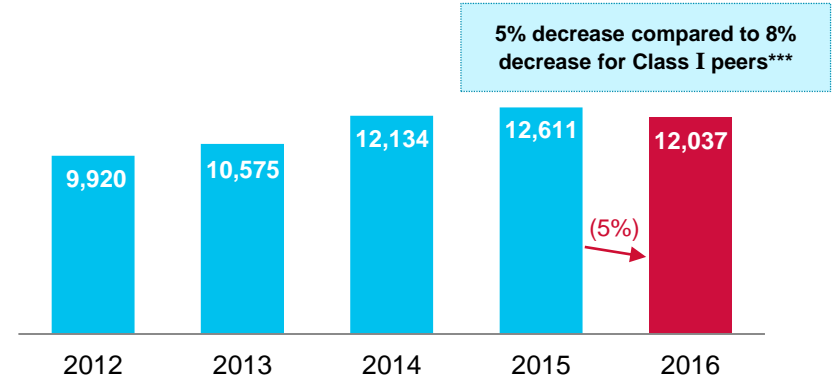
REVENUE TON MILES* (Billions)

2% CAGR



REVENUES (\$M Cdn)

5% CAGR



* The movement of a ton of freight over one mile for revenue.

Revenues down 7% on a constant currency basis**

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

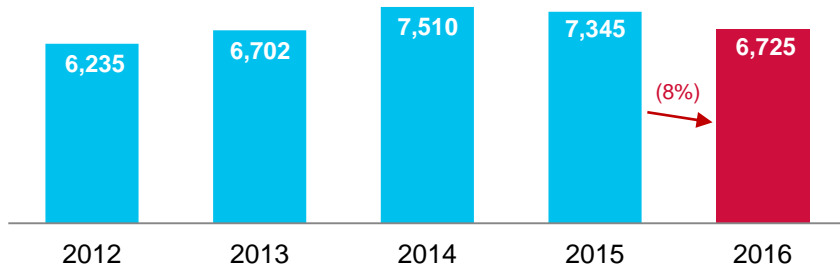
*** Weighted average of CP, UP, CSX and NS based on publicly available information.

VOLUME DECLINE MOSTLY DRIVEN
BY WEAK ENERGY MARKETS



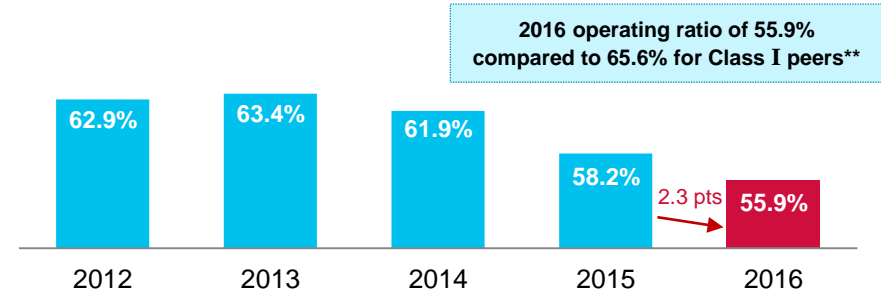
Disciplined Cost Management

EXPENSES (\$M Cdn)



On a constant currency basis, expenses down 10%*
*See website for an explanation of this non-GAAP measure.

OPERATING RATIO (%)



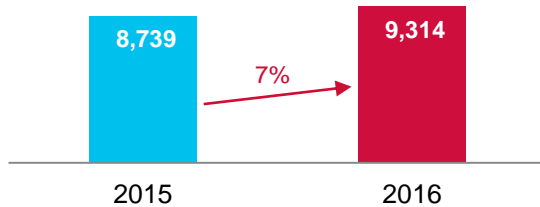
** Weighted average of CP, UP, CSX and NS based on publicly available information.

QUICKLY RIGHTSIZED OUR RESOURCES
IN A WEAKER VOLUME ENVIRONMENT

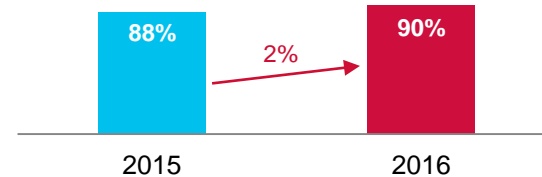


Balancing Operational and Service Excellence

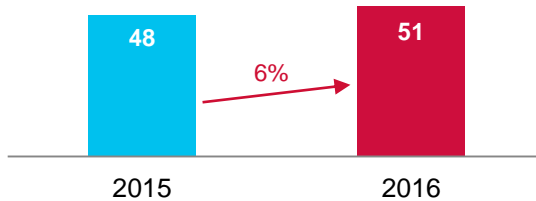
TRAIN PRODUCTIVITY
(GTMs per train mile)



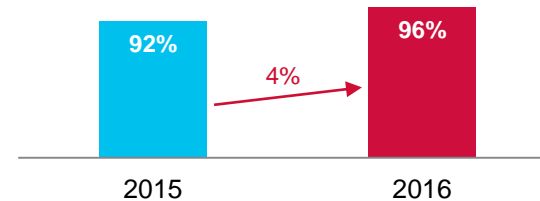
LOCAL SERVICE COMMITMENT PERFORMANCE
(Cars placed/pulled at customer location during scheduled windows)



YARD PRODUCTIVITY
(Cars per yard switching hour)



**WEEKLY MERCHANDISE
CAR ORDER FULFILLMENT**

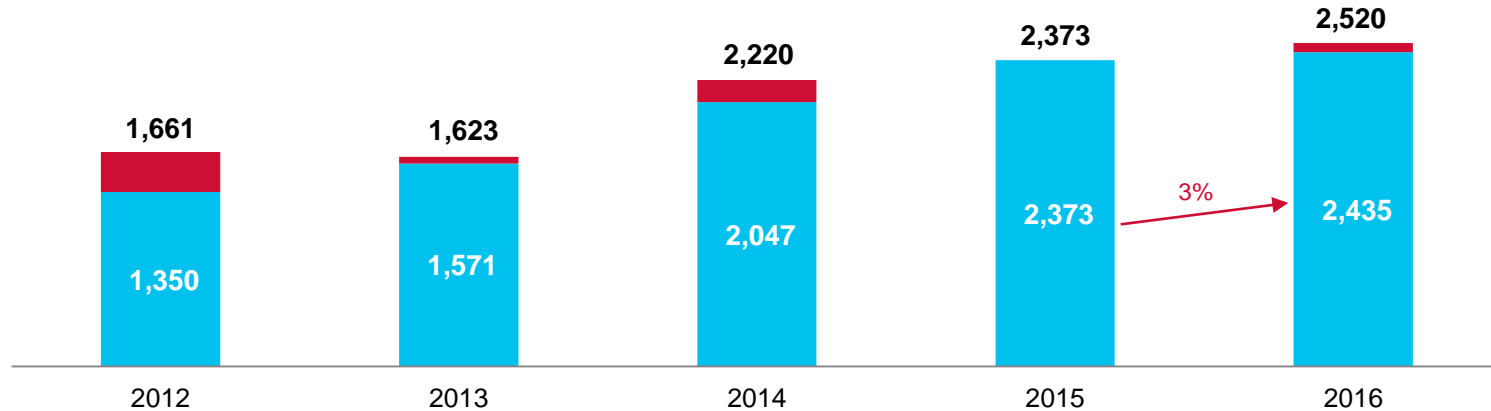


**DELIVERING SUPERIOR SERVICE BY LEVERAGING OUR
SUPPLY CHAIN APPROACH AND OPERATIONAL EXCELLENCE**



Free Cash Flow

FREE CASH FLOW* (\$M Cdn)



*Free cash flow after voluntary pension plan contributions of C\$100 million and C\$700 million for 2013 and 2012 respectively.

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

- Adjusted Free Cash Flow (excluding Major Asset Sales)
- Major Non-Strategic Asset Sales

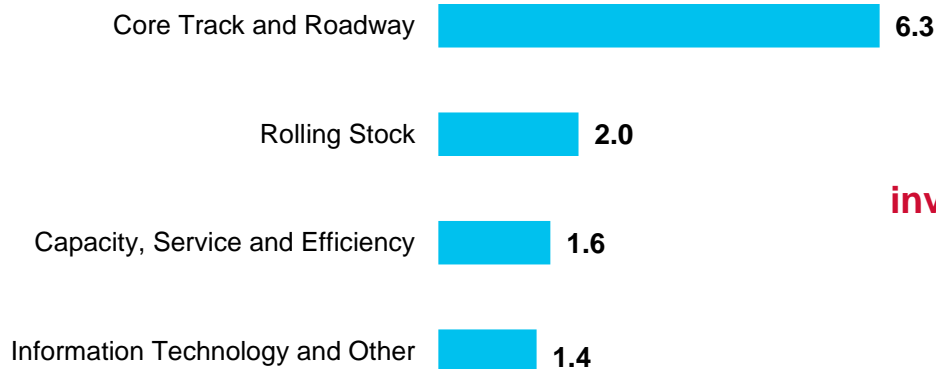
CONSISTENT, SOLID CASH FLOW GENERATION



Reinvesting in Our Business

CAPITAL INVESTMENTS 2012-2016

(\$B Cdn)



\$2.75B
invested in 2016

Unwavering focus on safety
and plant integrity
Supporting growth, service
and efficiency

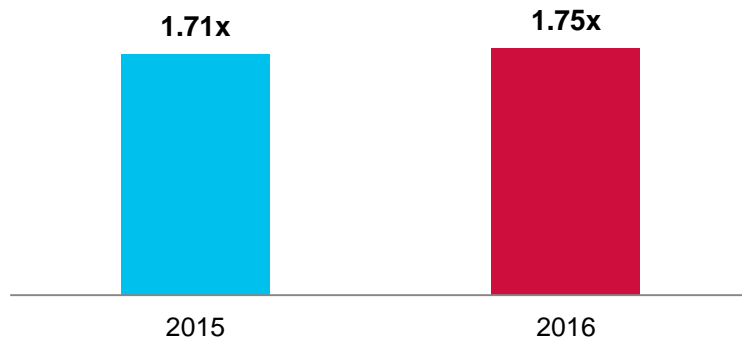
CONTINUED TO CONSISTENTLY INVEST FOR THE LONG TERM



Prudent Financial Management

ADJUSTED DEBT-TO-ADJUSTED EBITDA MULTIPLE

(As at and for the twelve months ended December 31)



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

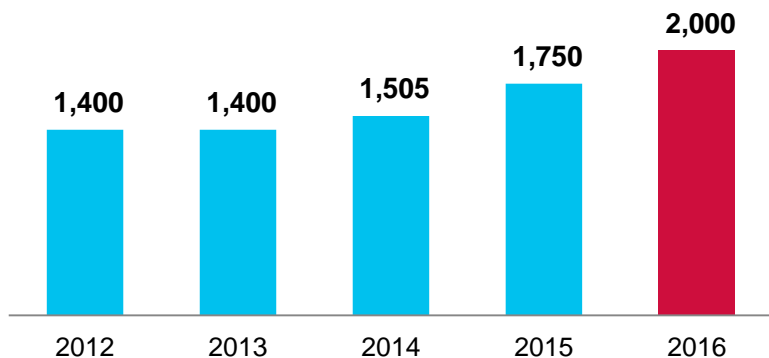
CONTINUOUS, LOW COST ACCESS TO FINANCING



Rewarding Our Shareholders

SHARE BUYBACK

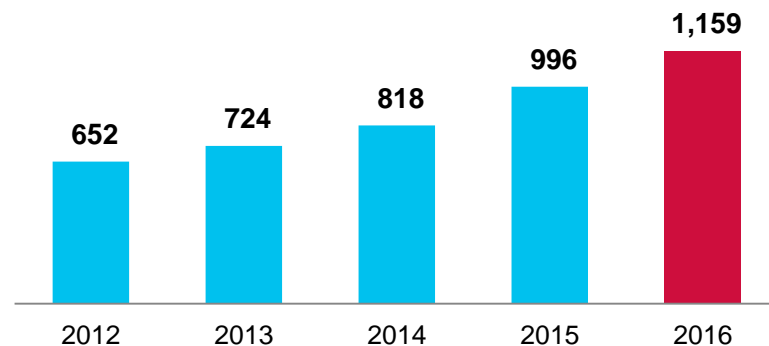
(\$M Cdn)



- 26.4M shares repurchased in 2016
- Current program of up to 33M shares

DIVIDENDS

(\$M Cdn)

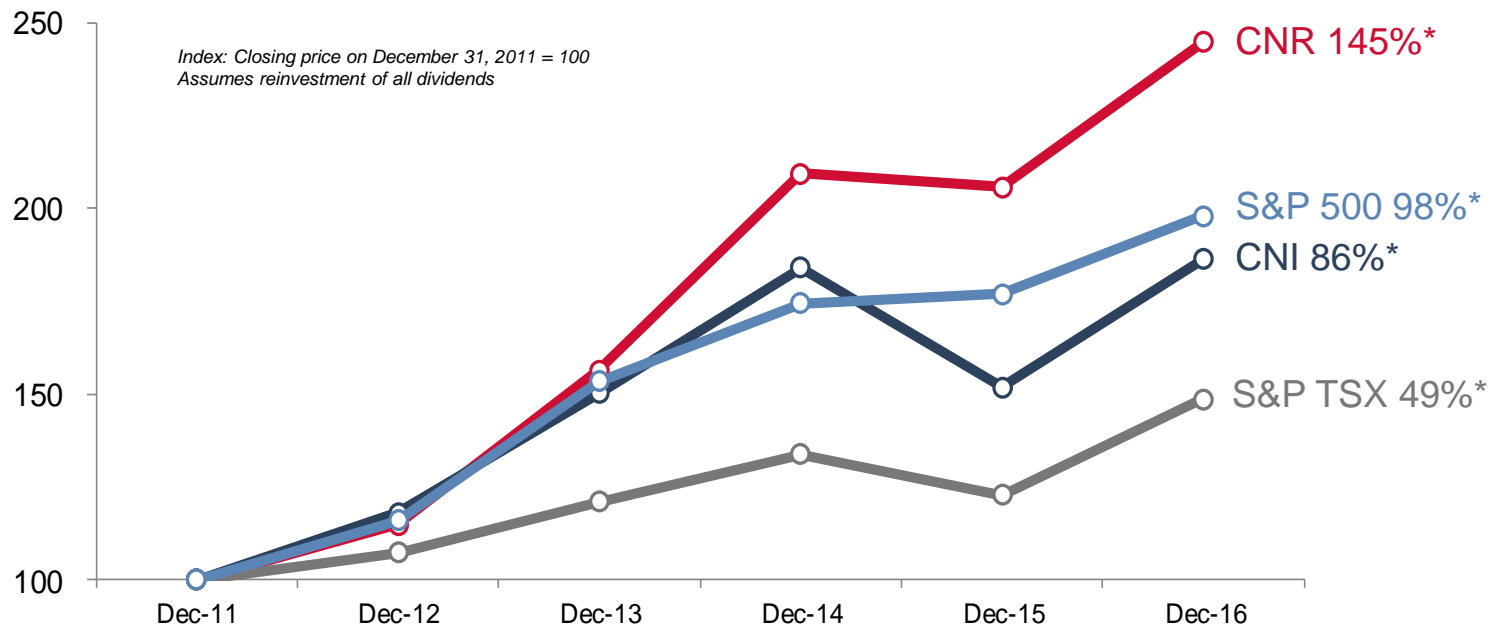


- 21 consecutive years of dividend growth (17% CAGR)
- 10% increase approved for 2017

**OVER \$12 BILLION RETURNED TO
SHAREHOLDERS IN FIVE YEARS**



Outpacing the Market



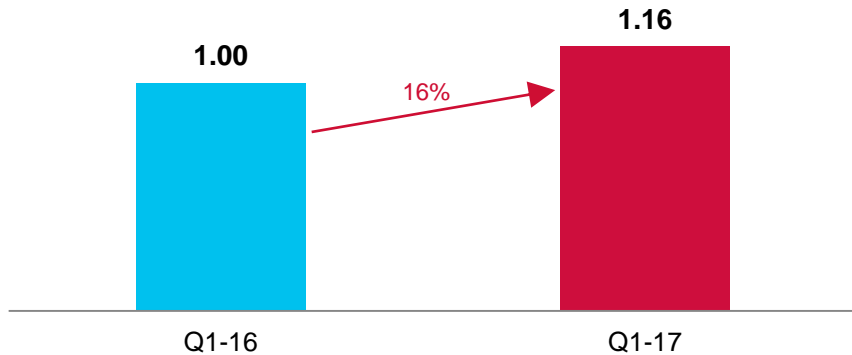
*Cumulative total return over the last five years.

SOLID SHAREHOLDER VALUE CREATION

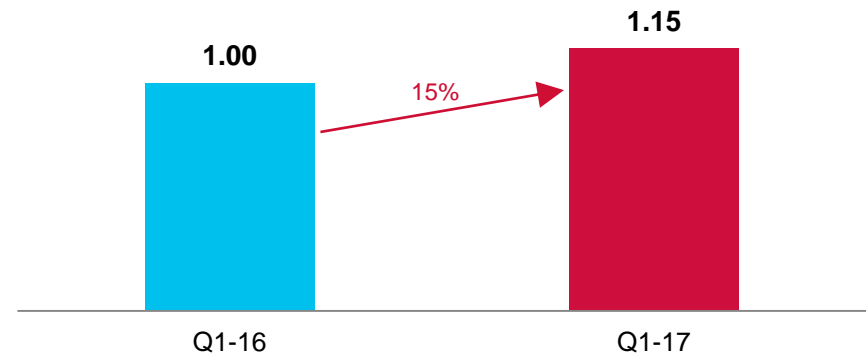


2017 First Quarter

DILUTED EARNINGS PER SHARE (\$ Cdn)



ADJUSTED DILUTED EARNINGS PER SHARE* (\$ Cdn)



* Adjusted to exclude items affecting the comparability of results.
See website for a reconciliation of this non-GAAP measure.

SOLID START TO THE YEAR



Revised 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 C\$100M to C\$2.6B for 2017 ⁽²⁾

- Opportunistic approach to support additional growth, including the acquisition of 22 new locomotives

Delivering sustainable value for our shareholders

- Dividend increase of 10% (announced on Jan 24, 2017)
- Share buyback program (Oct 2016 - Oct 2017)

(1) See website for an explanation of this non-GAAP measure.

(2) 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.





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INTRODUCTION OF DIRECTORS



Director

Shauneen Bruder

Director

Donald Carty

Director

Ambassador

Gordon Giffin

Director

Julie Godin

Director

Edith Holiday

Director

**Maureen
Kempston Darkes**

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**The Honourable
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Laura Stein

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Director

Robert Pace



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QUESTION PERIOD





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