

NON-GAAP MEASURES – UNAUDITED

In this supplementary schedule, the “Company” or “CN” refers to Canadian National Railway Company, together with its wholly-owned subsidiaries. Financial information included in this schedule is expressed in Canadian dollars, unless otherwise noted.

CN reports its financial results in accordance with United States generally accepted accounting principles (GAAP). The Company also uses non-GAAP measures that do not have any standardized meaning prescribed by GAAP, including adjusted performance measures, constant currency, free cash flow, adjusted debt-to-adjusted EBITDA multiple, return on invested capital (ROIC) and adjusted ROIC. These non-GAAP measures may not be comparable to similar measures presented by other companies. From management’s perspective, these non-GAAP measures are useful measures of performance and provide investors with supplementary information to assess the Company’s results of operations and liquidity. These non-GAAP measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with GAAP.

Adjusted performance measures

Adjusted net income, adjusted diluted earnings per share, adjusted operating income, adjusted operating expenses and adjusted operating ratio are non-GAAP measures that are used to set performance goals and to measure CN’s performance and may include the following adjustments:

- i. operating expense adjustments: workforce reduction program, advisory costs related to rail consolidation matters, depreciation expense on the deployment of a replacement system, advisory fees related to shareholder matters, losses and recoveries from assets held for sale, business acquisition-related costs;
- ii. non-operating expense adjustments: business acquisition-related financing fees, merger termination income, gains and losses on disposal of property; and
- iii. the effect of changes in tax laws including rate enactments and changes in tax positions affecting prior years.

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 the three months and year ended December 31, 2025, the Company’s adjusted net income was \$1,284 million, or \$2.08 per diluted share and \$4,756 million, or \$7.63 per diluted share, respectively, which excludes:

- employee termination benefits and severance costs related to a workforce reduction program of \$34 million, or \$25 million after-tax (\$0.04 per diluted share) recorded in the fourth quarter in Labor and fringe benefits within the Consolidated Statement of Income; and
- advisory costs related to analysis and advocacy for the U.S. Surface Transportation Board (STB) enforcement of antitrust laws pertaining to the potential merger between Union Pacific and Norfolk Southern of \$15 million, or \$11 million after-tax (\$0.01 and \$0.02 per diluted share for the three months and year ended December 31, 2025, respectively) recorded in the fourth quarter in Purchased services and materials within the Consolidated Statements of Income.

For the three months and year ended December 31, 2024, the Company’s adjusted net income was \$1,146 million, or \$1.82 per diluted share, and \$4,506 million, or \$7.10 per diluted share, respectively. The adjusted figure for the year ended December 31, 2024 excludes a loss on assets held for sale of \$78 million, or \$58 million after-tax (\$0.09 per diluted share), recorded in the second quarter, resulting from an agreement to transfer the ownership and related risks and obligations of the Quebec Bridge located in Quebec, Canada, to the Government of Canada.

Adjusted net income is defined as Net income in accordance with GAAP adjusted for certain significant items. Management believes that adjusted net income provides additional insight to management and investors into the Company’s operations and underlying business trends as well as facilitate period-to-period comparisons, as it excludes certain significant items that are not reflective of CN’s underlying business operations and could distort the analysis of trends in business performance. Adjusted diluted earnings per share is defined as adjusted net income divided by the weighted-average diluted shares outstanding. This measure helps management and investors evaluate the Company’s profitability on a per-share basis, facilitating the assessment of period-over-period performance by removing the impact of significant, non-recurring items.

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The following table provides a reconciliation of Net income and Earnings per share in accordance with GAAP, as reported for the three months and years ended December 31, 2025 and 2024, to the non-GAAP adjusted performance measures presented herein:

In millions, except per share data	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Net income	\$ 1,248	\$ 1,146	\$ 4,720	\$ 4,448
Adjustments:				
Operating expense adjustments:				
Workforce reduction program	34	—	34	—
Advisory costs related to rail consolidation matters	15	—	15	—
Loss on assets held for sale	—	—	—	78
Tax adjustments:				
Tax effect of adjustments ⁽¹⁾	(13)	—	(13)	(20)
Total adjustments	\$ 36	\$ —	\$ 36	\$ 58
Adjusted net income	\$ 1,284	\$ 1,146	\$ 4,756	\$ 4,506
Diluted earnings per share	\$ 2.03	\$ 1.82	\$ 7.57	\$ 7.01
Impact of adjustments, per share	0.05	—	0.06	0.09
Adjusted diluted earnings per share	\$ 2.08	\$ 1.82	\$ 7.63	\$ 7.10

(1) The tax impact of adjustments is based on the nature of the item for tax purposes and related tax rates in the applicable jurisdiction.

Adjusted operating income is defined as Operating income in accordance with GAAP adjusted for certain significant operating expense items that are not reflective of CN's underlying business operations. This measure helps management and investors assess the Company's core operating results by excluding items that may distort the analysis of ongoing business performance. Adjusted operating expenses is defined as Operating expenses in accordance with GAAP adjusted for certain significant operating expense items that are not reflective of CN's underlying business operations. This measure provides management and investors with a view of ongoing costs which exclude unusual or non-recurring items, enabling more accurate assessment of cost management and resource allocation across reporting periods. Adjusted operating ratio is defined as adjusted operating expenses as a percentage of revenues. For management and investors, the adjusted operating ratio serves as a key performance indicator of cost management and overall operational effectiveness, as it demonstrates how effectively management controls costs relative to total revenue by excluding unusual or non-recurring items.

The following table provides a reconciliation of Operating income, Operating expenses and operating ratio, as reported for the three months and years ended December 31, 2025 and 2024, to the non-GAAP adjusted performance measures presented herein:

In millions, except percentages	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Operating income	\$ 1,733	\$ 1,628	\$ 6,587	\$ 6,247
Adjustments:				
Workforce reduction program				
Workforce reduction program	34	—	34	—
Advisory costs related to rail consolidation matters	15	—	15	—
Loss on assets held for sale	—	—	—	78
Total adjustments	\$ 49	\$ —	\$ 49	\$ 78
Adjusted operating income	\$ 1,782	\$ 1,628	\$ 6,636	\$ 6,325
Operating expenses	\$ 2,731	\$ 2,730	\$ 10,717	\$ 10,799
Total adjustments	(49)	—	(49)	(78)
Adjusted operating expenses	\$ 2,682	\$ 2,730	\$ 10,668	\$ 10,721
Operating ratio	61.2 %	62.6 %	61.9 %	63.4 %
Impact of adjustments	(1.1)%	— %	(0.2)%	(0.5)%
Adjusted operating ratio	60.1 %	62.6 %	61.7 %	62.9 %

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Constant currency

Financial results at constant currency allow results to be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons in the analysis of trends in business performance. Measures at constant currency are considered non-GAAP measures and do not have any standardized meaning prescribed by GAAP and therefore, may not be comparable to similar measures presented by other companies. Financial results at constant currency are obtained by translating the current period results denominated in US dollars at the weighted average foreign exchange rates used to translate transactions denominated in US dollars of the comparable period of the prior year.

The average foreign exchange rates were \$1.395 and \$1.398 per US\$1.00 for the three months and year ended December 31, 2025, respectively, and \$1.399 and \$1.370 per US\$1.00 for the three months and year ended December 31, 2024, respectively. On a constant currency basis, the Company's Net income for the three months and year ended December 31, 2025 would have been lower by \$4 million (\$0.01 per diluted share) and lower by \$49 million (\$0.08 per diluted share), respectively.

The following table provides a reconciliation of the impact of constant currency and related percentage change at constant currency on the financial results, as reported for the three months and year ended December 31, 2025:

In millions, except per share data	Three months ended December 31			Year ended December 31					
	2025	Constant currency impact	2024	% Change at constant currency		2025	Constant currency impact	2024	% Change at constant currency
				Fav	(Unfav)				
Revenues									
Petroleum and chemicals	\$ 901	\$ —	\$ 868	4%	\$ 3,478	\$ (43)	\$ 3,414	1%	
Metals and minerals	466	1	488	(4%)	1,962	(33)	2,048	(6%)	
Forest products	433	—	469	(8%)	1,839	(31)	1,931	(6%)	
Coal	235	—	238	(1%)	960	(7)	929	3%	
Grain and fertilizers	1,098	—	1,038	6%	3,658	(36)	3,422	6%	
Intermodal	964	1	876	10%	3,892	(18)	3,757	3%	
Automotive	215	(1)	206	4%	892	(14)	894	(2%)	
Total freight revenues	4,312	1	4,183	3%	16,681	(182)	16,395	1%	
Other revenues	152	1	175	(13%)	623	(6)	651	(5%)	
Total revenues	4,464	2	4,358	2%	17,304	(188)	17,046	—%	
Operating expenses									
Labor and fringe benefits	913	1	883	(4%)	3,510	(27)	3,422	(2%)	
Purchased services and material	591	4	598	1%	2,306	(10)	2,313	1%	
Fuel	437	(1)	481	9%	1,786	(39)	2,060	15%	
Depreciation and amortization	456	—	489	7%	1,938	(17)	1,892	(2%)	
Equipment rents	106	1	98	(9%)	432	(7)	392	(8%)	
Other	228	2	181	(27%)	745	(10)	642	(14%)	
Loss on assets held for sale	—	—	—	—%	—	—	78	100%	
Total operating expenses	2,731	7	2,730	—%	10,717	(110)	10,799	2%	
Operating income	1,733	(5)	1,628	6%	6,587	(78)	6,247	4%	
Interest expense	(234)	—	(231)	(1%)	(913)	14	(891)	(1%)	
Other components of net periodic benefit income	126	—	113	12%	502	—	454	11%	
Other income (loss)	44	—	(2)	2,300%	88	(1)	42	107%	
Income before income taxes	1,669	(5)	1,508	10%	6,264	(65)	5,852	6%	
Income tax recovery (expense)	(421)	1	(362)	(16%)	(1,544)	16	(1,404)	(9%)	
Net income	\$ 1,248	\$ (4)	\$ 1,146	9%	\$ 4,720	\$ (49)	\$ 4,448	5%	
Diluted earnings per share	\$ 2.03	\$ (0.01)	\$ 1.82	11%	\$ 7.57	\$ (0.08)	\$ 7.01	7%	

NON-GAAP MEASURES – UNAUDITED

Free cash flow

Free cash flow is a useful measure of liquidity as it demonstrates the Company's ability to generate cash for debt obligations and for discretionary uses such as payment of dividends, share repurchases and strategic opportunities. The Company defines its free cash flow measure as the difference between net cash provided by operating activities and net cash used in investing activities, adjusted for the impact of (i) business acquisitions and combinations and (ii) merger transaction-related payments, cash receipts and cash income taxes, which are items that are not indicative of operating trends. Free cash flow does not have any standardized meaning prescribed by GAAP and therefore, may not be comparable to similar measures presented by other companies.

The following table provides a reconciliation of Net cash provided by operating activities in accordance with GAAP, as reported for the three months and years ended December 31, 2025 and 2024, to the non-GAAP free cash flow presented herein:

<i>In millions</i>	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Net cash provided by operating activities	\$ 2,227	\$ 1,995	\$ 7,049	\$ 6,699
Net cash used in investing activities	(1,232)	(963)	(3,713)	(3,607)
Free cash flow	\$ 995	\$ 1,032	\$ 3,336	\$ 3,092

NON-GAAP MEASURES – UNAUDITED

Adjusted debt-to-adjusted EBITDA multiple

Management believes that the adjusted debt-to-adjusted EBITDA multiple is a useful credit measure because it reflects the Company's ability to service its debt and other long-term obligations. The Company calculates the adjusted debt-to-adjusted EBITDA multiple as adjusted debt divided by the last twelve months of adjusted EBITDA. Adjusted debt is defined as the sum of Long-term debt and Current portion of long-term debt as reported on the Company's Consolidated Balance Sheets as well as Operating lease liabilities, including current portion and pension plans in deficiency recognized on the Company's Consolidated Balance Sheets due to the debt-like nature of their contractual and financial obligations. Adjusted EBITDA is calculated as Net income excluding Interest expense, Income tax expense, Depreciation and amortization, operating lease cost, Other components of net periodic benefit income, Other income (loss), and other significant items that are not reflective of CN's underlying business operations and which could distort the analysis of trends in business performance. Adjusted debt and adjusted EBITDA are non-GAAP measures used to compute the adjusted debt-to-adjusted EBITDA multiple. These measures do not have any standardized meaning prescribed by GAAP and therefore, may not be comparable to similar measures presented by other companies.

The following table provides a reconciliation of debt and Net income in accordance with GAAP, reported as at and for the years ended December 31, 2025 and 2024, respectively, to the adjusted measures presented herein, which have been used to calculate the non-GAAP adjusted debt-to-adjusted EBITDA multiple:

<i>In millions, unless otherwise indicated</i>	<i>As at and for the year ended December 31,</i>		2025	2024
Debt ⁽¹⁾			\$ 21,206	\$ 20,894
Adjustments:				
Operating lease liabilities, including current portion ⁽²⁾			424	477
Pension plans in deficiency ⁽³⁾			329	350
Adjusted debt	\$ 21,959		\$ 21,721	
Net income	\$ 4,720		\$ 4,448	
Interest expense			913	891
Income tax expense			1,544	1,404
Depreciation and amortization			1,938	1,892
Operating lease cost ⁽⁴⁾			160	153
Other components of net periodic benefit income			(502)	(454)
Other income			(88)	(42)
Adjustments:				
Workforce reduction program ⁽⁵⁾			34	—
Advisory costs related to rail consolidation matters ⁽⁶⁾			15	—
Loss on assets held for sale ⁽⁷⁾			—	78
Adjusted EBITDA	\$ 8,734		\$ 8,370	
Adjusted debt-to-adjusted EBITDA multiple (times)			2.51	2.60

(1) Represents the aggregate of Current portion of long-term and Long-term debt as disclosed on the Consolidated Balance Sheets.

(2) Represents the present value of operating lease payments.

(3) Represents the total funded deficit of all defined benefit pension plans with a projected benefit obligation in excess of plan assets.

(4) Represents the operating lease costs recorded in Purchased services and material and Equipment rents within the Consolidated Statements of Income.

(5) Relates to employee termination benefits and severance costs related to a workforce reduction program, recorded in Labor and fringe benefits within the Consolidated Statements of Income.

(6) Represents advisory costs related to analysis and advocacy for STB enforcement of antitrust laws pertaining to the potential merger between Union Pacific and Norfolk Southern recorded in the fourth quarter in Purchased services and materials within the Consolidated Statements of Income.

(7) Relates to a loss on assets held for sale of \$78 million recorded in the second quarter of 2024, resulting from an agreement to transfer the ownership and related risks and obligations of the Quebec Bridge located in Quebec, Canada, to the Government of Canada.

NON-GAAP MEASURES – UNAUDITED

ROIC and adjusted ROIC

ROIC and adjusted ROIC are useful measures for management and investors to evaluate the efficiency of the Company's use of capital funds and allow investors to assess the operating and investment decisions made by management. The Company calculates ROIC as return divided by average invested capital, both of which are non-GAAP measures. Return is defined as Net income plus interest expense after-tax, calculated using the Company's effective tax rate. Average invested capital is defined as the sum of Total shareholders' equity, Long-term debt and Current portion of long-term debt less Cash and cash equivalents, and Restricted cash and cash equivalents, averaged between the beginning and ending balance over the last twelve-month period. The Company calculates adjusted ROIC as adjusted return divided by average invested capital, both of which are non-GAAP measures. Adjusted return is defined as adjusted net income plus interest expense after-tax, calculated using the Company's adjusted effective tax rate. Return, average invested capital, ROIC, adjusted return and adjusted ROIC do not have any standardized meaning prescribed by GAAP and therefore, may not be comparable to similar measures presented by other companies.

The following table provides a reconciliation of Net income and adjusted net income to return and adjusted return, respectively, as well as the calculation of average invested capital, which have been used to calculate ROIC and adjusted ROIC:

<i>In millions, except percentage</i>	<i>As at and for the year ended December 31,</i>		2025	2024
Net income			\$ 4,720	\$ 4,448
Interest expense			913	891
Tax on interest expense ⁽¹⁾			(225)	(214)
Return			\$ 5,408	\$ 5,125
Average total shareholders' equity			\$ 21,310	\$ 20,584
Average long-term debt			20,014	17,931
Average current portion of long-term debt			1,036	1,753
Less: Average cash, cash equivalents, restricted cash and restricted cash equivalents			(382)	(663)
Average invested capital			\$ 41,978	\$ 39,605
ROIC			12.9%	12.9%
Adjusted net income ⁽²⁾			\$ 4,756	\$ 4,506
Interest expense			913	891
Adjusted tax on interest expense ⁽³⁾			(226)	(214)
Adjusted return			\$ 5,443	\$ 5,183
Average invested capital			\$ 41,978	\$ 39,605
Adjusted ROIC			13.0%	13.1%

(1) The effective tax rate, defined as Income tax expense as a percentage of Income before income taxes, used to calculate the tax on Interest expense for 2025 was 24.6% (2024 - 24.0%).

(2) This non-GAAP measure does not have any standardized meaning prescribed by GAAP and therefore, may not be comparable to similar measures presented by other companies. See the supplementary schedule entitled *Non-GAAP measures – Adjusted performance measures* for an explanation of this non-GAAP measure.

(3) The adjusted effective tax rate is a non-GAAP measure, defined as Income tax expense, net of tax adjustments as presented in Adjusted performance measures as a percentage of Income before taxes, net of pre-tax adjustments as presented in Adjusted performance measures. This measure does not have any standardized meaning prescribed by GAAP and therefore, may not be comparable to a similar measure presented by other companies. The adjusted effective tax rate used to calculate the adjusted tax on interest expense for 2025 was 24.7% (2024 - 24.0%).