Second Quarter 2012 Financial Results

July 25, 2012

FORWARD-LOOKING STATEMENTS

The financial results in this presentation were determined on the basis of U.S. GAAP. Please refer to the website www.cn.ca/nonGAAP for the reconciliation of certain non-GAAP measures to comparable GAAP measures. To the extent we have provided guidance which are non-GAAP financial measures, we may not be able to provide a reconciliation to the GAAP measures, due to unknown variables and uncertainty related to future results.

Certain information included in this presentation constitutes “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities laws. CN cautions that, by their nature, these forward-looking statements involve risks, uncertainties and assumptions. The Company 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. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of the Company or the rail industry to be materially different from the outlook or any future results or performance implied by such statements. Key assumptions used in determining forward-looking information are set forth below.

Key assumptions

CN is revising the 2012 financial outlook that was last updated on April 23, 2012, in a news release announcing the Company’s first-quarter 2012 financial results.

Current assumptions

CN’s revised 2012 financial outlook is based on a number of economic and market assumptions. The Company is forecasting that North American industrial production for 2012 will increase by about 3.5 per cent. For the year, CN also expects U.S. housing starts to be approximately 750,000 units, and U.S. motor vehicles sales to be approximately 14.5 million units. In addition, CN is assuming the 2012/2013 U.S. grain crop will be in line with the 2011/2012 crop year, and that the 2012/2013 Canadian grain crop will be slightly higher than the five-year average. With the assumptions above, CN also assumes carload growth in the mid-single digit range, along with continued pricing improvement above inflation. CN also assumes the Canadian-U.S. exchange rate to be slightly below parity for 2012 and that the price of crude oil (West Texas Intermediate) for the year to be in the range of US$85-US$95 per barrel. In 2012, CN plans to invest approximately C$1.8 billion in capital programs, of which more than C$1 billion will be targeted on track infrastructure to maintain a safe and fluid railway network. In addition, the Company will invest in projects to support a number of productivity and growth initiatives.

Prior assumptions (as of April 23, 2012)

CN, on April 23, 2012, revised its initial 2012 financial outlook that was issued on Jan. 24, 2012, in a news release announcing the Company’s fourth-quarter and full-year 2011 financial results. On April 23, 2012, the Company forecast that North American industrial production for 2012 would increase by about 3.5 per cent (up from three per cent previously forecast). CN also expected U.S. housing starts would be approximately 750,000 units (compared with 700,000 units) and U.S. motor vehicles sales would be approximately 14.5 million units (up from 13.5 million units) for the year. In addition, CN assumed the 2012/2013 grain crops in both Canada and the U.S. would be in line with five-year averages. With respect to the 2011/2012 crop, U.S. corn and soybean production was projected to be slightly below -- and exports were projected to be significantly below -- the prior year’s crop. Canadian 2011/2012 grain production and export forecasts were projected to be moderately above the prior year’s crop. With these assumptions, CN also assumed carload growth in the mid-single digit range, along with continued pricing improvement above inflation. CN assumed the Canadian-U.S. exchange rate would be around parity for 2012, and that the price of crude oil (West Texas Intermediate) for the year would be in the range of US$100 per barrel. In 2012, CN planned to invest approximately C$1.8 billion in capital programs (up from C$1.75 billion), of which more than C$1 billion was to be targeted on track infrastructure to maintain a safe and fluid railway network. In addition, the Company planned to invest in projects to support a number of productivity and growth initiatives.

Important risk factors that could affect the forward-looking statements include, but are not limited to, the effects of general economic and business conditions, 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, various events which could disrupt operations, including natural events such as severe weather, droughts, floods and earthquakes, labor negotiations and disruptions, environmental claims, uncertainties of investigations, proceedings or other types of claims and litigation, risks and liabilities arising from derailments, and other risks detailed from time to time in reports filed by CN with securities regulators in Canada and the United States. Reference should be made to “Management’s Discussion and Analysis” in CN’s annual and interim reports, Annual Information Form and Form 40-F filed with Canadian and U.S. securities regulators, available on CN’s website, for a summary of major risk factors.

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 Canadian 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.

Claude Mongeau
President and Chief Executive Officer

Q2 Highlights

- Revenues up 10% at constant currency [1]
- Operating ratio at 61.3%
- Adjusted diluted EPS of $1.50, up 19% [1]
- YTD Free cash flow of $703M [1]

Strong financial and operating results

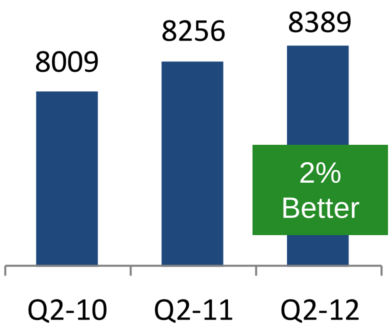
[1] *Please see website, www.cn.ca/nonGAAP, for an explanation and/or reconciliation of these non-GAAP measures.*

Keith Creel

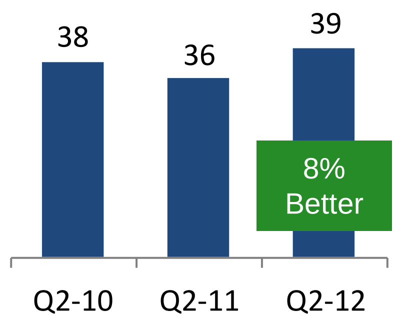
Executive Vice-President and Chief Operating Officer

Q2 Operating Highlights

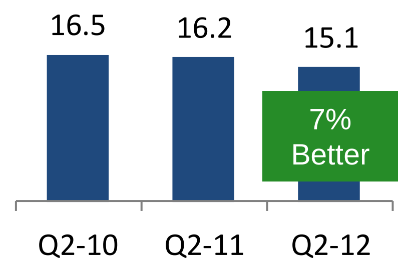
Train Productivity
(GTM's per train mile)



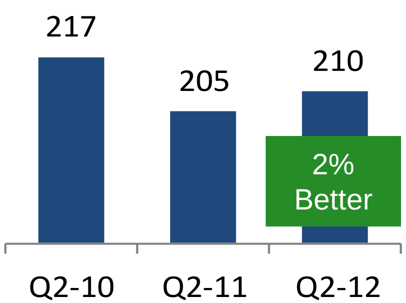
Yard Throughput
(Cars per yard switching hour)



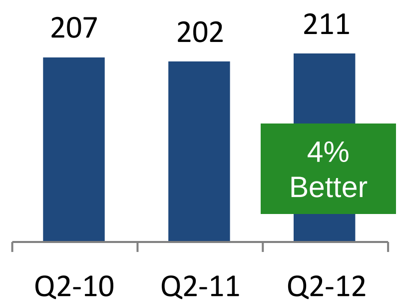
Terminal Dwell
(Entire railroad, hours)



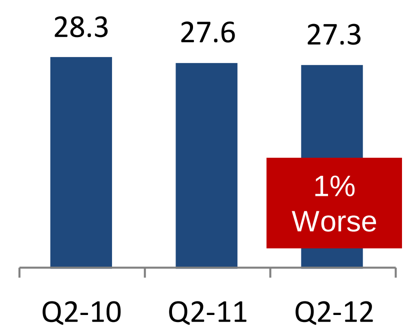
Locomotive Utilization
(Trailing GTM's per total horsepower)



Car Velocity
(Car miles per day)



Train Velocity
(mph)



Improving both operating and service metrics

Upgrading CN's Network

- Completing key connections
- New interchange agreements with U.S. carriers
- Major Kirk Yard upgrade underway
- Positioning for future opportunities

EJ&E developing as a key strategic investment

Jean-Jacques Ruest

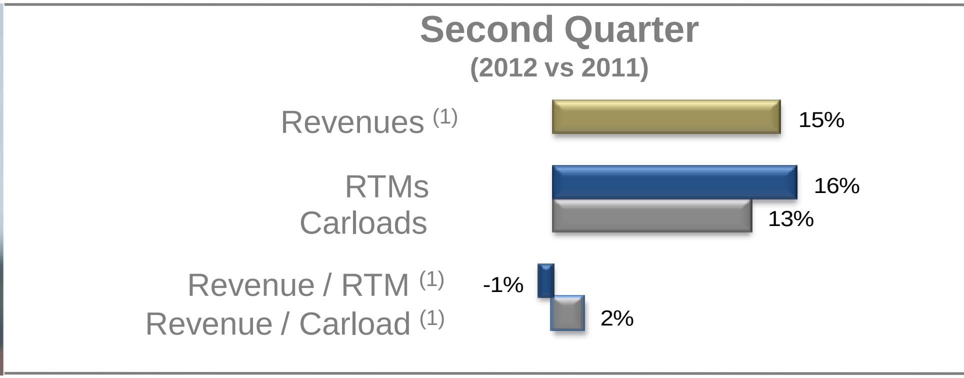
Executive Vice-President and Chief Marketing Officer

Q2 Revenues

In millions of Canadian dollars, unless otherwise indicated	As Reported 2012	2011	% Change Favorable (Unfavorable)	% Change at constant currency [1] Favorable (Unfavorable)
Petroleum and chemicals	**$ 405**	$ 340	19%	16%
Metals and minerals	**293**	245	20%	16%
Forest products	**344**	317	9%	6%
Automotive	**153**	130	18%	15%
Coal	**187**	162	15%	13%
Grain and fertilizers	**366**	368	(1%)	(3%)
Intermodal	**526**	454	16%	15%
Total rail freight revenues	**$ 2,274**	$ 2,016	13%	10%
Other revenues	**269**	244	10%	8%
Total revenues	**$ 2,543**	$ 2,260	13%	10%

[1] *Please see website, www.cn.ca/nonGAAP, for an explanation of this non-GAAP measure.*

Intermodal



RTM / Carload Drivers

- Continued long haul traffic growth; domestic and international

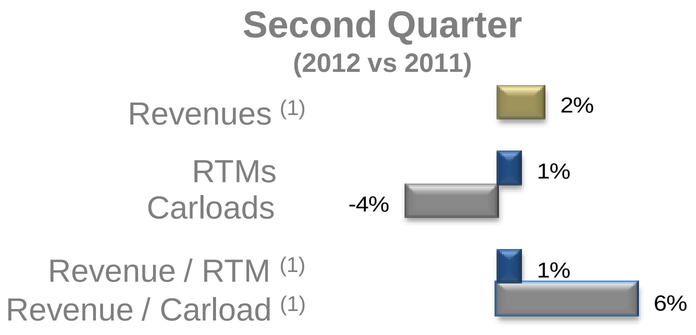
Growth in both RTMs and carloads

Outlook

- Continue to outpace West coast market
- Weakness in East coast traffic
- Domestic segment remains solid

[1] *Revenues at constant currency - Please see website, www.cn.ca/nonGAAP, for an explanation of this non-GAAP measure.*

Bulk



RTM / Carload Drivers

- Less short haul U.S. utility coal (less than 200 miles)
- More long haul coal and petroleum coke exports via West coast and Gulf coast (more than 700 miles)

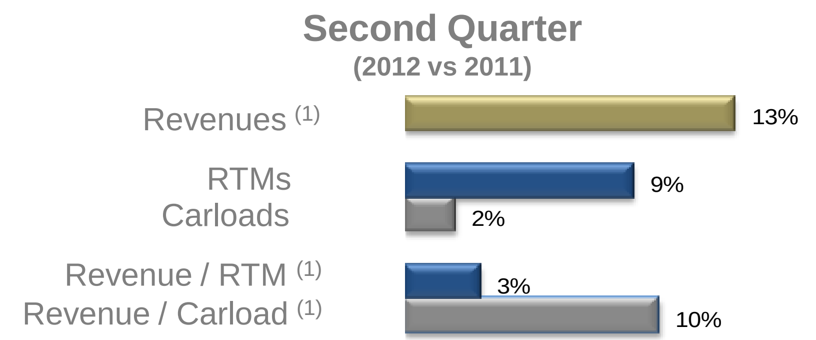
RTMs – Better volume indicator for revenues

Outlook

- Solid export coal via Convent, Louisiana
- Demand for Canadian metallurgical coal and oil sands petroleum coke remains positive
- Long-term partnership with Canpotex in place July 1st, 2012
- U.S. crop in line with last year – Canadian crop above 5-year average

(1) *Revenues at constant currency - Please see website, www.cn.ca/nonGAAP, for an explanation of this non-GAAP measure.*

Manufacturing



RTM / Carload Drivers

- Less short haul iron ore (less than 100 miles)
- More long haul crude oil by rail (more than 1,500 miles)
- More long haul lumber / panels to the U.S. – flat to Asia

RTMs – Better volume indicator for revenues

Outlook

- Major investments for new frac sand opportunities
- On target for over 30,000 carloads of crude oil by rail
- Strong automotive RTM growth
- Lumber and panel shipments to North America remain strong
- Iron ore, sulfur carload weakness

[1] *Revenues at constant currency - Please see website, www.cn.ca/nonGAAP, for an explanation of this non-GAAP measure.*

Luc Jobin
Executive Vice-President and Chief Financial Officer

Q2 Results

In millions of Canadian dollars, except EPS data, unless otherwise indicated	**2012**	2011	Change Favorable (Unfavorable)
Revenues	**$ 2,543**	$ 2,260	13%
Operating expenses	**1,558**	1,386	
Operating income	**985**	874	13%
Interest expense	**(86)**	(85)	
Other income	**9**	10	
Income before income taxes	**908**	799	
Income tax expense	**(277)**	(261)	
Net income	**$ 631**	$ 538	17%
Diluted EPS	**$ 1.44**	$ 1.18	22%
Adjusted diluted EPS (1)	**$ 1.50**	$ 1.26	19%
Shares (diluted in millions)	**439.5**	457.1	
Operating ratio	**61.3%**	61.3%	Flat

(1) 2012 and 2011 exclude items that affect the comparability of the results of operations. Please see website, www.cn.ca/nonGAAP, for a reconciliation of this non-GAAP measure.

Q2 Operating Expenses

In millions of Canadian dollars, unless otherwise indicated	As Reported 2012	2011	% Change Favorable (Unfavorable)	% Change at constant currency [1] Favorable (Unfavorable)
Labor and fringe benefits	**$ 504**	$ 432	(17%)	(15%)
Purchased services and material	**305**	268	(14%)	(12%)
Fuel	**379**	353	(7%)	(3%)
Depreciation and amortization	**230**	217	(6%)	(5%)
Equipment rents	**59**	54	(9%)	(6%)
Casualty and other	**81**	62	(31%)	(27%)
Total operating expenses	**$ 1,558**	$ 1,386	(12%)	(10%)

[1] *Please see website, www.cn.ca/nonGAAP, for an explanation of this non-GAAP measure.*

YTD 2012 Free Cash Flow

In millions of Canadian dollars, unless otherwise indicated

Net income	$ 1,406
Non-cash adjustments	451
Payments for income taxes	(29)
Other working capital items	(492)
Capital expenditures (net)	(613)
Major asset sales	311
Other investing [(1)]	(2)
Dividends	(328)
Effect of foreign exchange fluctuations on US dollar-denominated cash and cash equivalents	(1)
Free cash flow	$ 703
Financing activities (excluding dividends)	$ (486)
Total net indebtedness at end of period (including restricted cash and cash equivalents)	$ 5,958
Adjusted debt-to-total capitalization [(2)]	39.6%
Adjusted debt-to-adjusted EBITDA [(2)(3)]	1.63x

(1) Excludes changes in restricted cash and cash equivalents.
(2) Debt adjusted to include the present value of operating lease commitments.
(3) EBITDA refers to earnings before interest, income taxes, depreciation and amortization, and is adjusted to exclude Other income and the deemed interest on operating leases.
Please see website, www.cn.ca/nonGAAP, for a reconciliation of the various non-GAAP measures presented on this slide.

2012 Financial Outlook Update

- Assuming continued positive economic conditions
  - Carload growth in mid-single digit range
  - Pricing above inflation

- Aiming to deliver up to 15% growth over 2011 on adjusted diluted EPS (1)
  - Despite additional pension expense of approximately C$100M

- Free cash flow of approximately C$1B (1)
  - Taking into consideration a potential C$250M additional voluntary pension contribution

(1) Please see website, www.cn.ca/nonGAAP, for an explanation and/or reconciliation of these non-GAAP measures.

Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors underlying CN's 2012 financial outlook.

Claude Mongeau
President and Chief Executive Officer

Strategic Agenda Gaining Momentum

- Ready to seize opportunities
- Outlook revised upward on strong first-half performance
- Delivering shareholder value