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March 22, 2018

The Honorable Ann Begeman
Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

The Honorable Deb Miller
Vice Chairman
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Dear Chairman Begeman and Vice Chairman Miller,

Thank you for your March 16 letter requesting information regarding our service outlook for the remainder of 2018. We very much welcome your interest in these important issues and appreciate the opportunity to outline for you the steps we are taking to meet the growing needs of our customers and of our role to support the economy.

My first and top priority as president and chief executive officer at CN is to quickly improve the movement of the wide range of our customers' goods throughout our North American network. We have apologized publically for not meeting the service expectations of our customers, nor our own high standards for service excellence. I can assure you that the entire CN team has a sense of pride and urgency to regain the confidence of all our customers and stakeholders.

We have taken immediate action across our network to relieve our congestion, particularly in our busy Chicago to Winnipeg corridor across Wisconsin and Minnesota. I will be in Washington in June 2018, and I would look forward to an opportunity to meet with you to discuss the progress we are making. Ahead of that meeting, I would like to address the issues raised in your letter:

Locomotive Power

We recognized last year that the unexpected rapid growth coming to our network was going to require additional locomotives. In December 2017, we announced an agreement to purchase 200 new GE locomotives, which will be manufactured in Fort Worth, Texas. At more than US \$500 million, it's CN's largest new locomotive purchase order since 2012 and GE's largest order since 2014. The first order of 60 new locomotives will start arriving in June 2018.

In order to boost our capacity immediately, we have leased 130 locomotives, which came online in the first three months of the year. We are confident that with the leased equipment and the delivery of new locomotives later this year, CN has the power we need.

Employee Resources

Volume growth will also require additional train crews to meet our needs and, last summer, we began an aggressive hiring plan. In 2017, for our total network, we hired 3,400 employees for positions across the company to replace attrition and accommodate growth, including 400 in the Wisconsin to Minnesota corridor. We called hundreds of employees back to work, bought back vacations, and invited retirees to return to work in order to help for a short period of time.

We have new conductor classes graduating each week and moving into the field. In the first three months of this year, we've added about 400 new qualified conductors to the field – almost double the number we deployed in the field in the last three months of 2017. This hiring continues with more than 2,000 employees across the company in 2018. In addition, our management teams remain sufficiently staffed.

Local Service Performance

We have delivered sequential improvements in our operating metrics for the last three weeks, and are confident our team's focus and actions will continue to help CN make progress. Our short-term priority is on improving train speed and network velocity, reducing port dwell times and ground counts at our major intermodal ports, including reducing inland terminal carter time, particularly in Chicago and Memphis.

Demand

CN is expecting three to five percent revenue ton-mile growth in 2018. Even with a difficult start to the year, at this point, we are not adjusting our volume guidance, and we are confident that the steps we are taking will leave us well positioned to handle our volumes, particularly in the second half of the year.

Communication

We remain in communication with our customers through direct one-on-one interactions from account managers and customer service representatives, as well as through regular "State of the Network" updates.

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Capacity Constraints

In the coming weeks, CN will start deploying the largest capital expenditure program in its history. CN is investing more than ever before in the safety and efficiency of the network with an approximately C\$3.2 billion capital program, a nearly 20 percent increase over last year's investment.

Capacity investments are being targeted in our key Edmonton to Chicago corridor, which runs through Minnesota and Wisconsin. Key investments include a new siding project at the international border in Ranier, Minnesota and double track in Northern Wisconsin outside Superior. We are also adding yard capacity in Blair, Wisconsin to support our rapidly increasing frac sand business. Other double track and siding extension projects in Western Canada will help us build resiliency and capacity in this corridor. In addition, to accommodate growing intermodal traffic, we are making capacity investments in Memphis and Joliet, Ill., and other terminals.

We have projects shovel-ready for Spring, and the required materials and equipment already in place so work can start as soon as possible. Combined with major investments in 2017 on the same corridor in Northern Minnesota and Fond du Lac, Wisconsin, these improvements will address key pinch points, provide resiliency, and increase capacity.

NGFA and Auto Alliance

I would like to address a few of the key points raised by the two letters you received from the National Grain and Feed Association and the Alliance of Automobile Manufacturers.

With respect to the National Grain and Feed Association concerns, it should be noted that CN accounts for about four percent of grain movements by rail in the United States. A significant portion of our grain business goes to the Gulf Coast. CN's network, in essence, parallels the Mississippi River, the key bulk transportation corridor in the market we serve. Unexpected flooding has impacted important parts of the supply chain, and we are working to try to service short term spot business to provide some relief for those affected by this challenge.

The congestion in and around Memphis has mainly been attributed to crew availability constraints and, as we continue to add new personnel, this situation will improve.

With respect to the Alliance of Automobile Manufacturers, our greatest challenge with finished automobiles has been receiving our cars back from others


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through the industry pool. We require approximately 250 multi-level auto transport cars daily to meet the needs of our customers in these critical markets. We have taken steps to improve cycle times to Michigan. Further, we are taking steps to repair any bad order cars, so as to return those cars back to service quickly.

In order to help meet customer needs in the South, we acquired nearly 900 new multi-level cars in 2017.

You have my personal commitment that we are acquiring the equipment, hiring the people, building the track infrastructure, and continuing to invest in technology to be well positioned for 2018 and beyond. We will meet the needs of an expanding North American economy and the growing supply chain service demands of our customers. Please be assured CN will continue to invest for the long term, and we look forward to keeping you informed of our progress.

Sincerely,



JJ Ruest

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President and Chief Executive Officer