Second Quarter 2016 Financial Results

July 25, 2016

Forward-Looking Statements

Certain statements included in this presentation constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities laws. By their nature, 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. Key assumptions used in determining forward-looking statements are set forth below. Forward-looking statements may be identified by the use of terminology such as “believes,” “expects,” anticipates,” “assumes,” “outlook,” “plans,” “targets,” or other similar words. To the extent that CN has provided non-GAAP financial measures in its outlook, the Company may not be able to provide a reconciliation to the GAAP measures, due to unknown variables and uncertainty related to future results.

2016 key assumptions

CN has made a number of economic and market assumptions in preparing its 2016 outlook. The Company now assumes that North American industrial production for the year will be slightly negative (compared with its April 25, 2016, assumption that North American industrial production would increase by less than one per cent) and assumes U.S. housing starts in the range of 1.2 million units and U.S. motor vehicle sales of approximately 17.5 million units. For the 2015/2016 crop year, the Canadian grain crop was in line with the five-year average and the U.S. grain crop was above the five-year average. The Company now assumes 2016/2017 grain crops in both Canada and the U.S. will be above their respective five-year averages (compared with its April 25, 2016, assumption that both the Canadian and U.S. 2016/2017 grain crops would be in line with their respective five-year averages). With these assumptions, CN now expects total carloads for 2016 will decrease in the mid-single-digit range (compared with its April 25, 2016, assumption that total carloadings for the year would decline four to five per cent versus 2015). CN expects continued pricing improvement above inflation. CN assumes that in 2016 the value of the Canadian dollar in U.S. currency will be in the range of $0.75 to $0.80, and that the average price of crude oil (West Texas Intermediate) will be in the range of US$35 to US$45 per barrel. CN plans to invest approximately C$2.75 billion in its capital program, of which C$1.5 billion is targeted toward track infrastructure.

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 to be materially different from the outlook or any future results or performance 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, 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; security threats; reliance on technology; transportation of hazardous materials; various events which could disrupt operations, including natural events such as severe weather, droughts, floods and earthquakes; effects of 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; 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 the “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 and available on CN’s website, for a description of major risk factors.

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.

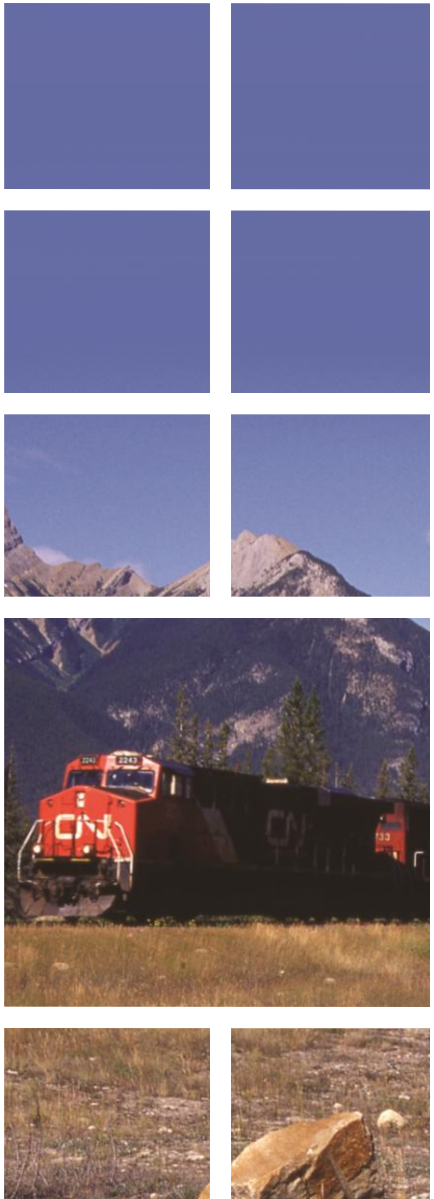
Non-GAAP Measures

The financial results in this presentation were determined on the basis of U.S. GAAP. This presentation includes non-GAAP measures that do not have any standardized meaning prescribed by GAAP and therefore, may not be comparable to similar measures presented by other companies. These non-GAAP measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with GAAP. For further details of these non-GAAP measures, including a reconciliation to the most directly comparable GAAP financial measures, refer to the Company’s website, Second Quarter Results at www.cn.ca/nonGAAP. To the extent that CN has provided non-GAAP financial measures in its outlook, the Company may not be able to provide a reconciliation to the GAAP measures, due to unknown variables and uncertainty related to future results.

Luc Jobin

President and Chief Executive Officer

Q2 Highlights



Improving margins in spite of challenging top line environment

- Strong discipline in realigning resources to reduced freight demand
- Record Q2 operating ratio of 54.5%

Balancing Operational and Service Excellence

- Pursuing opportunities for cost efficiencies across all functions, while continuing to focus on customer service
- Solid performance on the safety front

Posting solid Q2 results

- Adjusted diluted EPS of $1.11, down 3%
- YTD free cash flow of C$1,169 million

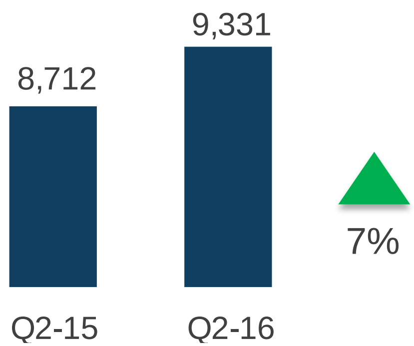
Strong execution from the team

Mike Cory

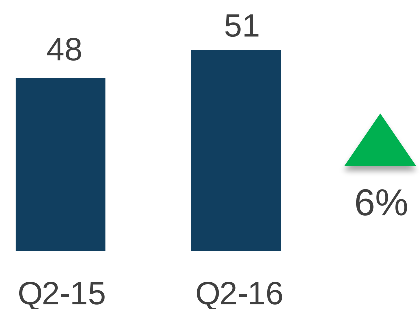
Executive VP and Chief Operating Officer

Q2 Operating Highlights

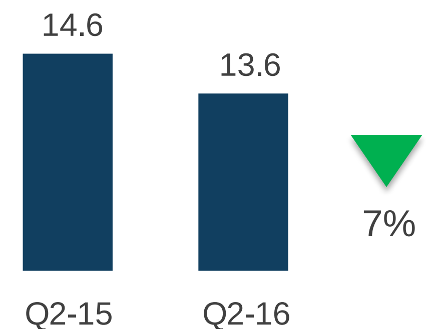
Train Productivity
(GTMs per train mile)



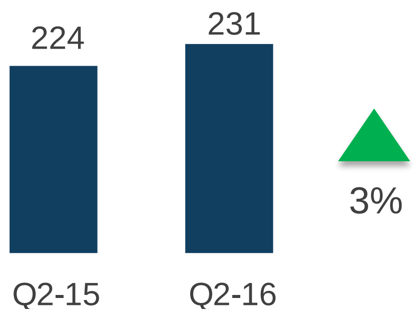
Yard Productivity
(Cars per yard switching hour)



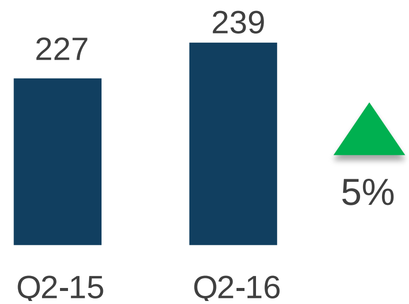
Terminal Dwell
(Entire railroad, hours)



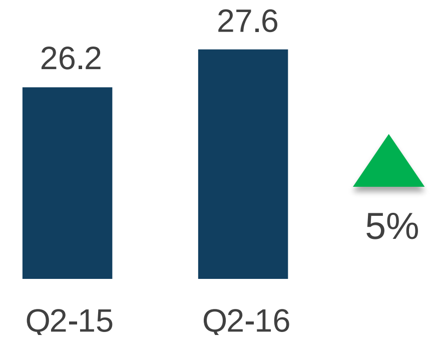
Locomotive Utilization
(Trailing GTMs per total horsepower)



Car Velocity
(Car miles per day)

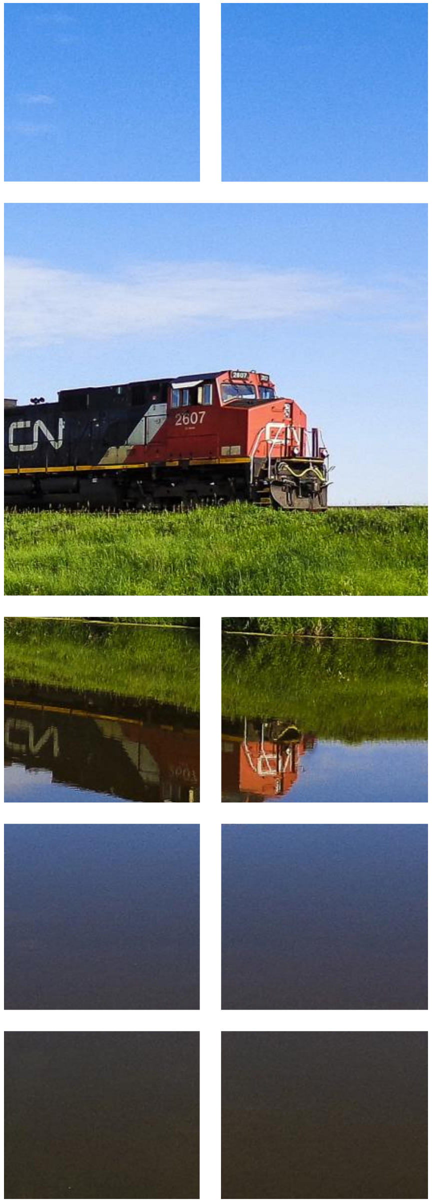


Train Velocity
(mph)



Execution focus drove outstanding operating performance

Operational and Service Excellence



Safety always first

- Strong safety performance
- Development of people

Continued focus on cost management

- Locomotives, cars, people
- Team work and accountability

Leverage CN’s superior service

- Car order fulfillment consistently in the high 90% range
- Ready for a potential bumper crop in Canada

Continue to re-invest in the network

- Strong capital program driving safety, fluidity and productivity
- Maximizing capital dollar efficiency

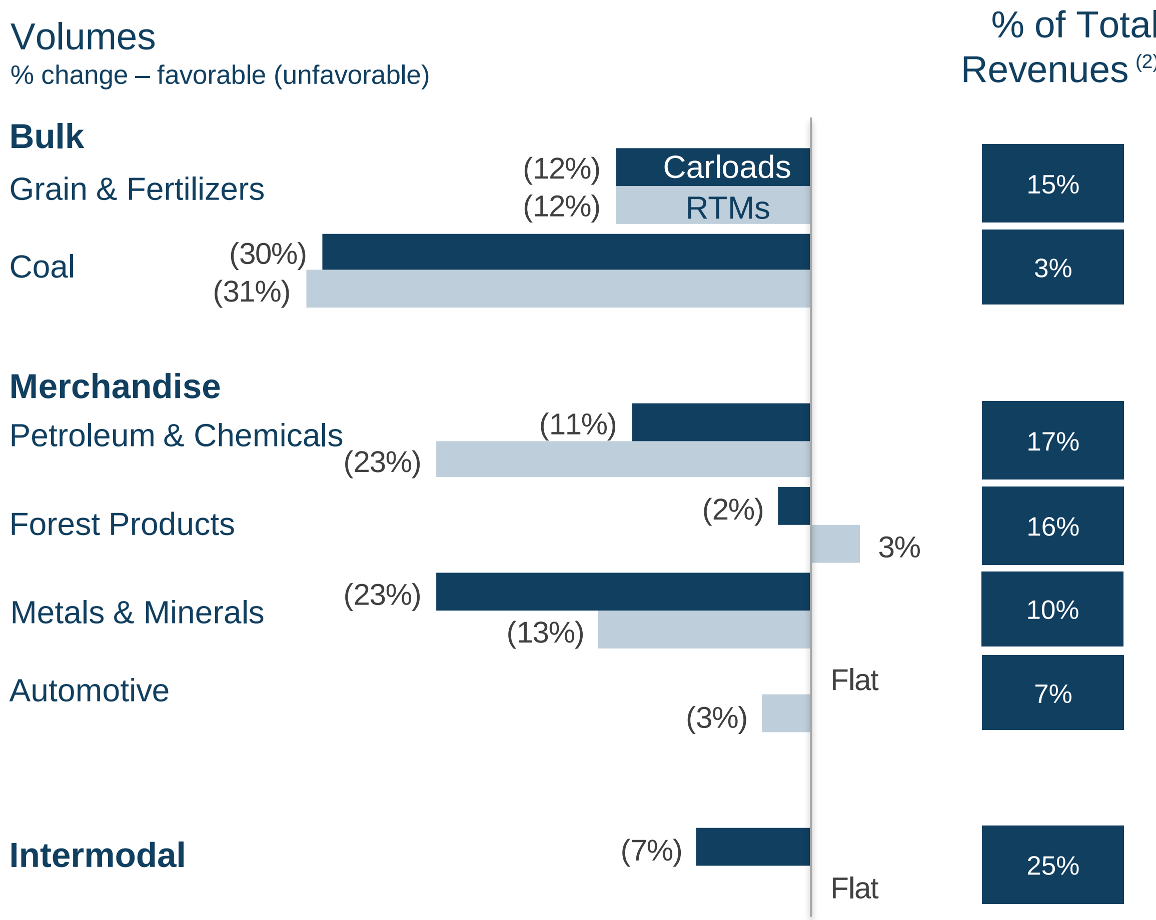
Strong productivity gains on all fronts

JJ Ruest

Executive VP and Chief Marketing Officer

Q2 Top Line Performance

Revenues	(9%)
Carloads	(12%)
$ / Carload	2%
RTMs	(11%)
¢ / RTM	1%
Same Store Price [1]	2.2%
Excluding regulated grain and legacy contracts	2.8%



Q2 expected to be the volume trough for the year

(1) *~75% of CN's revenues are same store.*
(2) *Based on Q2 2016 revenue breakdown – Other revenues represent the remaining 7%.*

Outlook

Intermodal

- International
  - Volumes remain challenging in H2
  - Sequential improvements at Rupert
  - Capacity constraints during expansion project at Deltaport / Vancouver
  - First volumes to Mobile from expanded Panama Canal
- Domestic
  - Relative strength in CNTL door-to-door service in Canada
  - Expanding our cold supply chain versus long haul over the road
- Building for 2017
  - Pre-selling port expansions on the West Coast and Gulf Coast
  - Canadian ports benefit from weaker currency to compete in Mid Continent

25%

Merchandise

- U.S. housing starts drive growth in lumber and other housing-related goods
- Steel and iron ore seem set to improve by year end
  - Iron ore - UTAC mine reopening this summer while Empire mine closing by year-end
- Strong automotive franchise
  - Automotive sales at peak, focus on network and Autoport fluidity to outperform the market
- Crude and frac sand volumes looking to be at bottom since mid Q2

50%

Bulk

- Positive outlook for Canadian grain
  - Bumper crop ahead, shipments may start a month early
- Stronger H2 potash exports amid bottoming global prices
- Coal markets remain in secular decline
  - Coal revenues at about 3% of CN's book of business – the lowest exposure of all Class 1s
- Improving outlook for U.S. grain volumes

18%

Q2 2016 revenue breakdown – Other revenues represent the remaining 7%

Supply chain / customer centric approach enabling CN to compete in adverse conditions

Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors underlying CN's 2016 financial outlook.

Ghislain Houle

Executive VP and Chief Financial Officer

Q2 Results

In millions of Canadian dollars, except EPS data, unless otherwise indicated	**2016**	2015	Change Favorable (Unfavorable)
Revenues	**$ 2,842**	$ 3,125	(9%)
Operating expenses	**1,549**	1,763	
Operating income	**1,293**	1,362	(5%)
Interest expense	**(116)**	(105)	
Other income	**(1)**	16	
Income before income taxes	**1,176**	1,273	
Income tax expense	**(318)**	(387)	
Net income	**$ 858**	$ 886	(3%)
Diluted EPS	**$ 1.10**	$ 1.10	Flat
Adjusted diluted EPS (1)	**$ 1.11**	$ 1.15	(3%)
Weighted-average diluted number of shares (in millions)	**782.0**	808.0	
Operating ratio	**54.5%**	56.4%	1.9 pts

Improving margins in a challenging environment

(1) *Please see website, Second Quarter Results, www.cn.ca/nonGAAP, for an explanation of this non-GAAP measure.*

Q2 Operating Expenses

In millions of Canadian dollars, unless otherwise indicated	**2016**	2015	% Change Favorable (Unfavorable)	% Change at constant currency (1) Favorable (Unfavorable)
Labor and fringe benefits	**$ 469**	$ 542	13%	15%
Purchased services and material	**377**	434	13%	15%
Fuel	**243**	327	26%	29%
Depreciation and amortization	**296**	285	(4%)	(2%)
Equipment rents	**92**	83	(11%)	(6%)
Casualty and other	**72**	92	22%	25%
Total operating expenses	**$ 1,549**	$ 1,763	12%	15%

Intense focus on cost management given lower volumes

(1) *Please see website, Second Quarter Results, www.cn.ca/nonGAAP, for an explanation of this non-GAAP measure.*

YTD Free Cash Flow

In millions of Canadian dollars, unless otherwise indicated	**2016**
Net income	$ 1,650
Non-cash adjustments	929
Payments for income taxes	(398)
Other working capital items	155
Net cash provided by operating activities	**2,336**
Capital expenditures (net)	(1,139)
Other investing activities	(15)
Net cash used in investing activities	**(1,154)**
Net cash provided before financing activities	**1,182**
Change in restricted cash and cash equivalents	(13)
Free cash flow [(1)]	**$ 1,169**
Total net indebtedness at end of period [(2)]	**$ 9,652**
Adjusted debt-to-adjusted EBITDA multiple [(1)] [(3)] [(4)]	**1.66 x**

(1) *Please see website, Second Quarter Results, www.cn.ca/nonGAAP, for an explanation of the various non-GAAP measures.*
(2) *Includes restricted cash and cash equivalents.*
(3) *Debt is adjusted to include the present value of operating lease commitments.*
(4) *EBITDA is defined as earnings before interest, income taxes, depreciation and amortization, and is adjusted to exclude Other income and the deemed interest on operating leases. The Adjusted debt-to-adjusted EBITDA multiple is based on the EBITDA for the twelve months ended June 30, 2016.*

2016 Financial Outlook

CN aims to deliver earnings in line with 2015 adjusted diluted EPS of C$4.44 (1)

- Carloads expected to be lower than last year in the mid-single-digit range, with pricing staying above inflation

Continuing to reinvest in the business for safety and efficiency

- Capital envelope of C$2.75B

Delivering sustainable value for our shareholders

- Protecting our profitability despite a tougher environment
- Rewarding our investors with consistent dividend and share buyback returns

(1) *Please see website, Second Quarter Results, www.cn.ca/nonGAAP, for an explanation of this non-GAAP measure.*

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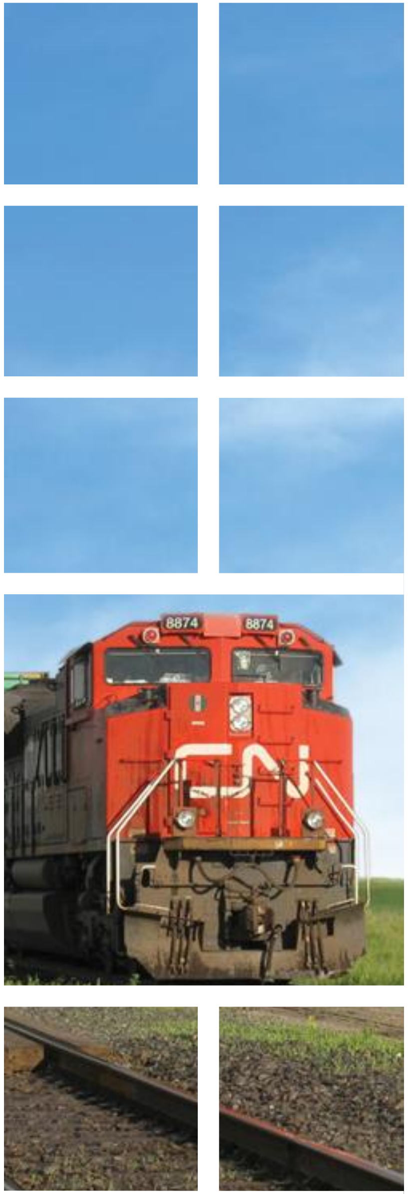
Luc Jobin

President and Chief Executive Officer

The Journey Continues



- Seamless transition to new executive team
  - Solid bench strength
- Relentless focus on controlling costs and driving productivity
  - Maintaining industry-leading efficiency
- Leveraging a great franchise and a well-diversified portfolio
  - Creating value for our customers through supply chain collaboration
- Committed to investing for the long term
  - Driving service and safety improvements
  - Taking advantage of the tough market environment

Fostering a culture of innovation and safety