Second Quarter 2018 Financial Results

July 24, 2018

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. Forward-looking statements may be identified by the use of terminology such as "believes," "expects," "anticipates," "assumes," "outlook," "plans," "targets," or other similar words.

2018 key assumptions

CN has made a number of economic and market assumptions in preparing its 2018 outlook. The Company is assuming that North American industrial production for the year will increase in the range of two to three per cent, and assumes U.S. housing starts of approximately 1.25 million units and U.S. motor vehicle sales of approximately 17 million units. For the 2017/2018 crop year, the grain crops in both Canada and the United States were above their respective three-year averages. The Company assumes that the 2018/2019 grain crops in both Canada and the United States will be in line with their respective three-year averages. CN now assumes total RTMs in 2018 will increase in the range of five to seven per cent (compared to its April 23, 2018 assumption in the range of two to four per cent) versus 2017. CN assumes continued pricing above inflation. CN now assumes that in 2018, the value of the Canadian dollar in U.S. currency will be in the range of $0.75 to $0.80 (compared to its April 23, 2018 assumption of approximately $0.80), and that the average price of crude oil (West Texas Intermediate) will be in the range of US$60 to US$70 per barrel. In 2018, CN now plans to invest approximately C$3.5 billion in its capital program (compared to its April 23, 2018 plan to invest approximately C$3.4 billion in its capital program), of which C$1.6 billion is still targeted toward track infrastructure maintenance.

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; 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 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 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 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

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 performance measures, constant currency, free cash flow, and adjusted debt-to-adjusted EBITDA multiple. These non-GAAP measures may not be comparable to similar measures presented by other companies. 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/financial-results.

CN's full-year adjusted EPS outlook excludes the expected impact of certain income and expense items. However, management cannot individually quantify on a forward-looking basis the impact of these items on its 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 EPS outlook.

JJ Ruest

President and Chief Executive Officer

Highlights of Q2 Turnaround

Reported EPS Growth	Operating Ratio	Revenue Growth
+30%	58.2%	+9%
Adjusted EPS Growth (1)		
+13%		

Same Store Price	Volume Growth	YTD Free Cash Flow (1)
+4.0%	+7% RTMs +6% Carloads	C$1,296M

Upward revision to 2018 guidance

(1) *Please see website, Second Quarter Results, www.cn.ca/financial-results, for an explanation of these non-GAAP measures.*

Market Outlook

Additional track infrastructure capacity to support strong demand in H2 2018

Intermodal

24% of revenues

- International
  - SM Line commenced weekly Trans-Pacific service to Vancouver
  - Growth at Prince Rupert expected to remain strong, including incremental volumes with THE Alliance
  - Preparing for peak season – working closely with all port terminal operators
- Domestic
  - Continued focus on incremental service improvements and earning value for available capacity

Merchandise

49% of revenues

- Strong US lumber demand and supply chain to run at full capacity
- Frac sand demand exceeds capacity in US and remains strong in Canada
- Base aluminum and steel demand strong on our network
- Crude by rail capacity expected to increase slightly in Q3, and already sold out
- North American vehicle sales expected to be soft; plus downtime at several assembly plants for retooling

Bulk

21% of revenues

- Remainder of year expected to be strong for Canadian grain
  - Large carry-over
  - Currently assuming 2018/19 crop in line with three-year average
- US grain flat
- Continued strong growth in export coal
  - Startup of new mines in Canada
  - Solid demand for US thermal coal
- Lower volumes of potash expected

Percentages shown above based on Q2 2018 revenue breakdown. Other revenues represent the remaining 6%.
Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors underlying CN's 2018 financial outlook.

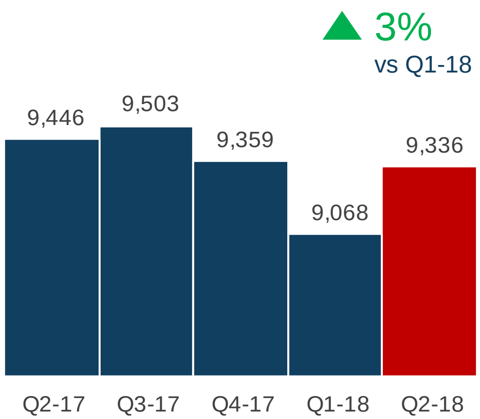
Mike Cory

Executive VP and Chief Operating Officer

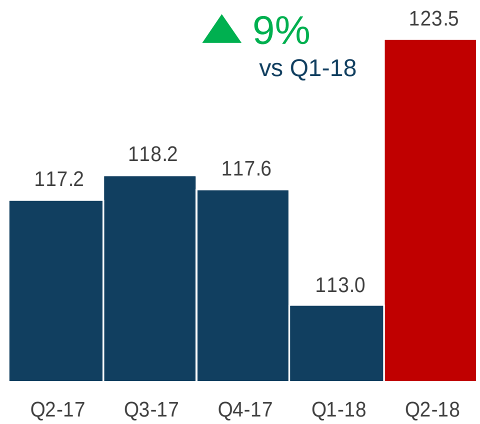
Operating Highlights

Sequential improvements in operating metrics

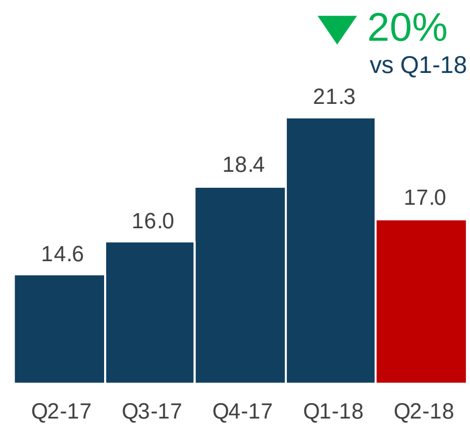
Train Productivity
(GTMs per train mile)



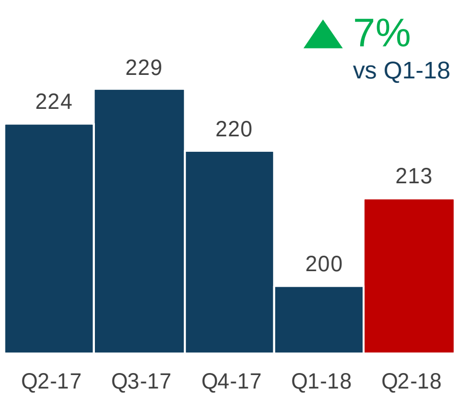
Workload
(Total GTMs)



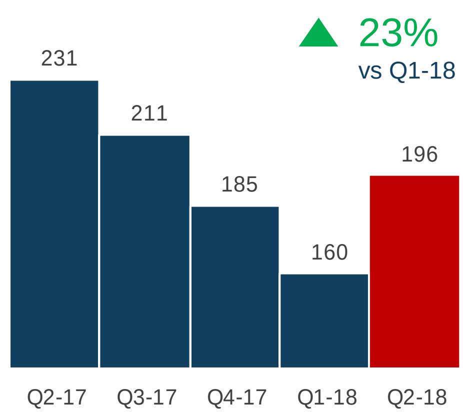
Terminal Dwell
(Entire railroad, hours)



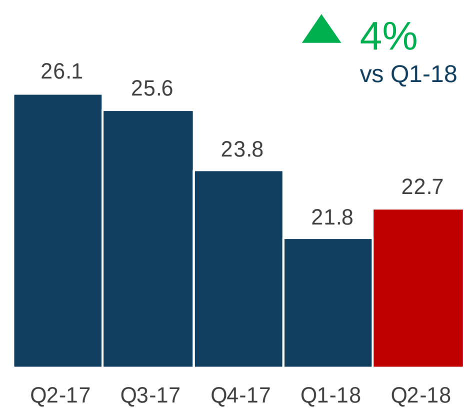
Locomotive Utilization
(Trailing GTMs per total horsepower)



Car Velocity
(Car miles per day)

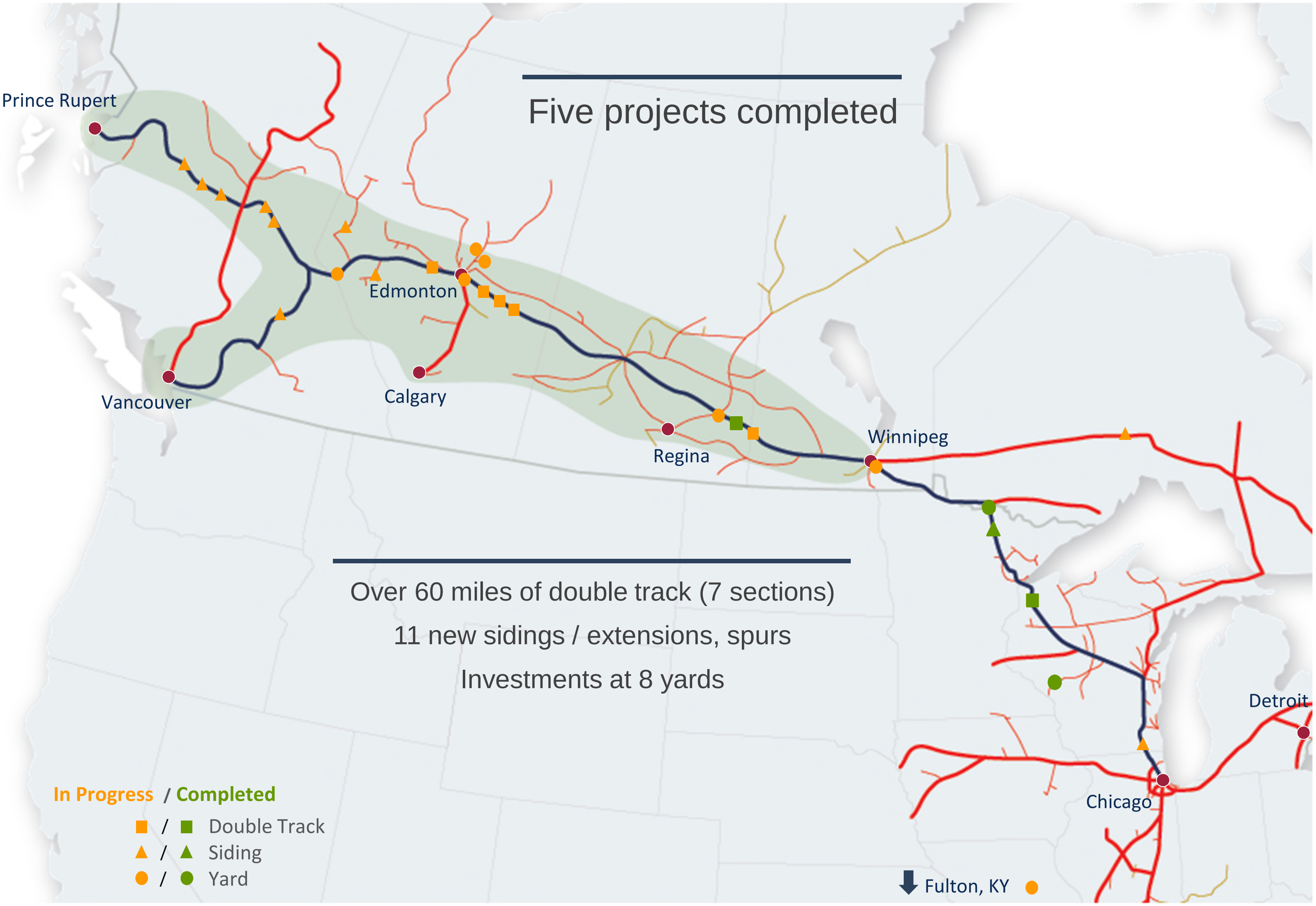


Train Velocity
(mph)



Update on Track Capacity Investments

Execution underway to improve capacity – expect completion in Q4




Ghislain Houle
Executive VP and Chief Financial Officer

Q2 Results

Additional resources supported revenue and earnings growth

In millions of Canadian dollars, except EPS data, unless otherwise indicated	**2018**	2017	Change Favorable (Unfavorable)
Revenues	**$ 3,631**	$ 3,329	9%
Operating expenses (1)	**2,112**	1,914	
Operating income (1)	**1,519**	1,415	7%
Interest expense	**(124)**	(123)	
Other components of net periodic benefit income (1)	**76**	80	
Other income	**229**	1	
Income before income taxes	**1,700**	1,373	
Income tax expense	**(390)**	(342)	
Net income	**$ 1,310**	$ 1,031	27%
Diluted EPS	**$ 1.77**	$ 1.36	30%
Adjusted diluted EPS (2)	**$ 1.51**	$ 1.34	13%
Weighted-average diluted number of shares (in millions)	**739.1**	759.7	
Operating ratio (1)	**58.2%**	57.5%	(0.7 pts)

(1) The Company adopted Accounting Standard Update (ASU) 2017-07: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost in the first quarter of 2018 on a retrospective basis. Comparative figures have been adjusted to conform to the current presentation. The adoption of ASU 2017-07 had the effect of increasing the Company's operating ratio by 2.1 percentage points and 2.4 percentage points for the three months ended June 30, 2018 and 2017, respectively. See Note 2 - Recent accounting pronouncements to CN's 2018 unaudited interim Consolidated Financial Statements for additional information.

(2) Please see website, Second Quarter Results, www.cn.ca/financial-results, for an explanation of this non-GAAP measure.

Q2 Operating Expenses

Reflective of sequentially improved operating conditions

In millions of Canadian dollars, unless otherwise indicated	**2018**	2017	Change Favorable (Unfavorable)	Change at constant currency [1] Favorable (Unfavorable)
Labor and fringe benefits [2]	**$ 648**	$ 607	(7%)	(8%)
Purchased services and material	**478**	432	(11%)	(13%)
Fuel	**436**	329	(33%)	(37%)
Depreciation and amortization	**330**	326	(1%)	(3%)
Equipment rents	**112**	103	(9%)	(14%)
Casualty and other	**108**	117	8%	4%
Total operating expenses [2]	**$ 2,112**	$ 1,914	(10%)	(13%)

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

(2) The Company adopted ASU 2017-07: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost in the first quarter of 2018 on a retrospective basis. Comparative figures have been adjusted to conform to the current presentation. See Note 2 – Recent accounting pronouncements to CN's 2018 unaudited Interim Consolidated Financial Statements for additional information.

YTD Free Cash Flow

20% increase in Q2, while impacted by higher capital expenditures

In millions of Canadian dollars, unless otherwise indicated	**2018 YTD**
Net income	$ 2,051
Non-cash adjustments	659
Payments for income taxes	(454)
Other working capital items	181
Net cash provided by operating activities	**2,437**
Capital expenditures (net)	(1,265)
Proceeds on sale of property	154
Other investing activities	(30)
Net cash used in investing activities	**(1,141)**
Free cash flow (1)	**$ 1,296**
Total net indebtedness at end of period (2)	**$ 10,995**
Adjusted debt-to-adjusted EBITDA multiple (1)	**1.93x**

(1) Please see website, Second Quarter Results, www.cn.ca/financial-results, for an explanation of these non-GAAP measures.

(2) Long-term debt, net of cash and cash equivalents, and restricted cash and cash equivalents.

Updating 2018 Financial Outlook

Swift recovery from Q1 challenges, solidifying momentum heading into second half of 2018

Now expect to deliver adjusted diluted EPS in the range of C$5.30 to C$5.45 versus 2017 adjusted diluted EPS of C$4.99 (1) (2) based on:

- Volume growth in the range of 5-7% in terms of RTMs
- Canadian dollar now in the range of 75 to 80 cents
- Pricing above inflation

Increasing our capital envelope by C$100M to C$3.5B for 2018 (2)

(1) Please see website, Second Quarter Results, <u>www.cn.ca/financial-results</u>, for an explanation of this non-GAAP measure.

(2) Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors underlying CN's 2018 financial outlook.

CN

JJ Ruest

President and Chief Executive Officer

In Summary

- Ahead of turnaround plan
- Expect progressive improvement during H2
- Strong pipeline of top-line growth opportunities
- Series of technology innovation projects to drive efficiency
- Fit to compete for industry-leading growth, operating ratio and return on investment
- Upward revision to 2018 guidance