



THE BUFFETTERS

WHO IS CNI?



- Second largest publicly traded North American railway
- Network spanning 20,000 miles
- Connect Ports on three coasts
- “North America’s true supply chain enabler”

WHAT DO WE OFFER?



- Rail
- Trucking
- Marine
- Intermodal

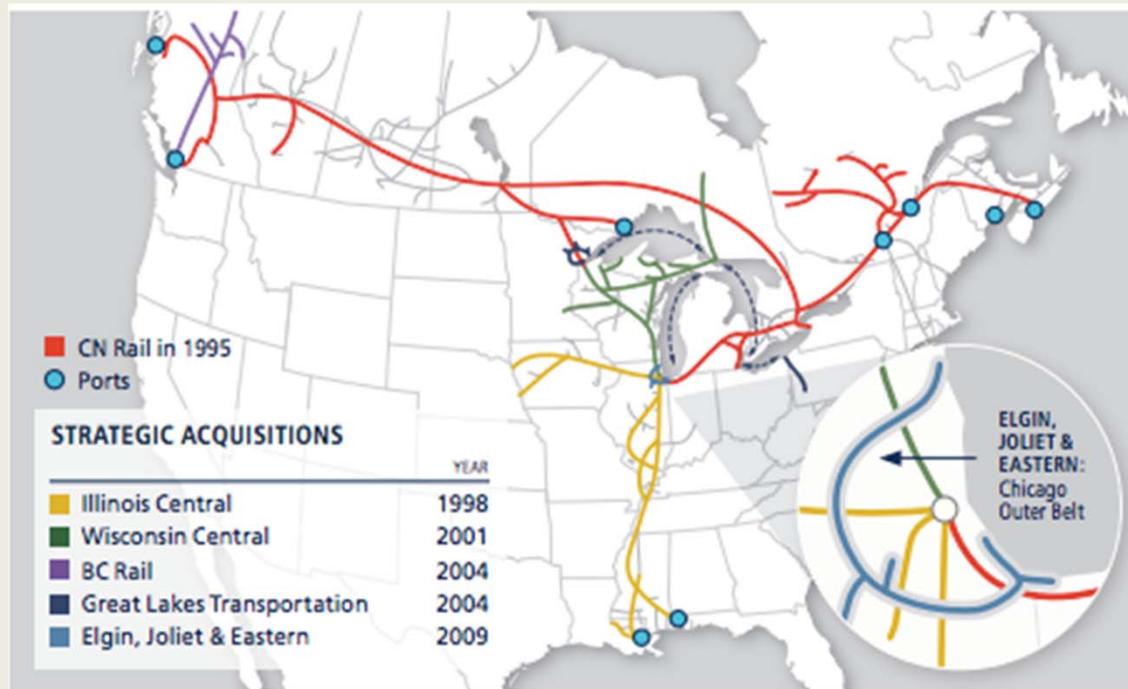


HISTORY



- Incorporated: June 6, 1919
- Originated from 5 financially troubled railways (1917-23)
- Sold to private investors: 1995
- Largest IPO in Canadian History
- 1998 – 2009 Purchased 5 railways to become the only transcontinental rail network in north America.

ACQUISITION MAP

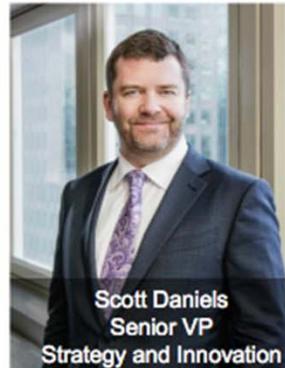


LEADERSHIP



Ghislain Houle
Executive VP &
Chief Financial Officer

Mike and Ghislain
are certified train
conductors and
engineers



Scott Daniels
Senior VP
Strategy and Innovation



Luc Jobin
President and CEO

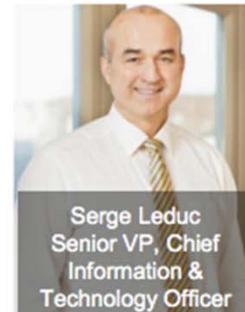


JJ Ruest
Executive VP and
Chief Marketing Officer

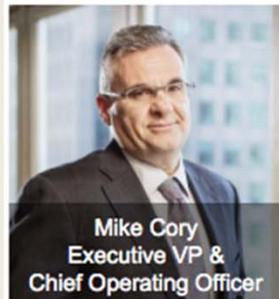


Kim Madigan
VP Human Resources

186 years of
experience

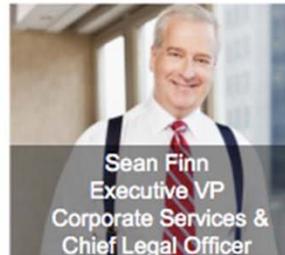


Serge Leduc
Senior VP, Chief
Information &
Technology Officer



Mike Cory
Executive VP &
Chief Operating Officer

Solid and deep
bench strength



Sean Finn
Executive VP
Corporate Services &
Chief Legal Officer



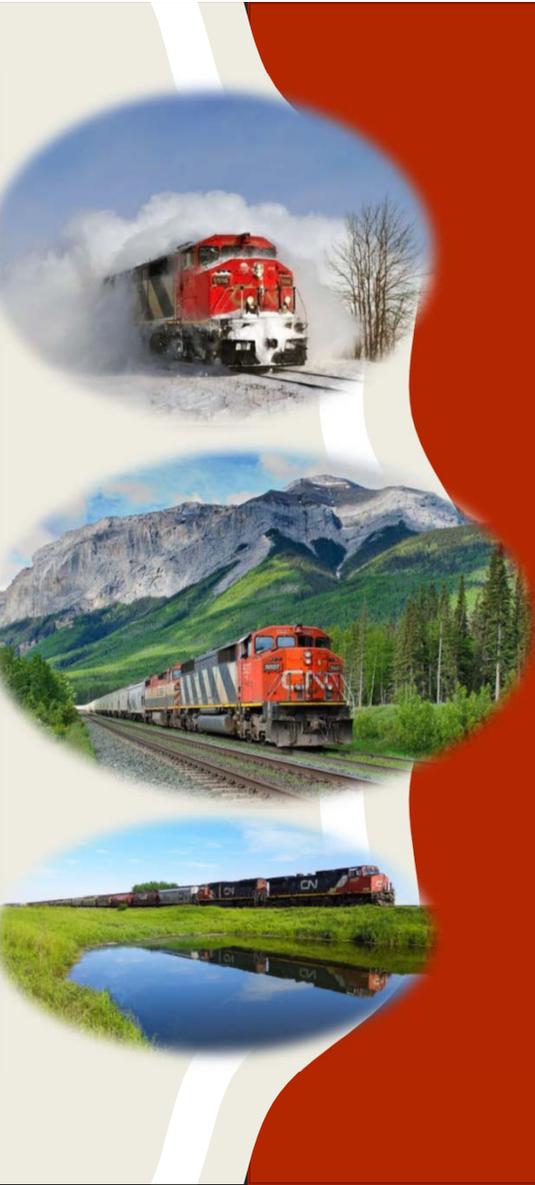
Janet Drysdale
VP Corporate
Development &
Sustainability

Solid team of
railroaders

LEADERSHIP

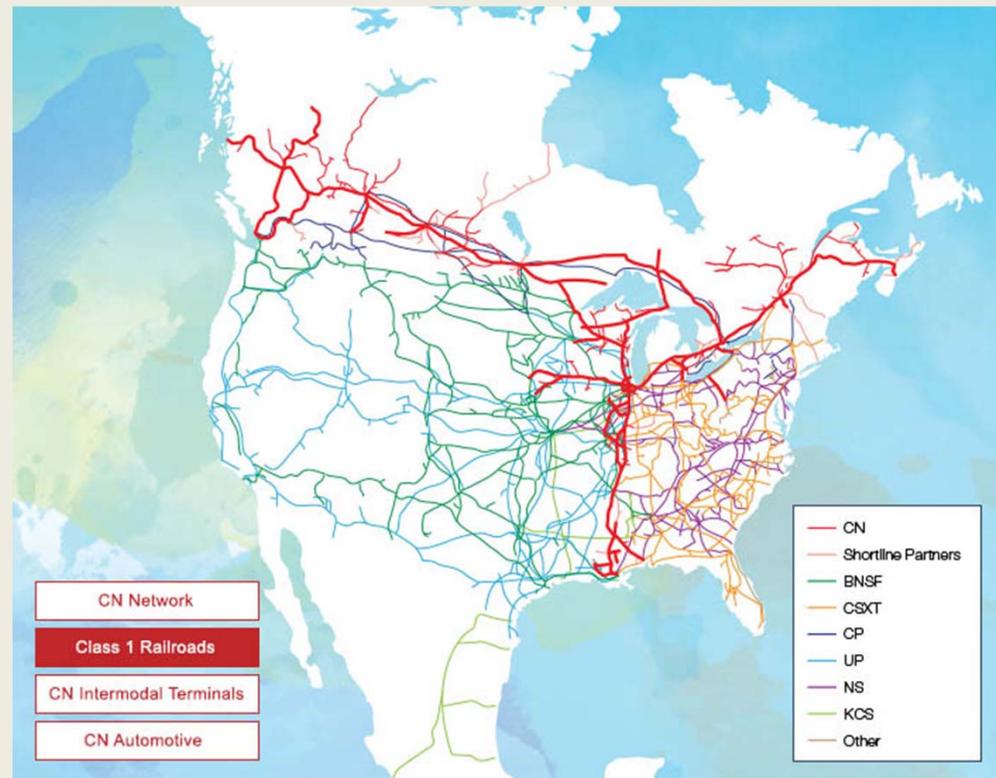


- CN specifies minimum required stock ownership by management, to be attained with 5 years from onboarding and then maintained. Stock ownership must be purchased on the open market, or can be purchased via deferred compensation and then must be held until retirement. Stock options do not count towards share ownership requirements

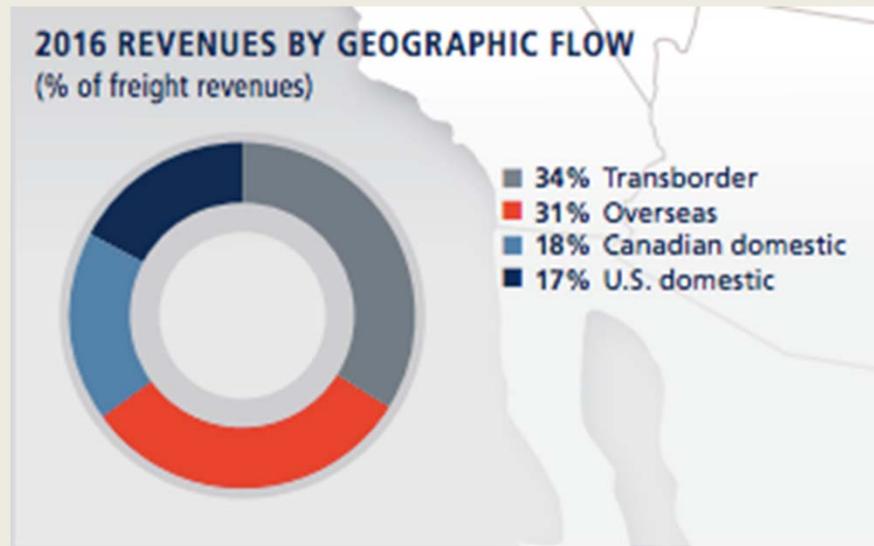


BUSINESS MODEL

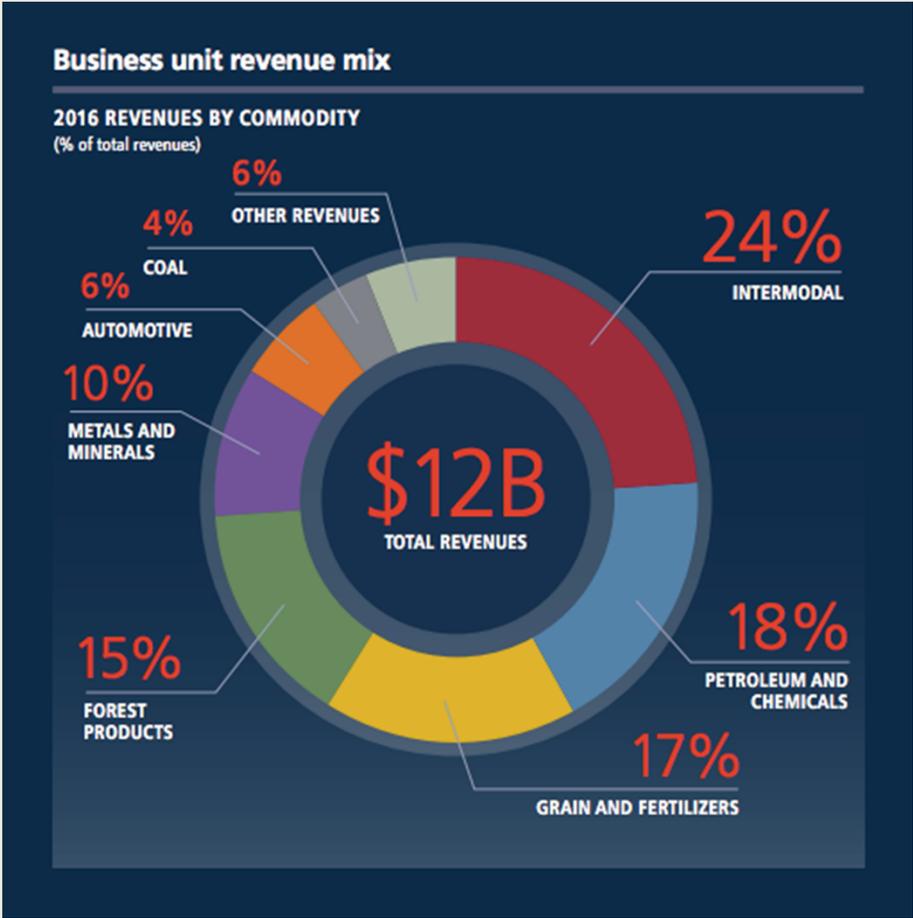
RAIL NETWORK



FREIGHT FLOW



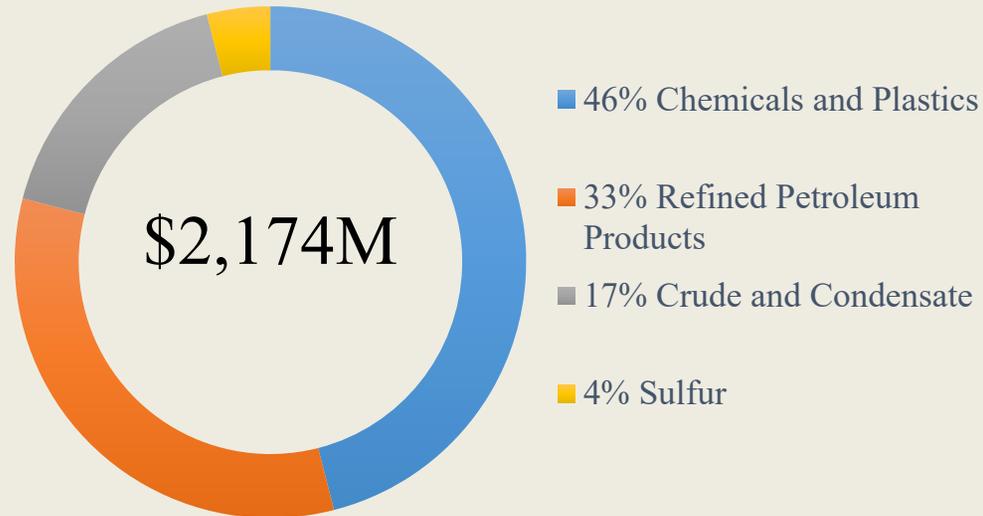
DIVERSIFICATION



PETROLEUM AND CHEMICALS -18%



% of Revenues



PETROLEUM AND CHEMICALS



- Driven by North American industrial production
- Handles over 50% of all Canadian chemical production
- Only rail carrier servicing three major petrochemical centers in North America (Gulf coast, Alberta Heartland, and Southwestern Ontario).

GROWTH THROUGH CANAPUX



- Developed by CN, allows for safe transportation of bitumen

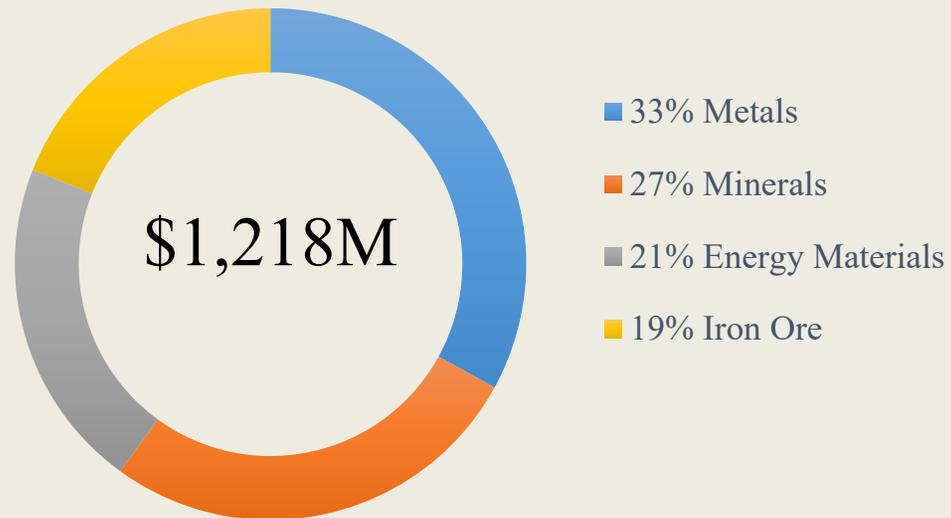


CanaPux: a new way to move
crude oil to market.

METALS AND MINERALS - 10%



% of Revenues



METALS AND MINERALS



- Top mover of aluminum, iron ore, and base metal ore in North America
- Serves more aluminum smelters than any other railroad in North America
- Manufacturing production is a major driver



FOREST PRODUCTS – 15%



% of Revenues



\$1,797M

■ 53% Lumber and Panels

■ 47% Pulp and Paper

FOREST PRODUCTS

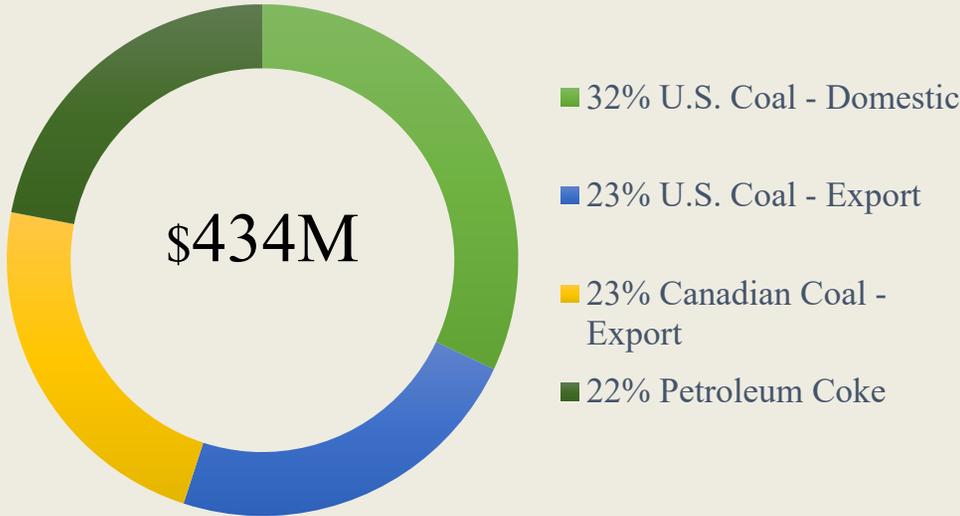


- Largest rail carrier of forest products in North America
- As the US housing market increases, so does this segment.
- Housing starts increased 4.9% in 2016, 1.17 million
- Asia is the principal market for Canadian wood pulp (Port of Prince Rupert)

COAL – 4%



% of Revenues



COAL

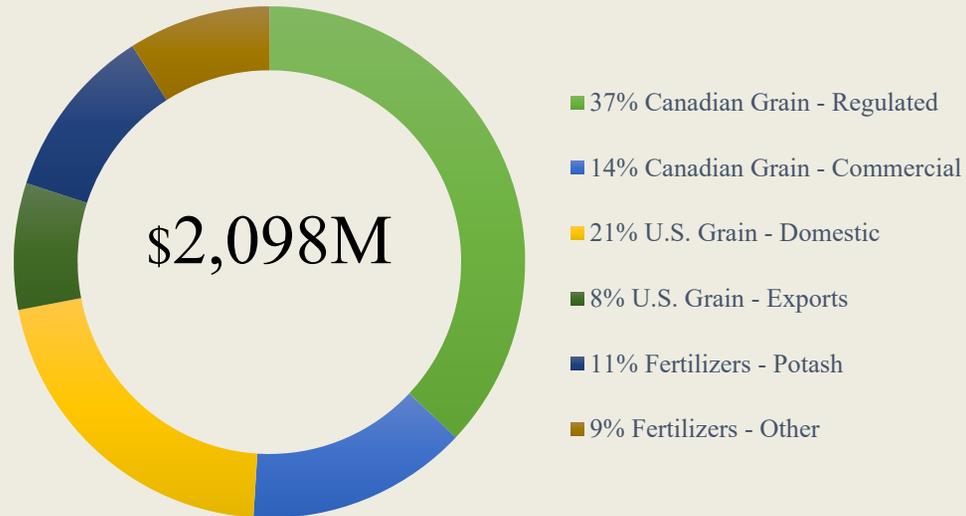


- Direct access to 13 mines and 7 petroleum coke – producing facilities in the U.S. and Canada.
- Price of Canadian metallurgical coal went from \$311 in 2016 to \$170 in Q1 2017.
- Allowed for restart of several mines on CN Network

GRAIN AND FERTILIZERS – 17%



% of Revenues



GRAIN AND FERTILIZERS

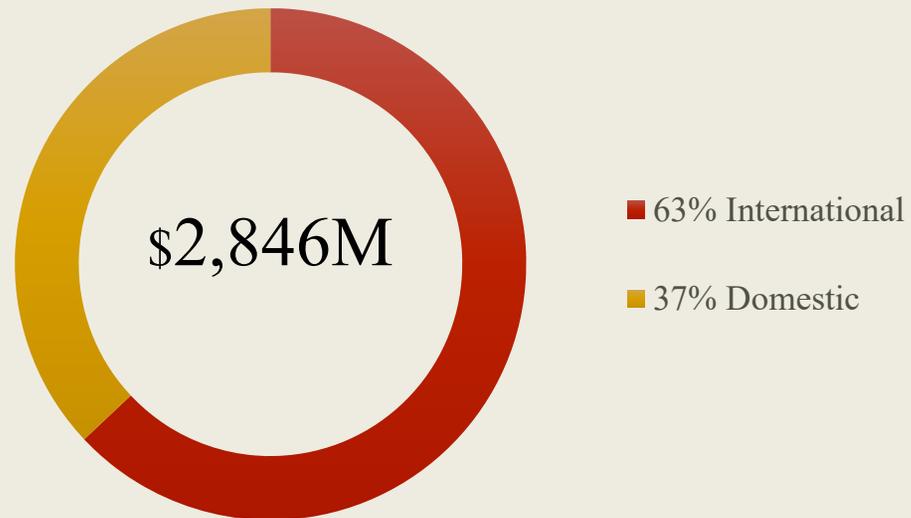


- U.S. Grain franchise is located in Illinois, Iowa, Michigan, and Wisconsin.
- Weather conditions on crop production will remain key driver of this segment in a given year.

INTERMODAL – 24%

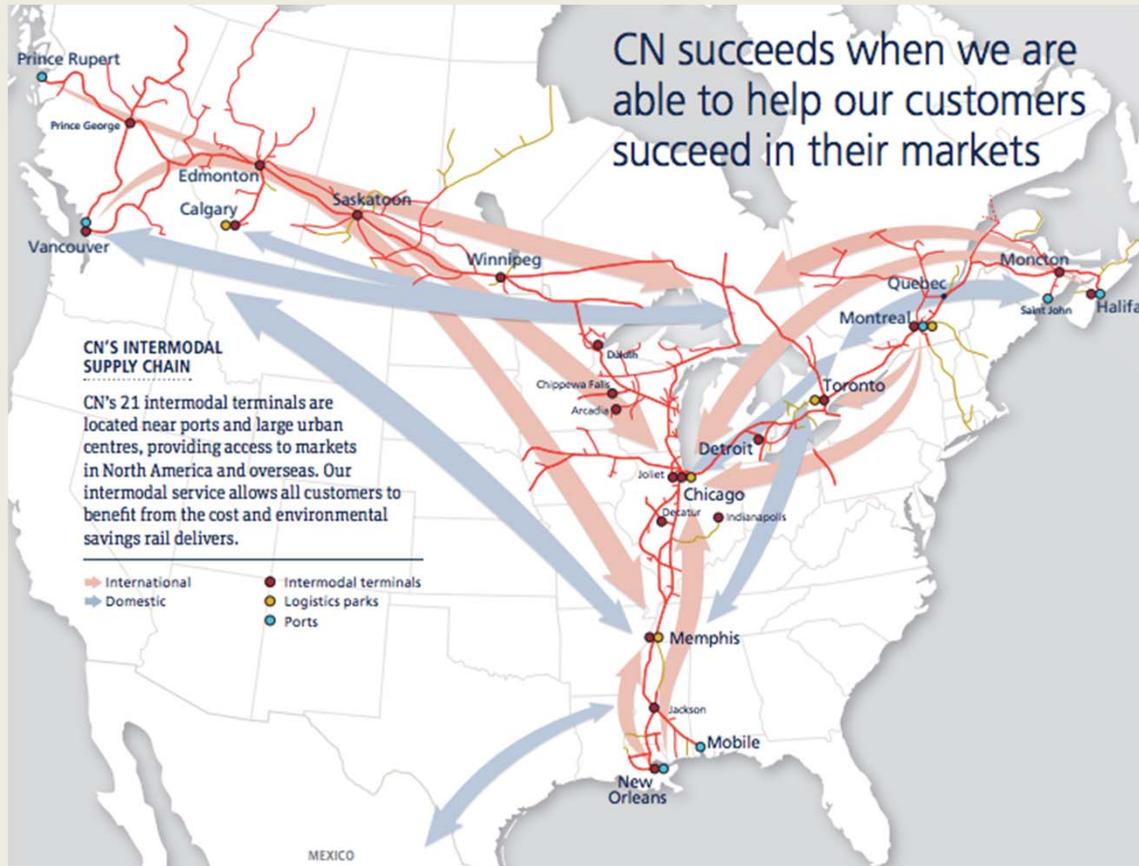


% of Revenues





CN succeeds when we are able to help our customers succeed in their markets



INTERMODAL



- CNTL is one of Canada's largest trucking company
 - 8,900 containers
 - 90% on time arrival rate
- This is CN's fastest growing segment.
- Built on total supply chain perspective
- Prince Rupert Shipping advantage.
- Chicago advantage

CARGO COOL



- Allows CN to move temperature sensitive goods long distances. (frozen/fresh food)
- Fleet consisting of 620 units will acquire 100 more in 2017.
- Advanced monitoring system detects slightest changes in cargo temperature.
- 2016, revenues excess of 200 million
- Potential in Pharmaceuticals and cosmetics

AUTOMOTIVE – 6%



% of Revenues



\$759M

■ 93% Finished Vehicles

■ 7% Auto Parts

AUTOMOTIVE



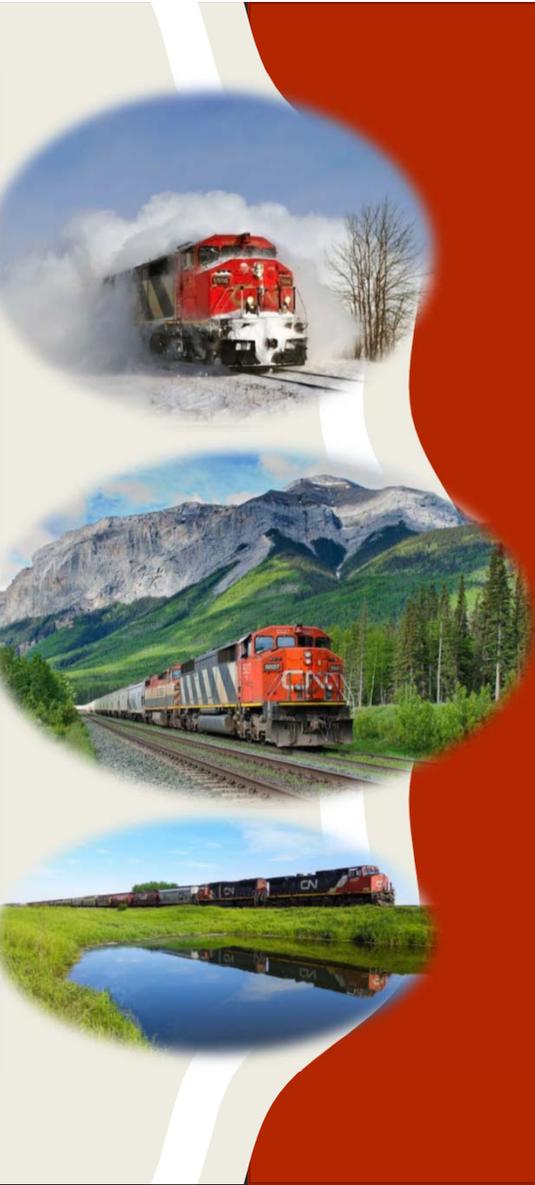
- Over 2.4 million finished vehicles handled annually
- 5,700 multi level railcars fleet (+10% for SUV demand)
- Revenues up 8.6% since 2012



GROWTH



- Revenue growth based on industry growth
- Prince Rupert
- Cargo cool
- Bitumen Transport with CANUPX



RISK FACTORS

RISK FACTORS



- Tariffs
- Regulations
- Transportation of Hazardous Materials
- Oil Prices
- Unions
- Over 10% of CNI's revenue is tied to the housing market

REGULATORY BODIES



- Canada
 - Government of Canada
 - Canadian Transportation Agency (CTA)
 - Federal Minister of Transport
- United States
 - Surface Transportation Board (STB)
 - Federal Railroad Administration (FRA)

CANADIAN REGULATIONS



- Bill C-30:
 - Canadian government can set minimum volumes of grain to be moved by Canadian railroads
 - Increased interswitching distance limits from 30 km to 160 km for commodities in three provinces
 - Canadian government can order CNI to pay shippers for expenses incurred if CNI fails to meet service level requirements
 - Bill was set to expire in August of 2017 so that it could be rewritten

CANADIAN REGULATIONS



- Safe and Accountable Rail Act
 - Railroads are strictly liable for accidents involving crude oil
 - Must maintain a minimum level of liability insurance
 - CTA covers losses in excess of the minimum level
 - Railroads might be forced to compensate cities for fire damage

CANADIAN REGULATIONS



- Carbon pricing
 - Charge \$10 per ton of carbon pollution
 - Price will rise to \$50 per ton in 2022

U.S. REGULATIONS



- Rail Safety Improvement Act of 2008
 - Requires Positive Train Control Systems installation in every Class I railroad
 - Full implementation required by 2020

U.S. TRADE AGREEMENT



- Softwood Lumber Agreement Expired
 - Could cause an increase in tariffs on Canadian softwood lumber producers in the Pacific Northwest
 - Little to no effect on CNI

ADDRESSING THE TRUCKING THREAT



- Railroads charge 10-30% less than truckers to transport containers
- Railroads have quadruple the fuel efficiency per ton-mile of trucking
- Trucks cannot efficiently ship bulk commodities

Source: Morningstar

ADDRESSING THE TRUCKING THREAT



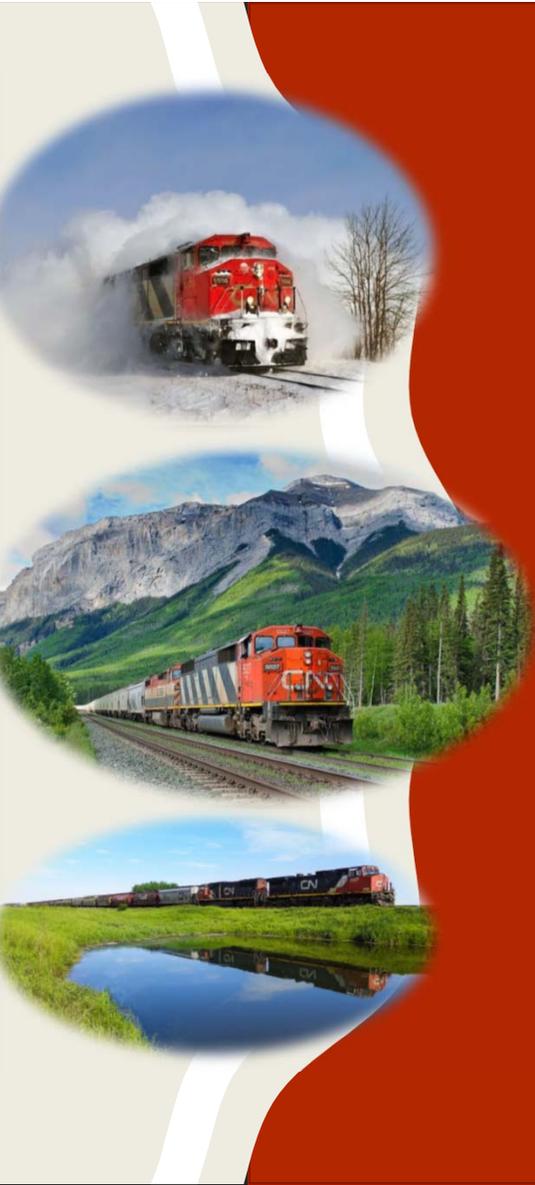
- Predicted shortage of up to 33,000 Canadian truck drivers by 2020
- One train can carry the load of more than 280 trucks

Source: Calgary Region Education Center

ADDRESSING THE TRUCKING THREAT

- Subsidiary CNTL





COMPETITIVE ADVANTAGE

COMPETITIVE ADVANTAGE

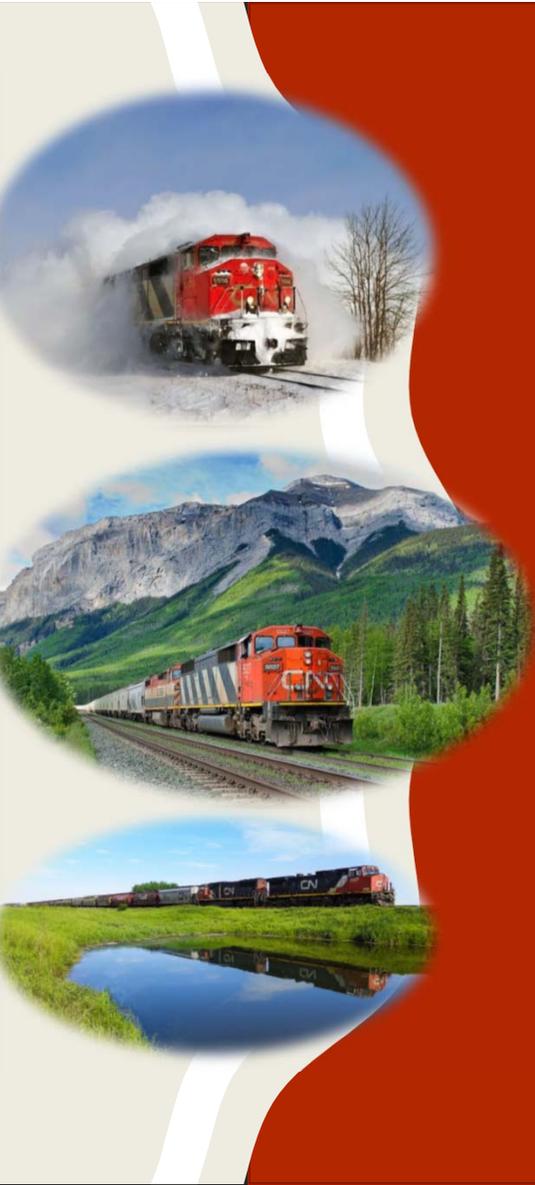


- Regulatory Barriers to Entry
- Economies of Scale
- Network Effect
- Brand Image

QUALITATIVE ANALYSIS



Qualitative Analysis	
Sustainable Competitive Advantage?	Yes
Easily Explainable?	Yes
Heavily Unionized?	Yes
Heavy Capital Infusion or R&D?	Yes
Obsolete Inventory?	No
Chronic "One Time" Write-Offs?	No
Able to Offset Inflation?	Yes
Will Sell More in the Future?	Yes
Make a Billion \$ Competitor?	No



INTERPRETATION OF THE FINANCIAL STATEMENTS

INTERPRETATION OF THE FINANCIAL STATEMENTS



TTM	Value	Low Threshold	Pass?
Gross Profit Margin	77.11%	$\geq 20\%$	Yes
% SGA	30.18%	$\leq 80\%$	Yes
% R&D	0.00%	$\leq 10\%$	Yes
% Depreciation	12.91%	$\leq 10\%$	No
Interest % of OP	8.68%	$\leq 15\%$	Yes
Net Profit Margin	30.60%	$\geq 10\%$	Yes
Current Ratio	0.61	≥ 1	No
Obligation Ratio	2.4	< 5 years	Yes
Adj. Debt to Shareholder Equity	1.47	< 0.8	No

INTERPRETATION OF THE FINANCIAL STATEMENTS



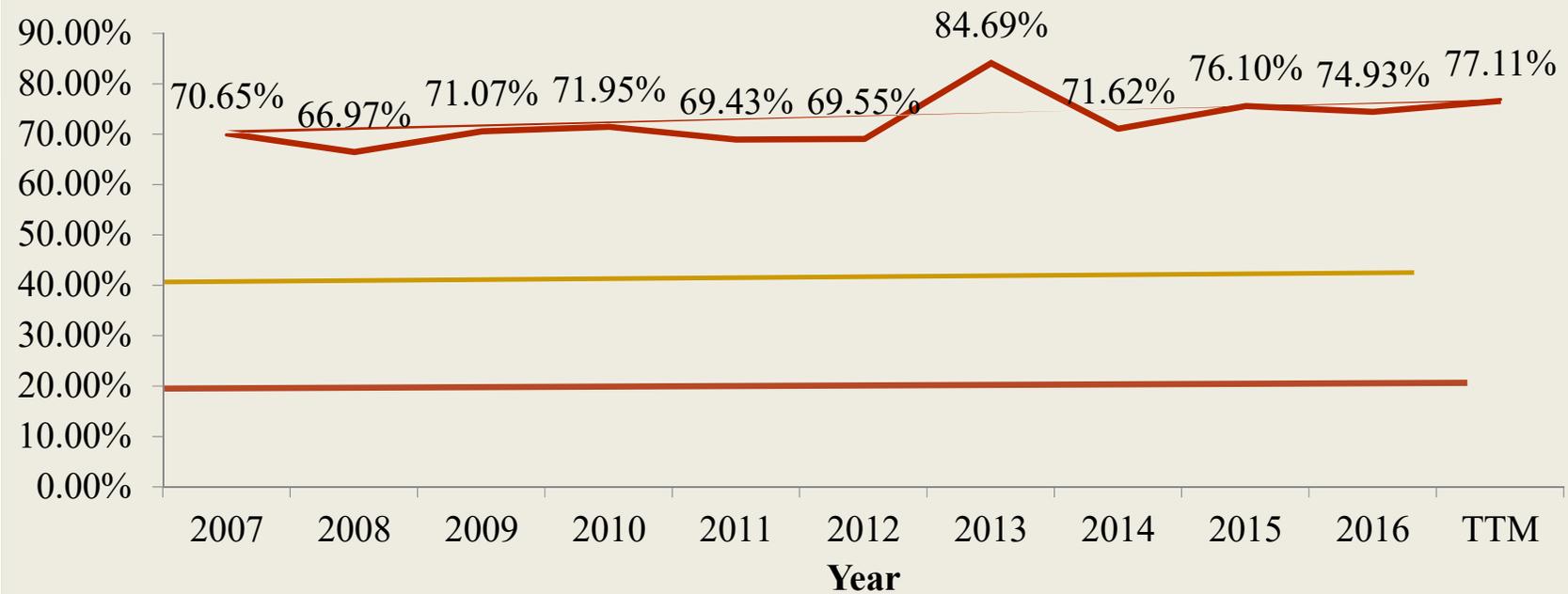
TTM	Value	Low	Pass?
Return on Equity	25.97%	$\geq 15\%$	Yes
Return on Capital	16.43%	$\geq 15\%$	Yes
Dividend Payout Ratio	30.67%	$\leq 60\%$	Yes
Preferred Stock	None	None	Yes
Capital Expenditures	67.40%	$\leq 25\%$	No
Net Earning Trend	Up	Up	Yes
Retained Earnings Trend	Up	Up	Yes

DU PONT ANALYSIS

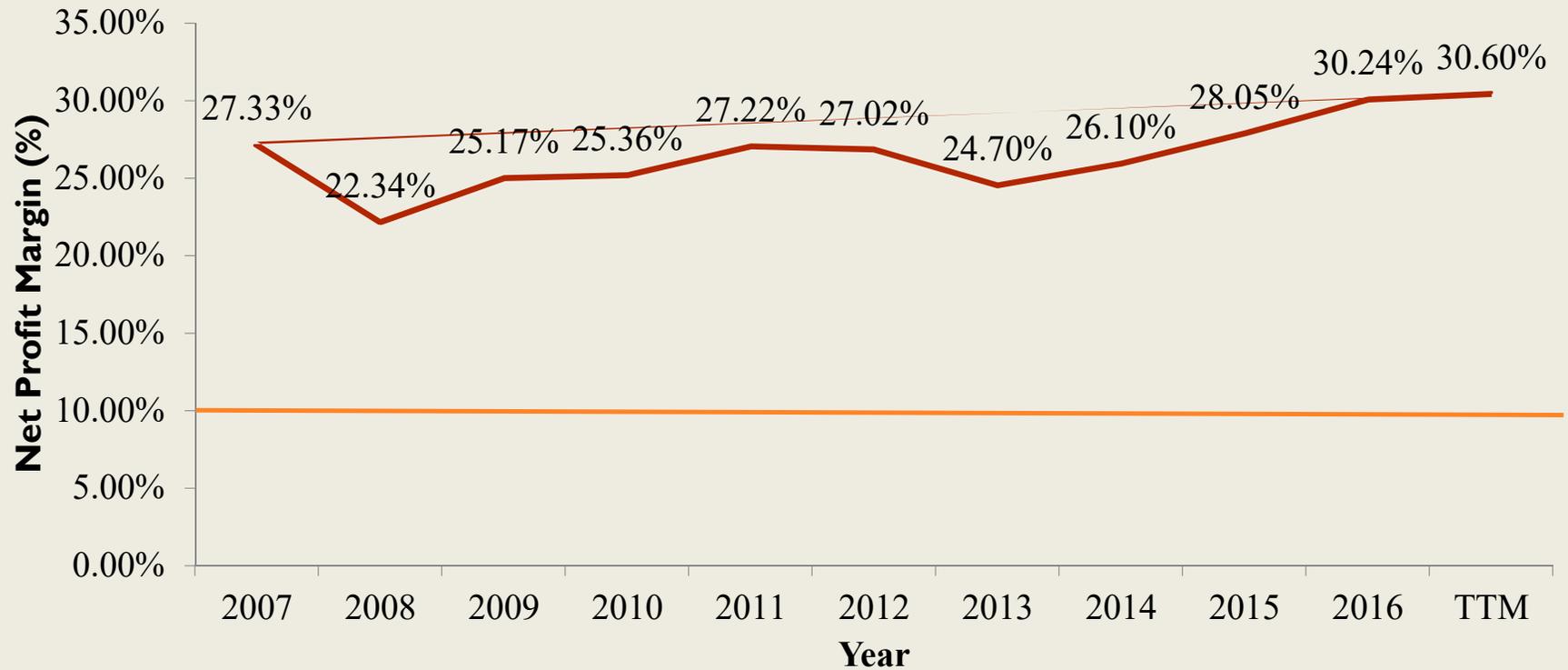


Years	Net profit Margin	Total Asset Turnover	Financial Leverage Multiplier	Return on Equity
2014	25.51%	.38	2.38	23.07%
2015	28.38%	.35	2.43	24.14%
2016	29.75%	.32	2.50	23.8%
2017	27.65%	.34	2.47	23.22%
TTM	30.60%	.34	2.47	25.70%

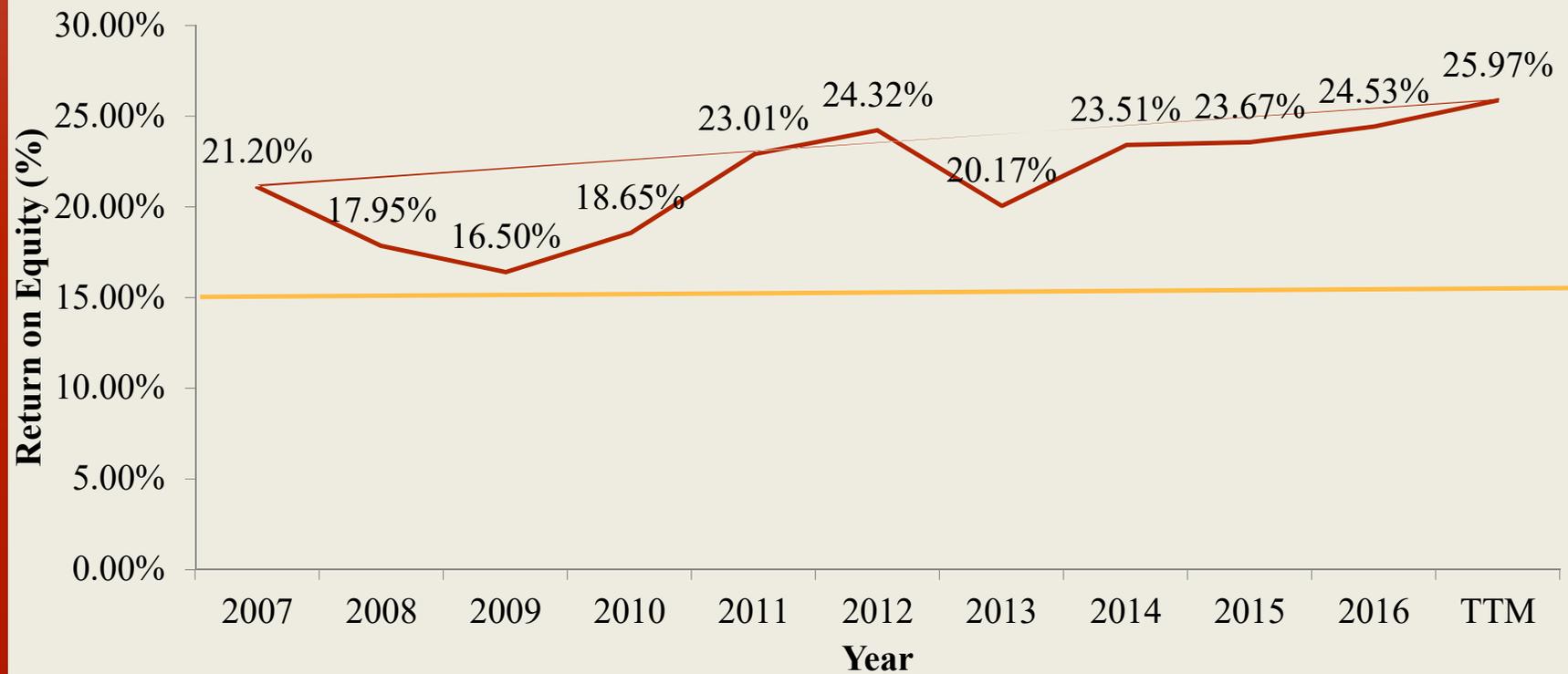
GROSS PROFIT MARGIN



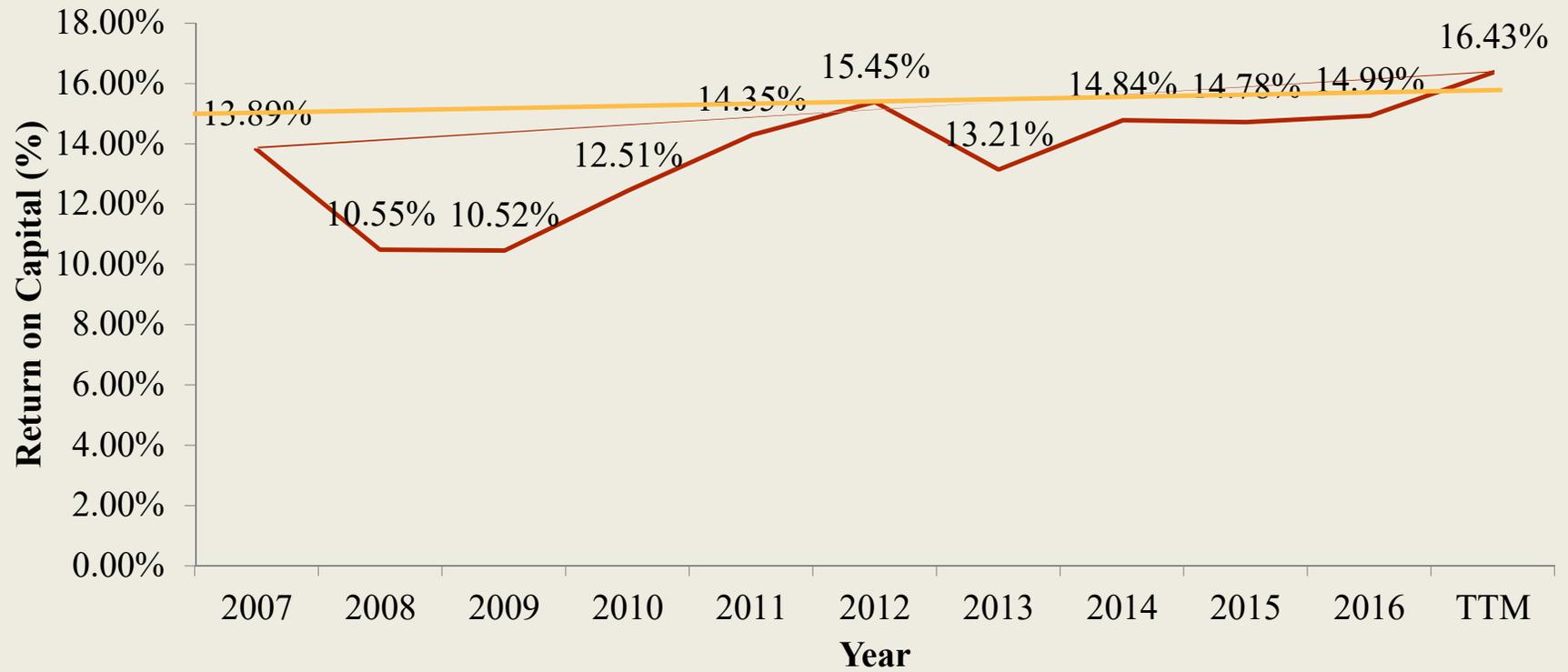
NET PROFIT MARGIN



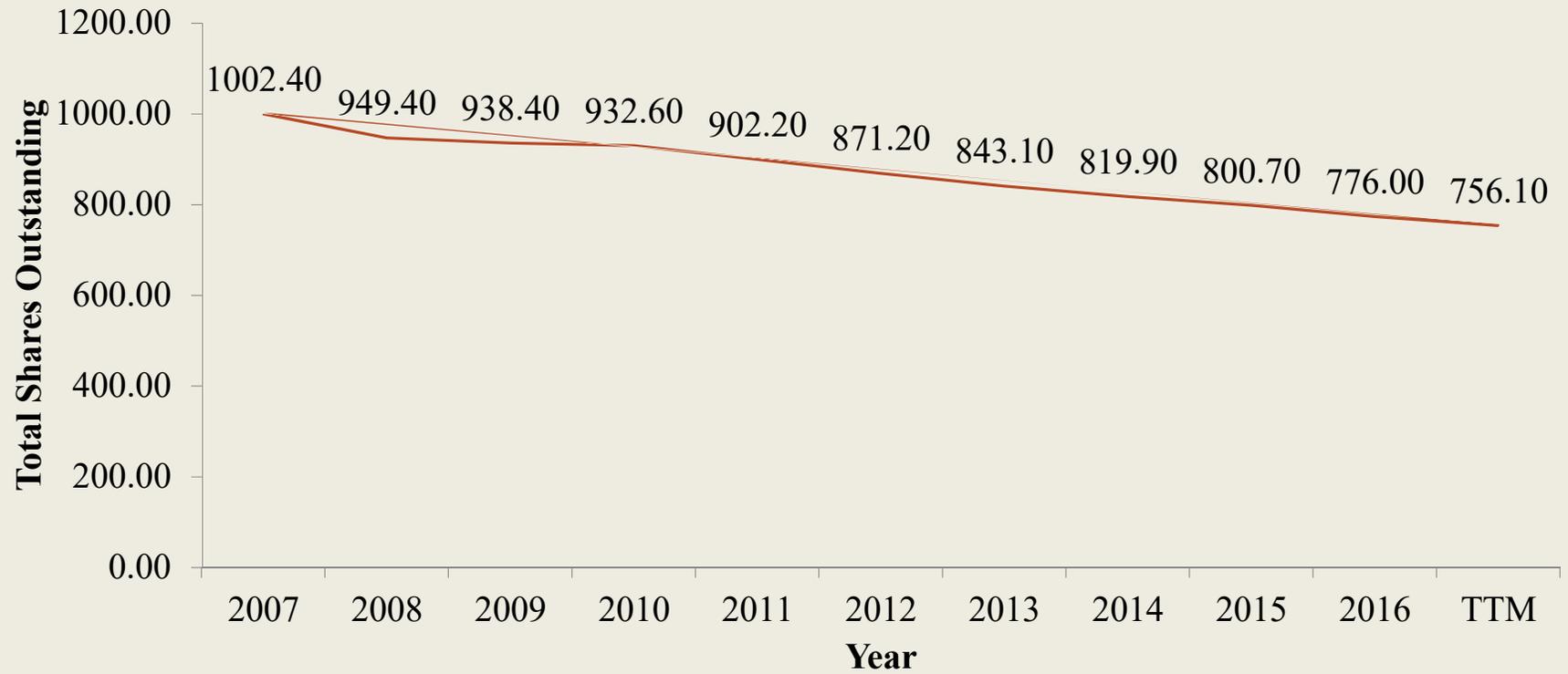
RETURN ON EQUITY



RETURN ON CAPITAL



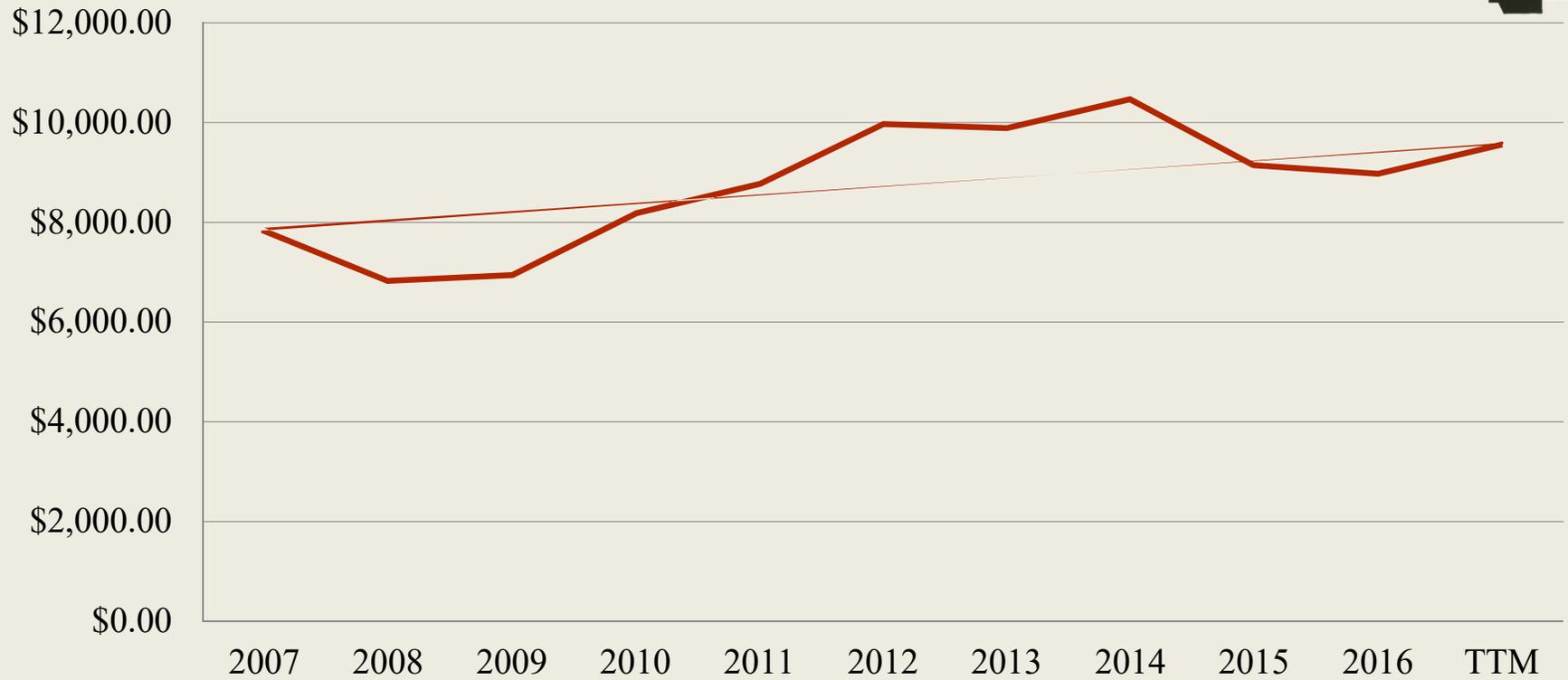
TOTAL SHARES OUTSTANDING



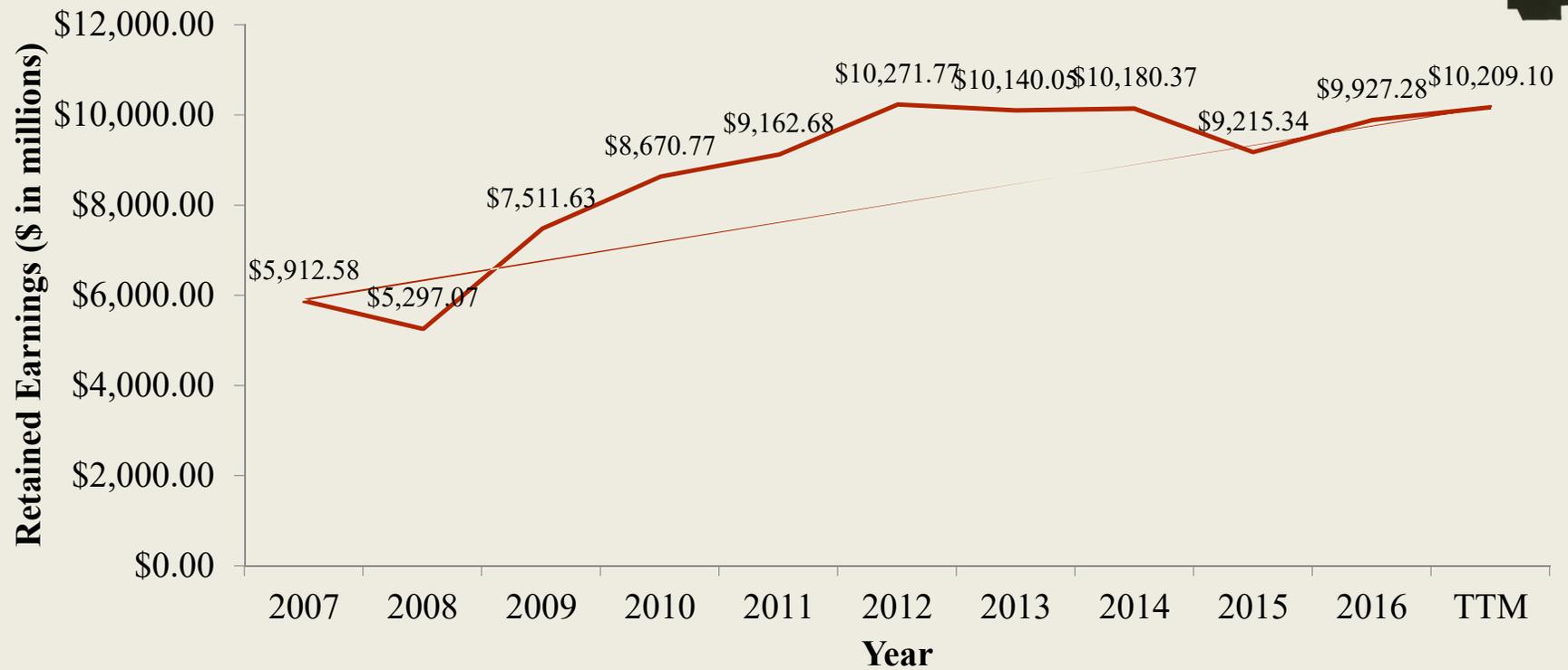
10 YEAR REVENUES



(In millions)



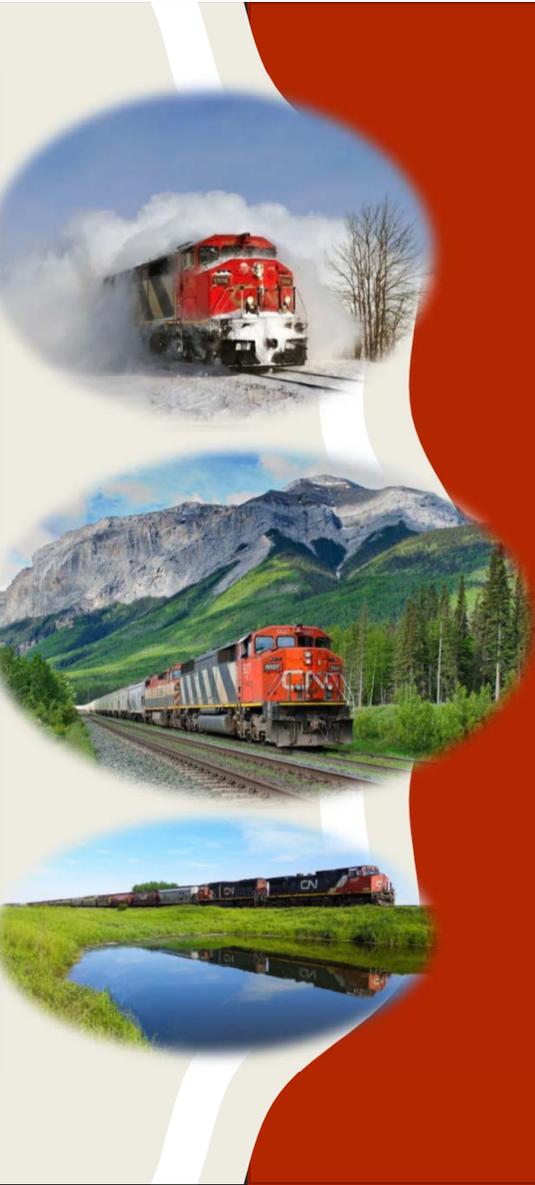
RETAINED EARNINGS



LONG-TERM DEBT



In Millions	Capital Leases	Debt	Total
2017	212	1,277	1,489
2018	17	697	714
2019	10	730	740
2020	16	-	16
2021	6	781	787
2022 and thereafter	83	7,108	7,191



INDUSTRY BREAKDOWN

INDUSTRY BREAKDOWN



TTM	Canadian National (CNI)	Canadian Pacific (CP)	Union Pacific (UNP)	Chesapeake-Seaboard (CSX)	Norfolk Southern (NSC)	Burlington Northern Santa Fe BNSF (2016)
Market Cap	\$61.96 B	\$26.03 B	\$90.44 B	\$48.73 B	\$38.26 B	N/A
Revenue	\$9,610 M	\$4,959 M	\$20,724 M	\$11,582 M	\$10,226 M	\$19,829 M
P/E	20.17	17.94	20.47	28.10	21.59	N/A
P/S	6.17	5.00	4.47	4.35	3.81	N/A
P/B	5.12	5.76	4.62	4.57	3.02	N/A
EV/EBIT	15.41	14.44	13.26	17.24	14.18	N/A
ROA	10.51%	9.33%	8.06%	5.05%	5.19%	5.83%
ROE	25.70%	30.33%	23.33%	16.67%	14.14%	N/A
Gross Margin	77.11%	84.72%	75.34%	71.43%	69.25%	68.50%
Operating Margin	43.88%	42.57%	37.27%	30.65%	31.70%	28.71%
Net Margin	30.60%	27.95%	21.79%	15.45%	17.66%	18.00%

DU PONT ANALYSIS: INDUSTRY



Company	Net Profit Margin	Total Asset Turnover	Financial Leverage Multiplier	ROE
CNI	30.60%	.34	2.47	25.70%
CP	27.95%	.31	3.50	30.33%
UNP	21.79%	.37	2.87	23.33%
CSX	15.45%	.33	3.27	16.67%
NSC	17.66%	.29	2.76	14.14%

MILES OF TRACK



Company	Miles of Track
CNI	19,600
CP	18,703
UNP	32,000
CSX	20,800
NSC	21,000
BNSF	32,500

Operational Overview

TAKING SERVICE TO THE NEXT LEVEL

CN has been long recognized for our leading operating model, demonstrated by the lowest operating ratio of any Class 1 railroad for more than 15 years. Leveraging our operating model and unique franchise, we've evolved our strategic agenda over the past seven years to focus on our unique supply chain approach.

This mindset sets us apart from our closest competitors and accelerates service and product innovation. Building on our foundational strengths of operational and service excellence, we aim to step up the pace of innovation to secure our position for the long run.

We continue to invest in our great franchise year after year



Regional performance

REGIONAL GTMs
 (% of 2016 total GTMs)

- 49% Western
- 24% Eastern
- 27% Southern



WESTERN REGION
 (millions of GTMs per route mile)



EASTERN REGION
 (millions of GTMs per route mile)



SOUTHERN REGION
 (millions of GTMs per route mile)



UNION PACIFIC



BURLINGTON NORTHERN SANTA FE



NORFOLK SOUTHERN CORPORATION

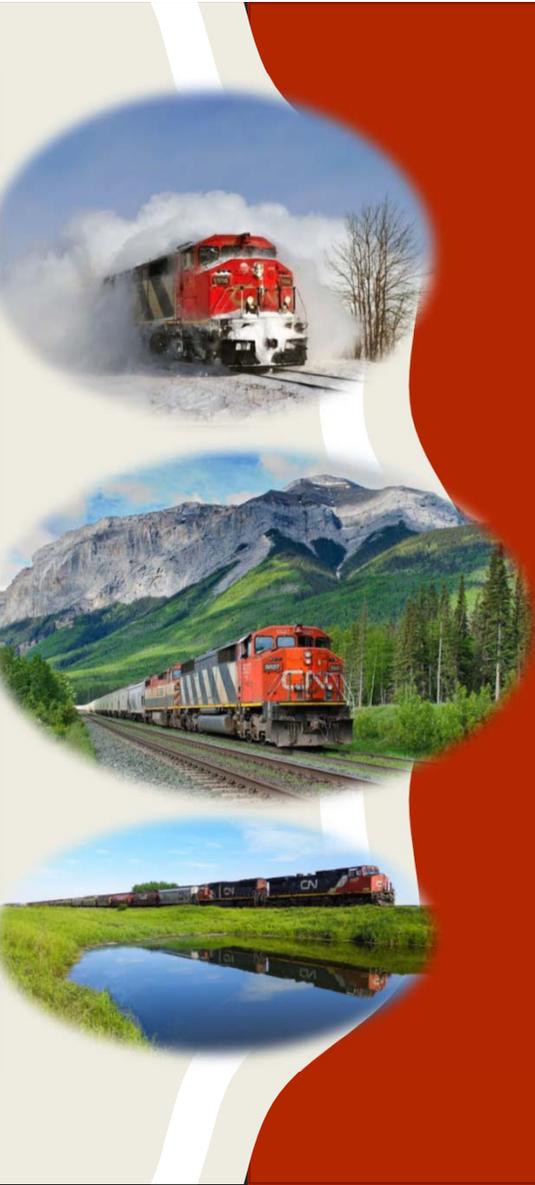


CHESSIE SEABOARD (CSX)



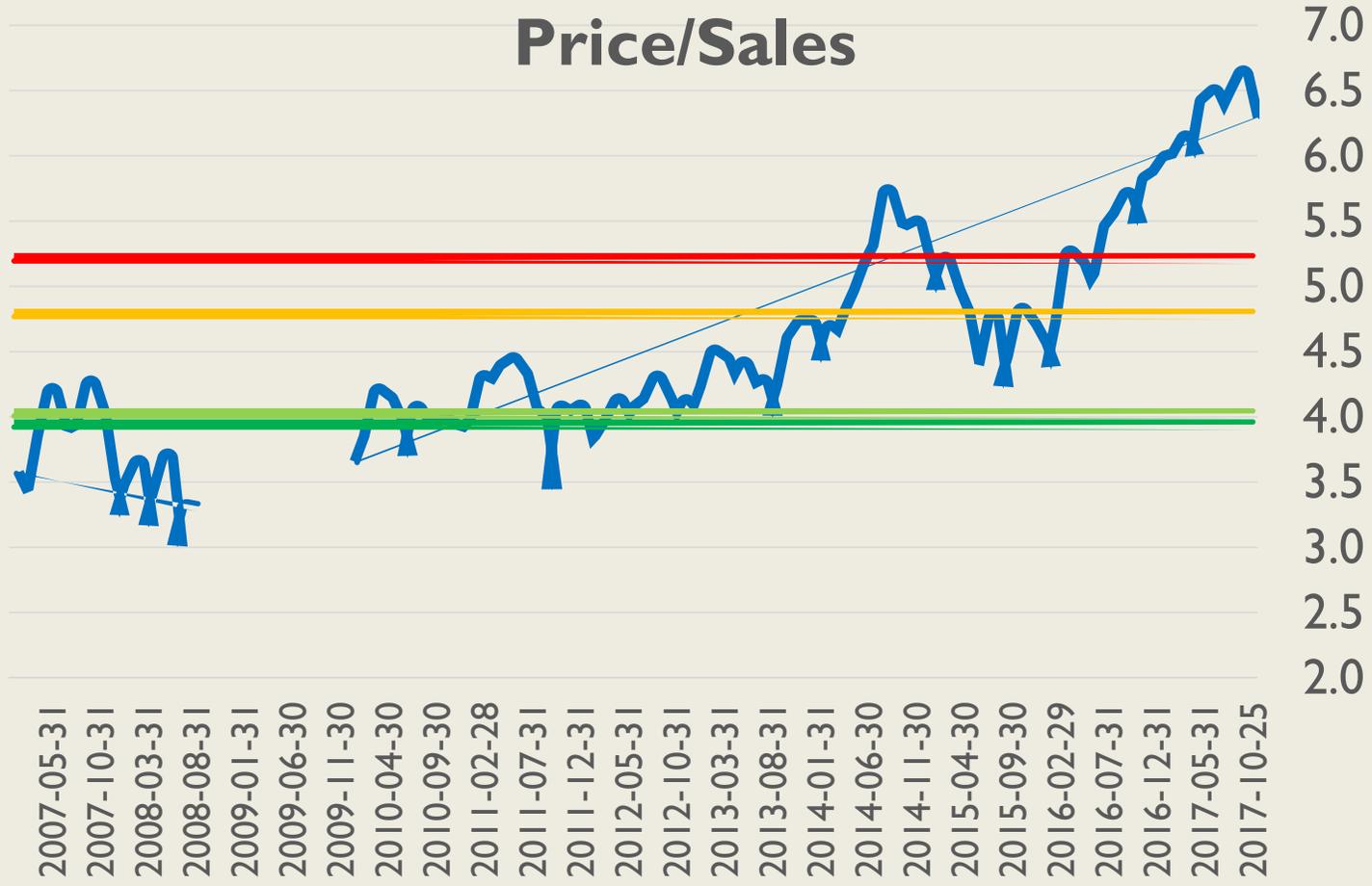
CANADIAN PACIFIC



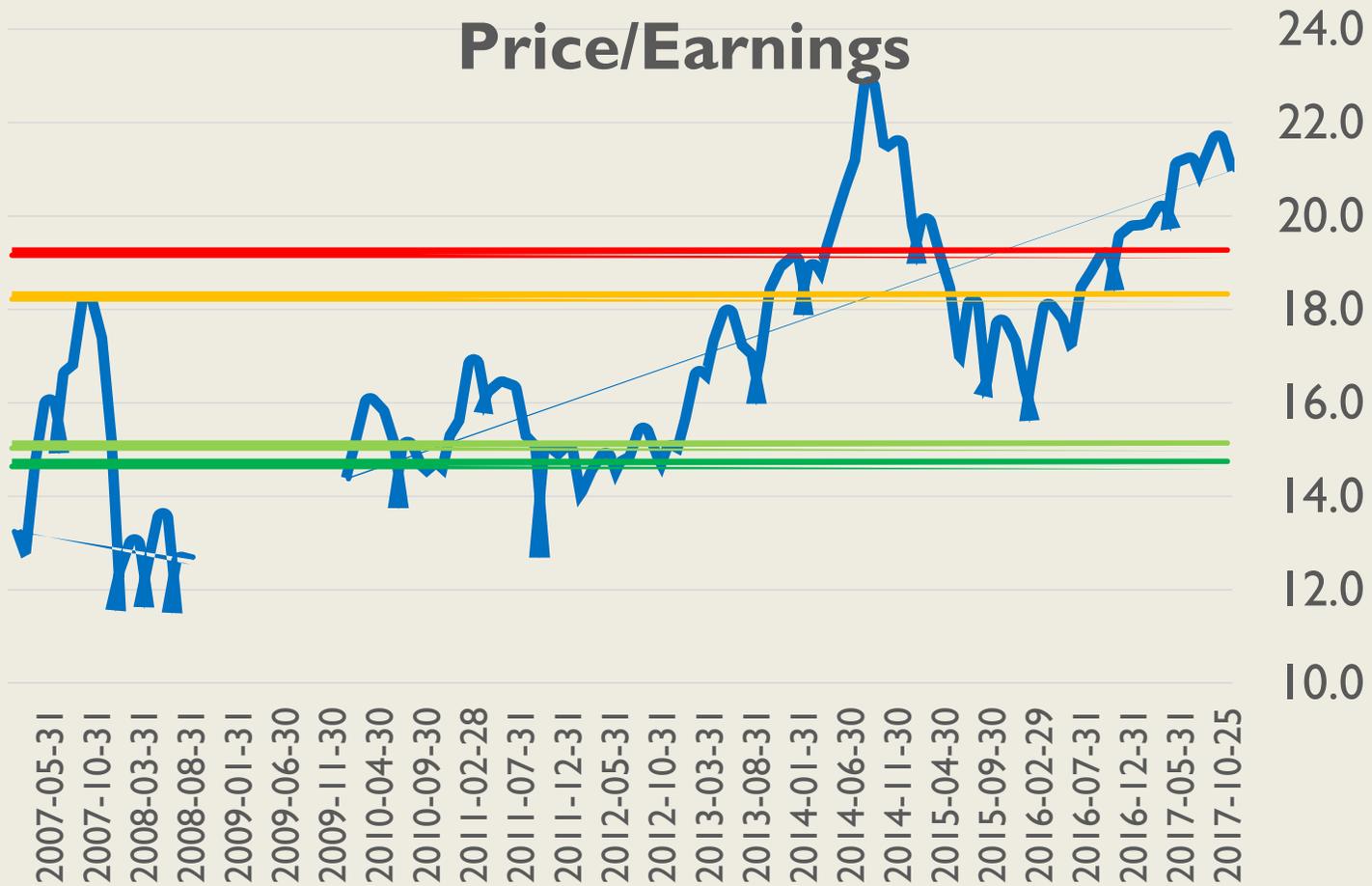


VALUE BANDS

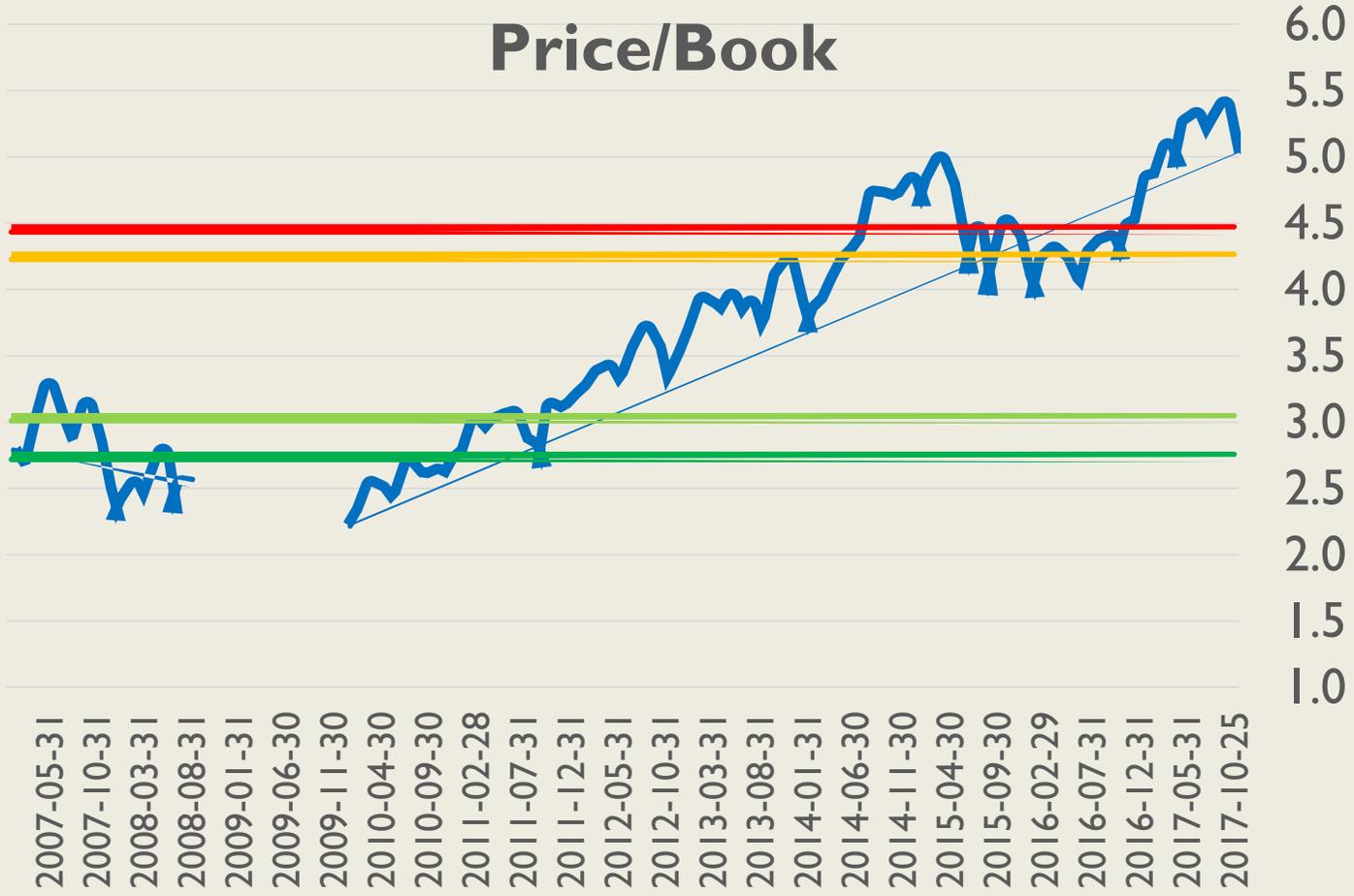
Price/Sales



Price/Earnings

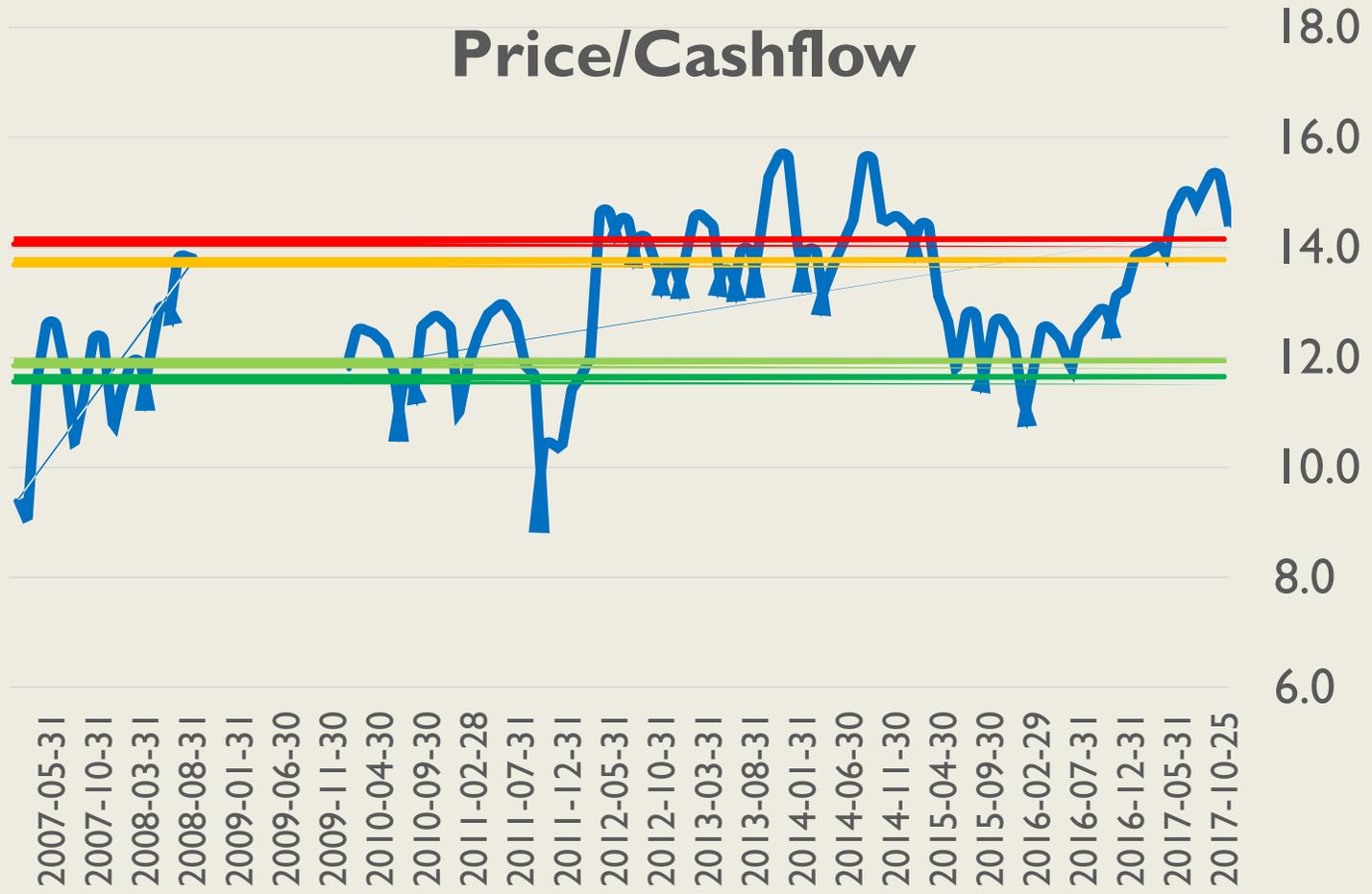


Price/Book

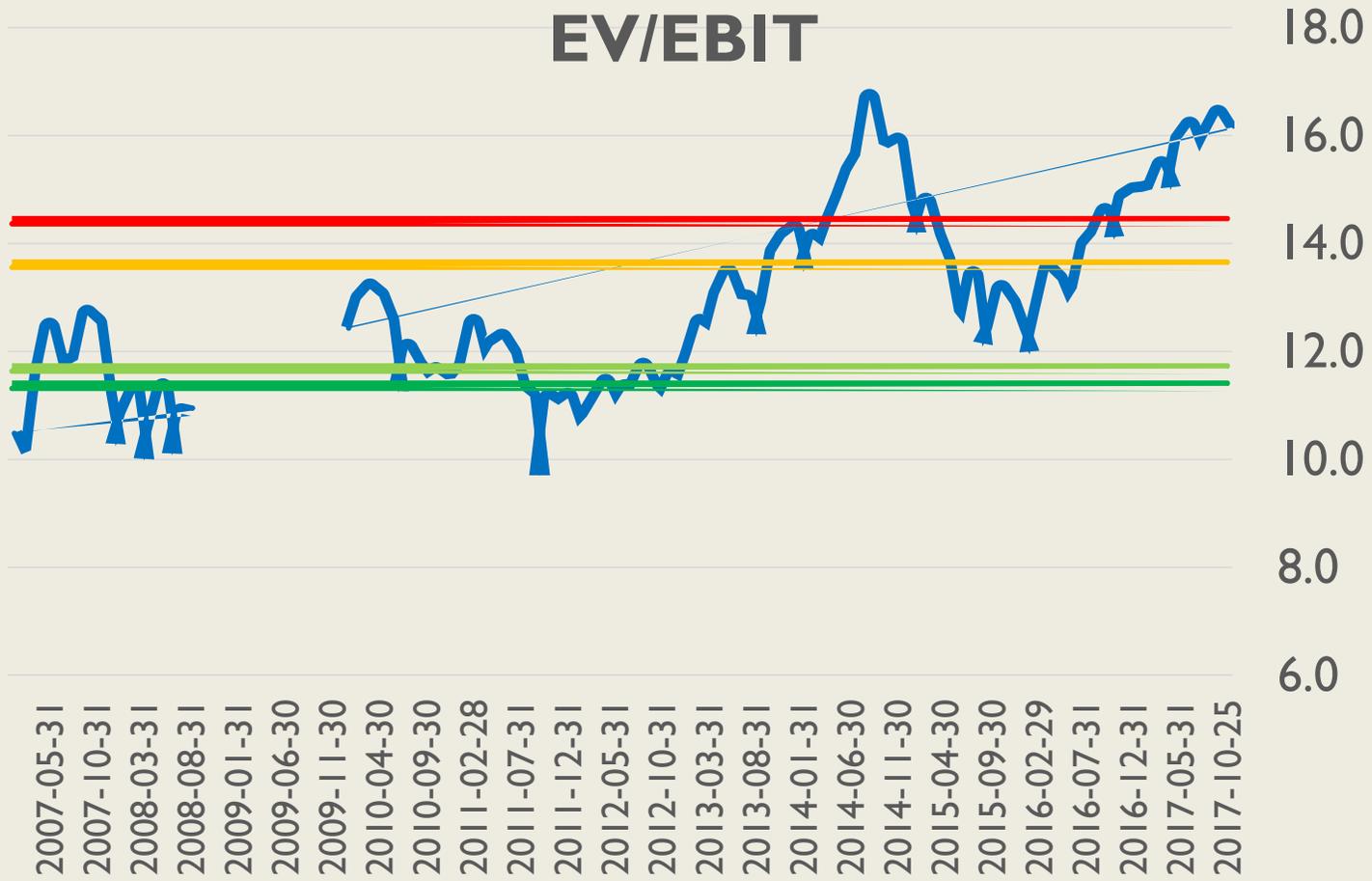




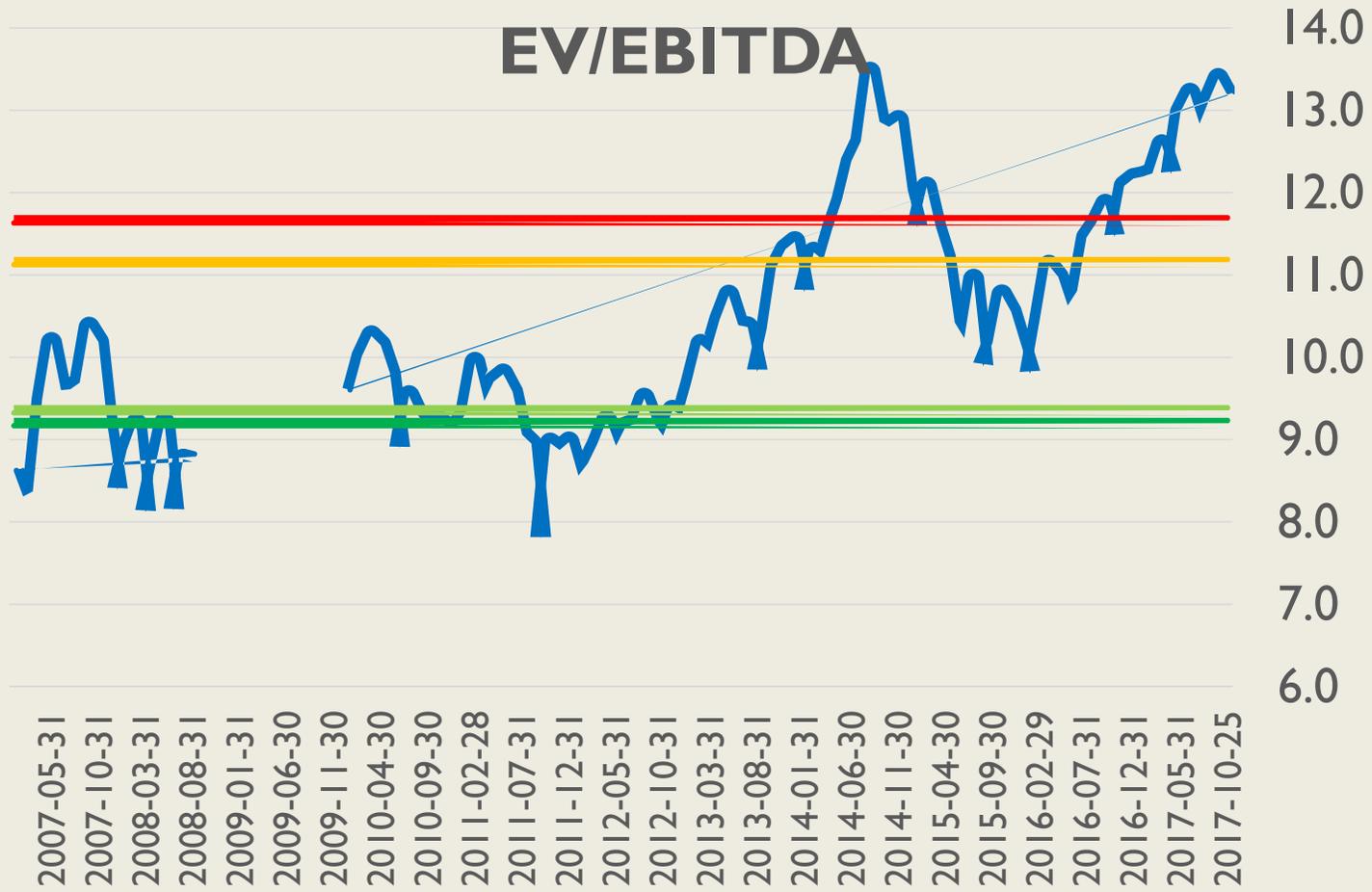
Price/Cashflow



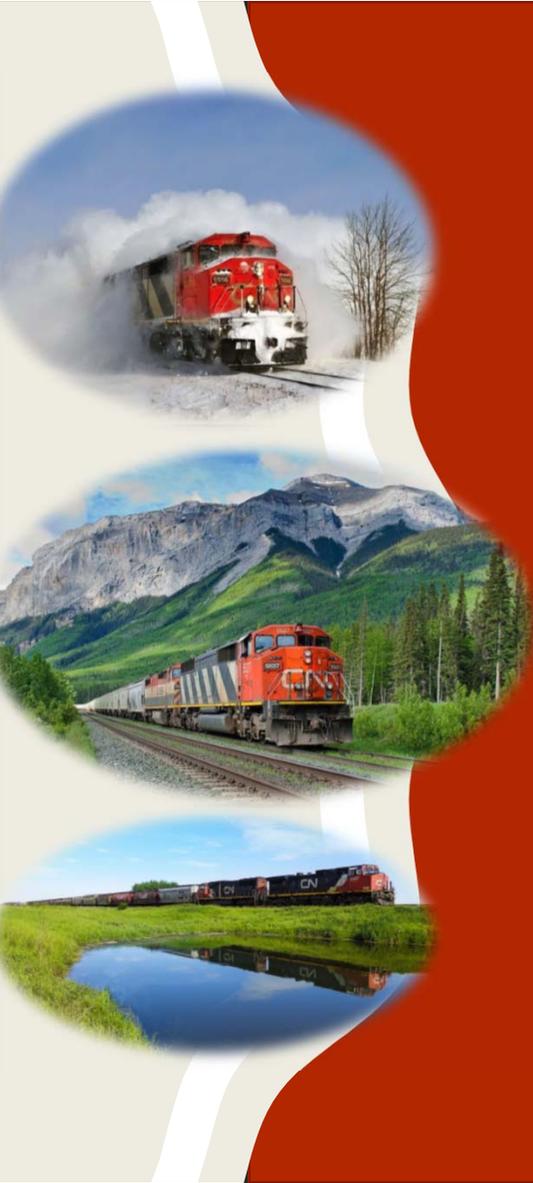
EV/EBIT



EV/EBITDA



DISCOUNTED CASH FLOW MODEL



DEFAULT



User Defined DCF: Default

Earnings Per Share ? :	\$	<input type="text" value="3.83"/>
Growth Rate In the Next ? :	<input type="text" value="10"/> Years:	<input type="text" value="10.0"/> %
Terminal Growth Rate ? :	<input type="text" value="4"/>	%
Years of Terminal Growth ? :	<input type="text" value="10"/>	
Discount Rate ? :	<input type="text" value="12"/>	%
Business Predictability ? :	<input type="radio"/> <input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="radio"/> <input type="radio"/>	

DCF Reverse DCF NEW

Fair Value ? : **56.5**

Tangible Book Value ? : \$
 Add to Fair Value

Growth Value ? : 34.73

Terminal Value ? : 21.76

Stock Price: \$

Margin Of Safety: **-44%**

DCF Reverse DCF NEW

Fair Value ? : **72.14**

Tangible Book Value ? : \$
 Add to Fair Value

Growth Value ? : 34.73

Terminal Value ? : 21.76

Stock Price: \$

Margin Of Safety: **-13%**

OUR ESTIMATES



Earnings Per Share ? :	\$ 3.83
Growth Rate In the Next ? :	10 Years: 9 %
Terminal Growth Rate ? :	4 %
Years of Terminal Growth ? :	10
Discount Rate ? :	9 %
Business Predictability ? :	★★★★☆ ?
<input type="button" value="Save Parameters"/>	

➔

DCF	Reverse DCF <small>NEW</small>
Fair Value ? :	83.79
<hr/>	
Tangible Book Value ? :	\$ 15.64
	<input checked="" type="checkbox"/> Add to Fair Value
Growth Value ? :	38.3
Terminal Value ? :	29.85
Stock Price:	\$ 81.44
Margin Of Safety:	3%

DCF	Reverse DCF <small>NEW</small>
Growth Rate ? :	8.48%
<hr/>	
Revenue Growth Rate ? :	8.70%(10y) 10.00%(5y) 8.20%(1y)
EBITDA Growth Rate ? :	10.20%(10y) 11.70%(5y) 9.60%(1y)
Earnings Growth Rate ? :	10.00%(10y) 12.20%(5y) 12.10%(1y)
Free Cash Flow Growth Rate ? :	13.20%(10y) 19.50%(5y) 21.00%(1y)
Book Value Growth Rate ? :	7.20%(10y) 11.00%(5y) 4.60%(1y)

VALUELINE FUTURE ESTIMATES



Earnings Per Share [?] : \$ 4.2

Growth Rate In the Next [?] : 10 Years: 8 %

Terminal Growth Rate [?] : 4 %

Years of Terminal Growth [?] : 10

Discount Rate [?] : 9 %

Business Predictability [?] : ★★★★★ [?]

[Save Parameters](#)

➔

DCF Reverse DCF ^{NEW}

Fair Value [?] : 85.43

Tangible Book Value [?] : \$ 15.64
 Add to Fair Value

Growth Value [?] : 39.94

Terminal Value [?] : 29.85

Stock Price: \$ 81.44

Margin Of Safety: **5%**

DCF Reverse DCF ^{NEW}

Growth Rate [?] : 7.14%

Revenue Growth Rate [?] : 8.70%(10y) 10.00%(5y) 8.20%(1y)

EBITDA Growth Rate [?] : 10.20%(10y) 11.70%(5y) 9.60%(1y)

Earnings Growth Rate [?] : 10.00%(10y) 12.20%(5y) 12.10%(1y)

Free Cash Flow Growth Rate [?] : 13.20%(10y) 19.50%(5y) 21.00%(1y)

Book Value Growth Rate [?] : 7.20%(10y) 11.00%(5y) 4.60%(1y)

OUR PRICE



Earnings Per Share : \$ 4.20

Growth Rate In the Next : 10 Years: 8 %

Terminal Growth Rate : 4 %

Years of Terminal Growth : 10

Discount Rate : 9 %

Business Predictability : ★★★★★

Save Parameters



DCF Reverse DCF ^{NEW}

Fair Value : 85.43

Tangible Book Value : \$ 15.64
 Add to Fair Value

Growth Value : 39.94

Terminal Value : 29.85

Stock Price: \$ 75

Margin Of Safety: **12%**

DCF Reverse DCF ^{NEW}

Growth Rate : 7.14%

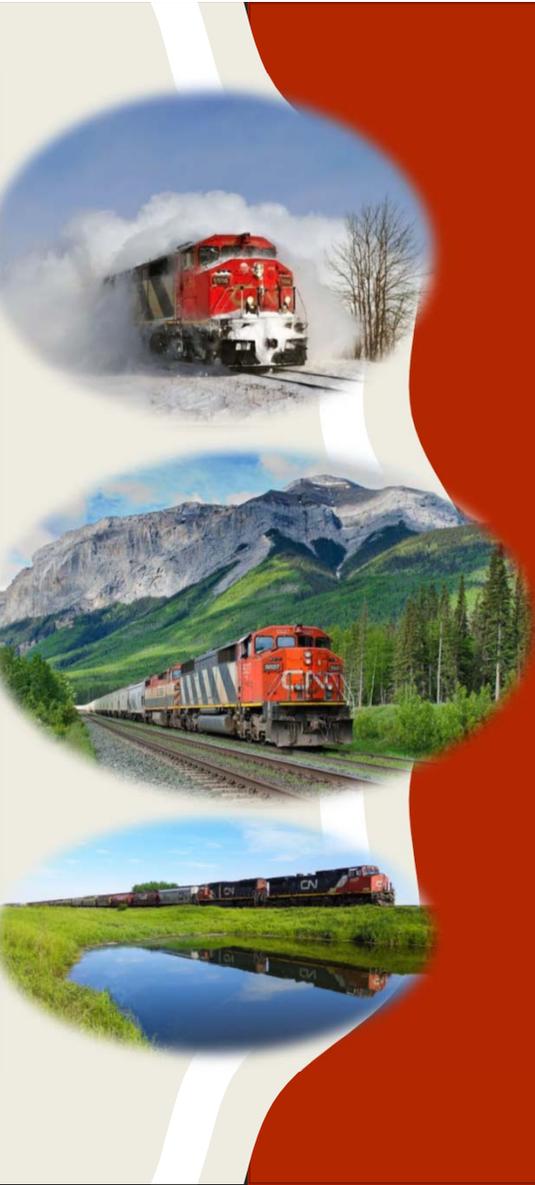
Revenue Growth Rate : 8.70%(10y) 10.00%(5y) 8.20%(1y)

EBITDA Growth Rate : 10.20%(10y) 11.70%(5y) 9.60%(1y)

Earnings Growth Rate : 10.00%(10y) 12.20%(5y) 12.10%(1y)

Free Cash Flow Growth Rate : 13.20%(10y) 19.50%(5y) 21.00%(1y)

Book Value Growth Rate : 7.20%(10y) 11.00%(5y) 4.60%(1y)



CONSCIOUS INVESTOR

7 YEARS



	12/10	12/11	12/12	12/13	12/14	12/15	12/16
EPS	2.240	2.628	3.076	2.902	3.317	3.164	3.464
SPS	9.030	9.921	11.639	11.958	12.915	11.523	11.686

	EPSttm	Yrs	HGROWTH	STAAGR
EPS	\$4.10	7	6.41%	95.22%
SPS		7	4.25%	93.04%

3 YEARS

	12/14	12/15	12/16
EPS	3.317	3.164	3.464
SPS	12.915	11.523	11.686



	EPSttm	Yrs	HGROWTH	STAAGR
EPS	\$4.10	3	2.19%	97.61%
SPS		3	-4.88%	97.81%

	Price	EPSttm	P/E Ratio	HGrowth	Payout	STRETD
Default	\$83.14	\$4.10	19.56	2.19%	29.2%	3.34%
Safety	\$83.14	\$4.10	16.44	-3.95%	23.0%	-4.63%

7 YEAR – SAFETY



	Price	EPS _{ttm}	P/E Ratio	HGrowth	Payout	STRETD
Default	\$83.14	\$4.10	19.56	6.41%	29.2%	7.61%
Safety	\$83.14	\$4.10	16.44	3.41%	23.0%	2.68%

P/E -15.95% | Growth -46.8% | Payout -21.23%

7 YEAR – KILL IT



	Price	EPS _{ttm}	P/E Ratio	HGrowth	Payout	STRETD
Safety	\$83.14	\$4.10	16.44	3.41%	23.0%	2.68%
Kill It	\$83.14	\$4.10	15.00	2.00%	23.0%	0.49%

P/E -8.76% | Growth -41.35%

	Price	EPS _{ttm}	P/E Ratio	HGrowth	Payout	STRETD
Kill It Again	\$83.14	\$4.10	14.00	2.00%	20.0%	-0.10%

P/E -14.84% | Growth -41.35% | Payout -13.04%

OUR PRICE



Price	EPS _{ttm}	P/E Ratio	HGrowth	Payout	STRETD
\$75.00	\$4.20	17.86	8.00%	23.0%	9.39%

Kill It

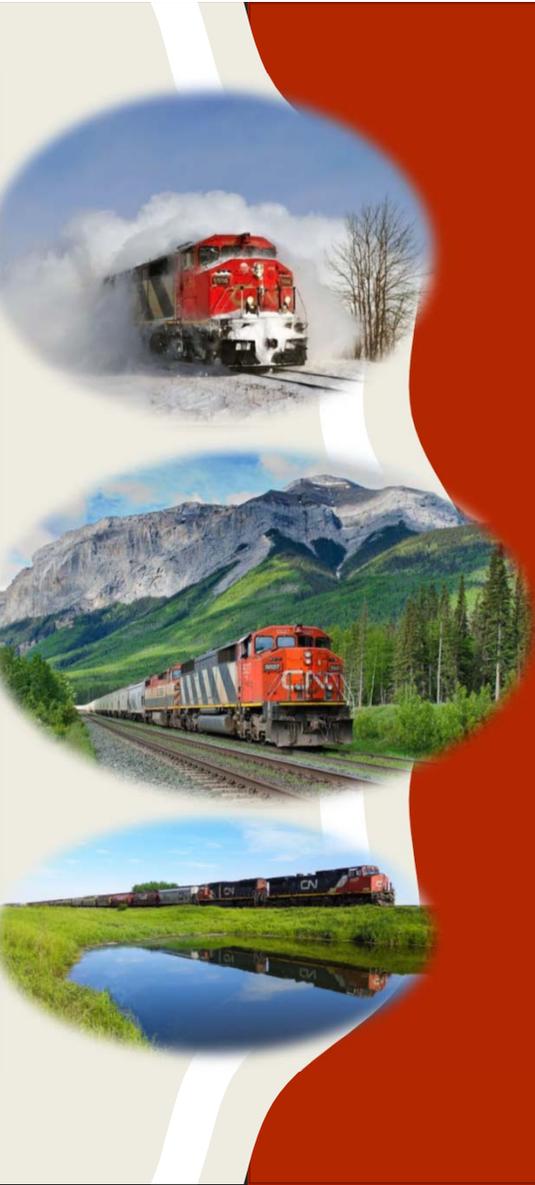
Price	EPS _{ttm}	P/E Ratio	HGrowth	Payout	STRETD
\$75.00	\$4.20	14.00	6.00%	20.0%	4.93%

P/E -21.6% | Growth -25% | Payout -13.04

Kill It Again

Price	EPS _{ttm}	P/E Ratio	HGrowth	Payout	STRETD
\$75.00	\$4.20	10.00	4.00%	18.0%	-0.09%

(from first) P/E -44% | Growth -50% | Payout -21.74%



INTRAPORTFOLIO VALUATION

P/E RATIO

Symbol	P/E Ratio
MCK	6.94
IBM	12.83
TSCO	17.45
DG	19.00
UNP	19.96
UHAL	20.16
CNI	20.17
QCOM	20.63
WMT	21.26

Symbol	P/E Ratio
BRK.B	21.34
ORCL	21.71
PEP	22.78
CHRW	23.12
NKE	23.39
NSRGY	27.21
MSFT	29.01
PII	51.50
AIG	1627.5

P/S RATIO

Symbol	P/S Ratio
MCK	0.16
WMT	0.55
CHRW	0.81
DG	1.02
TSCO	1.10
AIG	1.30
PII	1.60
IBM	1.85
BRK.B	1.92

Symbol	P/S Ratio
UHAL	2.16
PEP	2.49
NKE	2.70
NSRGY	2.81
QCOM	3.56
UNP	4.35
ORCL	5.50
CNI	6.16
MSFT	6.84

P/FCF RATIO

Symbol	P/FCF Ratio
UHAL	0.00
AIG	0.00
MCK	10.82
IBM	13.10
BRK.B	14.57
WMT	15.44
ORCL	16.77
MSFT	19.64
TSCO	20.39

Symbol	P/FCF Ratio
QCOM	21.27
UNP	22.85
NSRGY	23.12
DG	23.45
PEP	23.67
PII	25.13
CNI	26.19
CHRW	31.79
NKE	39.73

% ROE

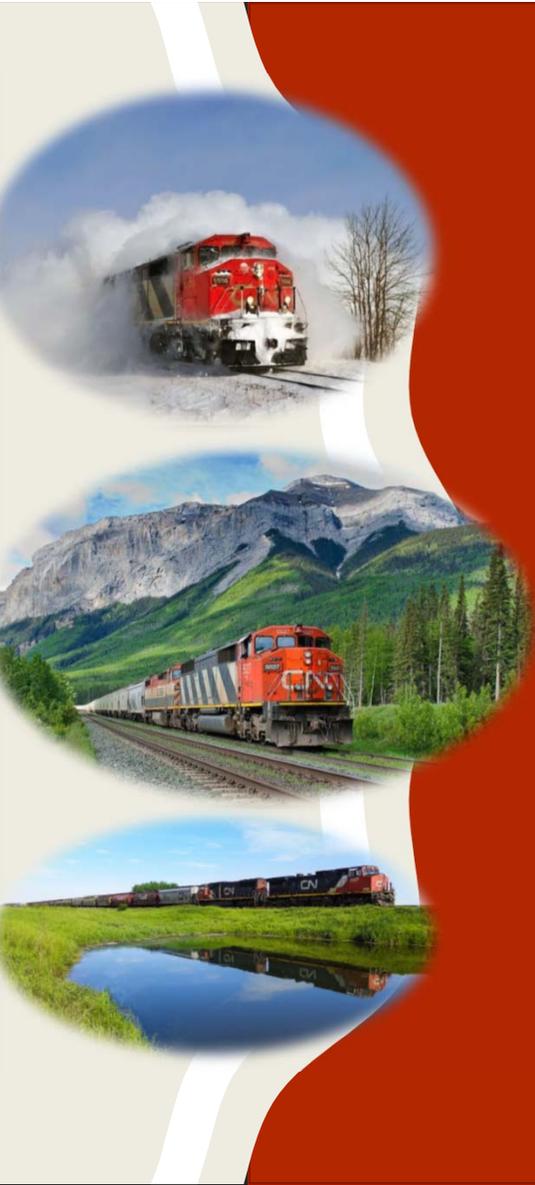
Symbol	ROE
IBM	61.71%
PEP	56.96%
MCK	49.57%
CHRW	37.59%
NKE	31.98%
TSCO	30.21%
MSFT	30.01%
CNI	26.14%
UNP	22.58%

Symbol	ROE
DG	22.33%
ORCL	18.95%
PII	17.47%
WMT	16.66%
NSRGY	15.37%
UHAL	14.43%
QCOM	12.46%
BRK.B	7.74%
AIG	-0.33%

EV/EBIT RATIO

Symbol	EV/EBIT
MCK	5.60
TSCO	11.23
UHAL	11.37
DG	12.68
UNP	12.99
BRK.B	13.14
IBM	14.08
WMT	14.09
ORCL	14.26

Symbol	EV/EBIT
CNI	15.39
CHRW	15.61
QCOM	16.24
PEP	16.96
NKE	18.99
NSRGY	20.81
MSFT	22.06
PII	34.82
AIG	40.32



CONCLUSION

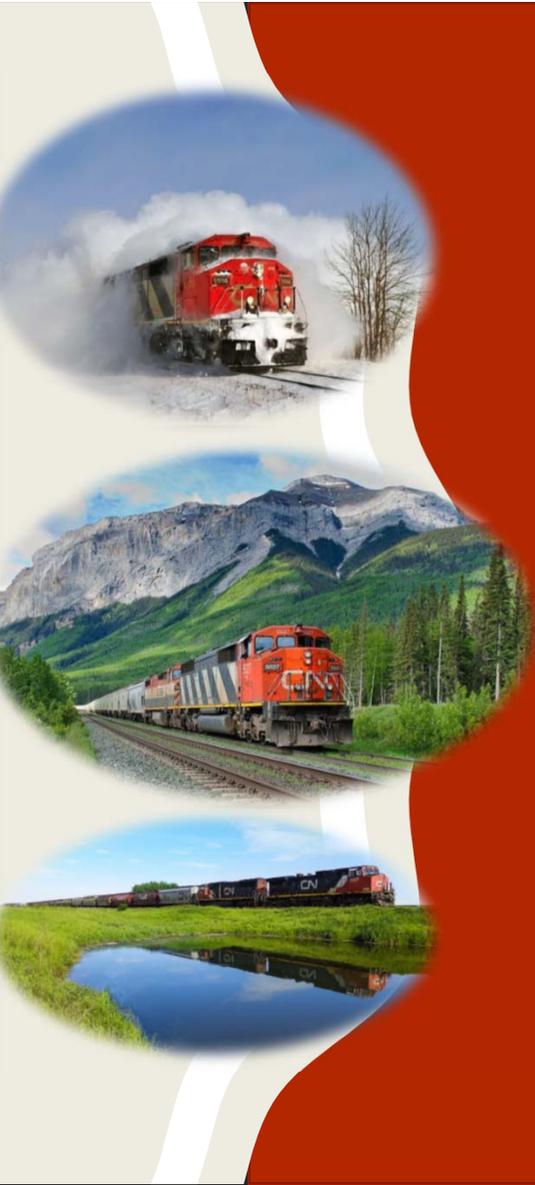
CONCLUSION

- Barriers to Entry
- Economies of Scale
- Strong Financials
- Network Effect
- Industry Leader in Efficiency



“It’s better to buy a wonderful company at a fair price than a fair company at a wonderful price.”

-Warren Buffett

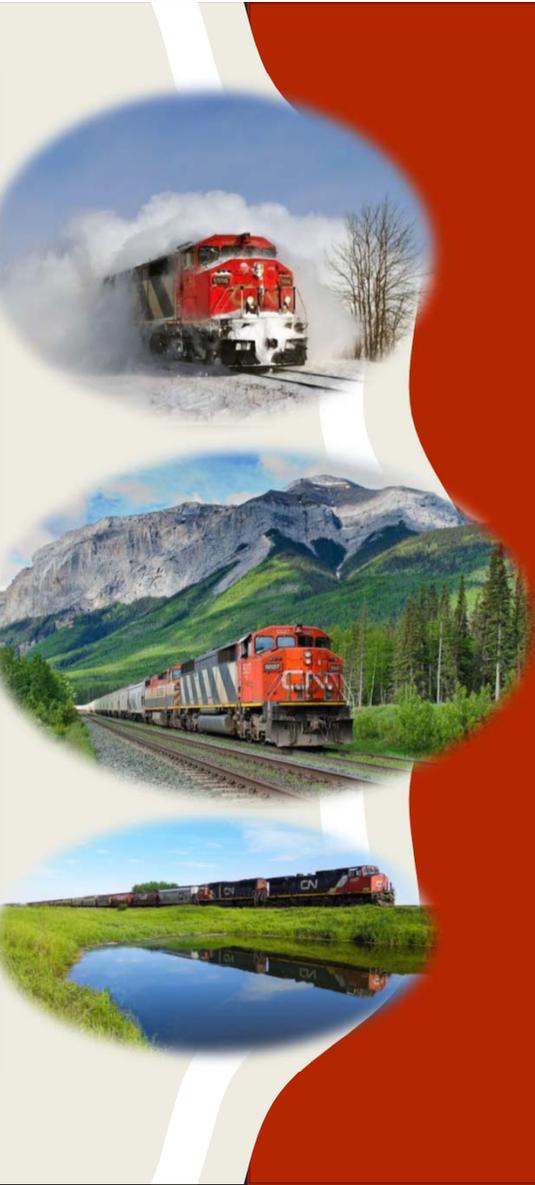


RECOMMENDATION



RECOMMENDATION

- Put with a strike price of \$75 & \$1.75 premium
 - to expire April 20th 2018
- If not feasible: Limit Order at \$75



APPENDIX

10 – Long-term debt

<i>In millions</i>		Maturity	US dollar-denominated amount	December 31,	2016	2015
Notes and debentures ⁽¹⁾						
Canadian National series:						
5.80%	10-year notes ⁽²⁾	June 1, 2016	US\$ 250	\$	-	\$ 346
1.45%	5-year notes ⁽²⁾	Dec. 15, 2016	US\$ 300		-	415
-	3-year floating rate notes ⁽³⁾	Nov. 14, 2017	US\$ 250		336	346
5.85%	10-year notes ⁽²⁾	Nov. 15, 2017	US\$ 250		336	346
5.55%	10-year notes ⁽²⁾	May 15, 2018	US\$ 325		436	450
6.80%	20-year notes ⁽²⁾	July 15, 2018	US\$ 200		269	277
5.55%	10-year notes ⁽²⁾	Mar. 1, 2019	US\$ 550		738	761
2.75%	7-year notes ⁽²⁾	Feb. 18, 2021			250	250
2.85%	10-year notes ⁽²⁾	Dec. 15, 2021	US\$ 400		537	554
2.25%	10-year notes ⁽²⁾	Nov. 15, 2022	US\$ 250		336	346
7.63%	30-year debentures	May 15, 2023	US\$ 150		201	208
2.95%	10-year notes ⁽²⁾	Nov. 21, 2024	US\$ 350		470	484
2.80%	10-year notes ⁽²⁾	Sep. 22, 2025			350	350
2.75%	10-year notes ⁽²⁾	Mar. 1, 2026	US\$ 500		671	-
6.90%	30-year notes ⁽²⁾	July 15, 2028	US\$ 475		638	657
7.38%	30-year debentures ⁽²⁾	Oct. 15, 2031	US\$ 200		269	277
6.25%	30-year notes ⁽²⁾	Aug. 1, 2034	US\$ 500		671	692
6.20%	30-year notes ⁽²⁾	June 1, 2036	US\$ 450		604	623
6.71%	Puttable Reset Securities PURS SM ⁽²⁾	July 15, 2036	US\$ 250		336	346
6.38%	30-year debentures ⁽²⁾	Nov. 15, 2037	US\$ 300		403	415
3.50%	30-year notes ⁽²⁾	Nov. 15, 2042	US\$ 250		336	346
4.50%	30-year notes ⁽²⁾	Nov. 7, 2043	US\$ 250		336	346
3.95%	30-year notes ⁽²⁾	Sep. 22, 2045			400	400
3.20%	30-year notes ⁽²⁾	Aug. 2, 2046	US\$ 650		872	-
4.00%	50-year notes ⁽²⁾	Sep. 22, 2065			100	100
Illinois Central series:						
7.70%	100-year debentures	Sep. 15, 2096	US\$ 125		168	173
BC Rail series:						
	Non-interest bearing 90-year subordinated notes ⁽⁴⁾	July 14, 2094			842	842
Total notes and debentures				\$	10,905	\$ 10,350



LONG-TERM DEBT



Long-term debt maturities

The following table provides the long-term debt maturities, including capital lease repayments on debt outstanding as at December 31, 2016, for the next five years and thereafter:

<i>In millions</i>		Capital leases		Debt		Total
2017 ⁽¹⁾	\$	212	\$	1,277	\$	1,489
2018		17		697		714
2019		10		730		740
2020		16		-		16
2021		6		781		787
2022 and thereafter		83		7,108		7,191
Total	\$	344	\$	10,593	\$	10,937

(1) Current portion of long-term debt.

ANNUAL RATES of change (per ADR)	Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 to '20-'22
Sales	8.0%	6.5%	6.5%
"Cash Flow"	10.0%	9.0%	7.5%
Earnings	11.0%	10.5%	8.0%
Dividends	16.0%	11.5%	11.0%
Book Value	6.5%	3.5%	11.0%



DEFENSE OF 9% DISCOUNT RATE



- 10 year treasury usually trades between 5-6%
- The current rate of the 10 year treasuries is around 2%
 - 56-62% lower than average
- The discount rate corresponds to the treasury, so it will also drop
- However, Buffett is more conservative in his outlook and only dropped the discount rate from 12% to 9%
 - a 25% drop

April 20, 2018 PUTS (176 days until expiration) *Click any strike to open contract detail*

Strike / % Distance From 81.31	Bid	YieldBoost* at Bid Total / Annualized	Ask	Last	Vol	Open Interest	Current Odds Put Expires Worthless	Cost Basis If Put
55.00 / -32.36%	0.05	0.09% / 0.19%	0.15	0.11	-	35	99%	54.95
60.00 / -26.21%	0.15	0.25% / 0.52%	0.30	0.30	-	208	96%	59.85
65.00 / -20.06%	0.40	0.62% / 1.28%	0.50	0.50	-	25	93%	64.60
70.00 / -13.91%	0.85	1.21% / 2.52%	1.00	0.95	-	42	86%	69.15
75.00 / -7.76%	1.75	2.33% / 4.84%	1.90	1.90	-	216	74%	73.25
80.00 / -1.61%	3.40	4.25% / 8.81%	3.60	2.95	-	672	57%	76.60
85.00 / +4.54%	6.00	7.06% / 14.64%	6.30	5.90	-	82	37%	79.00
90.00 / +10.69%	9.60	10.67% / 22.12%	9.90	-	-	-	20%	80.40
95.00 / +16.84%	13.70	14.42% / 29.91%	14.80	-	-	-	11%	81.30

