Playing our Role as a Backbone of the Economy

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CN

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Extended Network and Diversified Traffic Mix
Playing our role as a backbone of the economy

- 25,000 engaged employees
- 20,000 route miles
- Serving 2,000 communities across Canada and the U.S.
- Transporting over C$250 billion worth of goods annually
- Hauling 20% of Canada’s export traffic

### Diversified Portfolio

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intermodal</td>
<td>22%</td>
</tr>
<tr>
<td>Petroleum and Chemicals</td>
<td>21%</td>
</tr>
<tr>
<td>Grain and Fertilizers</td>
<td>17%</td>
</tr>
<tr>
<td>Forest Products</td>
<td>14%</td>
</tr>
<tr>
<td>Metals and Minerals</td>
<td>12%</td>
</tr>
<tr>
<td>Coal</td>
<td>5%</td>
</tr>
<tr>
<td>Automotive</td>
<td>5%</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>4%</td>
</tr>
</tbody>
</table>

Global West 23%
Domestic Canada 18%
Transborder 34%
Domestic U.S. 17%
Global East 4%
Global South 4%
7 border crossings for CN

3 border crossings for traffic interchanged with BNSF (through CP in AB & SK)
Investing to Support the Business
Staying ahead of the industry

- CN will have made over $10 billion of capital improvements in the last five years, $18.5 billion in the last ten years.
- Sustaining capex at a level of ~20% of revenues in last ten years, above the North American railroad industry average, even during 2008-09 recession.
- Aiming for $2.7 billion in 2015, to support CN's business agenda:
  - maintain plant
  - improve service
  - grow the business at low incremental cost
  - drive innovation and productivity through IT
Investing Ahead of the Game

Gross Capital Spending
2010 to 2014, CAD $M

<table>
<thead>
<tr>
<th>Region</th>
<th>CAD $M</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Columbia</td>
<td>955</td>
</tr>
<tr>
<td>Alberta</td>
<td>1,028</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>561</td>
</tr>
<tr>
<td>Manitoba</td>
<td>414</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,958</strong></td>
</tr>
</tbody>
</table>

Branch line upgrades

- Edmonton-Prince Rupert
- Edmonton-Winnipeg
- Winnipeg-Chicago
- Winnipeg-Toronto (Northern Ontario District)
- Edmonton-Vancouver

Major yard investment

EJ&E

Corridor Density
Millions of GTMs per Route Mile
- Over 50 million GTMs per route mile
- 30-50 million GTMs per route mile
- 10-30 million GTMs per route mile
- 1-10 million GTMs per route mile
- Up to 1 million GTMs per route mile
But Capacity is About More Than Railroad Capital

- Human Resources
- Supply Chain Efficiency
- Co-production
- Structural Factors
Investing in Human Resources

Total CN New Hires

- Over 14,000 new hires in the last five years, 75% across Canada
- Backfilling for attrition and enhancing the ability to grow the business
- Significant onboarding challenge, but also opportunity to rejuvenate the workforce
- Major focus on talent and skills development
- Two state-of-the-art training centres in Winnipeg and around Chicago
  - $60-million investment to support the company-wide employee training program
Supply Chain Efficiency
End-to-end mindset and practices

• End-to-end approach to supply chains through ecosystems of collaboration

• Focusing on few key metrics

• Daily engagement and mutual trust across the supply chains

• Also major focus on First Mile / Last Mile visibility

• Communicating what matters to customers
Co-production Within Railways

Optimizing Capacity with Directional Running Rights

Optimizing Capacity with Co-Production Agreements
Impact of Structural Factors
Winter

- Efficiency from fundamental railway technologies driving rail economics
- But structurally affected by cold weather
- Not a matter of capacity, planning or execution
- Winter of 2013-2014, the worst in several decades
Impact of Structural Factors
Dealing with uncertainty, managing risks

- Supply chains face unpredictable volatility due to structural and cyclical changes across markets.

- Long-range forecasting often unreliable and heavily influenced by recent trends in traffic growth.

- For example, 2013-14 crop 35% above trend, with less than 1% probability of occurrence.
Key is Supportive Policy Background

- A policy background that continues to drive trade and long-term economic growth

- A policy framework that continues to favour market-based solutions and outcomes

- A regulatory environment that supports investment and innovation
What We Stand For

What CN Stands For

Delivering Operational and Service Excellence
Creating Value for Shareholders
Delivering Responsibly
Creating Value for Customers
Playing our Role as a Backbone of the Economy