



Second Quarter 2023 Financial and Operating Results

July 25, 2023



TSX: CNR NYSE: CNI

Forward-looking statements



Certain statements included in this news release constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities laws, including statements based on management's assessment and assumptions and publicly available information with respect to CN. By their nature, forward-looking statements involve risks, uncertainties and assumptions. CN cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty. Forward-looking statements may be identified by the use of terminology such as "believes", "expects", "anticipates", "assumes", "outlook", "plans", "targets" or other similar words.

2023 Key Assumptions

CN has made a number of economic and market assumptions in preparing its 2023 outlook. The Company continues to assume negative North American industrial production in 2023. The Company now assumes that the 2023/2024 grain crop in Canada will be below its three-year average (excluding the significantly lower 2021/2022 crop year) and the U.S. grain crop will be above its three-year average (compared to the April 24, 2023 assumption that the 2023/2024 grain crops in Canada and the U.S. will be in line with their respective three-year averages (excluding the significantly lower 2021/2022 crop year in Canada)). CN continues to assume pricing above rail inflation upon contract renewals. CN also continues to assume that in 2023, the value of the Canadian dollar in U.S. currency will be approximately \$0.75, and now assumes the average price of crude oil (West Texas Intermediate) will be approximately US\$75 per barrel (compared to the April 24, 2023 assumption of being approximately US\$80 per barrel). Additionally, CN now also assumes that in 2023 there will be no further significant impact from Canadian wildfires.

2024-2026 Key Assumptions

CN has made a number of economic and market assumptions in preparing its three-year financial perspective. CN assumes that the North American industrial production will increase by at least two percent CAGR over the next three years. CN assumes continued pricing above rail inflation. CN assumes that the value of the Canadian dollar in U.S. currency will be approximately \$0.75 and that the average price of crude oil (West Texas Intermediate) will be approximately US\$80 per barrel during this period.

Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors which may cause actual results, performance or achievements of CN to be materially different from the outlook or any future results, performance or achievements implied by such statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements. Important risk factors that could affect the forward-looking statements include, but are not limited to, general economic and business conditions, including factors impacting global supply chains such as pandemics and geopolitical conflicts and tensions; industry competition; inflation, currency and interest rate fluctuations; changes in fuel prices; legislative and/or regulatory developments; compliance with environmental laws and regulations; actions by regulators; increases in maintenance and operating costs; security threats; reliance on technology and related cybersecurity risk; trade restrictions or other changes to international trade arrangements; transportation of hazardous materials; various events which could disrupt operations, including illegal blockades of rail networks, and natural events such as severe weather, droughts, fires, floods and earthquakes; climate change; labor negotiations and disruptions; environmental claims; uncertainties of investigations, proceedings or other types of claims and litigation; risks and liabilities arising from derailments; timing and completion of capital programs; and other risks detailed from time to time in reports filed by CN with securities regulators in Canada and the United States. Reference should also be made to Management's Discussion and Analysis (MD&A) in CN's annual and interim reports, Annual Information Form and Form 40-F, filed with Canadian and U.S. securities regulators and available on CN's website, for a description of major risk factors relating to CN.

Forward-looking statements reflect information as of the date on which they are made. CN assumes no obligation to update or revise forward-looking statements to reflect future events, changes in circumstances, or changes in beliefs, unless required by applicable securities laws. In the event CN does update any forward-looking statement, no inference should be made that CN will make additional updates with respect to that statement, related matters, or any other forward-looking statement. Information contained on, or accessible through, our website is not part of this presentation.

Non-GAAP measures

CN reports its financial results in accordance with United States generally accepted accounting principles (GAAP). CN also uses non-GAAP measures in this presentation that do not have any standardized meaning prescribed by GAAP, including adjusted net income, adjusted diluted earnings per share (EPS), adjusted operating income, adjusted operating ratio (referred to as adjusted performance measures), and free cash flow. These non-GAAP measures may not be comparable to similar measures presented by other companies. See the Q2 2023 Earnings Release filed on July 25th, 2023, which is incorporated by reference herein which may be found online on SEDAR+ at www.sedarplus.com, on the SEC's website at www.sec.gov through EDGAR, and on the Company's website at www.cn.ca in the Investors section.

This presentation also includes certain forward looking non-GAAP measures (adjusted diluted EPS). It is not practicable to reconcile, without unreasonable efforts, these forward-looking measures to the most comparable GAAP measures, due to unknown variables and uncertainty related to future results. Please see note on Forward Looking Statements above for further discussion.

All amounts in this presentation are expressed in Canadian dollars, unless otherwise noted.

On the call today



Tracy Robinson

President and CEO



Ed Harris

Chief Operating Officer



Doug MacDonald

Chief Marketing Officer



Ghislain Houle

Chief Financial Officer

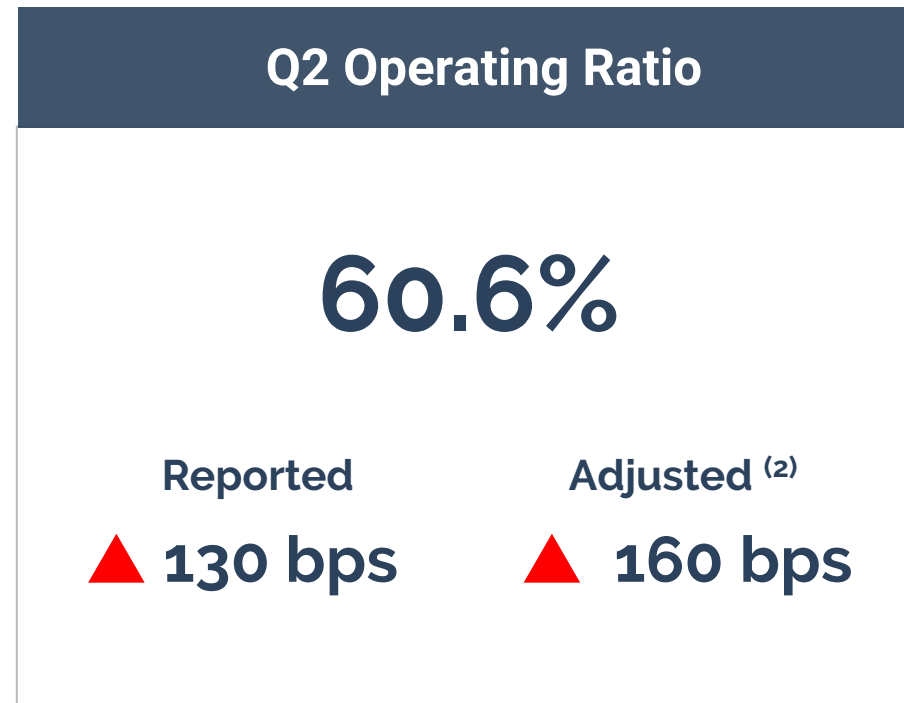
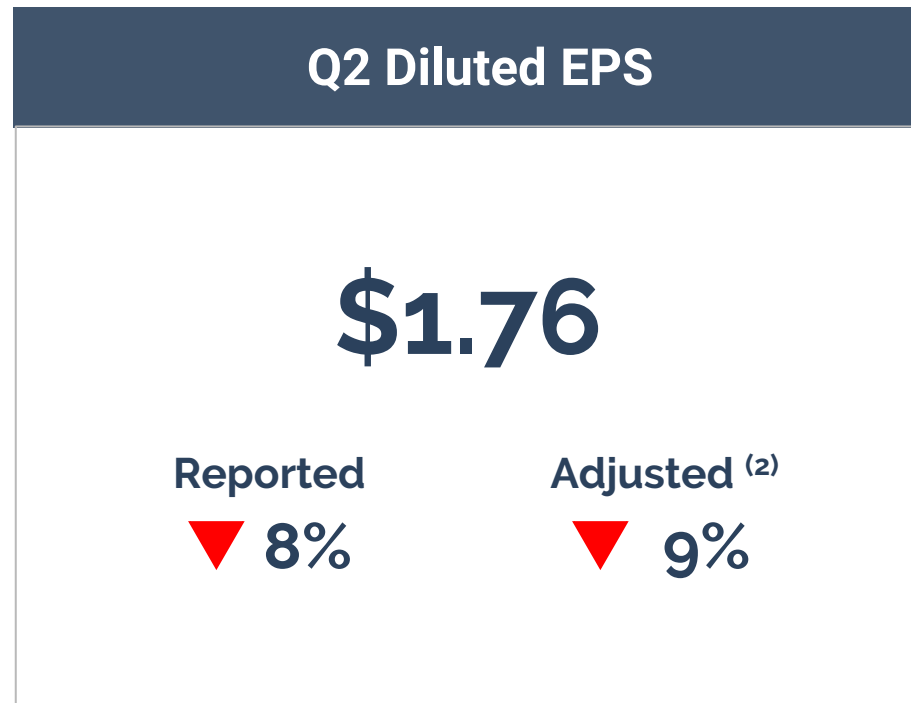


Tracy Robinson

President and Chief Executive Officer

Strong execution, weak economic backdrop – Revising full-year outlook ⁽¹⁾

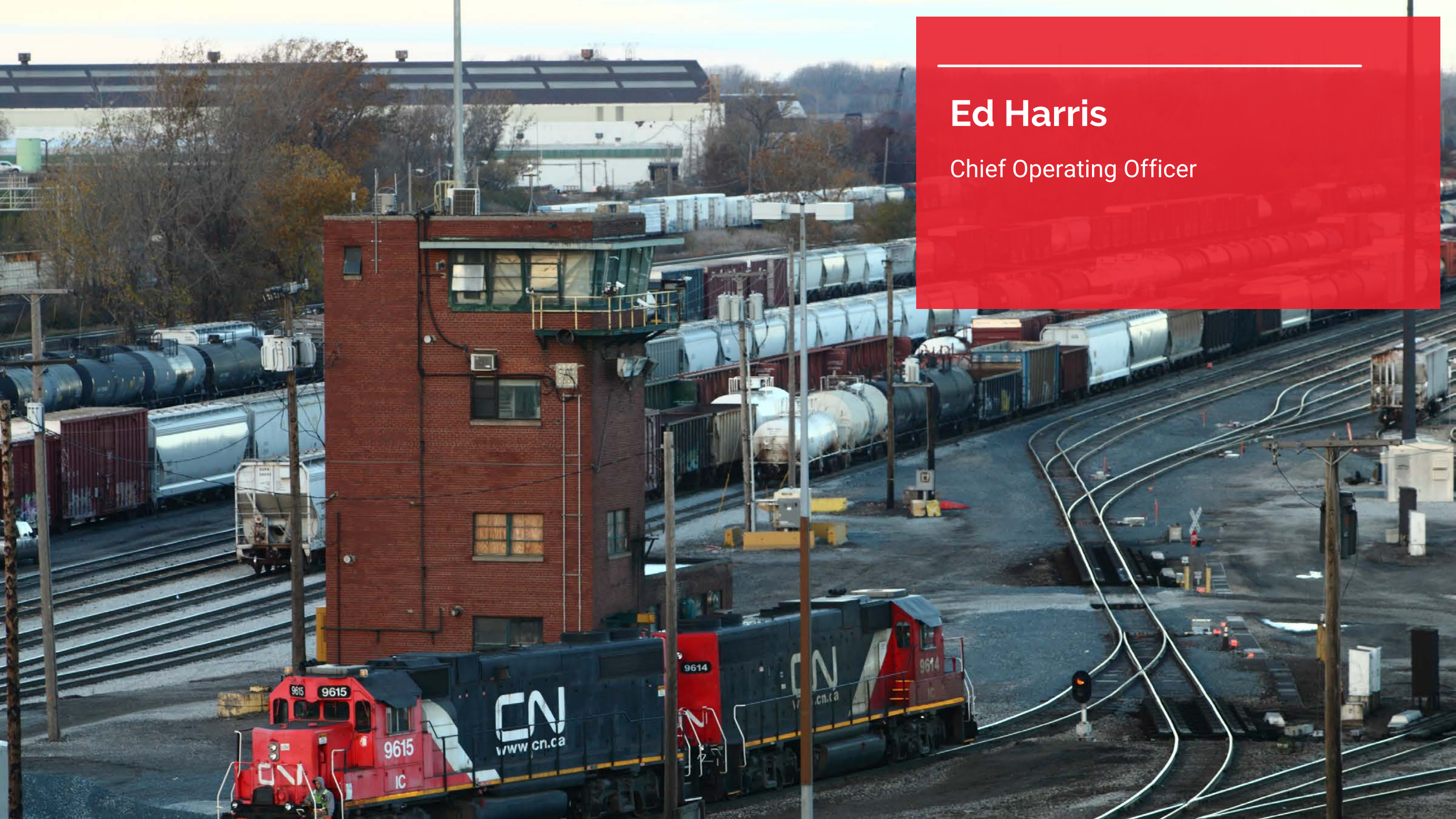
- The power of the Plan – swift operational recovery and continued focus on velocity delivering industry-leading customer service
- Unprecedented Canadian wildfires and extreme heat exacerbated the impact of softer than expected freight demand
- Q2 results, along with a weaker economic environment, leading to revised full-year outlook of flat to slightly negative adjusted diluted EPS ⁽¹⁾⁽²⁾ growth in 2023



⁽¹⁾ Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors underlying CN's financial outlook.

⁽²⁾ These non-GAAP measures do not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. For adjusted diluted EPS and adjusted operating ratio, see the section entitled "Adjusted performance measures" in the Q2 2023 Quarterly Review filed on July 25th, 2023, which are incorporated by reference herein, for an explanation of these non-GAAP measures.

⁽³⁾ CN's full-year adjusted diluted EPS outlook exclude certain adjustments, which are expected to be comparable to adjustments made in prior years. However, management cannot individually quantify on a forward-looking basis the impact of these adjustments on its adjusted diluted EPS because these items, which could be significant, are difficult to predict and may be highly variable. As a result, CN does not provide a corresponding GAAP measure for, or reconciliation to, its adjusted diluted EPS outlook



Ed Harris

Chief Operating Officer

Committed to The Plan through all economic cycles



- Solid operating metrics despite an 8x increase in weather-related delays in Western Canada versus last year
- Delivering consistent customer service – adhering to the plan, departing trains on time, and maintaining car velocity underpins first and last-mile service
- Advancing a values-based safety culture and reinforcing how we look out for each other day in and day out

Q2 Origin train performance ⁽¹⁾⁽²⁾

91%

▲ 12%

Q2 Car velocity ⁽²⁾

216 miles/day

▲ 3%

Q2 Safety highlights

**Injury frequency
rate⁽²⁾⁽³⁾**

▼ 17%

**Accident
rate⁽²⁾⁽³⁾**

▲ 5%

(1) Origin train performance, which is defined as the percentage of manifest, automotive, and domestic intermodal trains departing origin within allowance of the scheduled time, averaged 91% in Q2 2023, an improvement of 12% compared to 81% for the same period in 2022.

(2) Operating measures and safety indicators are unaudited and based on estimated data available at such time and are subject to change as more complete information becomes available.

(3) Based on Federal Railroad Administration (FRA) reporting criteria.



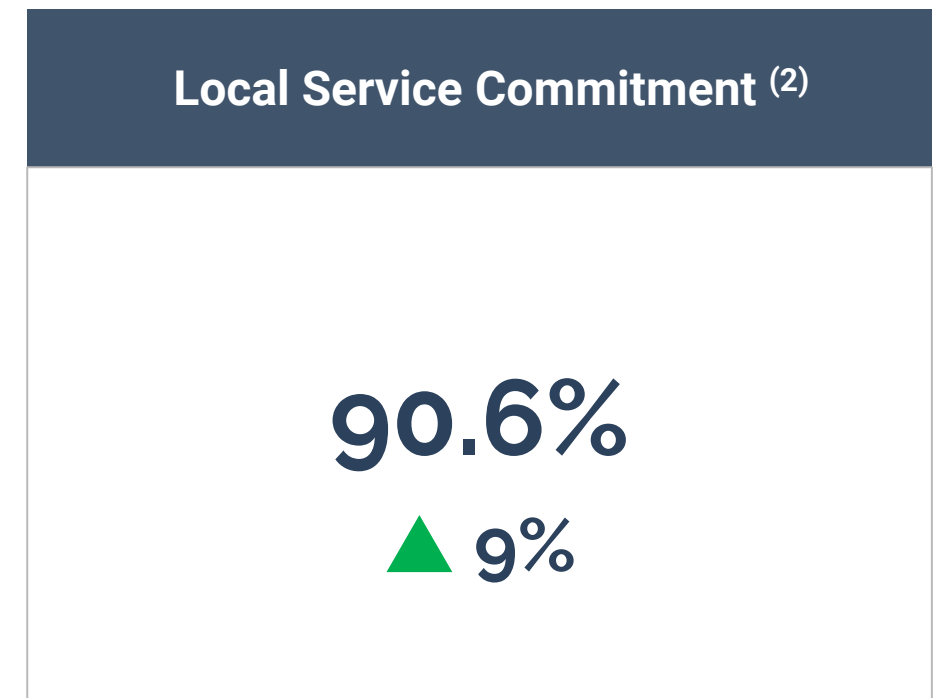
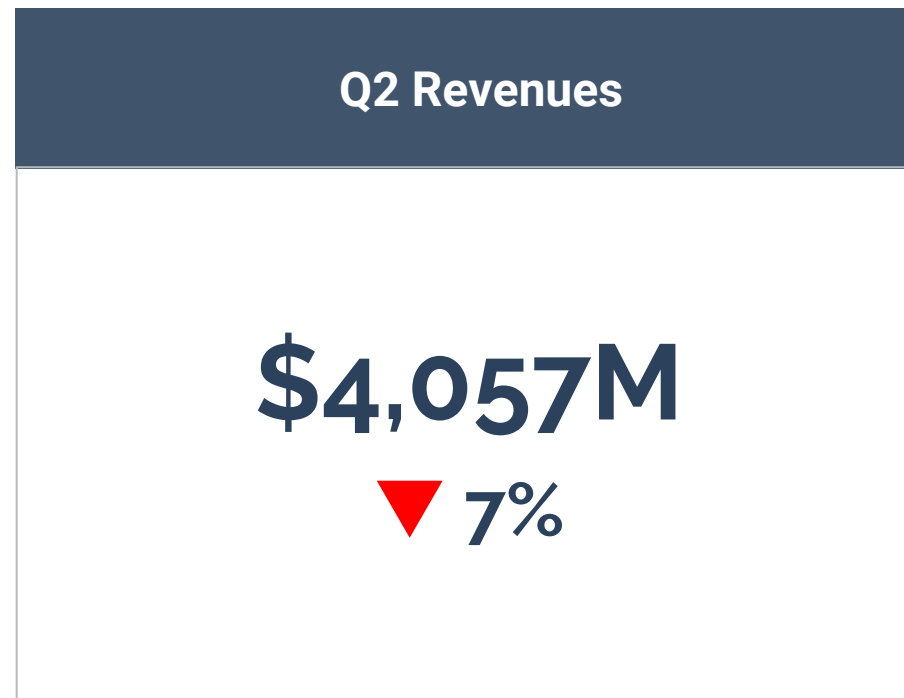
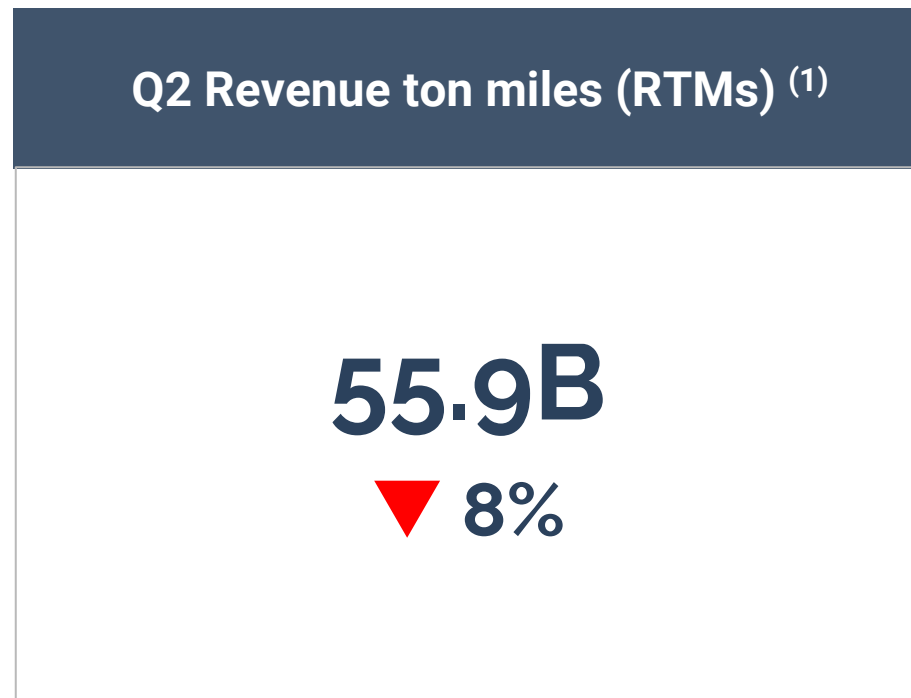
Doug MacDonald

Chief Marketing Officer

Near-term demand weakness does not alter our growth agenda



- Q2 impacted by softer than expected intermodal and forest products demand, and customer outages related to Canadian wildfires
- Strong demand for bulk products – Canadian grain, potash, metallurgical coal
- Achieving above rail inflation pricing on contract renewals
- Advancing longer term, CN-specific growth projects – new fuel facility in Mac Yard and new frac sand volumes to Northeast BC in Q4



(1) Operating measures are unaudited and based on estimated data available at such time and are subject to change as more complete information becomes available.

(2) The percentage of cars that successfully completed their Daily Operating Plan.

Expecting recovery to be pushed to 2024



Merchandise

- ↓ Forest Products
- ↔ Metals and Minerals
- ↔ Petroleum Products
- ↔ Chemicals and Plastics



Bulk

- ↑ Western Canadian Coal
- ↔ U.S. Coal
- ↑ Grain
- ↔ Fertilizers



Consumer Products

- ↓ International Intermodal
- ↓ Domestic Intermodal
- ↑ Automotive

Ghislain Houle

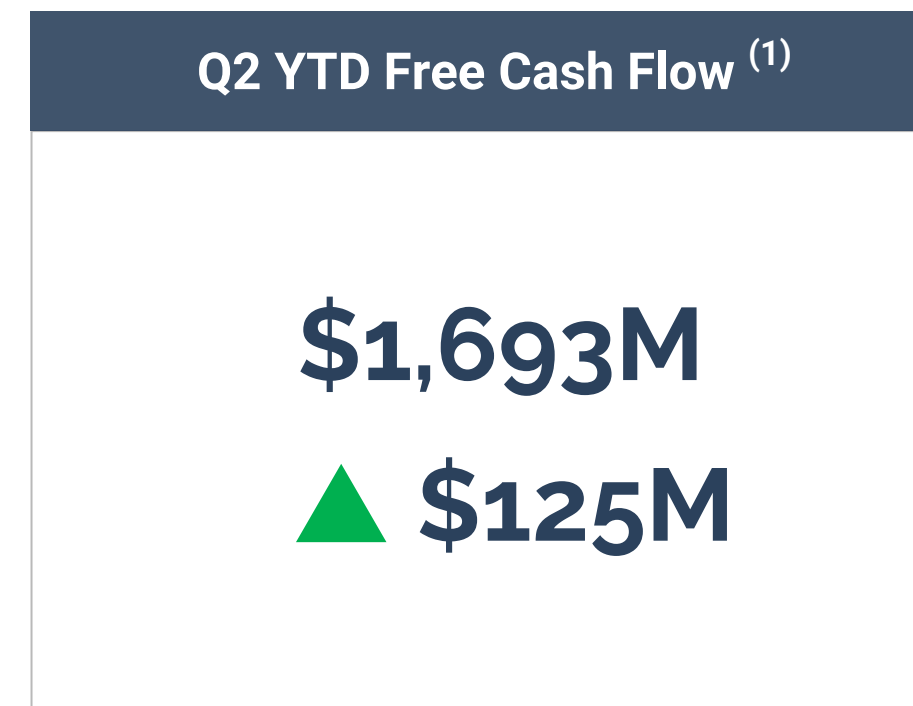
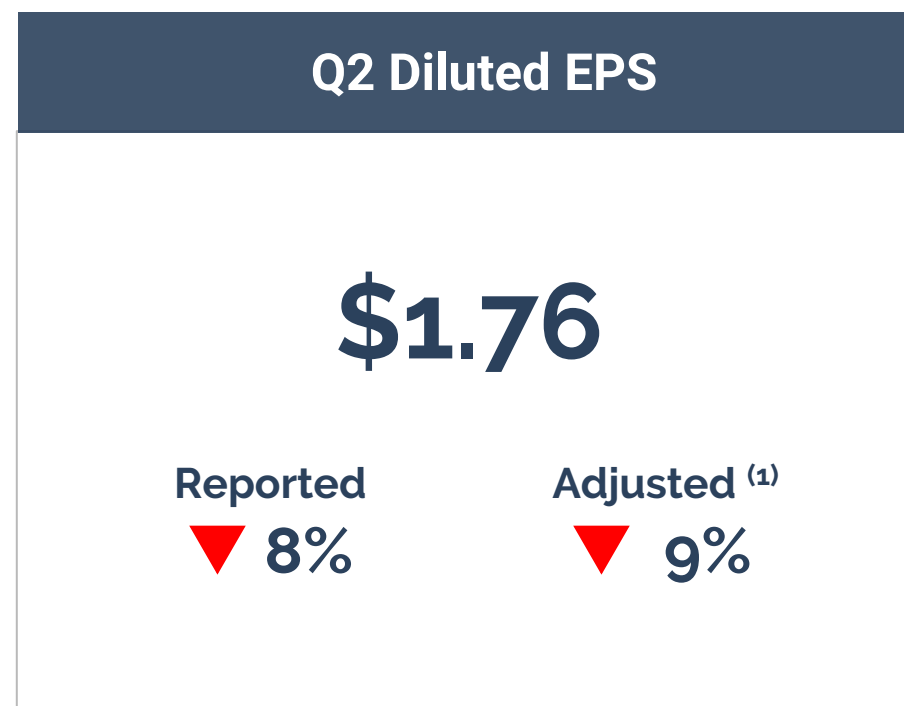
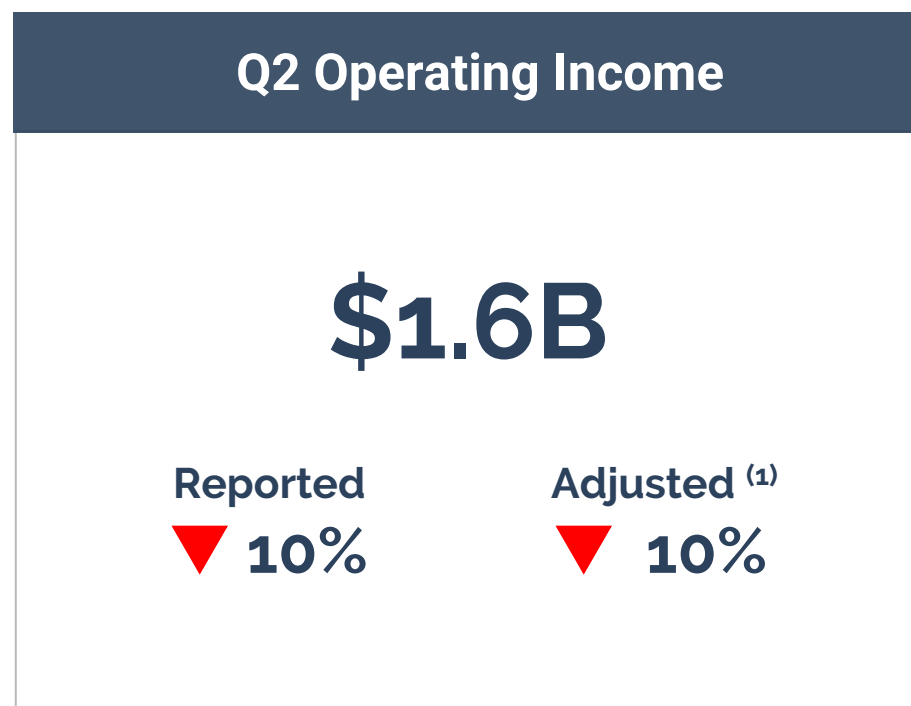
Chief Financial Officer



Financial results reflect challenging external environment




- Lower customer demand and the impact of weather-related disruptions resulted in 10% lower operating income
- Tight cost management – consolidating train starts, laying up equipment, moderating pace of hiring
- Free cash flow remained solid at \$1.7B Q2 year-to-date



(1) These non-GAAP measures do not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. For adjusted diluted EPS and adjusted Operating Income, see the section entitled "Adjusted performance measures" and for free cash flow, see the section entitled "Free cash flow" in the Q2 2023 Quarterly Review filed on July 25th, 2023, which are incorporated by reference herein, for an explanation of these non-GAAP measures.

Updating our 2023 financial outlook ⁽¹⁾

- Expecting to deliver flat to slightly negative adjusted diluted EPS ⁽¹⁾⁽²⁾ growth over 2022, versus mid single-digit previously
- Volumes in terms of RTMs expected to outpace North American industrial production which is still assumed to be negative in 2023, improvement in consumer demand now pushed to 2024
- Continuing to reward long-term shareholders with 8% growth in dividend for 2023 and executing on our 2023-2024 share repurchase program, in the range of \$4B

Adjusted diluted EPS ⁽²⁾ growth	2023 Dividend	Share buyback
<p style="text-align: center;">Flat to Slightly Negative</p>	<p style="text-align: center;"> 8%</p>	<p style="text-align: center;">Up to 32 million common shares</p>

(1) Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors underlying CN's financial outlook.

(2) CN's full-year adjusted diluted EPS outlook excludes certain adjustments, which are expected to be comparable to adjustments made in prior years. However, management cannot individually quantify on a forward-looking basis the impact of these adjustments on its adjusted diluted EPS because these items, which could be significant, are difficult to predict and may be highly variable. As a result, CN does not provide a corresponding GAAP measure for, or reconciliation to, its adjusted diluted EPS outlook.



Tracy Robinson

President and Chief Executive Officer

Right plan in place to accelerate sustainable, profitable growth



- CN's disciplined approach to running the Plan continues to focus on driving operational efficiency and delivering consistent and reliable service for our customers
- Although demand remains challenged through back half of 2023, our growth initiatives are progressing and we're ready for the rebound
- Reiterating our 2024-26 financial perspective of 10%-15% diluted EPS CAGR

On the right track