



Third Quarter 2020 Financial Results

October 20, 2020



TSX: CNR NYSE: CNI

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 by their nature address matters that are, to different degrees, uncertain, such as statements about the impacts of the COVID-19 pandemic on our business operations, financial results and financial position and on the global supply chain, and statements about the economic recovery and its future impact on CN. Forward-looking statements may be identified by the use of terminology such as "believes," "expects," "anticipates," "assumes," "outlook," "plans," "targets," or other similar words.

Forward-looking statements are not guarantees of future performance and involve 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 duration and effects of the COVID-19 pandemic, general economic and business conditions, particularly in the context of the COVID-19 pandemic; 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 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 on SEDAR at www.sedar.com as well as on the U.S. Securities and Exchange Commission's website at www.sec.gov through EDGAR and available on CN's website at www.cn.ca/en/investor, 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, Third Quarter Results at www.cn.ca/financial-results.

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

JJ Ruest

President and Chief Executive Officer



Q3 Highlights – Proud of CN People

Diluted EPS

\$1.38

▼ 17%

Operating Ratio

59.9%

▲ 200 bps

Revenues

\$3.4B

▼ 11%

YTD Free Cash Flow ⁽¹⁾

\$2,087M

▲ \$588M

Fuel Efficiency ⁽²⁾

0.85

▼ 3%

~\$10M savings, 50k tons of CO₂ avoided

RTMs

56.3B

▼ 7%

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

(2) Fuel efficiency is defined as US gallons of locomotive fuel consumed per 1,000 GTMs.

Rob Reilly

Executive VP and Chief Operating Officer



Solid Operating Momentum in Q3 – Pivoting to Recovery

- Bringing back resources in a methodical way (not one-for-one) while continuing to push on efficiencies
- Continue to focus on permanent cost take-out initiatives

Operating performance

- Sequential volume recovery throughout the quarter
- Crew starts were **down 14%** while RTMs were **down 7%** YoY in Q3
- Through dwell **improved** by **24%** and car velocity **improved** by **25%** since end of July
- Train and Engine (T&E) employee productivity ⁽¹⁾ **up 17%** YoY in Q3

Safety performance

- Safety performance improving YoY in Q3
 - **19% lower** injury frequency rate
 - **22% lower** FRA accident rate
- COVID-19 safety efforts continue
 - Protecting the health and safety of our employees, customers and partners remains our top priority

Operational efficiencies

- **All-time quarterly record** for fuel efficiency with 0.85 US gallons of locomotive fuel consumed per 1,000 GTMs in Q3, a 3% improvement YoY,
 - Direct fuel savings of ~\$10M and ~50K tons of CO₂ avoided
- Train length **up 6%** and train weight **up 4%** YoY in Q3
- Lower unit cost to install rail and ties

(1) GTMs per active T&E employee

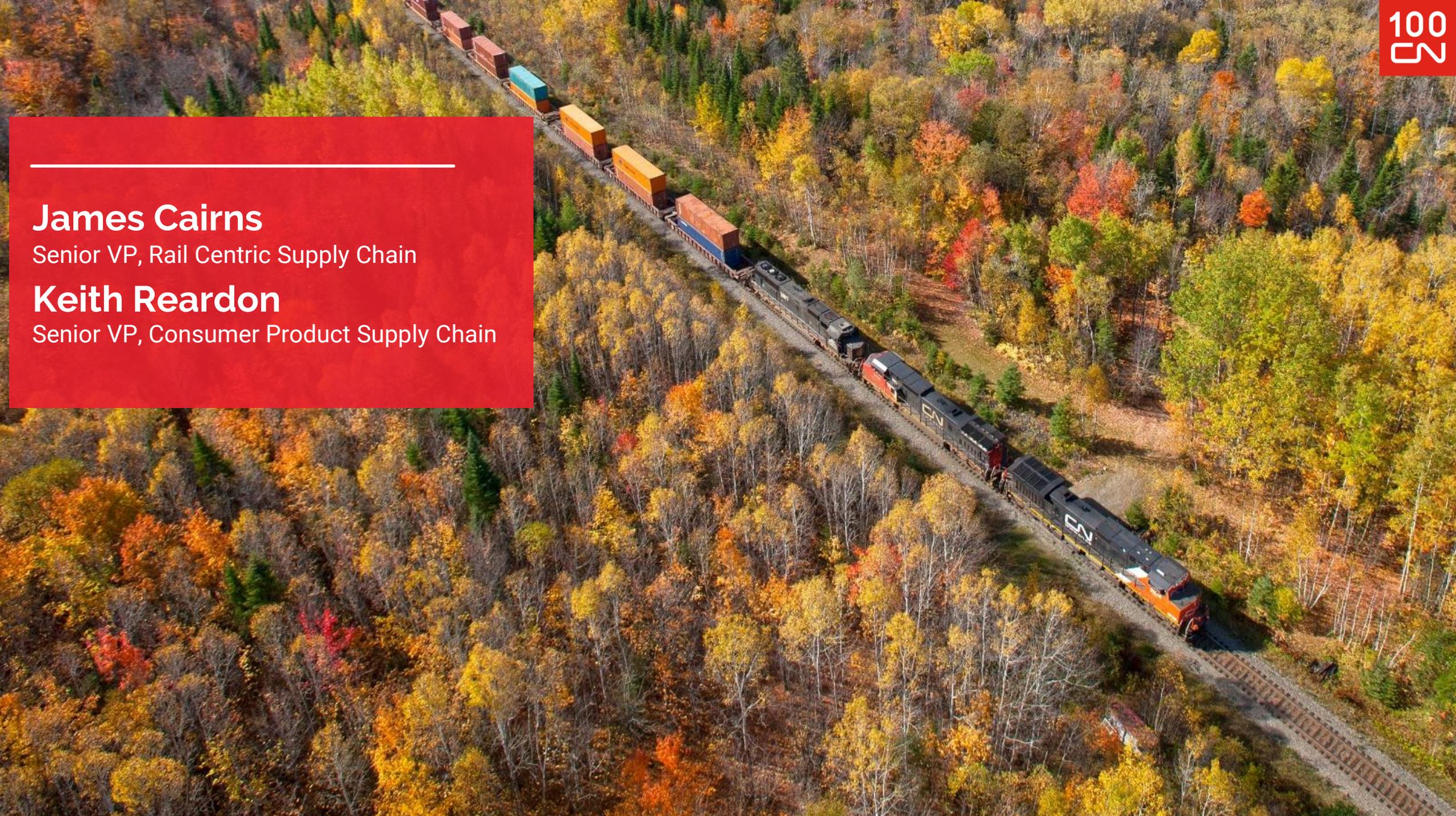
Data presented reflects results for Q3 2020 vs. Q3 2019 (YoY), except for through dwell and car velocity

James Cairns

Senior VP, Rail Centric Supply Chain

Keith Reardon

Senior VP, Consumer Product Supply Chain



Volume Recovery in Certain Markets Underway

Significant shift in business mix in Q3



Daily RTMs (7-day moving average) – up to September 30, 2020

Driving Profitable Growth in Key Markets

- **Grain** – 7 consecutive months of record export Canadian grain movement with potential for record crop
- **Lumber/panels** – Improvement in home renovation activities and increased residential construction
- **Canadian Coal** – Steady demand for thermal and metallurgical coal
- **Propane** – Export volumes via Prince Rupert remain strong
- **International Intermodal** – “V-shaped” recovery at the Ports and strong fall peak season
- **Domestic Intermodal** – Growth in grocery and temperature-controlled supply chain

Ghislain Houle

Executive VP and Chief Financial Officer



Q3 Earnings Underscore CN's Agility and Resiliency

<i>In millions of Canadian dollars, except EPS data, unless otherwise indicated</i>	2020	2019	Change Favorable (Unfavorable)
Revenues	\$ 3,409	\$ 3,830	(11%)
Operating expenses	2,043	2,217	
Operating income	1,366	1,613	(15%)
Interest expense	(137)	(135)	
Other components of net periodic benefit income	79	81	
Other income (loss)	(1)	26	
Income before income taxes	1,307	1,585	
Income tax expense	(322)	(390)	
Net income	\$ 985	\$ 1,195	(18%)
Diluted EPS	\$ 1.38	\$ 1.66	(17%)
Weighted-average diluted number of shares (in millions)	712.8	720.9	
Operating ratio	59.9%	57.9%	(2.0) pts

Disciplined Cost Control in the Recovery

<i>In millions of Canadian dollars, unless otherwise indicated</i>	2020	2019	% Change Favorable (Unfavorable)	% Change at constant currency Favorable (Unfavorable) ⁽¹⁾	
Labor and fringe benefits	\$ 662	\$ 694	5%	5%	Lower average headcount, partly offset by higher incentive compensation related to period-over-period accrual adjustments
Purchased services and material	491	552	11%	11%	Lower costs for services purchased from outside contractors, lower trucking and transload expense and lower material costs (from weaker volumes)
Fuel	262	391	33%	33%	Lower fuel prices and volumes, as well as efficiency gains
Depreciation and amortization	391	372	(5%)	(5%)	Higher depreciable asset base
Equipment rents	123	114	(8%)	(7%)	Lower rental income from other railroads (lower interline volumes)
Casualty and other	114	94	(21%)	(21%)	Lower passenger train recoveries (COVID-19 related)
Total operating expenses	\$ 2,043	\$ 2,217	8%	8%	

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

Generated over \$2 billion of Free Cash Flow YTD

In millions of Canadian dollars, unless otherwise indicated

	YTD 2020
Net income	\$ 2,541
Non-cash adjustments	2,045
Income tax payments	(360)
Working capital items and other	(69)
Net cash provided by operating activities	4,157
Property additions	(2,008)
Acquisition, net of cash acquired ⁽¹⁾	(8)
Other investing activities, net	(62)
Net cash used in investing activities	(2,078)
Net cash provided before financing activities	\$ 2,079
Adjustment: Acquisition, net of cash acquired ⁽¹⁾	8
Free cash flow ⁽²⁾	\$ 2,087
Total net indebtedness at end of period ⁽³⁾	\$ 12,970
Adjusted debt-to-adjusted EBITDA multiple ⁽²⁾	2.17x

(1) Relates to the acquisition of H&R Transport Limited ("H&R"). See Note 3 - Business combinations to CN's unaudited Interim Consolidated Financial Statements for additional information.

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

(3) Long-term debt, including current portion, net of cash and cash equivalents, and restricted cash and cash equivalents.

Strong Balance Sheet is a Competitive Advantage

Continual access to low cost financing supports steady reinvestment and enables strategic agenda

Reinvesting in the Business

Foundation for future growth

- Investments in Western capacity
- 1,500 new grain hoppers cars with delivery beginning in Q4

Capitalized on reduced volumes to increase engineering efficiency

Rewarding our Long-term Shareholders

Uninterrupted dividend growth since privatization (1995)

Maintaining financial discipline - Continue to pause share repurchases and reassess on an ongoing basis

JJ Ruest

President and Chief Executive Officer



The Economic Recovery is Underway

- Managing yield and driving productivity
- Network is fluid, operating metrics improving – ready for winter
- We generate steady and solid free cash flow
- We are the industry leader to modernize rail operations
- We are the industry leader in ESG

Good sequential momentum entering Q4

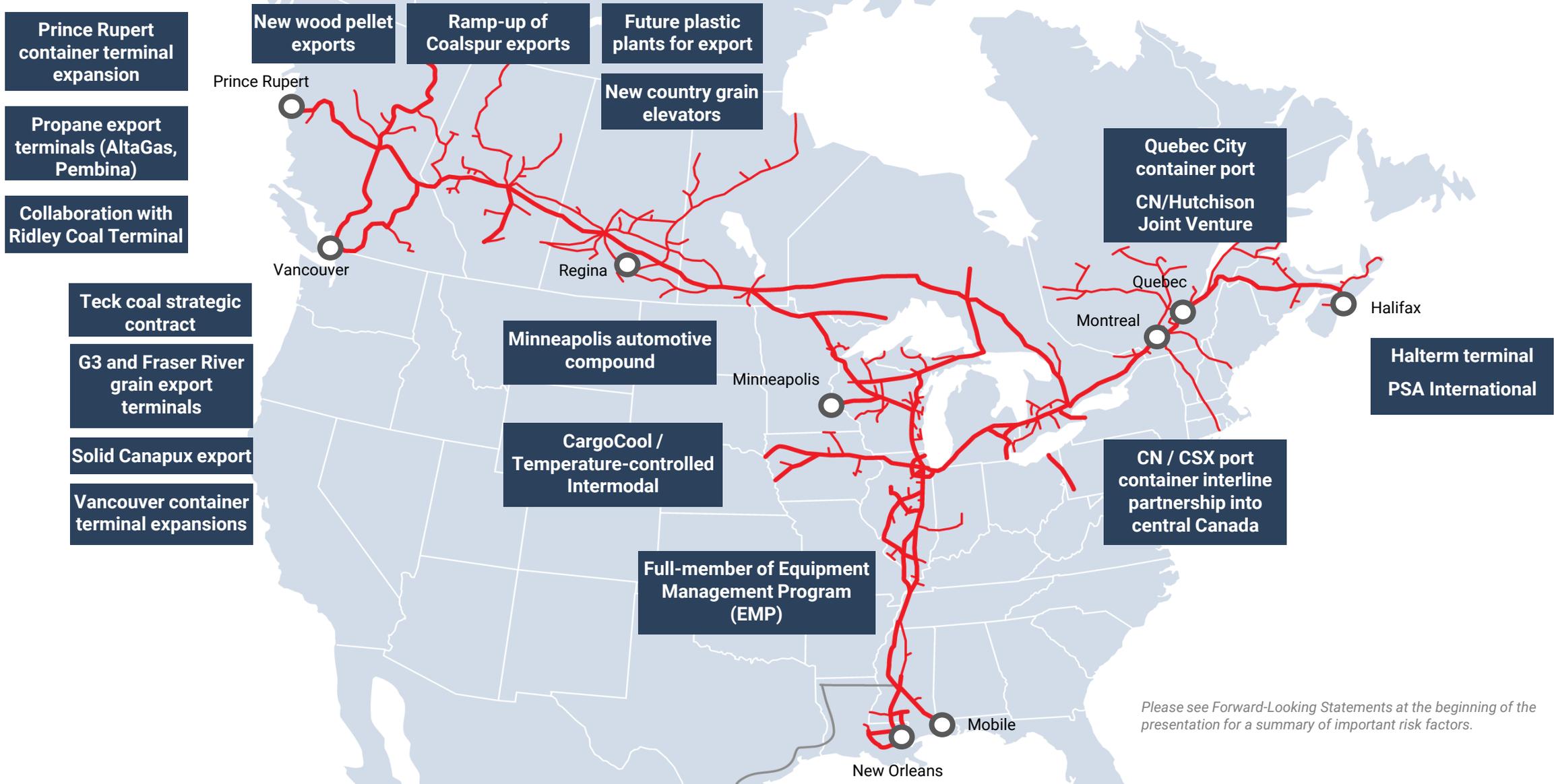


Appendix



Strategic Pipeline of CN-Specific Growth Opportunities

Advancing during the pandemic



Please see Forward-Looking Statements at the beginning of the presentation for a summary of important risk factors.

Leveraging Unique 3-Coast Advantage as Trade Flows Shift

CN-EXCLUSIVE

PORT OF PRINCE RUPERT
1.35M TEU capacity (+450K by 2023)

PORT OF VANCOUVER (4 terminals)
4.60M TEU capacity (+815K by 2022)

(NEW)
PORT OF QUEBEC CITY
700K TEU capacity by 2024
JV with Hutchison Ports

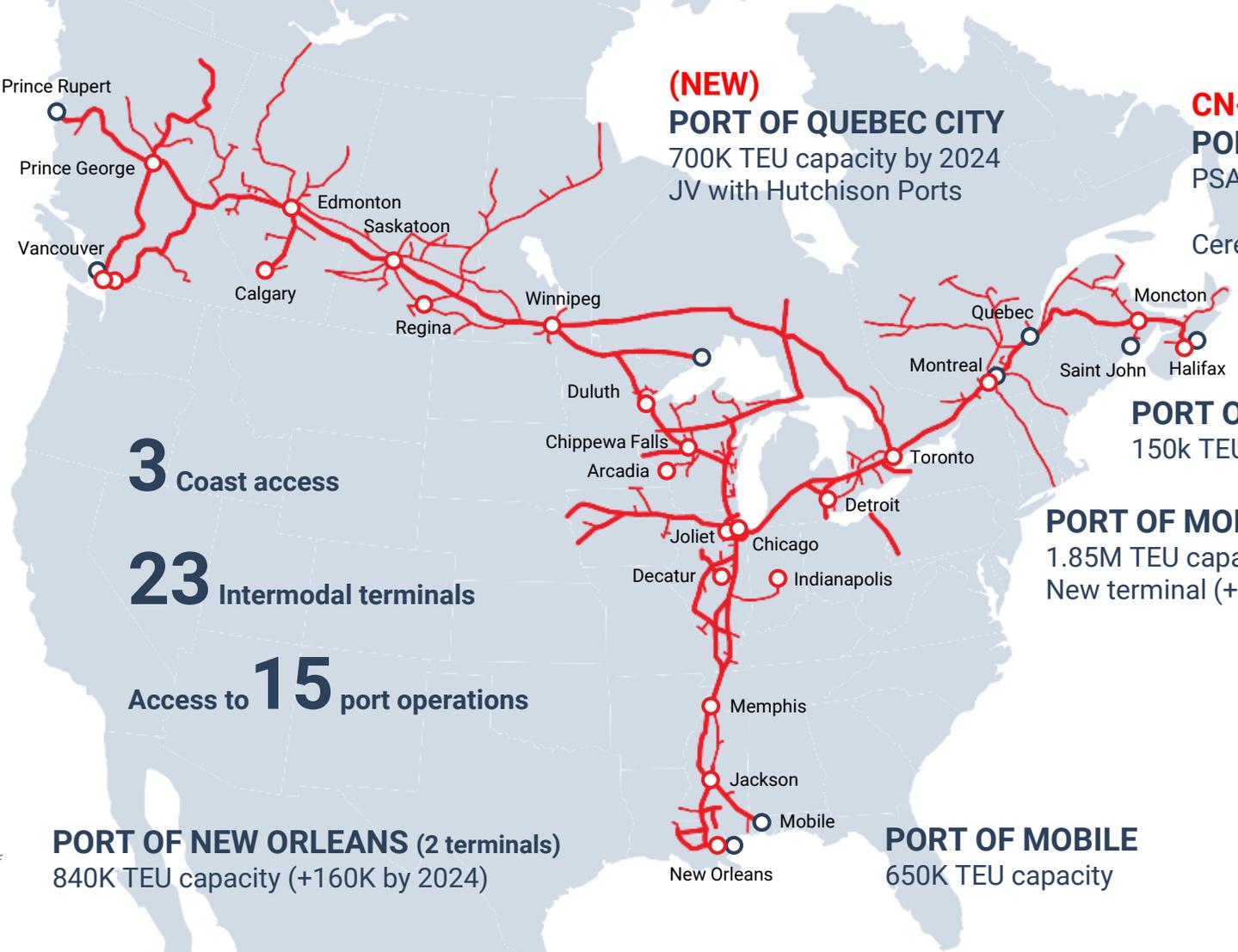
CN-EXCLUSIVE
PORT OF HALIFAX (2 terminals)
PSA Halifax 550K TEU capacity (+290K TEU by 2023)
Ceres 650K TEU capacity

PORT OF SAINT JOHN
150k TEU capacity (+350k TEUs by 2023)

PORT OF MONTREAL (4 terminals)
1.85M TEU capacity
New terminal (+1.15M TEUs by 2024)

PORT OF NEW ORLEANS (2 terminals)
840K TEU capacity (+160K by 2024)

PORT OF MOBILE
650K TEU capacity



3 Coast access

23 Intermodal terminals

Access to **15** port operations

○ CN intermodal terminals
○ CN-served ports

TEU: Twenty-foot equivalent unit (intermodal shipping container)

Expansion plans are based on public information and are subject to change as new information becomes available.
Please see Forward-Looking Statements at the beginning of the presentation for a summary of important risk factors.

Well Positioned to Capitalize on the Future of E-commerce

TransX and H&R acquisitions

Service-sensitive refrigerated segment

Producing best operating ratio within intermodal companies

Member of EMP

Providing nationwide supply chain flexibility

Interline partnership

Extending reach and developing new markets

Truck to rail conversion

CargoCool

1,000 CN-owned next generation refrigerated containers

Door-to-door latest tracking technology

Wholesale partners

Offering numerous channels for retailers, e-commerce, industrials, commodities, ...

Domestic Repositioning Program

Providing capacity to domestic shippers and reducing inland cost for ocean carriers



4-5x

Railroads are Approximately Four to Five Times More Fuel Efficient Than Trucks



220+ km

One Train Can Move on Average a Tonne of Freight more than 220 km on a single litre of fuel



300+ Trucks

A Single Freight Train Can Replace Over 300 Big Trucks



LION



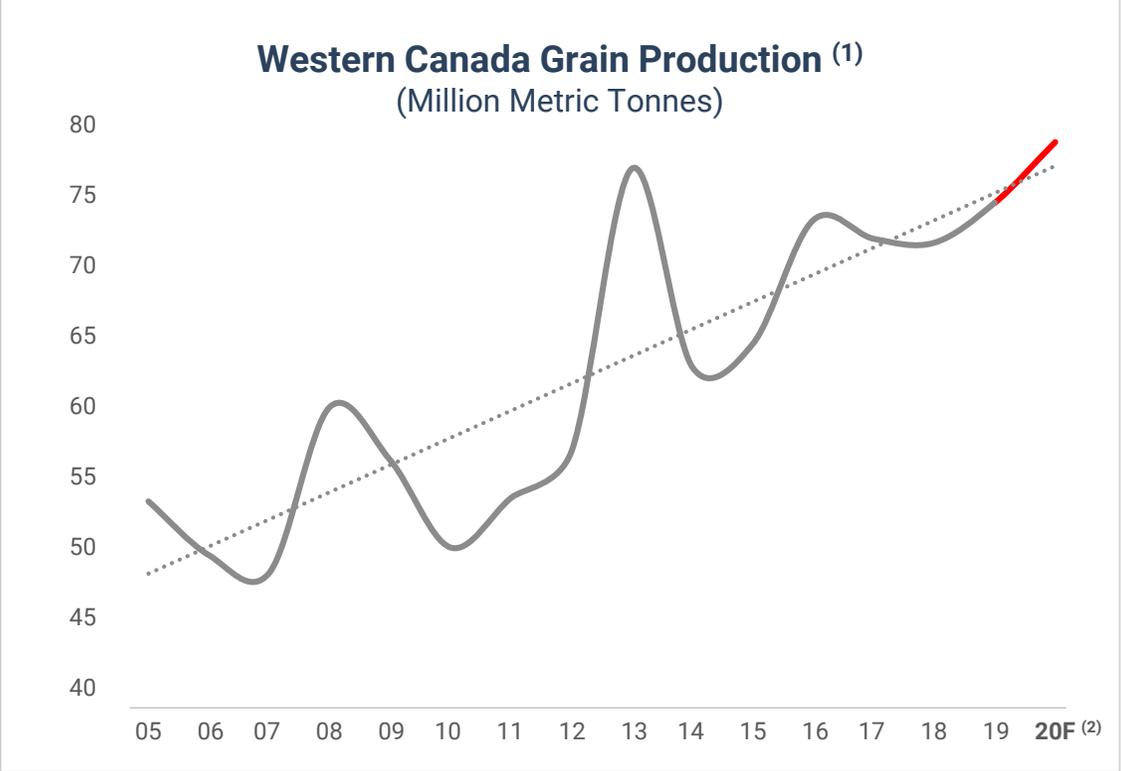
50 Trucks

CN to Acquire 50 Zero-Emission Trucks from Lion Electric Co.

Massive Investments in Canadian Grain Supply Chain

- Step function change in CN Canadian grain supply chain capabilities
- Investments coming together just in time to move this year’s potential all-time record crop

Positive Trends for Canadian Grain Production



Achieving Synergies Across the Entire Supply Chain

- Customer investments in CN-served high-throughput unit train grain elevators (70% of new elevators since 2015 exclusive to CN)
- Customer investments in grain unloading capacity in Vancouver – 50% increase all exclusively-served by CN
- CN investments in sidings, double track, and tunnel ventilation to increase capacity and resiliency in the Vancouver corridor
- CN and customer investments in new high capacity grain hopper cars (2,500 cars in total for CN):
 - New hopper cars are shorter and lighter and can handle up to 30% more grain per train
 - CN’s unique power-on dedicated set grain handling model takes full advantage of increased capacity of new cars

(1) Source of grain crop data for the crop years indicated: Statistics Canada.
 (2) Please see Forward-Looking Statements at the beginning of the presentation for a summary of important risk factors.

Q3 Operating Metrics – Sequential Improvements During the Quarter

Workload
Total GTMs, billions

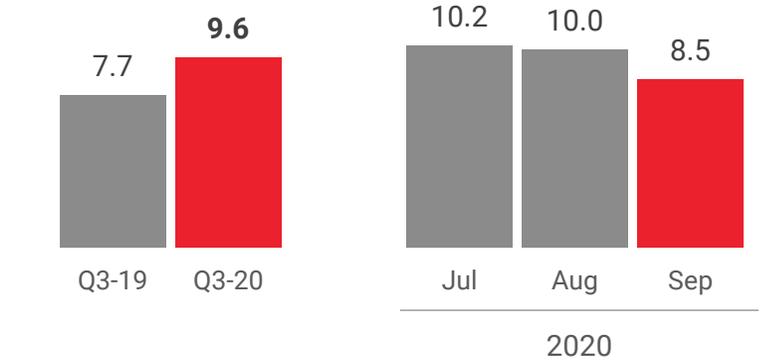
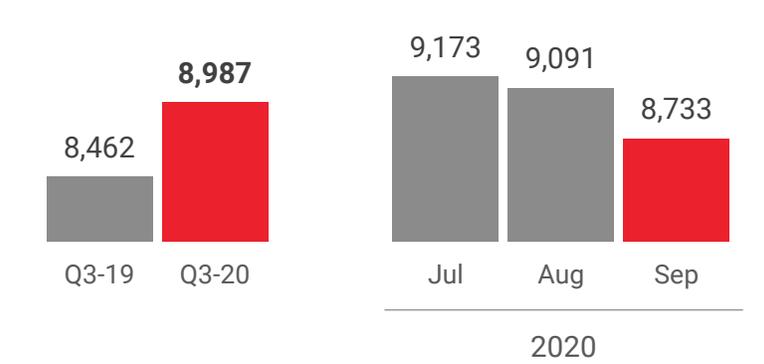
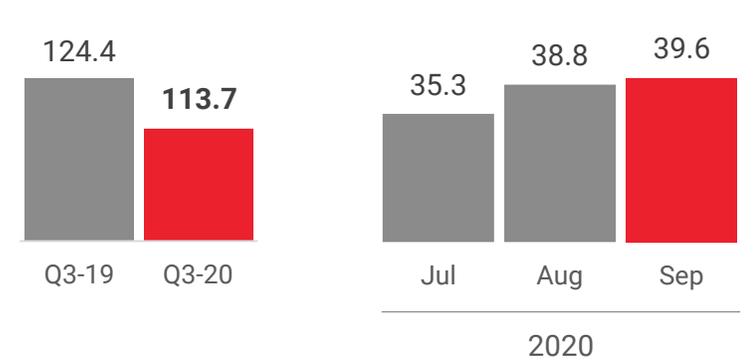
▼ **9%**
vs Q3-19

Train length
In feet

▲ **6%**
vs Q3-19

Through Dwell
Entire railroad, hours

▲ **25%**
vs Q3-19



Car Velocity
Car miles per day

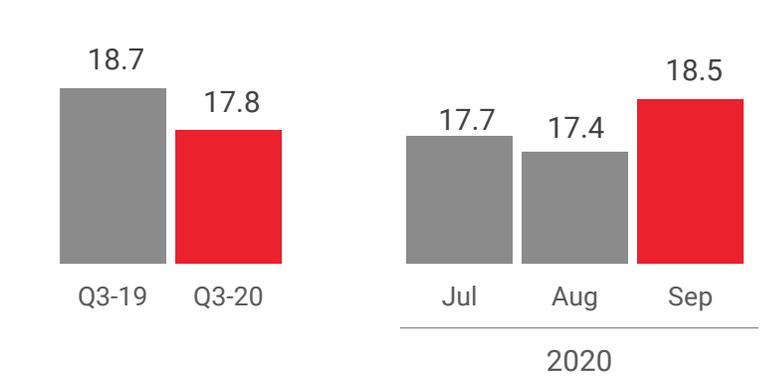
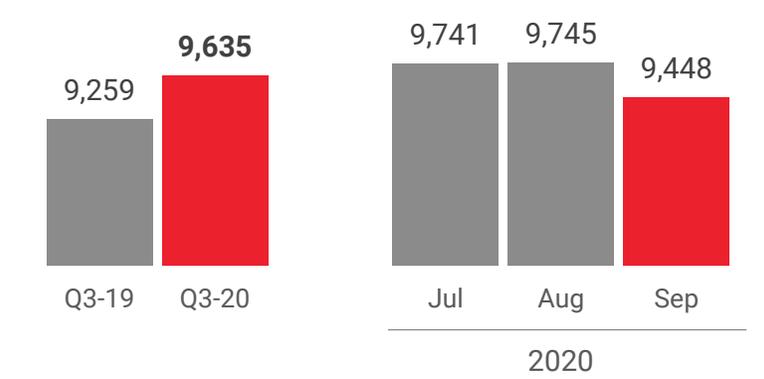
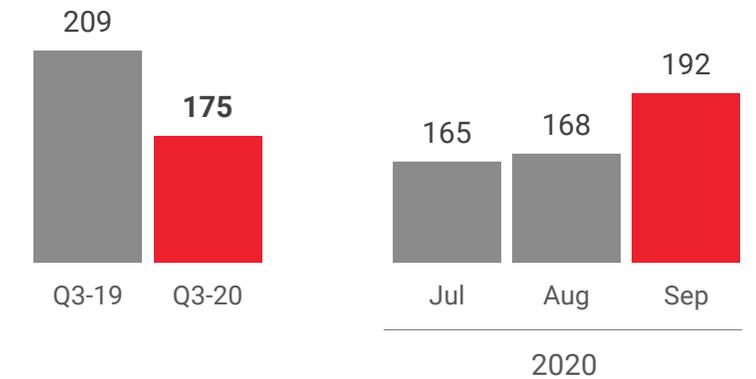
▼ **16%**
vs Q3-19

Train Weight
Tons

▲ **4%**
vs Q3-19

Through Network Train Speed
miles per hour

▼ **5%**
vs Q3-19



Leading the Industry in ESG

Delivering Responsibly is at the heart of how CN is building for a sustainable future. It means moving customer goods safely and efficiently, being environmentally responsible, attracting and developing the best and diverse railroaders, helping build safer, stronger communities, while adhering to the highest ethical standards

Environmental Protection

- CN leads the North American rail industry, consuming ~15% less fuel per gross ton mile
 - Q3 YTD fuel efficiency improved 3% YoY
- Achieved 40% locomotive emission intensity improvement since 1993
- Diverting ~90% of our waste from landfill

29%

CN was the first railroad in North America to set a climate science target of 29% carbon emission intensity reduction by 2030 based on 2015 levels

Social Responsibility

- Leveraging recent advances in technology to drive improved **safety**
- In 2019 adopted *Life Critical Rules* as a means to strengthen our **safety culture**
- Signatory to Catalyst Accord 2022; committed to extend gender **diversity** beyond the board to executive management with a target of 30%

Zero

Goal to reduce serious injuries and fatalities to zero at CN

Strong Governance

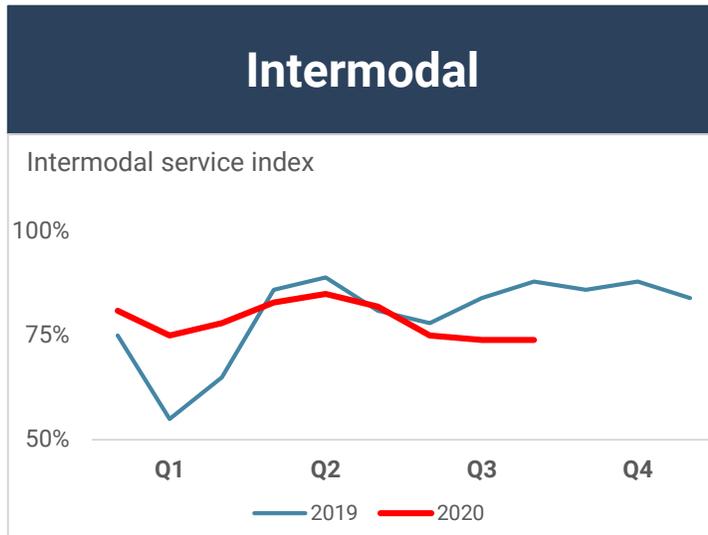
- Continuously improving our culture of integrity and ethical business conduct
- Executive **compensation aligned with ESG objectives**, including safety and fuel efficiency
- 6 out of 14 of CN's directors are women, exceeding CN's policy of at least 1/3 representation by women

40%

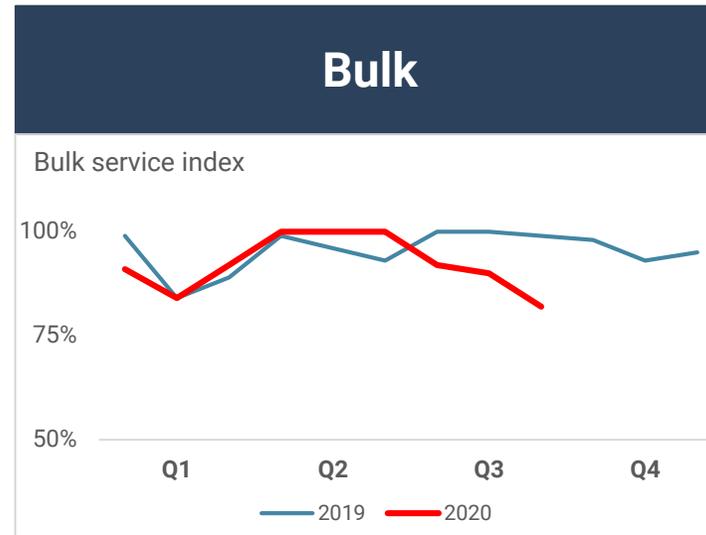
CN aspires to attain board composition of 40% representation from diverse groups by end of 2022

Measuring Service as Defined by Customers

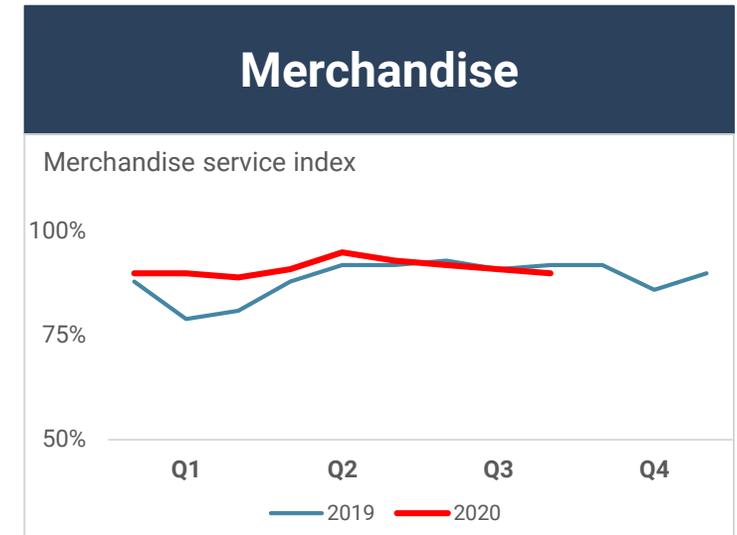
- Working closely with our customers during disruptions and volume uncertainty
- Delivering on our commitments



Various service metrics for International and Domestic customers; for example, including container dwell at ports for imports



Delivering the number of cars committed to our unit train customers



Delivering the number of cars committed to our customers in the timeframe agreed