



Mike Cory
Senior Vice President
Western Region

The CN Journey

1992

**FUNDAMENTAL
TURNAROUND**

Getting ready for the
IPO and beyond

2002

**OPERATIONAL
EXCELLENCE**

Setting the foundation
with Precision Railroading

2010

**OPERATIONAL
& SERVICE
EXCELLENCE**

Building on our
foundation

2012

**BECOMING A
TRUE SUPPLY
CHAIN ENABLER**

End-to-end focus in
Operations & Marketing

2015

**DOUBLING DOWN
ON SERVICE**

Growing at low
incremental cost





Starting from a Strong Canadian Network



First, the IC Acquisition in 1998



Followed by the Flawless Integration of the WC in 2001



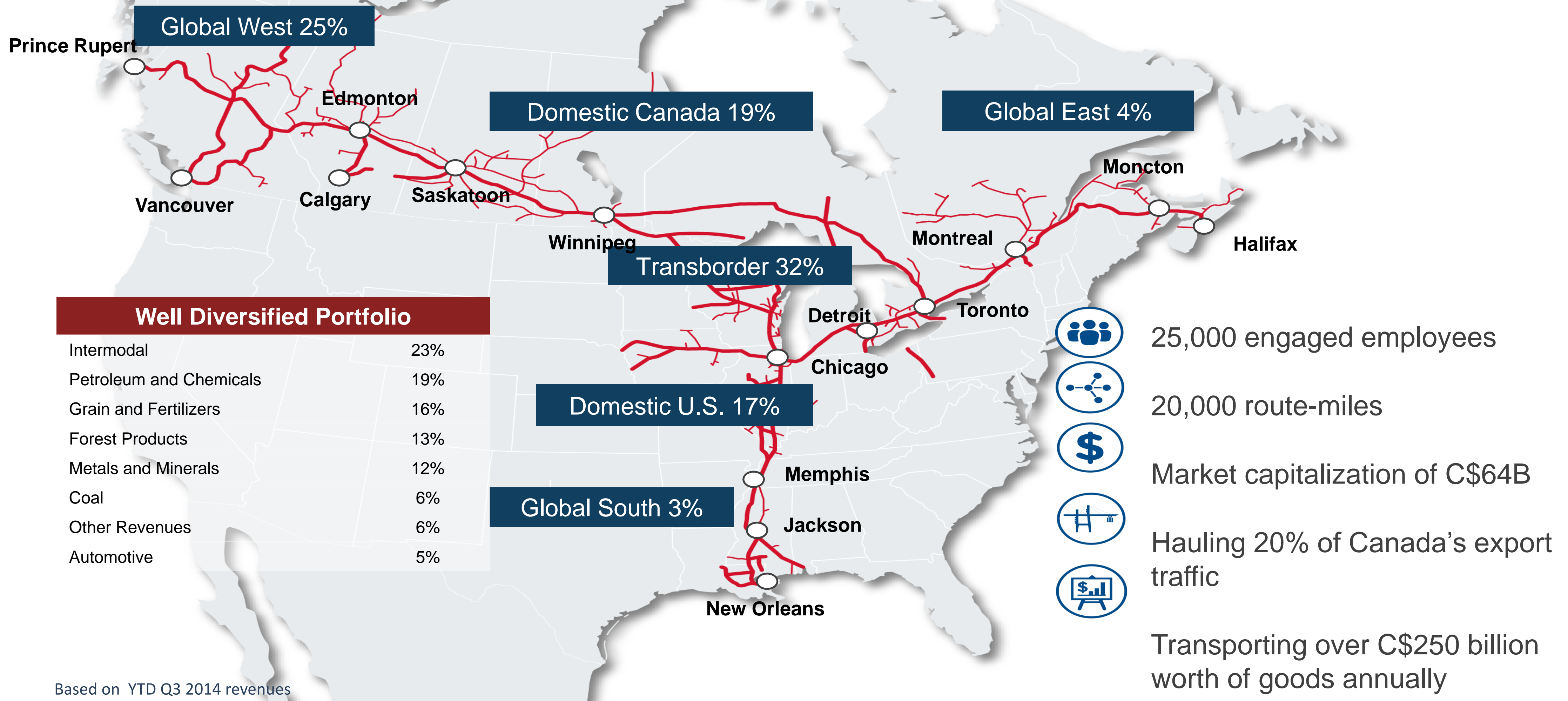
BC Rail in 2004



Great Lakes Transportation in 2004

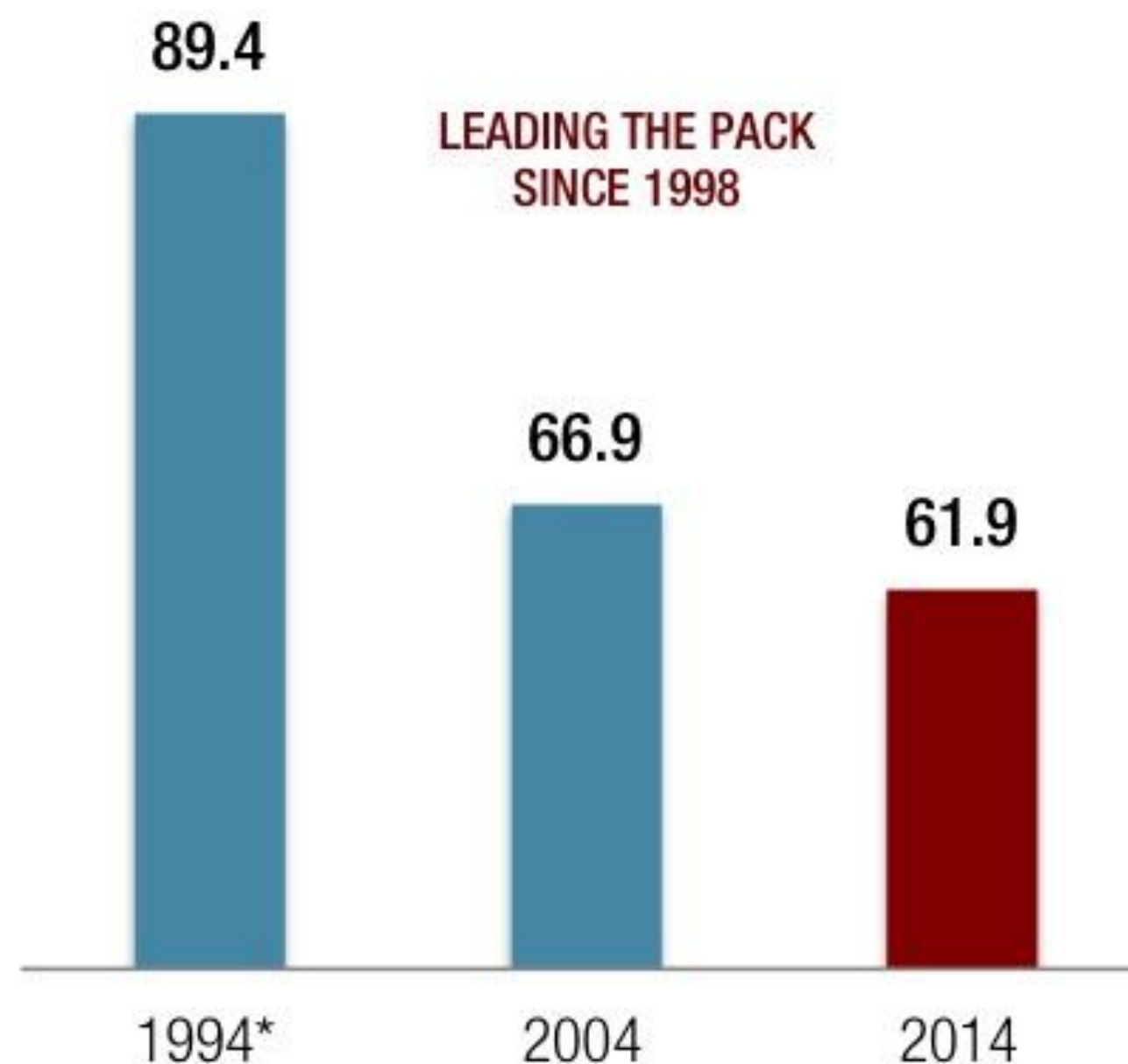


And the EJ&E in 2009



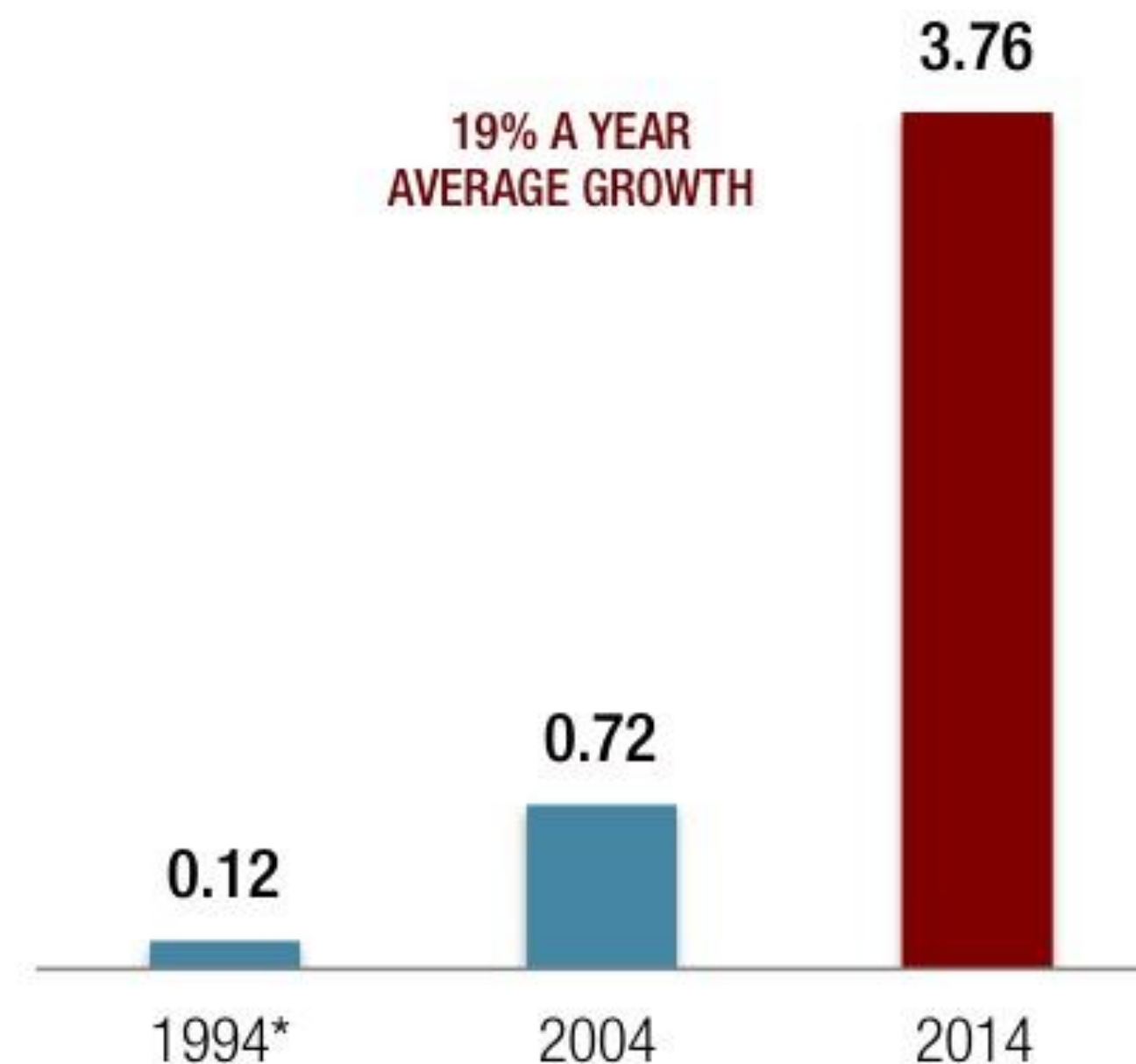
We've Come a Long Way in 20 Years

OPERATING RATIO (%)



*Excluding special charges

ADJUSTED EPS (Cdn \$)



*Pro forma

A HIGHLY SUCCESSFUL BUSINESS TRANSFORMATION



Business Environment Always Changing...

NORTH AMERICAN ECONOMY

- U.S. showing resilience after major reduction in indebtedness
- Growth challenges in Canada from drop in oil prices

WORLD ECONOMY

- Slower growth than in 2010-11, after the Great Recession
- Uncertainty in China and Europe

COMPETITIVE CONDITIONS

- All railroads want to catch up with CN
- Competing with CP in several markets
- Trucking: pluses and minuses always changing

REGULATORY CONDITIONS

- DG safety regulations
- Broader regulatory shift in Ottawa
- Positive Train Control



...But Not Our Agenda

BALANCING
OPERATIONAL
AND SERVICE
EXCELLENCE

ACTIVELY
ENGAGING
STAKEHOLDERS

CONTINUING
TO LEAD
THE INDUSTRY

DELIVERING
SUPERIOR
GROWTH AT LOW
INCREMENTAL COST

BUILDING
A SOLID TEAM OF
RAILROADERS





Balancing Operational & Service Excellence

FOCUS ON...

- Car velocity and yard dwell
- Locomotive productivity
- Train speed, productivity and flow balance

...AT THE SAME TIME AS

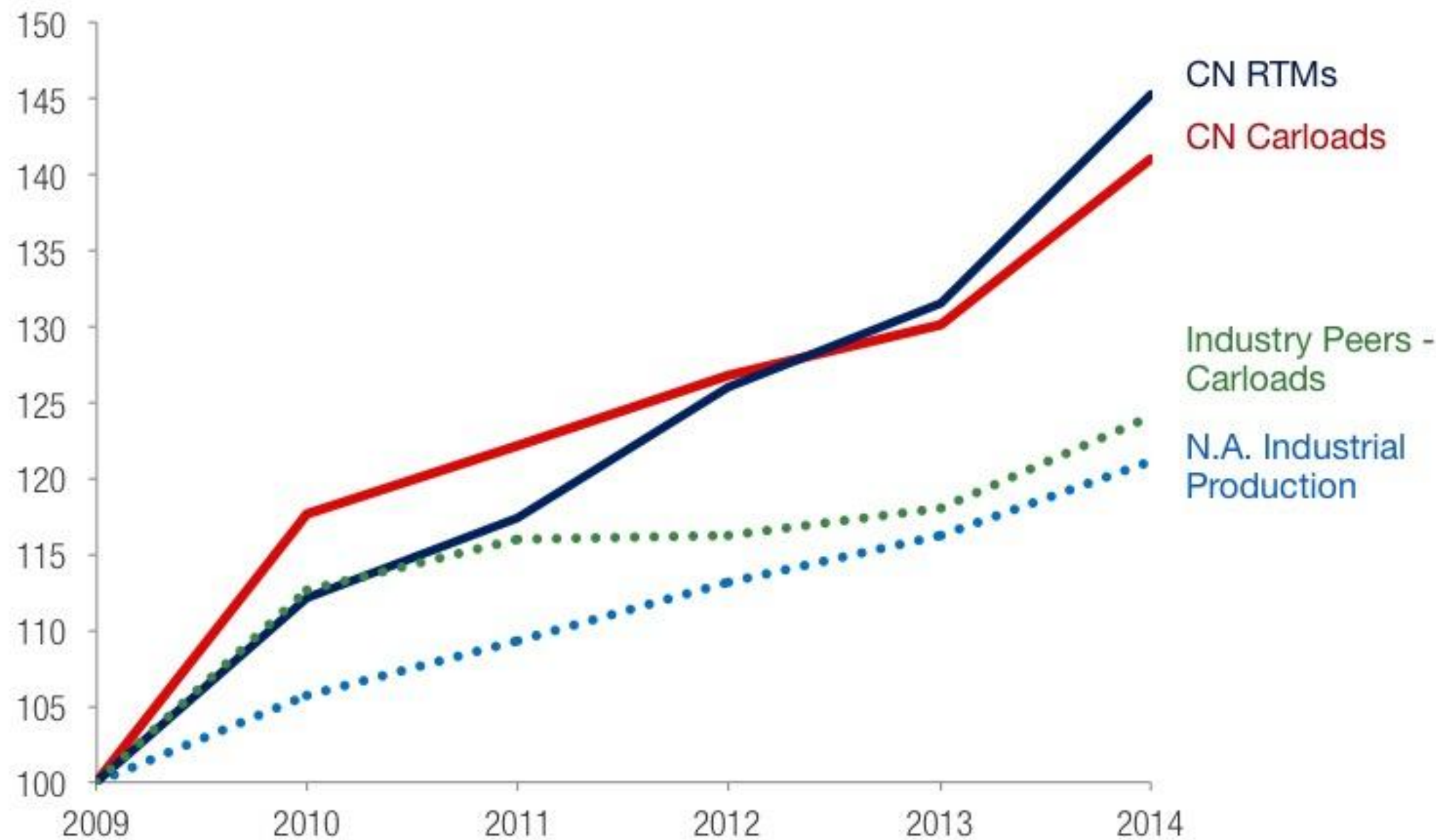
- Order fulfillment
- Spotting reliability
- End-to-end perspective, from yardmasters to customers

COMMITMENT TO SAFETY IS CN'S TOP PRIORITY

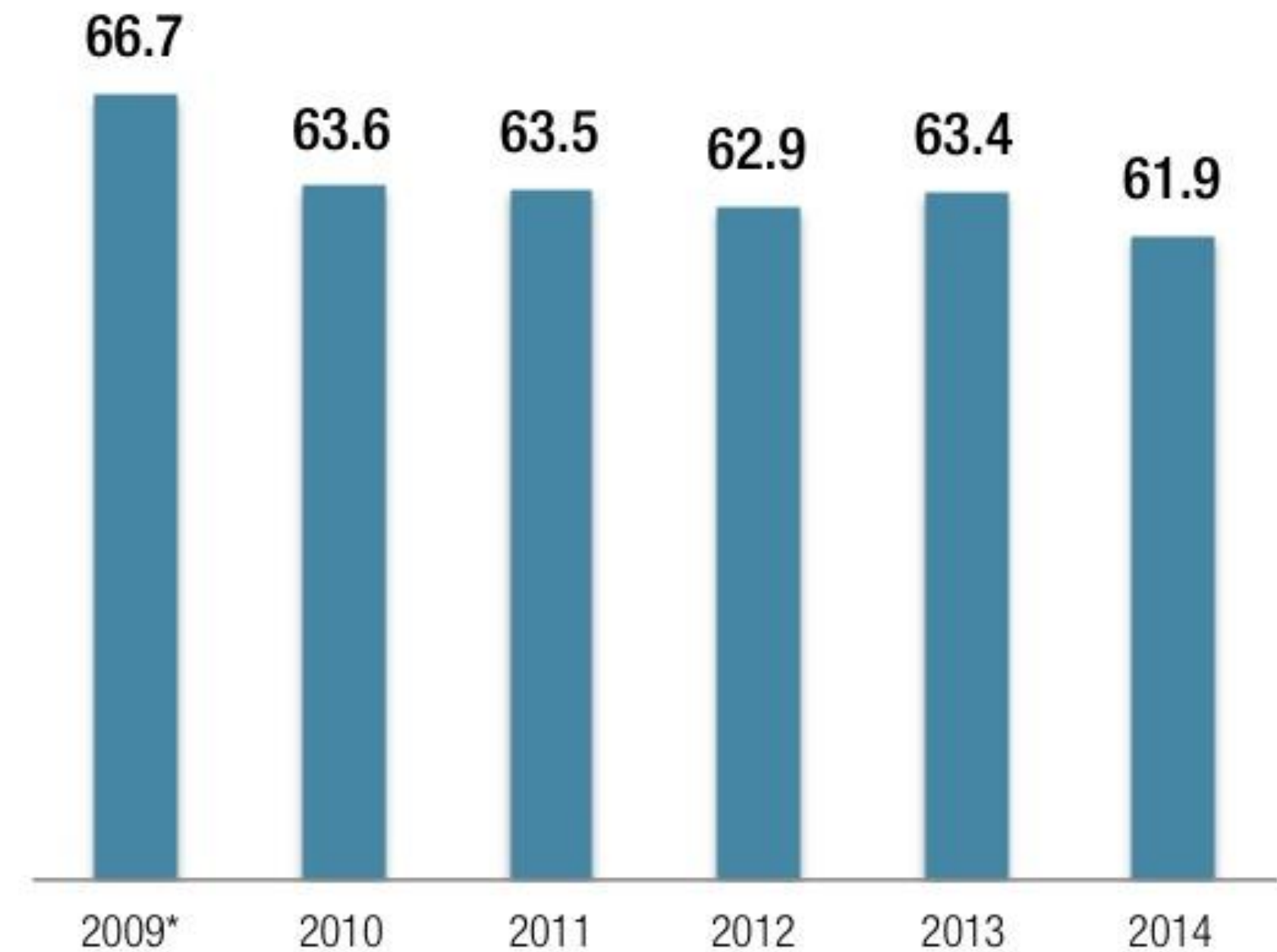


Delivering Superior Growth at Low Incremental Cost

CN VOLUMES VS. ECONOMY & INDUSTRY (2009=100)



OPERATING RATIO (%)



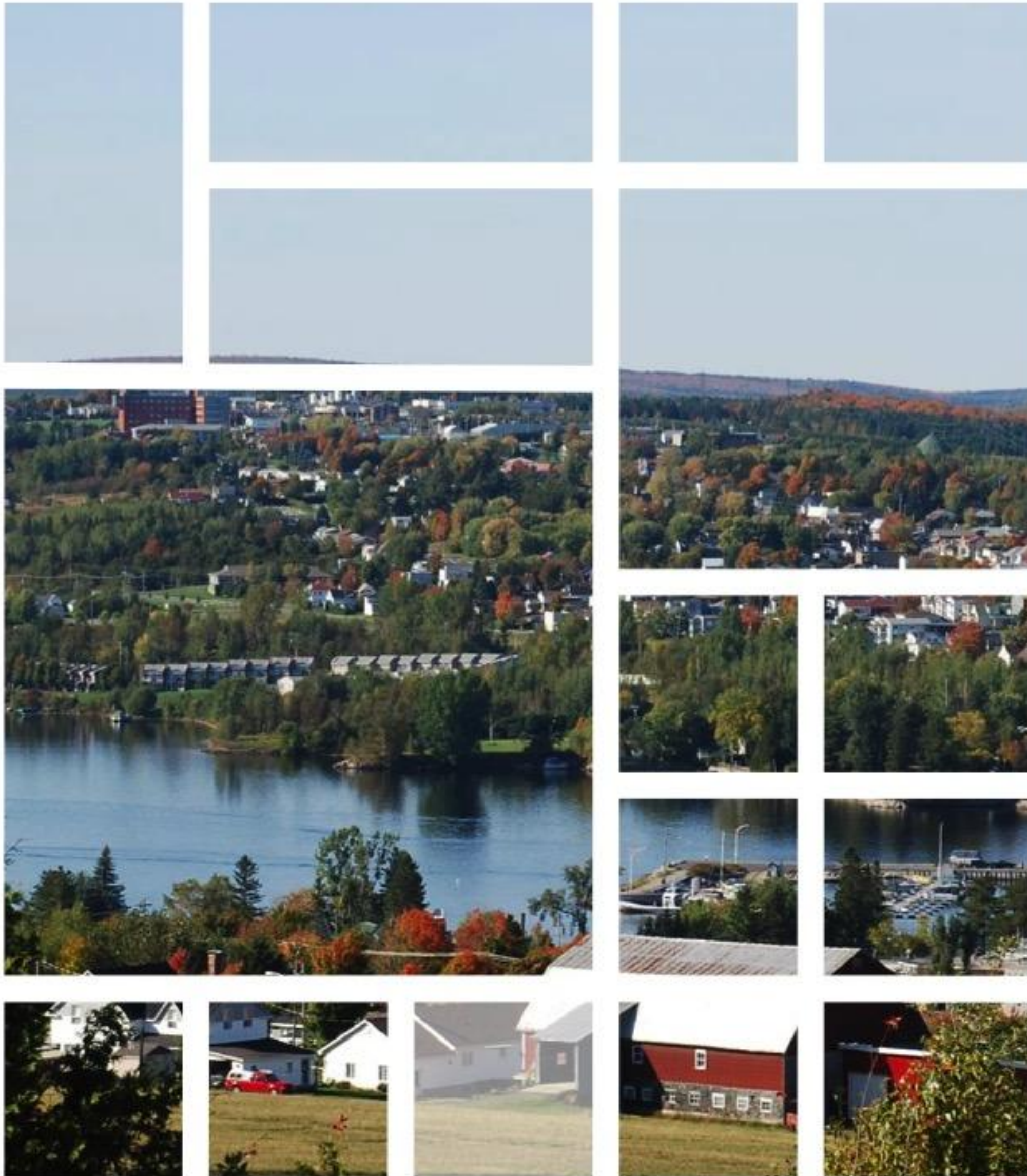
*Adjusted





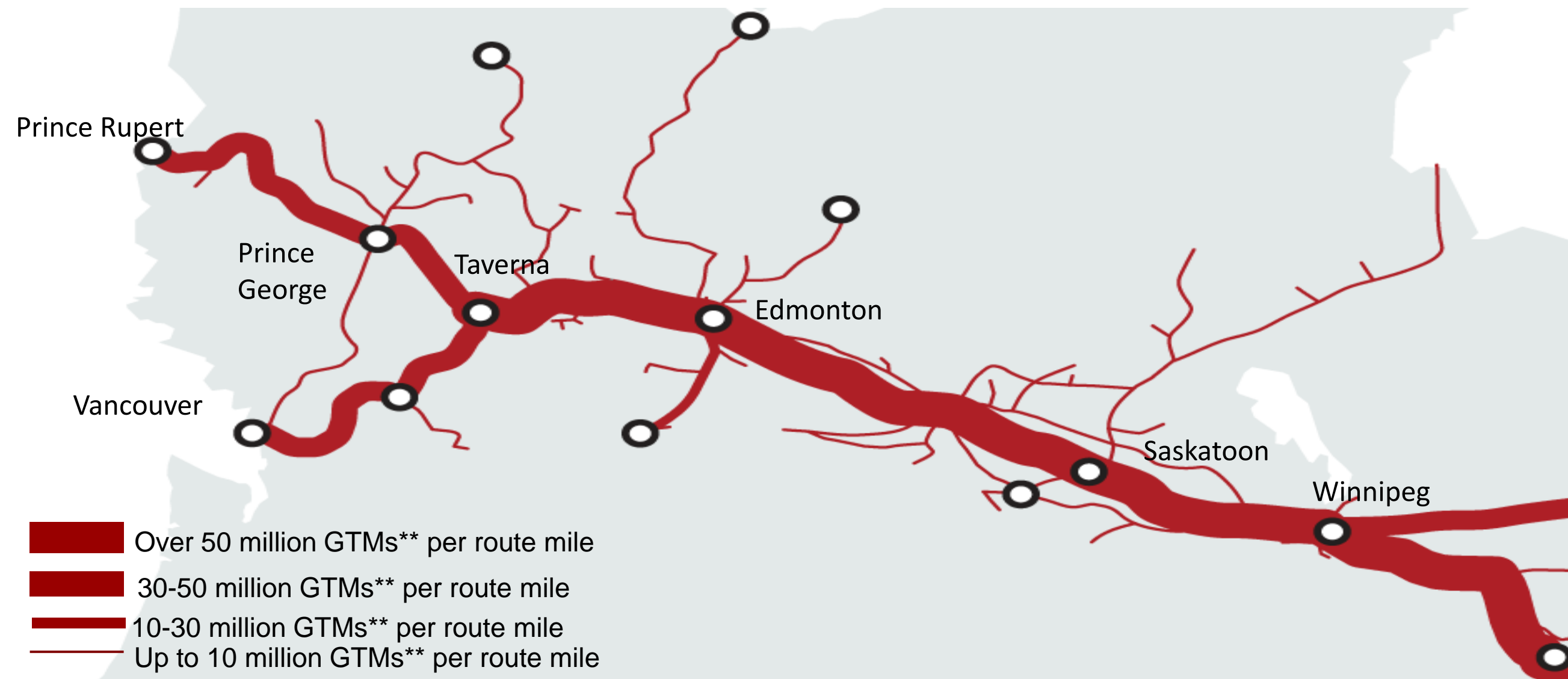
Building a Solid Team of Railroaders

- Recruiting, onboarding and training
 - Close to 50% of the workforce hired since 2010
- Employee development and talent management
 - Taking charge of one's career with support from CN
- Employee engagement and retention
 - Building on pride and passion
- Relationship with the unions
 - Always seeking fair agreements that make business sense

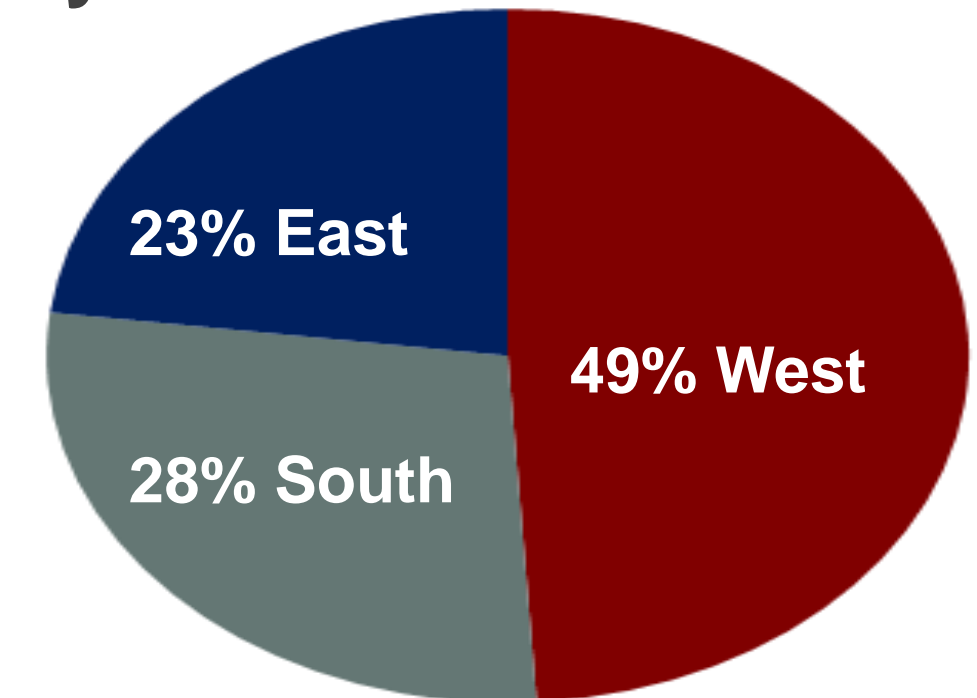


Actively Engaging Stakeholders

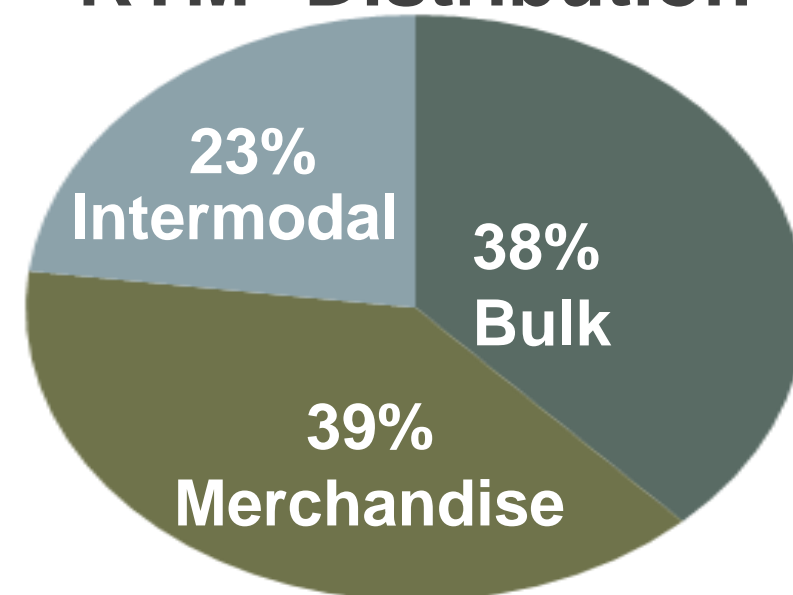
- Communities we go through
- Federal, provincial, state governments
- Regulators
- Opinion leaders



System RTM* Distribution



RTM* Distribution



Recent growth drivers

Container traffic from Vancouver and Prince Rupert

Energy: originating crude oil; terminating frac sand

100-year record grain crop

Lumber and panels to the U.S.

CN plays a major role in transporting Canadian natural resources

* Revenue Ton Mile (RTM): The movement of a ton of freight over one mile for revenue.

** Gross Ton Mile (GTM): The number of tons behind the locomotives (cars and content) multiplied by the miles of road moved from origin to destination.

What We Stand For

**DELIVERING
OPERATIONAL
AND SERVICE
EXCELLENCE**

**CREATING
VALUE FOR
SHAREHOLDERS**

**INDUSTRY
LEADERSHIP**

**CREATING
VALUE FOR
CUSTOMERS**

**DELIVERING
SAFELY
& RESPONSIBLY**

**PLAYING
OUR ROLE AS
A BACKBONE**

