



Building for the Future in Intermodal



CN Intermodal Facility Tour
June 18-19, 2015
Toronto and Brampton, ON



Building for the Future in Intermodal



JJ Ruest
Executive Vice President and Chief Marketing Officer



We're Starting with a Great and Diversified Franchise

Diversified Customer Base

1. Merchandise Company	3%
2. Grain Company	2%
3. Steamship line Company	2%
4. Grain Company	2%
5. Grain Company	2%
Top 5 customers	12%
Top 25 customers	35%
Top 50 customers	50%
Top 100 customers	70%

- Unique 3-coast access
- Permanent Chicago advantage
- The very best coverage of the Midwest and mid-continent

Diversified Geo Economics

Transborder	33%
Global Trade – West Coast	24%
Domestic Canada	19%
Domestic U.S.	17%
Global Trade – Gulf Coast	4%
Global Trade – East Coast	3%

Diversified End Markets

International Intermodal	14%
Domestic Intermodal	9%
Petroleum (including crude)	11%
Chemicals	8%
Grain	13%
Fertilizers	3%
Lumber and Panels	6%
Pulp and Paper	7%
Metals	6%
Minerals (including frac sand)	6%
Coal (Canada and U.S.)	6%
Other Revenues	6%
Automotive	5%

Diversified Product Line

Merchandise – Railway cars	33%
Merchandise – Private cars	31%
International Intermodal	14%
Unit train service	13%
Domestic Intermodal	9%

Based on 2014 revenues





We're Redefining Service



- Building on our momentum
- Collaborative, transparent, data-driven process
- Joint marketing with partners and customers
- Differentiated competitive advantage
- Enabling profitable top-line growth





We're Innovating in Intermodal

HIGHWAY TO RAIL CONVERSION

- New 3rd morning transcontinental service: Toronto → Calgary (in service)
- New 4th morning transcontinental service: Toronto → Vancouver (in service)
- New Canada → U.S. continental service: collaboration with J.B. Hunt
- Additional cold supply chain capacity for domestic and international (in service Q4)

PRE-MARKET PORT EXPANSIONS

- 500K TEUs at Rupert: for Midwest and Eastern Canada (in service Q2 2017)
- 650K TEUs at Vancouver: for Midwest and Eastern Canada (expected H2 2017)

NEW GULF COAST GATEWAY TO SERVE MID-CONTINENT MARKETS (From Asia and South America)

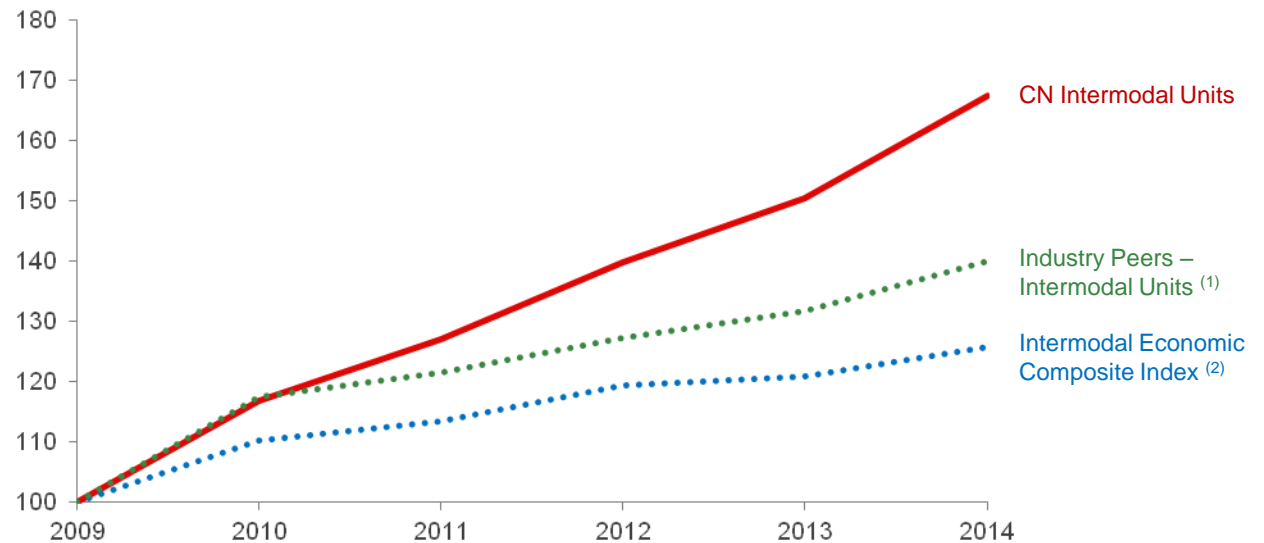
- Leveraging Panama canal expansion (expected mid 2016)
- Port of Mobile/APM Terminals - New intermodal near-dock rail investment of US\$32M (in service spring 2016)
- Port of New Orleans – Planned intermodal on-dock rail expansion project of US\$24M (in service February 2016)
- MOU in place with both ports to bolster productivity and geographic reach





We're Delivering on our Intermodal Growth Agenda

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



(1) Includes CP, NS, CSX, UP, KCS

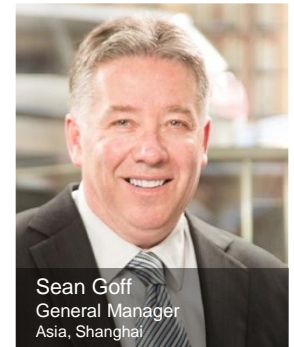
(2) U.S. / Canadian real consumption of goods and container imports into U.S. / Canada

Sources: Bureau of Economic Analysis (BEA), Statistics Canada and IHS

A strong track record of outpacing the economy and our industry



Our CN Supply Chain Enablers





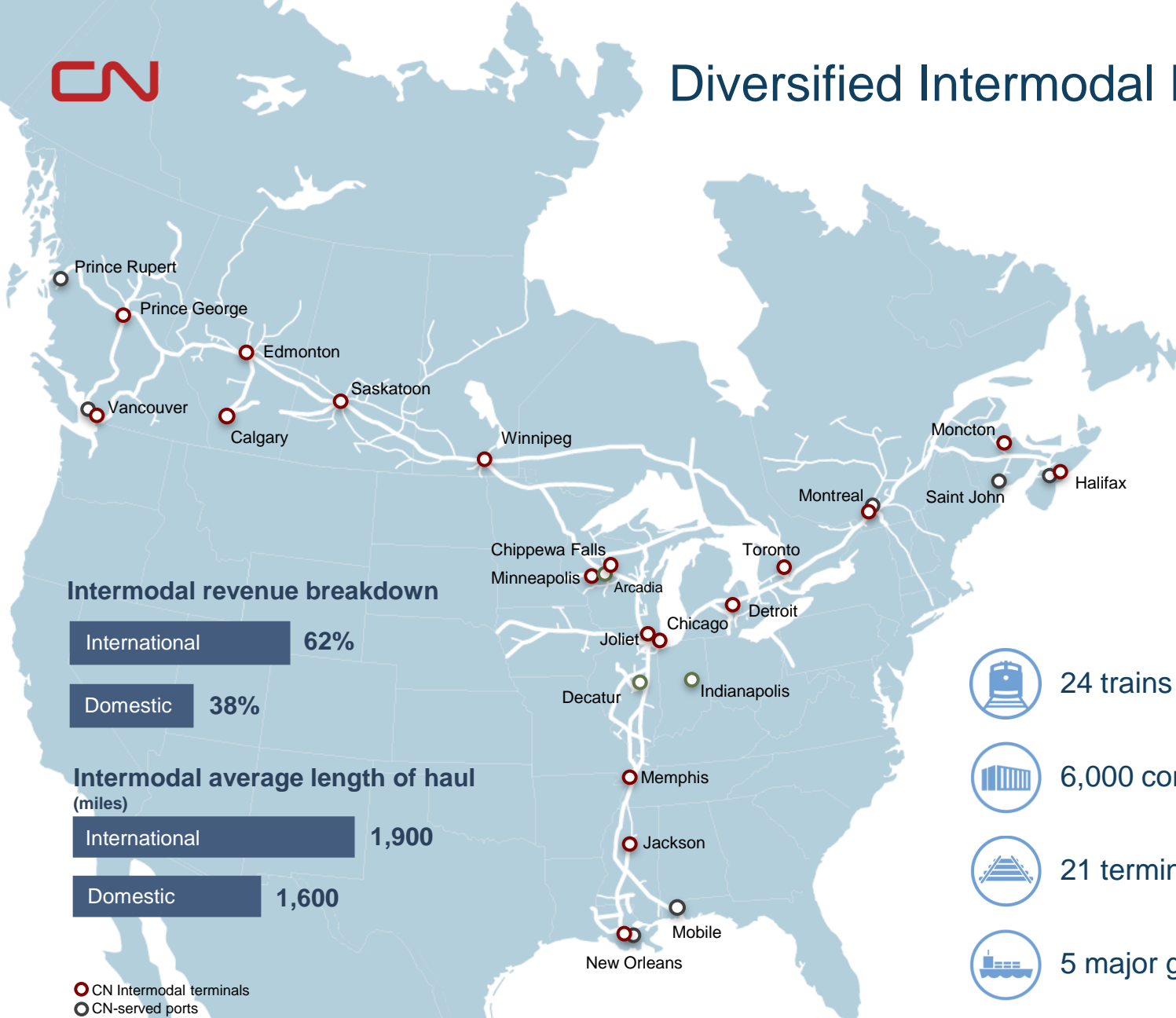
Differentiating Our Intermodal Service



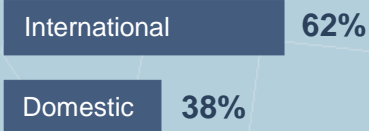
Keith Reardon
Vice President Intermodal Sales, Marketing and Operations



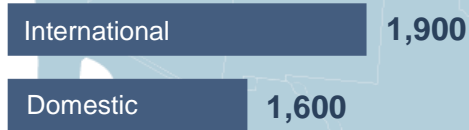
Diversified Intermodal Franchise



Intermodal revenue breakdown



Intermodal average length of haul (miles)



- CN Intermodal terminals
- CN-served ports
- CN-served destinations

Based on 2014 revenues



24 trains per day



6,000 containers per day



21 terminals



5 major gateway ports

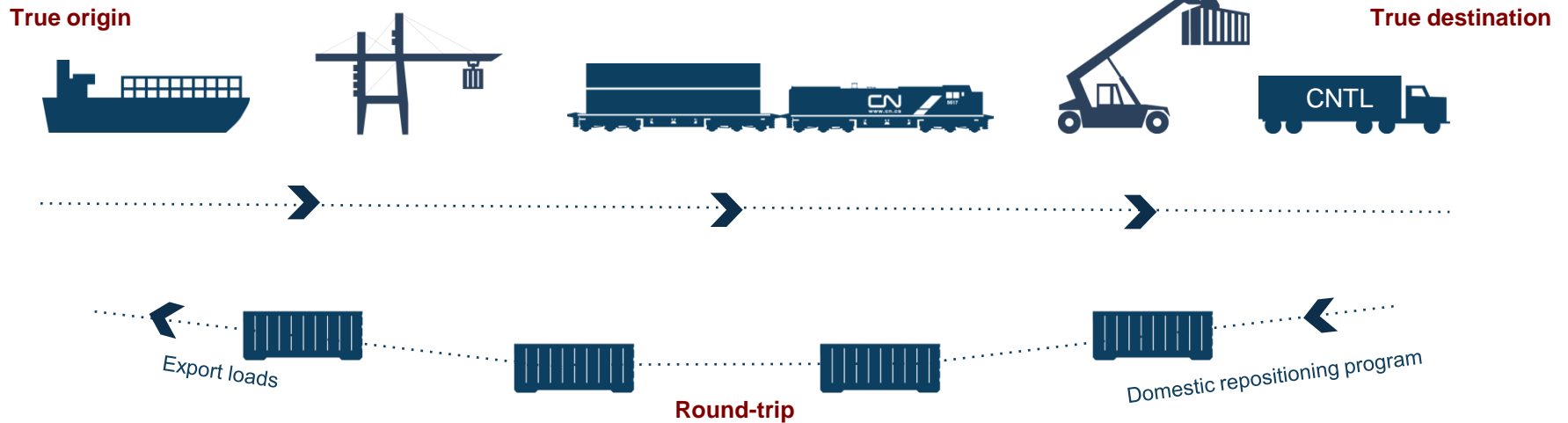


Taking an End-to-End Supply Chain Approach

Evolving from railroad thinking...

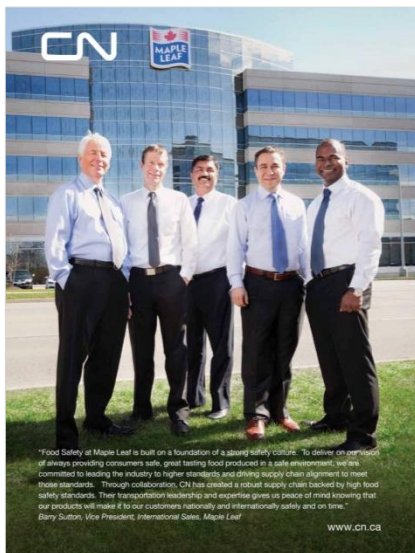


...to Supply Chain thinking





Focusing on the Customer 24/7



Logistics Management Team

Retail

- Dedicated CN trucking to handle first and last mile
- Dedicated customer service representatives
- Proactive management of customer traffic

International

- Comprehensive management of overseas shipping line containers in North America
- Tailored reporting and tracking
- Equipment and export management services
- Specialized reefer and automotive programs for just-in-time service

Asset Owners

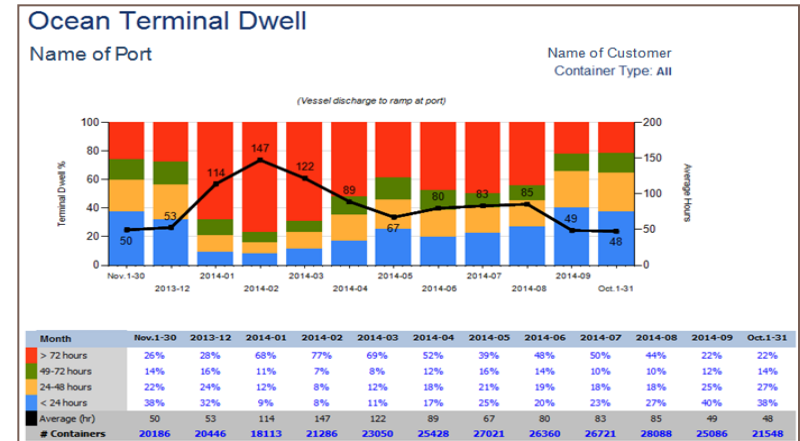
- Fleet based intermodal carriers utilizing CN services
- Dedicated CN customer service reps to manage movements across North America
- Exception management and proactive recovery of on line traffic 24/7
- Carriers provided with CN assets and additional resources beyond their fleet to manage surge volumes on CN



Driving End-to-End Efficiency



Intermodal – Dashboard & Glowing Boxes
Tracking information for each terminal, each shipping line, each city, and details on every unit



Intermodal – Port dwell, transit time and Inland terminals dwell

OUTBOUND TRAINS	31-Oct	Last 7-days	Oct. MTD	TARGET
TRAIN LENGTH DEPARTING (FEET)	27,316	26,444	25,482	27,000
TOTAL TRAIN UTILIZATION	101%	98%	94%	95%
TRUCK LENGTH DEPARTING (EQUIV. FOOTAGE)	0	123	171	
TOTAL LENGTH	27316	26567	25653	
GROUND COUNT (08:00)	57,485	80,259	56,467	
ON-DOCK DWELL	3.08	2.56	1.94	1.50
EXIT DWELL	3.02	3.04	2.26	2.00
PROJECTED DWELL	2.25	3.15	2.21	
GROUNDING CONTAINERS	1,929	2,710	1,918	
UNITS DWELLING OVER 72 HRS	883	932	463	
% OF UNITS LESS THAN 72 HRS	54%	66%	76%	90%
ON-TIME DEPARTURE	3:36	3:54	2:19	0:45
SLOT UTILIZATION	92%	93%	93%	93%
TRAINS OPERATING DP POWER	0.0	0.7	0.5	2
HPT	1.3	1.1	1.1	1.0

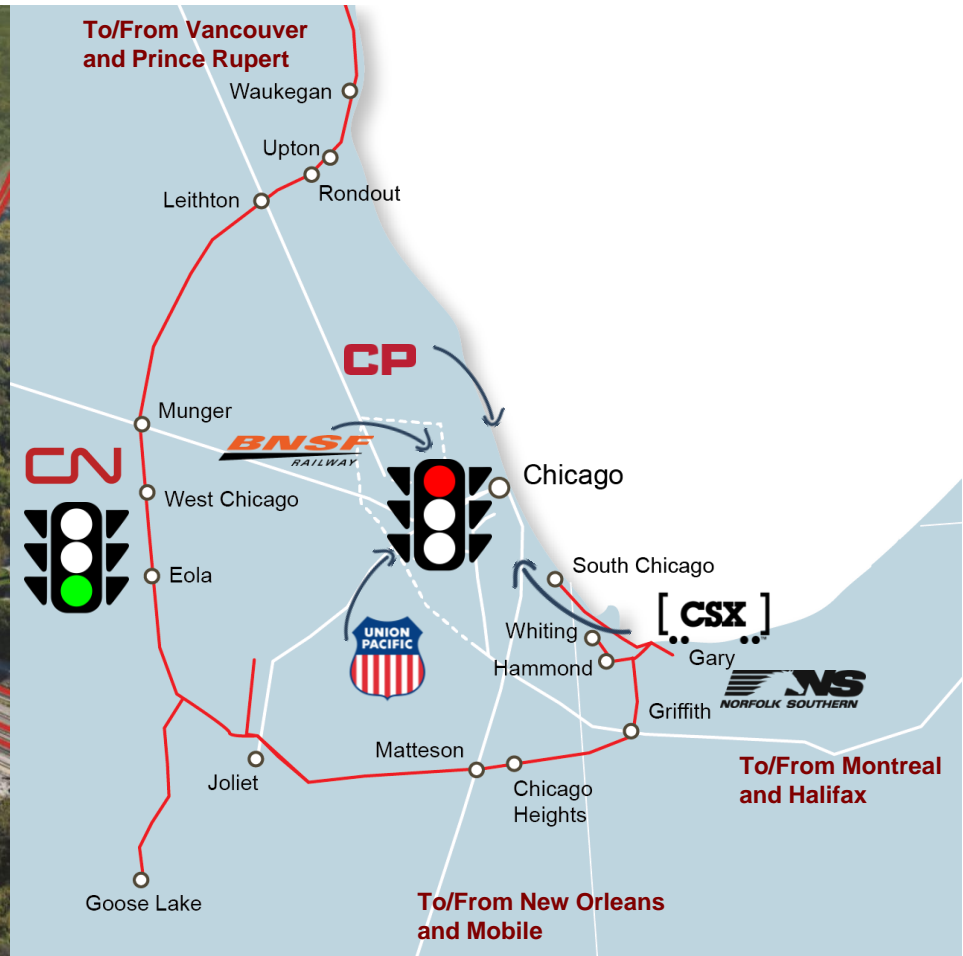
Port Scorecards – Loaded rail footage versus target
Tracking dwell versus target of less than 72 hours



Inland Intermodal terminal measures



The Fastest Rail Route in and Around Chicago





A Strong Track Record of Growth

Intermodal Volumes (units)



- Growing with our customers
- Growing with our supply chain partners





International Intermodal

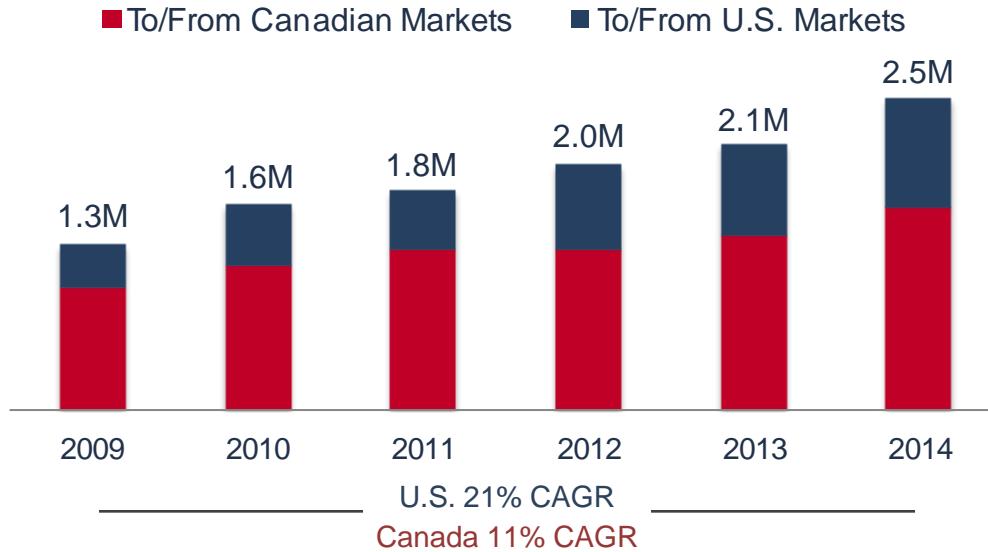


Peter Ladouceur
Assistant Vice President International Intermodal



Customers Value the Supply Chain Approach

International Volumes
(TEUs)



- End-to-end perspective
- Focus on round-trip costs
- New, growing exports
- Differentiate our customer handling based on what is in the box

A true success story





Understanding and Anticipating Market Needs

MARKET TRENDS

- Mega-size container vessels (20,000 TEUs)
- An increase in ocean carrier alliances with larger vessels (e.g. G6, 2M, Ocean Three)
- Focus on lane profitability
- Increased routing options via expanded Panama, Suez canals
- Global diets evolving as middle class develops
- Shippers demand more routing options at lower risk/price levels

OUR ROLE AS A SUPPLY CHAIN ENABLER

- Offer more inland destinations
- Help our customers differentiate their sea-borne service with end-to-end land-based solutions
- Mitigate round trip costs with increased exports, domestic use of return box and port transloads (from 40' box to backhaul 53')
- Increased menu of choices via West, Gulf and East Coasts
- Cold supply chain and specialty grain focus
- Sell One CN creates flexibility



Increasing Capacity in Western Gateway



- Deltaport to add 650,000 TEU rail capacity by H2 2017
- Three import trains per day (35% to the U.S.)
- Growing U.S. market share
- All major shipping lines call here



- Additional 500,000 TEU expansion by Q2 2017
- New 12,000 foot siding and 50,000 foot road/rail utility corridor in place
- New proposed owner (DP World) brings global customer base
- Cosco, Hanjin, Yang Ming, K Line, China Shipping call here

Supporting growth in Trans-Pacific trade



Steady Growth in Eastern Gateway



- CN experienced strong volume growth (14% CAGR since 2009)
- OOCL, Maersk Line, CMA CGM, MSC use CN at Montreal



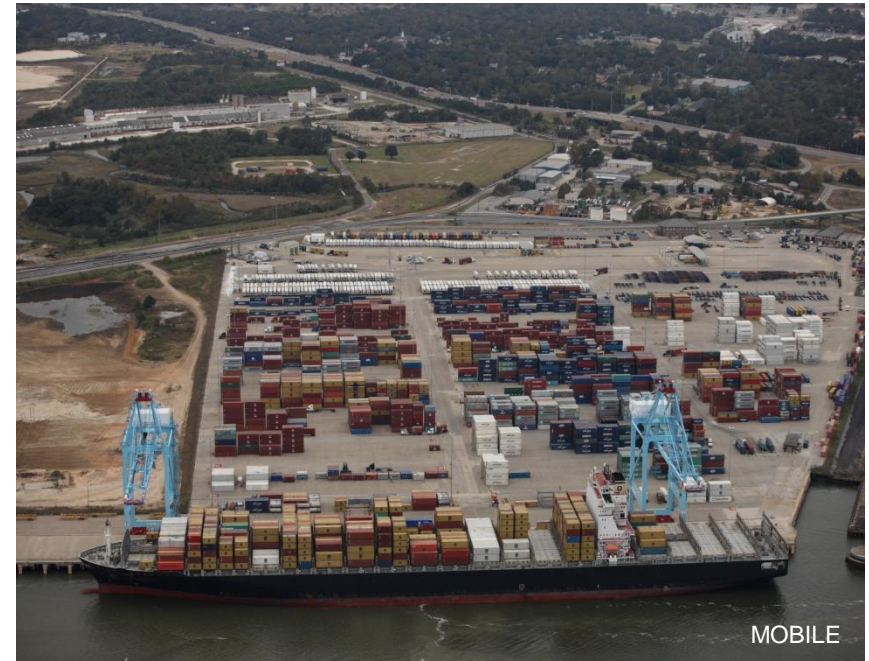
- New trade deal with Europe will promote growth
- Big ship ready as larger vessels cascade to Suez/Trans-Atlantic services
- ACL, APL, China Shipping, Hapag-Lloyd, Hyundai, Maersk Line, Melfi, MOL, NYK Line, OOCL, Zim call here



New Southern Gateway



- Capacity of 640,000 TEUs
- Intermodal on-dock expansion project will add 50,000 TEU capacity by February 2016
- Service Level Agreement between Port and CN



- Capacity of 350,000 TEUs
- Rail dock completion for spring 2016
- 3 planned expansion phases bring capacity to 1 million TEUs
- Service Level Agreement between Port and CN

Panama Canal Ready (expected mid-2016)



We're Creating Competitive, Sustainable Advantages

- End-to-end focus
 - It is about the box, not the train
- Round-trip focus
- Recognize different service needs of the cargo
- We care about our customers and their cargo

“We take it personally too...”

Domestic Intermodal

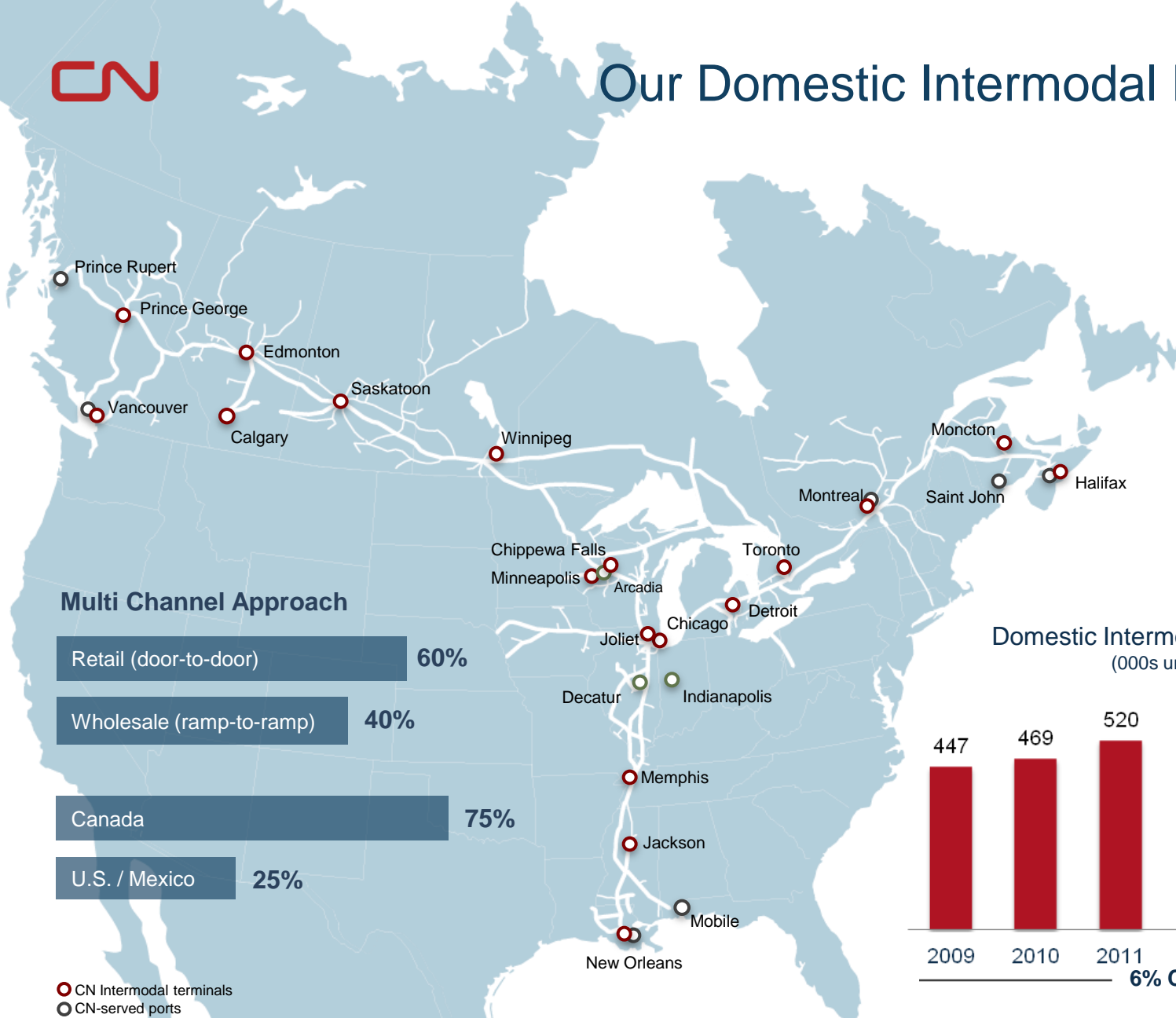


Mark Lerner
Assistant Vice President Domestic Intermodal
and General Manager CNTL Trucking





Our Domestic Intermodal Franchise



Multi Channel Approach

Retail (door-to-door) 60%

Wholesale (ramp-to-ramp) 40%

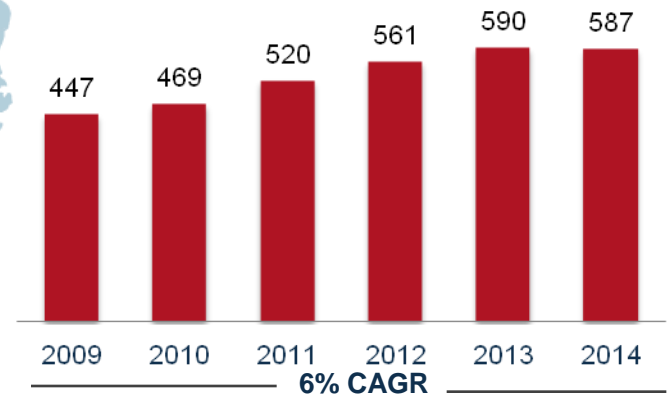
Canada 75%

U.S. / Mexico 25%

- CN Intermodal terminals
- CN-served ports
- CN-served destinations

Based on 2014 revenues

Domestic Intermodal Volumes (000s units)



Long term profitable sustainable growth

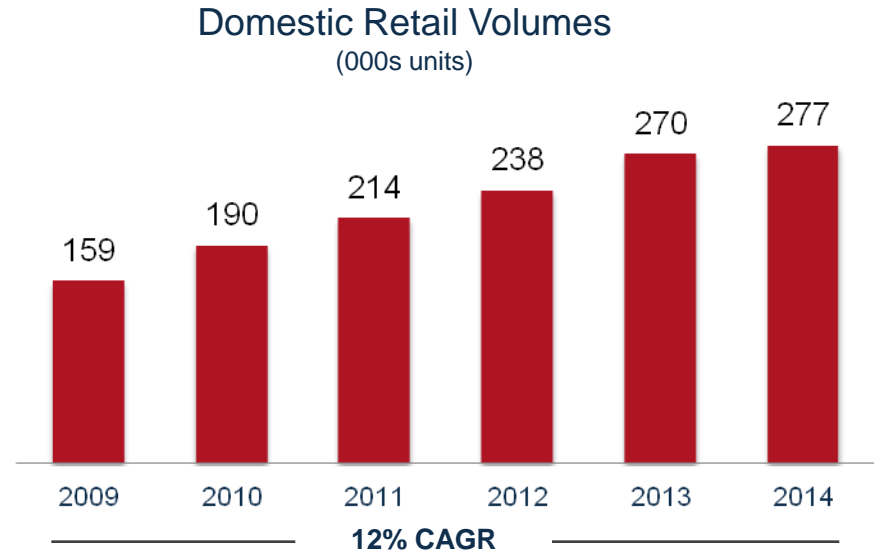


A Great Customer Franchise





We're Offering a Complete Truck-Like Experience



- Unique selling proposition
- Supply chain collaboration
- Supplemented by CN's supporting infrastructure (CNTL trucks, 8,500 containers, chassis, centralized dispatch, reservations)
- Leading edge customer service team
- Robust network reach with best-in-class service and reliability
- Investments in capacity for future growth
- Partnerships with wholesale community for Less-than-truckload (LTL), reefers and U.S. market reach
- Culture of innovation



We're Innovating for Long Term Sustainable Growth



CargoCool containers



OnDeck/sleds



Offering Innovative Products

- Domestic Repositioning Program (DRP)
- Ecotherm
- Reefer
- OnDeck/sleds
- U.S. LTL



Focusing on the Customer

- Sell ONE CN
- Customer service support



Penetrating New Markets

- Mexico
- Newfoundland
- Indianapolis
- U.S. Offline

Evolution from simple product to supply chain innovation



Sell ONE CN



Vee Kachroo – Vice President Supply Chain Solutions
Andrew Fuller - Director of Marketing, Domestic Intermodal
Dan Bresolin - Director of Marketing, International Intermodal



From Multiple Confusing Channels...



- Several CN business cards at one customer
- Silos of responsibility and competing strategies across CN
- No clear focus on our customer's supply chain and book of business
- No flex potential – when CN was short of railcar supply, no other choice was on the table
- Limited cross-functional interaction and training

**You cannot be a true supply chain enabler
if you only focus on one component and work in silos**



... To Single Point of Contact Enterprise Selling

CONSULTATIVE SELLING

- Understanding of supply chain needs, developing solutions using CN products
- Differentiated supply chain products – Autodesk
- Support business needs of Bulk and P&C customers

TRANSLOADING SERVICE DRIVEN

- 40' to 53' container conversion at port for furtherance inland

ROUND-TRIP MODEL

- Port-to-Port Ocean Rating
- Ocean containers managed inland by CN
- DRP and Export Load Matching

MULTI-MODAL FLEX

- Product in rail cars
- Product in intermodal containers

CONVERSION TO INTERMODAL

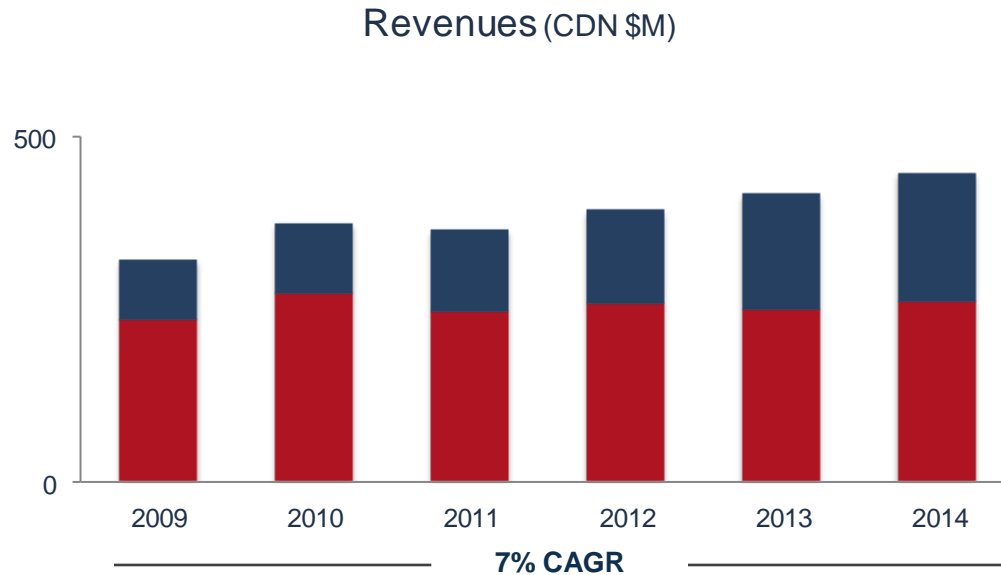
- Straight conversion of wood pulp from boxcar to containers
- Same product and customer, new mode of transportation



Sophisticated Supply Chain Solutions



Sell ONE CN Track Record



Excludes International export matchback revenues

- Intermodal: All intermodal revenues generated by merchandise and bulk customers
- Supply Chain Solutions: Non-rail revenues including Autoport, barge, warehousing, freight forwarding and container transloading

- Offering new products and capacity to all CN customers
- Modal conversion through transloading, marine operations and Autoports
- Improving international supply chain through freight forwarding
- New capacity for existing CN carload customers

Consistent revenue growth from a variety of new customers and products



Offering Supply Chain Solutions





Offering Carload Customers an Intermodal Product

Thinking outside the BOX

- 17% revenue CAGR since 2009
- Strategy functioning across business segments
- Better understanding of our customers' supply chain
- Strongest growth to date with Industrial Products due to commodity mix and customer acceptance

Benefits

- Extends CN's share of existing customers' transportation spend
- Improves CN's ability to leverage one segment for better overall price and contribution
- Provides more supply chain options to customers
- Optimizes balance for improved contribution
- Creates "stickiness" with all customers

Flexibility for Customers



Intermodal Flex

- 18% revenue CAGR since 2010
- Potential substitution for over 8,000 carloads over the winter period that would otherwise be lost volumes
- Reduction in empty miles for intermodal
- New Supply Chain option for CN customers

**More volume, better service
for our customers**



Network Benefits – War on Empties

CURRENT – Loaded boxcars and empty CN containers moving southbound

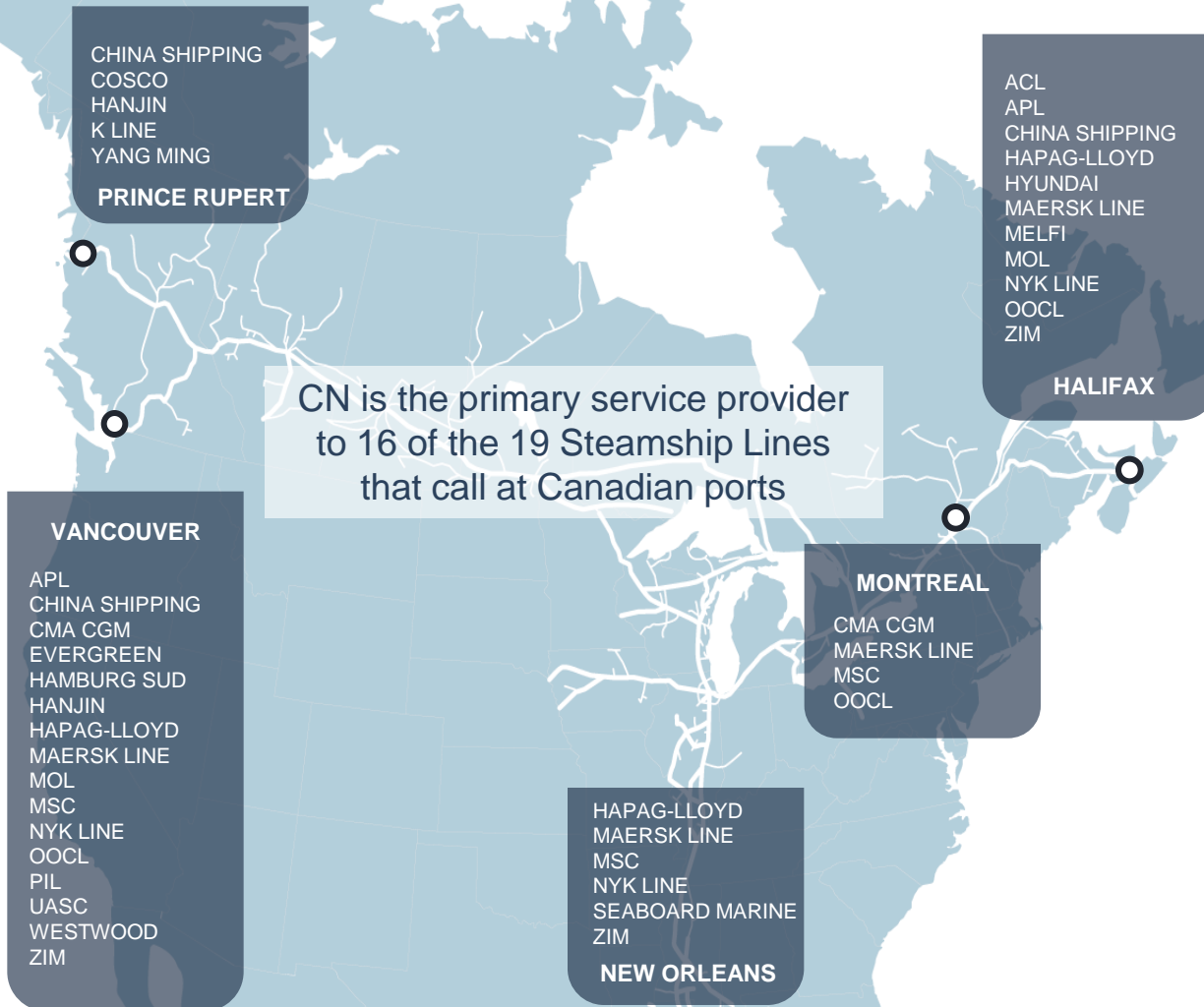
TOMORROW – loaded CNRU's southbound, less empty miles

- Fill empty containers with carload freight
- Optimize network by filling empty miles
- Improve train density
- Reduce impact on terminals
- Create new supply chains for customers
- Linking imports to exports / domestic repositioning program (DRP)

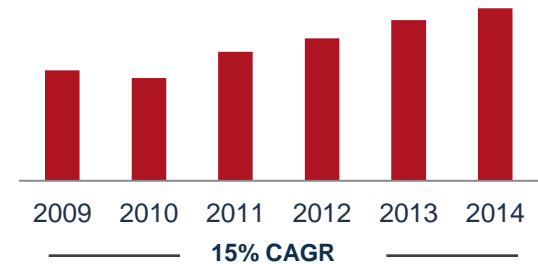
Optimizing CN's network while growing share



The Import View



Total CN Container Imports (TEUs)



- Shorter ocean transit
- Low port dwell
- Fast reliable trains
- High functioning inland terminals

PITCH – CATCH – EXPORT MATCH



Collaboration to Fill Trains

CUSTOMER PERSPECTIVE

- Low round trip economics equals more imports
- A variety of export options → 2 countries, many products
- Solid customer service
- CN expertise (help)
- A large menu of destinations to fill bigger vessels

CN PERSPECTIVE

- Offer a profitable inland experience
- Help customers win in their markets
- Collaborate with customers and stakeholders with the goal of maximizing train capacity
- Be recognized as an industry leader who cares about international business

Provide Win-Win Scenarios



Driving Exports With a Variety of Strategies

Prince Rupert

Vancouver

DRP flow of containers for Vancouver local exports

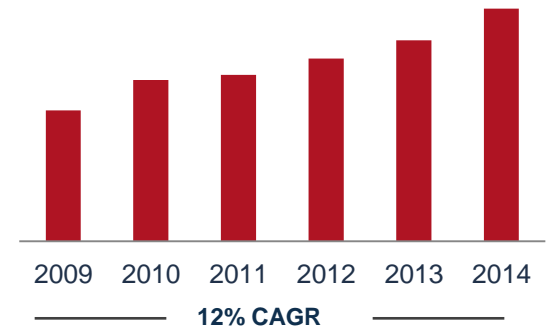
Halifax

Montreal

Mobile

New Orleans

Total CN Container Exports (TEUs)



- Provide export options
- On-time performance to vessel cutoffs
- Broker export relationships

- Traditional Exports
- CN-Enabled Exports



Assist on Traditional Export



Saskatoon



Decatur



Memphis

**Steamship lines' export customers
are also our customers**



CN-Enabled Export Loading



Prince George



Chicago Transload
Harvey and Joliet

Provide strategically placed products to assist exports

- Harvey agri transload
- Joliet agri transload
- Prince George forest product transload



Domestic Repositioning to Export Markets

Vancouver and
Thornton Yard



Montreal

Toronto



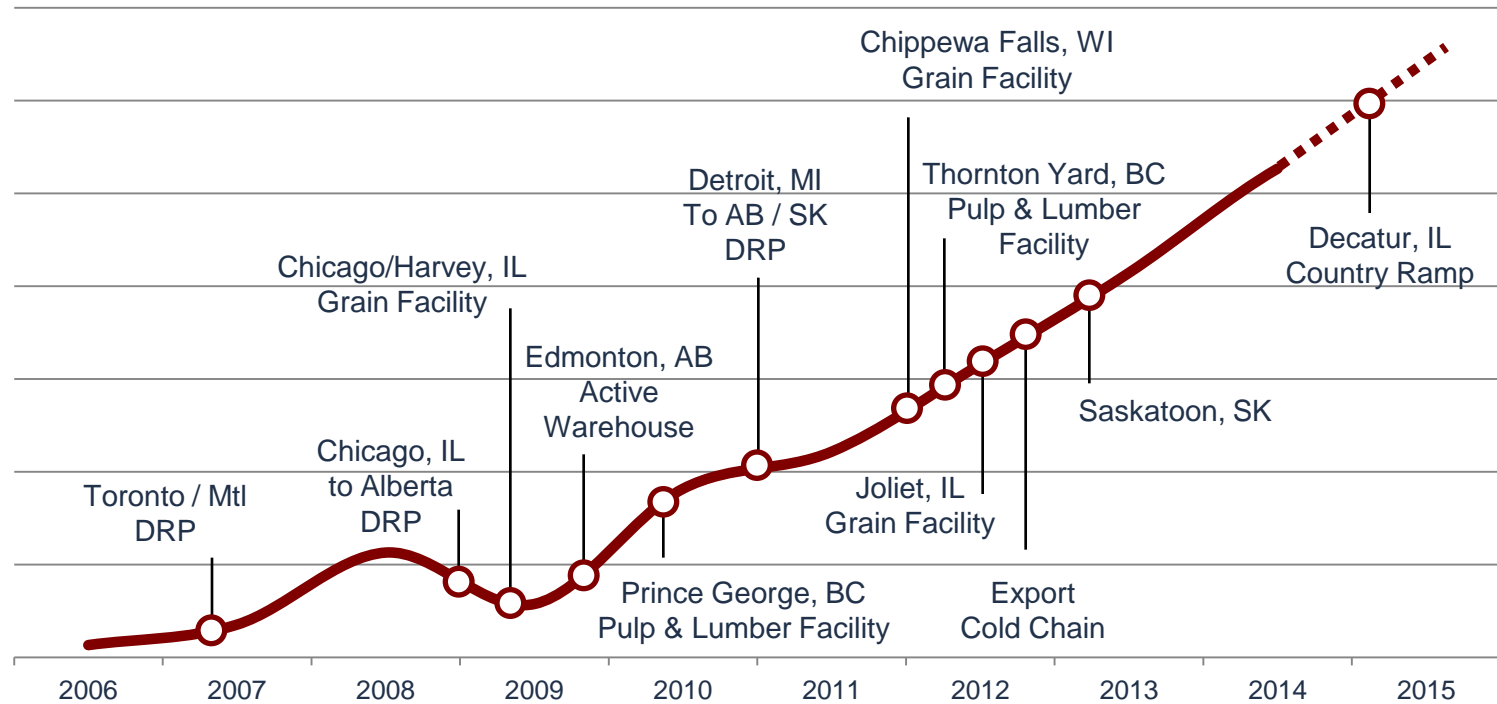
**Mitigate empty repositioning
cost by using steamship
containers in domestic service**



West Coast Matchback Growth

Western Canada Gateway for Canadian and U.S. Export

(Units)



- Successful DRP and export product layers that promote “balanced” growth
- Assisting our steamship line customers’ round trip economics

New “Export Ability” Products Enable New Import Growth



Sell ONE CN

- Continue embedding as a core focus of CN's Strategic Sales Vision
- Improve recruiting, training, Sell One CN on-boarding
- Improve sales process through Salesforce CRM
- Enhance capacity through export matchback, DRP and CNRU capacity
- Expand concept to new offline markets through partnership with J.B. Hunt
- Provide more value for all of our customers' supply chains

**Enabling the North American
Supply Chain**



Cold Supply Chain Every Degree Counts



Girish Nair
Commercial Manager, Cold Supply Chain



A commodity with an expiry

A Growing Market...

ORGANIC GROWTH

- Domestic consumption
- Changing diets
- Growing middle class in emerging economies

ECONOMIC GROWTH

- Cross border opportunity (NAFTA)
- Trucking capacity shortages
- Falling trade barriers (China, Japan, Korea, Taiwan, EU)

COMPETITIVE GROWTH

- Expanding reach (interline/network)
- Deeper penetration / over-the-road conversion
- Retain and sustain existing markets





...With Complexity

FIRST MILE/
LAST MILE

VENDOR
NETWORK

EMPTY
PIPELINE
MANAGEMENT

CUSTOMS

CUSTOMER
SERVICE

EXCEPTION
MANAGEMENT

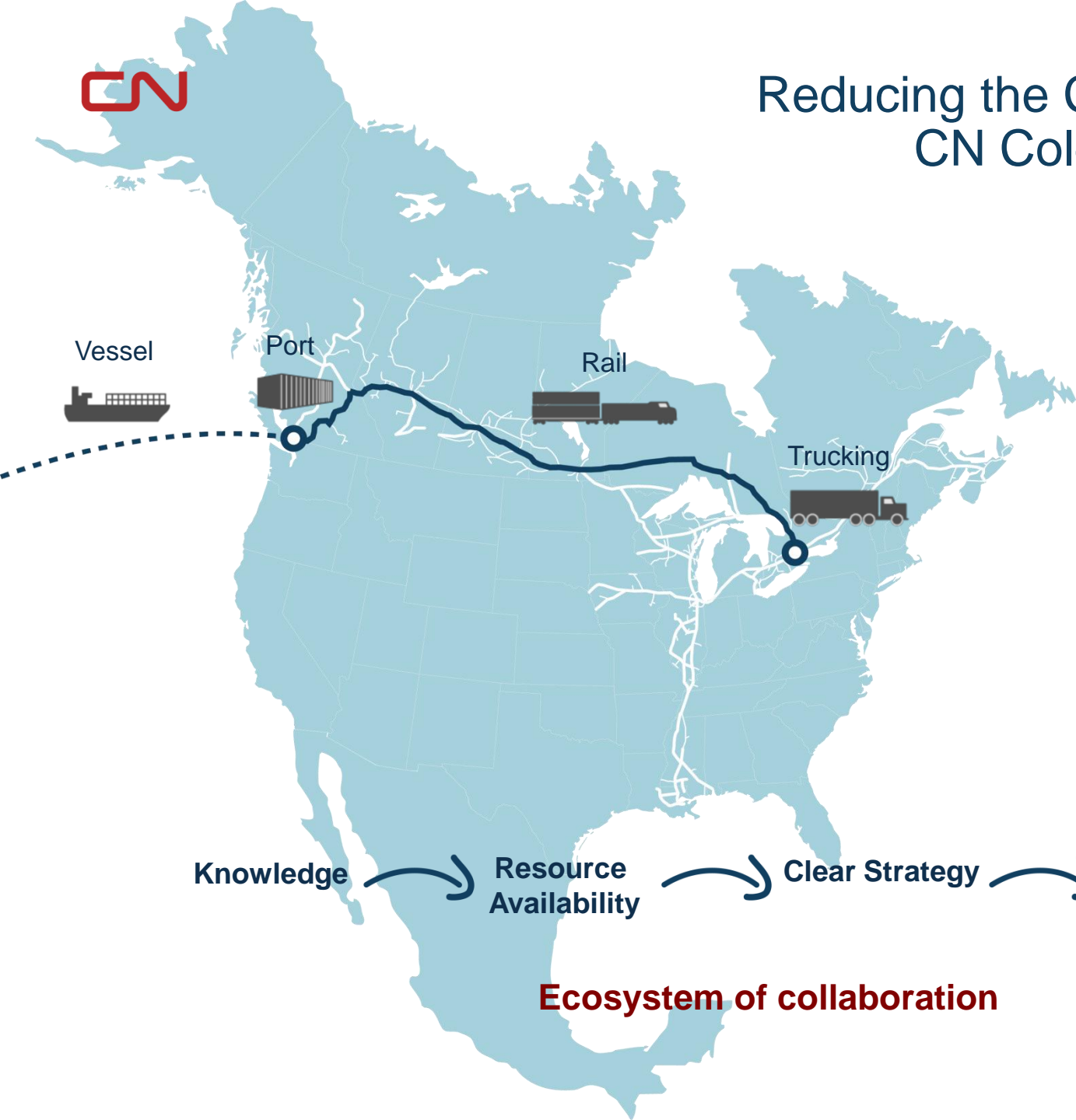
TERMINAL
HANDLING

ASSET
UTILIZATION

IN TRANSIT
MONITORING

One day longer in transit is a day lost from shelf life

Reducing the Complexity with CN Cold Supply Chain



Ecosystem of collaboration

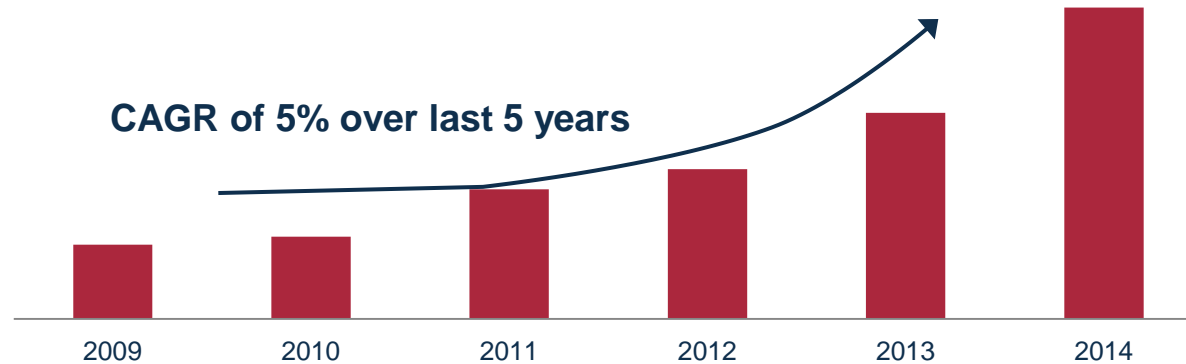
Offering a Competitive Product





We're Growing the Cold Supply Chain

Cold Chain Growth (units)



- Addition of new business to international segment
- Expanding into chilled program
- Diversified asset base enabling participation within smaller markets with growth potential
- Expansion into retail segment with CN reefers
 - First railroad to introduce a refrigerated intermodal program into Mexico
- Increased scope of expansion with Wholesale partners – deeper collaboration
- Resource optimization through effective cube utilization among all stake holders (Domestic Repositioning Program)



We're Building the "Intangible"

Tangible Competency



On Time Performance



Traceability

First Mile/
Last Mile

Capacity

Market knowledge /
visibility

Technical innovation

Relationship

Intangible Competency

Industry knowledge



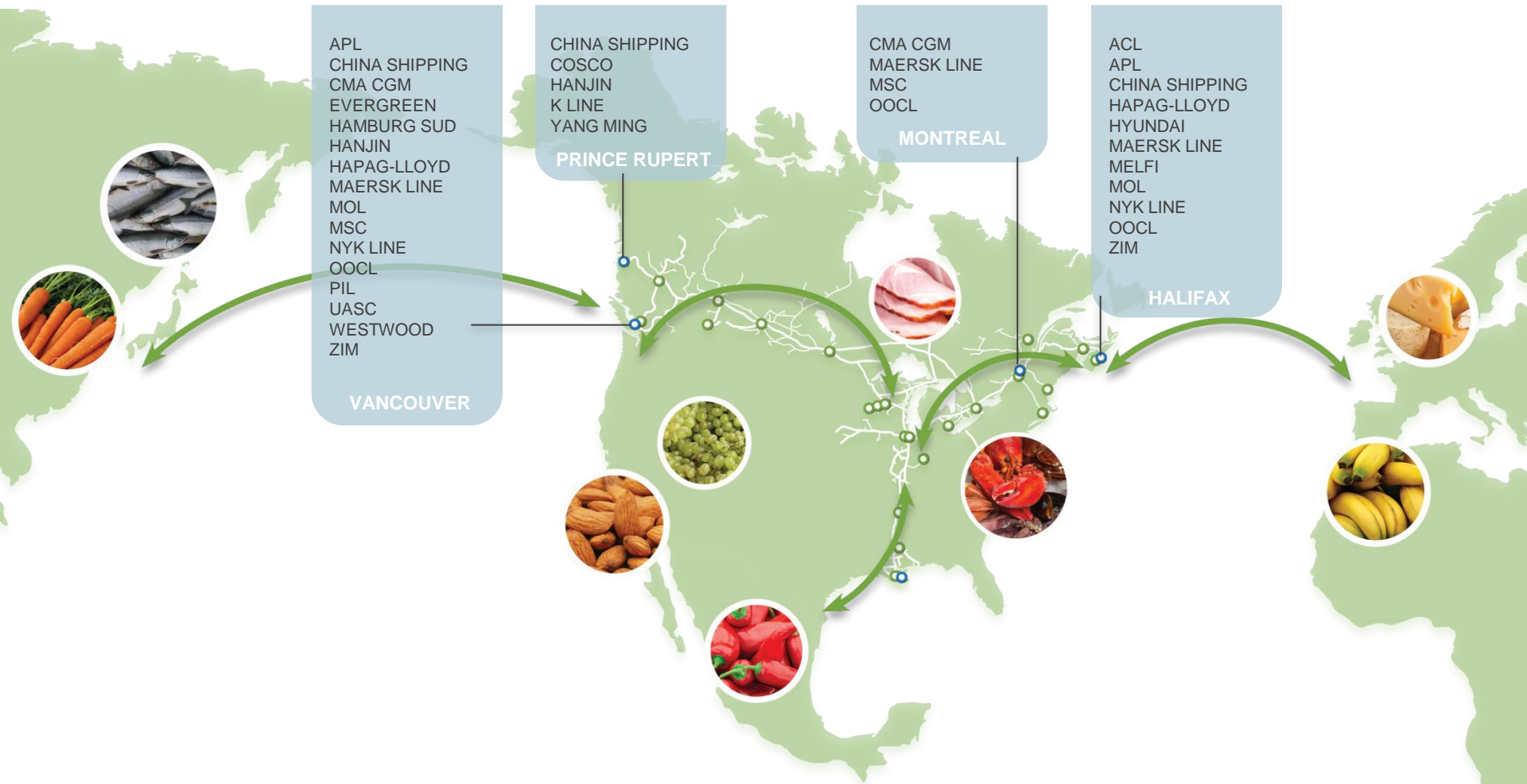
Process engineering

Exception management





We're Growing Locally and Expanding Globally



End-to-End Supply Chain Thinking



Port and Inland Terminal Expansions



Sean Goff - General Manager, Asia

Dan Bresolin - Director of Marketing, International Intermodal



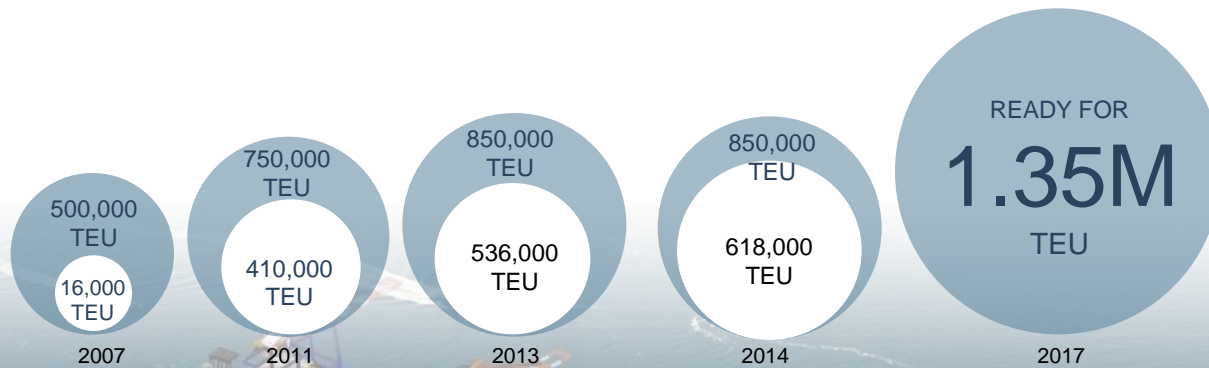
Building for the Future





Port of Prince Rupert Expansion

- Now: 4 cranes 120 ft / 36 m high (reaching 22 across)
- Expansion: +4 cranes 160ft / 50 m high (reaching 25 across)
- New ownership announced: DP World (H2 2015)
- Surrounded by additional CN capacity
 - Kaien siding
 - Road Rail Utility Corridor
- More matchback
 - ILTA (new specialty-crop facilities in Saskatoon SK)
 - More Canadian exports from lower Canadian dollar





Port of Vancouver (Deltaport) Expansion



2 DTRIP RAIL MAINTENANCE BUILDING PLANNED 2015-17

1 DTRIP OVERPASS CONSTRUCTED 2013-14

2 DTRIP DELTAPORT RECONFIGURATION PLANNED 2015-17

Expansion

- Port Metro Vancouver's largest container terminal
- Operated by Global Container Terminals
- Truck overpass completed in 2014
- Expect announcement in 2015 on intermodal rail loading expansion
- Adds 650,000 TEUs by 2017



Port of New Orleans Expansion



- Current container terminal – 6 cranes (640,000 TEU capacity)
- Intermodal on-dock expansion project will add 50,000 TEU capacity by February 2016
- Plans in place to add 5 Post-Panamax cranes for 587,000 TEU additional future capacity



Mobile Container Terminal

Port of Mobile Expansion

Future Intermodal Container Transfer Facility

Future Value Added Industries

- Operated by APM Terminals
- 2,000 Ft / 610 m berth at 45-foot / 14 m draft
- Weekly carrier service on major trade lanes
- Maersk Line / CMA CGM / MSC / ZIM / China Shipping
- Now: 2 cranes reaching 19 across
- Planning 2 additional cranes reaching 22 across
- Can handle vessels up to 10,000 TEUs



Investments to Support Growth Milton



Administration and maintenance facilities
Staging areas for containers and chassis



The proposed facility will handle 4 intermodal trains per day (adding 2 incremental trains to the current 25-30 trains running through Milton)



Approximately 100 employees



Mainline extended close to Derry Road
Adding 6 yard tracks parallel to our mainline



At opening, an average of 650 trucks/day
One truck gate entrance/exit open 24/7



Concrete or asphalt terminal surface roads between tracks for loading/unloading trains

- 8 – 12 Reach stacker cranes
- 8 – 10 Shunt trucks
- 3 – 4 Pickup trucks
- 3 – 4 Maintenance vehicles

**Satellite to existing Brampton Intermodal Terminal
Aligns inland capacity with gateway growth
Supporting economic growth and trade**



Milton: What the Project Will Look Like



The terminal will be built on a 400-acre portion of our 1,000-acre property on the west side of CN's mainline



Investments to Support Growth Detroit

Started multi-year plan for ground capacity and gate re-alignment to add up to 50% throughput capacity in Detroit over the next 2-3 years

- Land acquisitions
- Terminal re-design



Conceptual Drawing

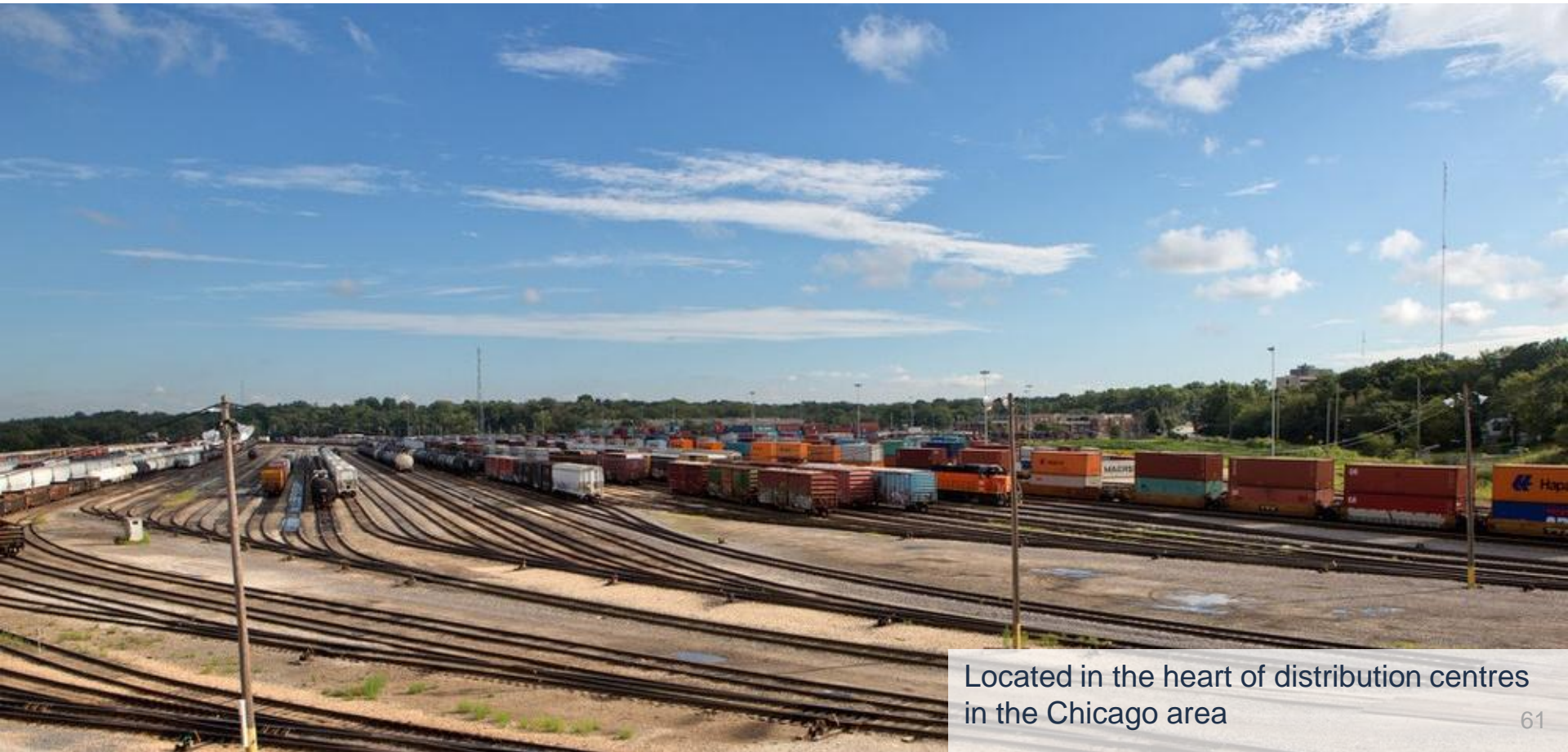
CN offers the only single-line rail service to
Detroit from the West Coast



Investments to Support Growth Joliet

Joliet was immediately accepted by the marketplace and the resulting growth requires expansion for 2015/2016

- Additional track/pad capacity + further ground space in 2016 (increasing terminal capacity by 50%)

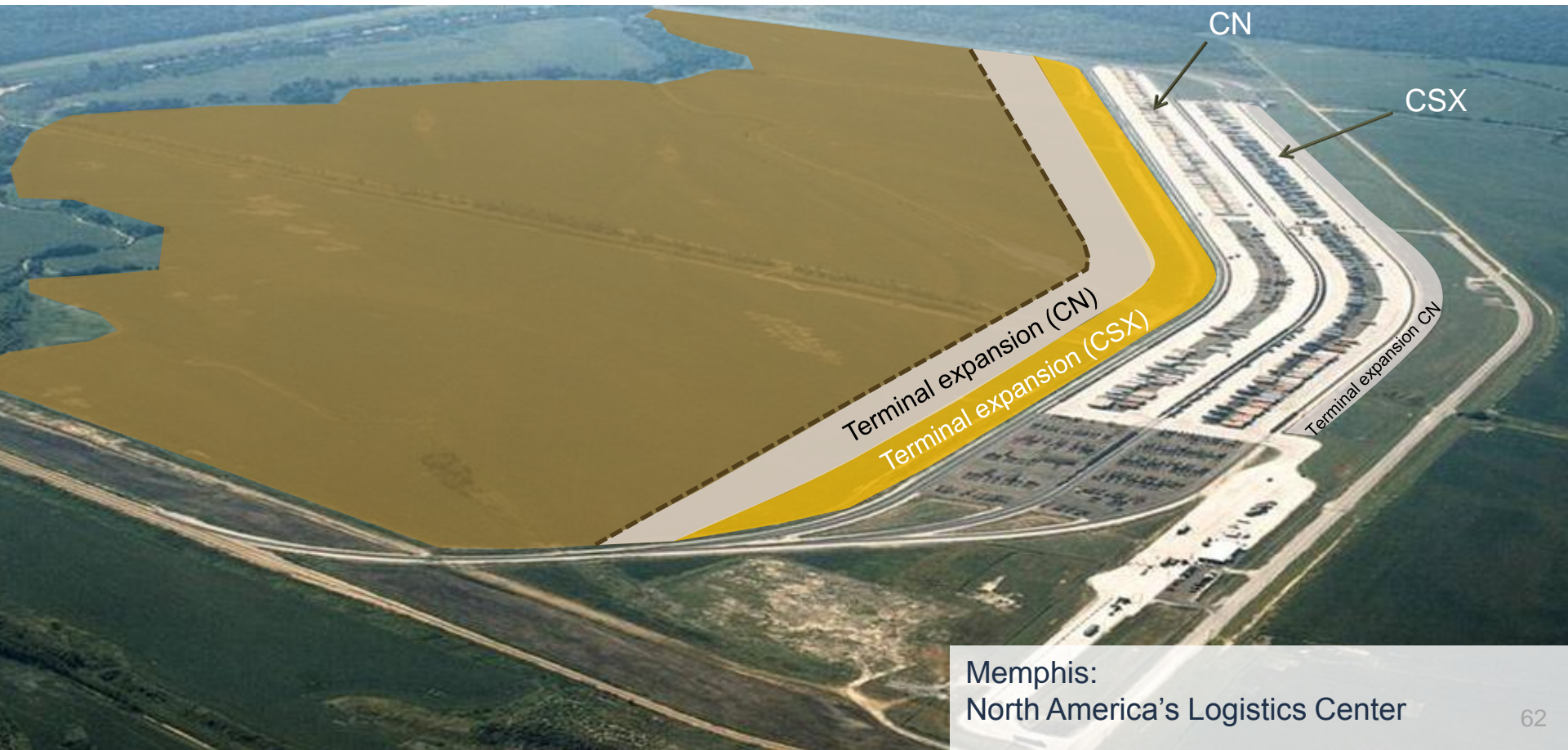


Located in the heart of distribution centres
in the Chicago area



Investments to Support Growth Memphis

CN-CSX Transportation Gateway Intermodal Terminal
- Expansion to double current footprint



Memphis:
North America's Logistics Center



Investor Relations Contacts

Janet Drysdale

Vice President, Investor Relations

Janet.Drysdale@cn.ca

514-399-0052

Paul Butcher

Manager, Investor Relations

Paul.Butcher@cn.ca

514-399-4654

