Year of Changes

• New Alliances
  ◦ Realignment of port calls and increased discharge
• Two significant West coast port terminal expansions
• Very strong North American economy
• Increased industry demand for empty equipment
• Tight global supply of containers

CN is Focused on Quickly Changing Markets & Operations
### Business Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intermodal</td>
<td>23%</td>
</tr>
<tr>
<td>Petroleum and Chemicals</td>
<td>19%</td>
</tr>
<tr>
<td>Grain and Fertilizers</td>
<td>16%</td>
</tr>
<tr>
<td>Forest Products</td>
<td>14%</td>
</tr>
<tr>
<td>Metals and Minerals</td>
<td>11%</td>
</tr>
<tr>
<td>Automotive</td>
<td>6%</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>6%</td>
</tr>
<tr>
<td>Coal</td>
<td>5%</td>
</tr>
</tbody>
</table>

*2016 Revenues

---

**Diversified Portfolio Creates Matchback**
Investing to Support Safety Network fluidity & Productivity

Capital Expenditures ($ millions)

~C$20B
Capital Investments over the last 10 years


Positive Train Control (PTC)
Equipment
Productivity initiatives, including IT

Core network investments

Direct Intermodal $ Spending

- Containers: 16%
- Terminal Equipment: 43%
- Terminal Development: 41%

Continuing to Invest for Tomorrow’s Service
Network Improvements Capital Expenses
(C$ Million)

TAVERNA-PRINCE RUPERT
New sidings and siding extensions

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs</td>
<td>$25.0</td>
<td>$24.0</td>
<td>$56.0</td>
</tr>
</tbody>
</table>

VANCOUVER-EDMONTON
Double Tracks & siding extensions

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs</td>
<td>$54.0</td>
<td>$60.1</td>
<td>$49.0</td>
</tr>
</tbody>
</table>

EDMONTON-WINNIPEG
Double Tracks

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs</td>
<td>$84.6</td>
<td>$81.0</td>
<td>$152</td>
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</tbody>
</table>

WINNIPEG-CHICAGO
Double tracks + New sidings + Siding extensions

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<tr>
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<th>2020</th>
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<td>$81.0</td>
<td>$152</td>
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</table>

Additional Yard Capacity Investments:

- Scotford by-pass track: $6.5
- Rainier Yard extension: $8.0
- Blair Yard Phase 2 – Stage III: $5.4
- Swan Landing yard: $2.1
- Walker yard: $1.0

2018 – An Estimated $300M in Capacity Enhancements
Significant Growth in US Imports & Exports Via Both Coasts
CN Innovates with “New & Improved” Central Examination Station (CES) in Ranier, MN

- $10 M investment on infrastructure over the last 10 years
- CN has built 2 pads each with a dedicated crane to lift exam containers from live trains (Live Lift)
- Dedicated tractors and chassis to make containers available for inspection
- CN continues to evolve the unique and highly efficient CBP inspection process at Ranier through expansion of our examination facility
- CN will be developing in conjunction with CBP a fully certified Centralized Examination Station (CES) for the port of International Falls MN (Ranier)
  - Operational March 2018
  - New refrigerated cargo inspection area to be built
  - Will further streamline the US inspection process and reduce operational delays
- CN’s new CES will provide a full range of inspection services similar to those found at the ports of Seattle and Long Beach, including fumigation

No Other Facility Like This in North America
## Transit Time - Imports

<table>
<thead>
<tr>
<th>Origin</th>
<th>Destination</th>
<th>Critical Mass Transit Time</th>
<th>Start up Transit Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prince Rupert</td>
<td>Duluth</td>
<td>7th Day AM</td>
<td>10th Day AM</td>
</tr>
<tr>
<td>Port of Vancouver</td>
<td>Duluth</td>
<td>7th Day AM</td>
<td>9th Day AM</td>
</tr>
<tr>
<td>Port of Montreal</td>
<td>Duluth</td>
<td>5th Day PM</td>
<td>6th Day PM</td>
</tr>
<tr>
<td>Port of Halifax</td>
<td>Duluth</td>
<td>7th Day PM</td>
<td>8th Day PM</td>
</tr>
<tr>
<td>Port of New Orleans</td>
<td>Duluth</td>
<td>5th Day PM</td>
<td>6th Day PM</td>
</tr>
<tr>
<td>Port of Mobile</td>
<td>Duluth</td>
<td>7th Day PM</td>
<td>8th Day PM</td>
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### Access via 3 Coasts in North America

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<th>Location</th>
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<tr>
<td>Duluth</td>
<td>Montreal</td>
</tr>
<tr>
<td>New Orleans</td>
<td>Mobile</td>
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## Transit Time - Exports

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3PL Warehousing and Transload Services

- Ag & industrial transload capabilities
- 400,000+ square feet of warehouse space plus 40+ acres of secure outdoor storage
- Heated storage available
- Tier II Warehouse Management Software
- Scanning, RFID, and EDI capabilities with customer portal
- Forklift capacity up to 55,000 lbs
- Indoor overhead cranes for open-top container loading
- Heat treated dunnage certification
- Customized skid and crate fabrication
- Certified public truck scale for SOLAS weight compliance
- Additional rail capacity for carload cargo transfer to/from containers
- Customizable solutions to fulfill additional customer needs

Immediate Transload and Warehousing Capability
Terminal Hours and Days of Service
- Monday to Friday 07:00 to 18:00
- Saturday 08:00 to 12:00

Terminal Address
1310 Port Terminal Drive
Duluth, MN  55802

Terminal Operations Contact
Brian Granholm
Manager – Warehousing & Logistics
Brian.Granholm@duluthcargo.com
(218) 727-6646 (Office)
(218) 727-6646 (Fax)

Terminal Details
- 7.5 total acres for ramp operations
- 1 Reach stacker
- 2 x 81 metric ton gantry cranes
- Annual throughput capacity of 45,000 TEUs
- Freetime = 48 hours
- Transload service capability
- Foreign Trade Zone designated (FTZ #51)
- Local USCBP and Ag Inspectors
- CY Storage capacity of 1,500 TEUs
- 3rd party chassis pool on-site
- Reefer plugs available upon request
- Congestion free highway access to I35 & Highways 2, 23, 53, 61 & 210

New Duluth Intermodal Terminal
We Match Exporters to Ocean Lines

Very Important To Overall Inland Economics
Diversified Gateway Growth

CN Has Invested in Inland Capacity to Support Gateway Growth

* Loaded and empties
Summary

• Investing for growth
• Extended CN’s reach through our 3 coasts
• Supporting market growth through investments in new inland terminals
• Providing innovative cross-border supply chain solutions

Supply Chain Focused