



RESILIENT AND READY

4

2025 QUARTERLY REVIEW FOURTH QUARTER





CN Announces Solid Fourth Quarter and Year-End Results

- *Fourth quarter diluted earnings per share (EPS) growth of 12%, or 14% on an adjusted basis⁽¹⁾*
- *Fourth quarter operating ratio of 61.2%, or 60.1% on an adjusted basis⁽¹⁾*
- *2025 diluted EPS growth of 8%, or 7% on an adjusted basis⁽¹⁾*
- *2025 operating ratio of 61.9%, or 61.7% on an adjusted basis⁽¹⁾*
- *Approximately 15 million shares repurchased in 2025 for approximately C\$2 billion*
- *Capital program spending set at C\$2.8 billion* for 2026, a decrease of C\$500 million from 2025⁽²⁾*

MONTREAL, January 30, 2026 – CN (TSX: CNR) (NYSE: CNI) today reported its financial and operating results for the fourth quarter and year ended December 31, 2025.

"Our team delivered a strong fourth quarter and closed 2025 with disciplined execution and a relentless focus on capturing opportunities for our customers. I thank our railroaders for their commitment to running the railroad safely and efficiently. In a challenging demand environment, their focus on service, cost control and productivity drove solid performance.

As we enter 2026, we expect continued macroeconomic uncertainty and elevated geopolitical risk. We are managing through this environment by focusing on what we can control: disciplined capital allocation, rigorous cost management and strengthening free cash flow. This approach positions CN to respond quickly as volumes shift and to deliver sustainable long-term value for shareholders."

- Tracy Robinson, President and Chief Executive Officer, CN

Quarterly Financial Results Highlights

Fourth-quarter 2025 compared to fourth-quarter 2024

- Revenues of C\$4,464 million, an increase of C\$106 million, or 2%.
- Operating income of C\$1,733 million, an increase of C\$105 million, or 6%, and adjusted operating income of C\$1,782 million, an increase of C\$154 million, or 9%.⁽¹⁾
- Operating ratio of 61.2%, an improvement of 1.4-points, and adjusted operating ratio of 60.1%, an improvement of 2.5 points.⁽¹⁾
- Net income of C\$1,248 million, an increase of C\$102 million, or 9%, and adjusted net income of C\$1,284 million, an increase of C\$138 million, or 12%.⁽¹⁾
- Diluted EPS of C\$2.03, an increase of 12% and adjusted diluted EPS of C\$2.08, an increase of 14%.⁽¹⁾
- The Company repurchased close to 4.4 million shares in the fourth quarter for approximately C\$600 million.

Quarterly Operating Performance Highlights **

Fourth-quarter 2025 compared to fourth-quarter 2024

- Gross ton miles (GTMs) increased 5% to 118,923 (millions).
- Revenue ton miles (RTMs) increased 4% to 61,707 (millions).
- Through dwell decreased 1% to 7.0 (entire railroad hours).
- Car velocity increased 2% to 215 (car miles per day).
- Through network train speed of 19.2 (mph) was in line with prior year.
- Fuel efficiency of 0.875 (US gallons of locomotive fuel consumed per 1,000 GTMs), was 1% more efficient.
- Train length increased 3% to 7,868 (feet).
- GTMs per average number of employees increased 8% to 4,957 (thousands).
- Operating expenses per GTM decreased 4% to 2.30 (cents).

2025 Financial Highlights

Full-year 2025 compared to full-year 2024

- Revenues of C\$17,304 million, an increase of C\$258 million, or 2%.
- Operating income of C\$6,587 million, an increase of C\$340 million, or 5%, and adjusted operating income of C\$6,636 million, an increase of C\$311 million, or 5%. ⁽¹⁾
- Operating ratio of 61.9%, an improvement of 1.5 points, and adjusted operating ratio of 61.7%, an improvement of 1.2 points. ⁽¹⁾
- Net income of C\$4,720 million, an increase of C\$272 million, or 6%, and adjusted net income of C\$4,756 million, an increase of C\$250 million, or 6%. ⁽¹⁾
- Diluted EPS of C\$7.57, an increase of 8% and adjusted diluted EPS of C\$7.63, an increase of 7%. ⁽¹⁾
- Free cash flow of C\$3,336 million, an increase of C\$244 million, or 8%. ⁽¹⁾
- Net cash provided by operating activities of C\$7,049 million, an increase of C\$350 million, or 5%, and net cash used in investing activities of C\$3,713 million, an increase of C\$106 million, or 3%.
- Adjusted EBITDA of C\$8,734 million, an increase of 4%. ⁽¹⁾
- Adjusted debt-to-adjusted EBITDA of 2.51 times as at and for the year ended December 31, 2025. ⁽¹⁾
- Return on invested capital (ROIC) of 12.9% was in line with prior year, and adjusted ROIC of 13.0%, a decrease of 0.1 point. ⁽¹⁾
- The Company repurchased approximately 15 million shares in the year for approximately C\$2 billion.

2025 Operating Performance Highlights **

Full-year 2025 compared to full-year 2024

- GTMs increased 1% to 463,002 (millions).
- RTMs increased 1% to 238,159 (millions).
- Through dwell increased 1% to 7.1 (entire railroad hours).
- Car velocity decreased 1% to 206 (car miles per day).
- Through network train speed decreased 1% to 18.8 (mph).
- Fuel efficiency of 0.873 (US gallons of locomotive fuel consumed per 1,000 GTMs), was in line with prior year.
- Train length increased 1% to 7,909 (feet).
- GTMs per average number of employees increased 4% to 18,893 (thousands).
- Operating expenses per GTM decreased 2% to 2.31 (cents).

* Net of customer reimbursements.

** Statistical operating data and key operating measures are unaudited and based on estimated data available at such time and are subject to change as more complete information becomes available.

2026 financial guidance ⁽¹⁾⁽²⁾

CN assumes that volume growth in terms of RTMs will be flattish. The Company expects that adjusted diluted EPS growth will slightly exceed volume growth.

In 2026, CN plans to invest approximately C\$2.8 billion in its capital program, net of amounts reimbursed by customers. The Company also expects to continue improving its free cash flow conversion throughout 2026.

Shareholder returns

The Company's Board of Directors approved a 3% increase to CN's 2026 quarterly cash dividend, effective for the first quarter of 2026. This is the 30th consecutive year of dividend increases, demonstrating our confidence in the long-term financial health of the Company. In addition, the Company's Board of Directors also approved a new Normal Course Issuer Bid (NCIB) that permits CN to purchase, for cancellation, over a 12-month period up to 24 million common shares, starting on February 4, 2026, and ending no later than February 3, 2027.

CONFERENCE CALL DETAILS

CN's senior officers will review the results and the railway's outlook in a conference call starting at 8:30 a.m. Eastern Time on January 30. Tracy Robinson, CN President and Chief Executive Officer, will lead the call. Parties wishing to participate via telephone may dial 1-800-715-9871 (Canada/U.S.), or 1-647-932-3411 (International), using 4883669 as the passcode. Participants are advised to dial in 10 minutes prior to the call.

(1) Non-GAAP Measures

CN reports its financial results in accordance with United States generally accepted accounting principles (GAAP). CN may also use non-GAAP measures in this news release that do not have any standardized meaning prescribed by GAAP. 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 attached supplementary schedule, Non-GAAP Measures.

PRESS RELEASE

CN's outlook, guidance or targets ⁽²⁾ exclude certain adjustments, which are expected to be comparable to adjustments made in prior years. However, management cannot individually quantify on a forward-looking basis the impact of these adjustments, 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 outlook, guidance or targets.

(2) Forward-Looking Statements

Certain statements included in this news release constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities laws, including statements based on management's assessment and assumptions and publicly available information with respect to CN. By their nature, forward-looking statements involve risks, uncertainties and assumptions. CN 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," "goals," or other similar words.

2026 key assumptions

CN has made a number of economic and market assumptions in preparing its 2026 outlook. The 2025/2026 grain crops in Canada and the U.S. were above their respective five-year averages. The Company assumes that the 2026/2027 grain crops in Canada and the U.S. will be in line with their respective five-year averages. CN assumes RTM growth will be flattish. CN also assumes that in 2026, the value of the Canadian dollar in U.S. currency will be \$0.715, and assumes that in 2026 the average price of crude oil (West Texas Intermediate) will be in the range of US\$60 - US\$70 per barrel. The Company notes there is a heightened demand risk as a result of the volatile macroeconomic conditions and global trade tensions.

Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors which may cause actual results, performance or achievements of CN to be materially different from the outlook or any future results, performance or achievements 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 in this news release include, but are not limited to, general economic and business conditions, including factors impacting global supply chains such as pandemics and geopolitical conflicts or tensions; trade restrictions, trade barriers, or the imposition of tariffs or other changes to international trade arrangements; 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 and other regulatory claims or proceedings; increases in maintenance and operating costs; security threats; reliance on technology and related cybersecurity risk; 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 and other types of claims and litigation; risks and liabilities arising from derailments; timing and completion of capital programs; the availability of and cost competitiveness of renewable fuels and the development of new locomotive propulsion technology; reputational risks; supplier concentration; pension funding requirements and volatility; and other risks detailed from time to time in reports filed by CN with securities regulators in Canada and the United States. Reference should also be made to Management's Discussion and Analysis (MD&A) 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 relating to CN.

The achievement of CN's climate goals is subject to several risks and uncertainties, including those disclosed in the MD&A in CN's annual and interim reports. There can be no certainty that the Company will achieve any or all of these goals within the stated timeframe, or that achieving any of these goals will meet all of the expectations of its stakeholders or applicable legal requirements.

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. Information contained on, or accessible through, our website is not incorporated by reference into this news release.

This earnings news release is available on the Company's website at www.cn.ca/financial-results and on SEDAR+ at www.sedarplus.ca as well as on the U.S. Securities and Exchange Commission's website at www.sec.gov through EDGAR.

About CN

CN powers the economy by safely transporting more than 300 million tons of natural resources, manufactured products, and finished goods throughout North America every year for its customers. With its nearly 20,000 mile rail network and related transportation services, CN connects Canada's Eastern and Western coasts with the U.S. Midwest and the U.S. Gulf Coast, contributing to sustainable trade and the prosperity of the communities in which it operates since 1919.

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Contacts:

Media

Ashley Michnowski
Senior Manager
Media Relations
(438) 596-4329
media@cn.ca

Investment Community

Stacy Alderson
Assistant Vice-President
Investor Relations
(514) 399-0052
investor.relations@cn.ca

SELECTED RAILROAD STATISTICS – UNAUDITED

	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Financial measures				
Key financial performance indicators ⁽¹⁾				
Total revenues (\$ millions)	4,464	4,358	17,304	17,046
Freight revenues (\$ millions)	4,312	4,183	16,681	16,395
Operating income (\$ millions)	1,733	1,628	6,587	6,247
Adjusted operating income (\$ millions) ⁽²⁾⁽³⁾	1,782	1,628	6,636	6,325
Net income (\$ millions)	1,248	1,146	4,720	4,448
Adjusted net income (\$ millions) ⁽²⁾⁽³⁾	1,284	1,146	4,756	4,506
Diluted earnings per share (\$)	2.03	1.82	7.57	7.01
Adjusted diluted earnings per share (\$) ⁽²⁾⁽³⁾	2.08	1.82	7.63	7.10
Net cash provided by operating activities (\$ millions)	2,227	1,995	7,049	6,699
Net cash used in investing activities (\$ millions)	1,232	963	3,713	3,607
Free cash flow (\$ millions) ⁽²⁾⁽⁴⁾	995	1,032	3,336	3,092
Gross property additions (\$ millions)	1,229	944	3,658	3,549
Share repurchases (\$ millions)	599	153	2,047	2,651
Dividends per share (\$)	0.8875	0.8450	3.5500	3.3800
Financial ratio				
Operating ratio (%) ⁽⁵⁾	61.2	62.6	61.9	63.4
Adjusted operating ratio (%) ⁽²⁾⁽³⁾	60.1	62.6	61.7	62.9
Operational measures ⁽⁶⁾				
Statistical operating data				
Gross ton miles (GTM) (millions)	118,923	113,660	463,002	457,694
Revenue ton miles (RTM) (millions)	61,707	59,305	238,159	235,538
Carloads (thousands)	1,363	1,324	5,458	5,390
Route miles (includes Canada and the U.S., end of year)	18,900	18,800	18,900	18,800
Employees (end of period)	23,839	24,671	23,839	24,671
Employees (average for the period)	23,989	24,862	24,507	25,304
Key operating measures				
Freight revenue per RTM (cents)	6.99	7.05	7.00	6.96
Freight revenue per carload (\$)	3,164	3,159	3,056	3,042
GTM per average number of employees (thousands)	4,957	4,572	18,893	18,088
Operating expenses per GTM (cents)	2.30	2.40	2.31	2.36
Labor and fringe benefits expense per GTM (cents)	0.77	0.78	0.76	0.75
Diesel fuel consumed (US gallons in millions)	104.0	100.1	404.0	401.1
Average fuel price (\$ per US gallon)	3.85	4.15	3.91	4.41
Fuel efficiency (US gallons of locomotive fuel consumed per 1,000 GTMs)	0.875	0.881	0.873	0.876
Train weight (tons)	9,265	9,034	9,173	9,087
Train length (feet)	7,868	7,670	7,909	7,831
Car velocity (car miles per day)	215	210	206	209
Through dwell (entire railroad, hours)	7.0	7.1	7.1	7.0
Through network train speed (miles per hour)	19.2	19.2	18.8	18.9
Locomotive utilization (trailing GTMs per total horsepower)	195	186	190	186
Safety indicators ⁽⁷⁾				
Injury frequency rate (per 200,000 person hours)	0.73	1.17	0.96	1.07
Accident rate (per million train miles)	1.90	1.75	1.84	1.69

(1) Amounts expressed in Canadian dollars and prepared in accordance with United States generally accepted accounting principles (GAAP), unless otherwise noted.

(2) 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.

(3) See the supplementary schedule entitled *Non-GAAP Measures – Adjusted performance measures* for an explanation of these non-GAAP measures.

(4) See the supplementary schedule entitled *Non-GAAP Measures – Free cash flow* for an explanation of this non-GAAP measure.

(5) Operating ratio is defined as operating expenses as a percentage of revenues.

(6) Statistical operating data, key operating measures and safety indicators are unaudited and based on estimated data available at such time and are subject to change as more complete information becomes available. Definitions of gross ton miles, revenue ton miles, freight revenue per RTM, fuel efficiency, train weight, train length, car velocity, through dwell and through network train speed are included within the Company's Management's Discussion and Analysis. Definitions of all other indicators are provided on CN's website, www.cn.ca/glossary.

(7) Based on Federal Railroad Administration (FRA) reporting criteria.

SUPPLEMENTARY INFORMATION – UNAUDITED

	Three months ended December 31				Year ended December 31			
			% Change at constant currency ⁽¹⁾				% Change at constant currency ⁽¹⁾	
	2025	2024	% Change Fav (Unfav)	Fav (Unfav)	2025	2024	% Change Fav (Unfav)	Fav (Unfav)
Revenues (\$ millions) ⁽²⁾								
Petroleum and chemicals	901	868	4%	4%	3,478	3,414	2%	1%
Metals and minerals	466	488	(5%)	(4%)	1,962	2,048	(4%)	(6%)
Forest products	433	469	(8%)	(8%)	1,839	1,931	(5%)	(6%)
Coal	235	238	(1%)	(1%)	960	929	3%	3%
Grain and fertilizers	1,098	1,038	6%	6%	3,658	3,422	7%	6%
Intermodal	964	876	10%	10%	3,892	3,757	4%	3%
Automotive	215	206	4%	4%	892	894	–%	(2%)
Total freight revenues	4,312	4,183	3%	3%	16,681	16,395	2%	1%
Other revenues	152	175	(13%)	(13%)	623	651	(4%)	(5%)
Total revenues	4,464	4,358	2%	2%	17,304	17,046	2%	–%
Revenue ton miles (RTMs) (millions) ⁽³⁾								
Petroleum and chemicals	12,388	11,767	5%	5%	46,626	46,530	–%	–%
Metals and minerals	6,376	6,646	(4%)	(4%)	27,073	28,829	(6%)	(6%)
Forest products	4,813	5,268	(9%)	(9%)	20,472	22,111	(7%)	(7%)
Coal	5,142	5,326	(3%)	(3%)	20,777	20,165	3%	3%
Grain and fertilizers	19,448	17,904	9%	9%	67,773	64,594	5%	5%
Intermodal	12,780	11,652	10%	10%	52,249	50,190	4%	4%
Automotive	760	742	2%	2%	3,189	3,119	2%	2%
Total RTMs	61,707	59,305	4%	4%	238,159	235,538	1%	1%
Freight revenue / RTM (cents) ⁽²⁾⁽³⁾								
Petroleum and chemicals	7.27	7.38	(1%)	(1%)	7.46	7.34	2%	–%
Metals and minerals	7.31	7.34	–%	–%	7.25	7.10	2%	–%
Forest products	9.00	8.90	1%	1%	8.98	8.73	3%	1%
Coal	4.57	4.47	2%	2%	4.62	4.61	–%	–%
Grain and fertilizers	5.65	5.80	(3%)	(3%)	5.40	5.30	2%	1%
Intermodal	7.54	7.52	–%	–%	7.45	7.49	(1%)	(1%)
Automotive	28.29	27.76	2%	1%	27.97	28.66	(2%)	(4%)
Total freight revenue / RTM	6.99	7.05	(1%)	(1%)	7.00	6.96	1%	–%
Carloads (thousands) ⁽³⁾								
Petroleum and chemicals	167	163	2%	2%	646	648	–%	–%
Metals and minerals	223	244	(9%)	(9%)	900	974	(8%)	(8%)
Forest products	66	71	(7%)	(7%)	278	299	(7%)	(7%)
Coal	117	113	4%	4%	472	456	4%	4%
Grain and fertilizers	202	194	4%	4%	720	690	4%	4%
Intermodal	539	490	10%	10%	2,234	2,115	6%	6%
Automotive	49	49	–%	–%	208	208	–%	–%
Total carloads	1,363	1,324	3%	3%	5,458	5,390	1%	1%
Freight revenue / carload (\$) ⁽²⁾⁽³⁾								
Petroleum and chemicals	5,395	5,325	1%	1%	5,384	5,269	2%	1%
Metals and minerals	2,090	2,000	5%	5%	2,180	2,103	4%	2%
Forest products	6,561	6,606	(1%)	(1%)	6,615	6,458	2%	1%
Coal	2,009	2,106	(5%)	(5%)	2,034	2,037	–%	(1%)
Grain and fertilizers	5,436	5,351	2%	2%	5,081	4,959	2%	1%
Intermodal	1,788	1,788	–%	–%	1,742	1,776	(2%)	(2%)
Automotive	4,388	4,204	4%	4%	4,288	4,298	–%	(2%)
Total freight revenue / carload	3,164	3,159	–%	–%	3,056	3,042	–%	(1%)

(1) 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 – Constant currency* for an explanation of this non-GAAP measure.

(2) Amounts expressed in Canadian dollars.

(3) Statistical operating data and related key operating measures are unaudited and based on estimated data available at such time and are subject to change as more complete information becomes available.

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.

NON-GAAP MEASURES – UNAUDITED

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				
Advisory costs related to rail consolidation matters	34	—	34	—
Loss on assets held for sale	15	—	15	—
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 %

NON-GAAP MEASURES – UNAUDITED

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		Constant currency Fav
				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%).

INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

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CONSOLIDATED STATEMENTS OF INCOME – UNAUDITED

	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
<i>In millions, except per share data</i>				
Revenues	\$ 4,464	\$ 4,358	\$ 17,304	\$ 17,046
Operating expenses				
Labor and fringe benefits	913	883	3,510	3,422
Purchased services and material	591	598	2,306	2,313
Fuel	437	481	1,786	2,060
Depreciation and amortization	456	489	1,938	1,892
Equipment rents	106	98	432	392
Other	228	181	745	642
Loss on assets held for sale	—	—	—	78
Total operating expenses	2,731	2,730	10,717	10,799
Operating income	1,733	1,628	6,587	6,247
Interest expense	(234)	(231)	(913)	(891)
Other components of net periodic benefit income	126	113	502	454
Other income (loss)	44	(2)	88	42
Income before income taxes	1,669	1,508	6,264	5,852
Income tax expense	(421)	(362)	(1,544)	(1,404)
Net income	\$ 1,248	\$ 1,146	\$ 4,720	\$ 4,448
Earnings per share				
Basic	\$ 2.03	\$ 1.82	\$ 7.58	\$ 7.02
Diluted	\$ 2.03	\$ 1.82	\$ 7.57	\$ 7.01
Weighted-average number of shares				
Basic	615.4	628.9	623.1	633.5
Diluted	616.0	629.5	623.7	634.5
Dividends declared per share	\$ 0.8875	\$ 0.8450	\$ 3.5500	\$ 3.3800

See accompanying Notes to Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME – UNAUDITED

	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
<i>In millions</i>				
Net income	\$ 1,248	\$ 1,146	\$ 4,720	\$ 4,448
Other comprehensive income (loss)				
Net gain (loss) on foreign currency translation	(78)	293	(286)	388
Net change in pension and other postretirement benefit plans	388	986	424	1,025
Derivative instruments	(2)	(1)	(2)	(20)
Other comprehensive income before income taxes	308	1,278	136	1,393
Income tax expense	(124)	(160)	(183)	(134)
Other comprehensive income (loss)	184	1,118	(47)	1,259
Comprehensive income	\$ 1,432	\$ 2,264	\$ 4,673	\$ 5,707

See accompanying Notes to Interim Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS – UNAUDITED

In millions	As at	December 31		December 31 2024
		2025	2024	
Assets				
Current assets				
Cash and cash equivalents		\$ 350	\$ 389	
Restricted cash and cash equivalents		13	12	
Accounts receivable		1,117	1,164	
Material and supplies		734	720	
Other current assets		257	334	
Total current assets		2,471	2,619	
Properties		49,148	47,960	
Operating lease right-of-use assets		440	485	
Pension asset		5,362	4,541	
Deferred income tax assets		611	689	
Intangible assets, goodwill and other		523	773	
Total assets		\$ 58,555	\$ 57,067	
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and other		\$ 2,790	\$ 2,810	
Current portion of long-term debt		906	1,166	
Total current liabilities		3,696	3,976	
Deferred income tax liabilities		11,223	10,874	
Other liabilities and deferred credits		999	612	
Pension and other postretirement benefits		453	483	
Long-term debt		20,300	19,728	
Operating lease liabilities		316	343	
Total liabilities		36,987	36,016	
Shareholders' equity				
Common shares		3,454	3,474	
Common shares in Share Trusts		(152)	(129)	
Additional paid-in capital		415	372	
Accumulated other comprehensive loss		(1,067)	(1,020)	
Retained earnings		18,918	18,354	
Total shareholders' equity		21,568	21,051	
Total liabilities and shareholders' equity		\$ 58,555	\$ 57,067	

See accompanying Notes to Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY – UNAUDITED

<i>In millions</i>	Number of common shares		Common shares in Share Trusts		Additional paid-in capital		Accumulated other comprehensive loss		Retained earnings	Total shareholders' equity
	Outstanding	Share Trusts	Common Shares	Share Trusts	paid-in capital	comprehensive loss				
Balance at September 30, 2025	617.7	1.0	\$ 3,468	\$ (137)	\$ 404	\$ (1,251)	\$ 18,789		\$ 21,273	
Net income								1,248		1,248
Stock options exercised	0.1		10		—					10
Settlement of equity settled awards	0.1	(0.1)		9	(14)			2		(3)
Stock-based compensation and other					25			(1)		24
Repurchase of common shares	(4.4)		(24)					(575)		(599)
Share purchases by Share Trusts	(0.2)	0.2		(24)						(24)
Other comprehensive income						184				184
Dividends							(545)			(545)
Balance at December 31, 2025	613.3	1.1	\$ 3,454	\$ (152)	\$ 415	\$ (1,067)	\$ 18,918		\$ 21,568	

<i>In millions</i>	Number of common shares		Common shares in Share Trusts		Additional paid-in capital		Accumulated other comprehensive loss		Retained earnings	Total shareholders' equity
	Outstanding	Share Trusts	Common Shares	Share Trusts	paid-in capital	comprehensive loss				
Balance at December 31, 2024	627.9	0.9	\$ 3,474	\$ (129)	\$ 372	\$ (1,020)	\$ 18,354		\$ 21,051	
Net income							4,720		4,720	
Stock options exercised	0.5		63		(7)					56
Settlement of equity settled awards	0.2	(0.2)		33	(68)			21		(14)
Stock-based compensation and other					118			(5)		113
Repurchase of common shares	(14.9)		(83)				(1,964)		(2,047)	
Share purchases by Share Trusts	(0.4)	0.4		(56)					(56)	
Other comprehensive loss						(47)			(47)	
Dividends							(2,208)		(2,208)	
Balance at December 31, 2025	613.3	1.1	\$ 3,454	\$ (152)	\$ 415	\$ (1,067)	\$ 18,918		\$ 21,568	

See accompanying Notes to Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY – UNAUDITED

<i>In millions</i>	Number of common shares		Common shares in Additional paid-in capital			Accumulated other comprehensive loss		Retained earnings	Totals shareholders' equity
	Outstanding	Share Trusts	Common Shares	Share Trusts	Capital	Compre. loss			
Balance at September 30, 2024	628.8	1.0	\$ 3,477	\$ (128)	\$ 360	\$ (2,138)	\$ 17,887	\$ 19,458	
Net income							1,146	1,146	
Stock options exercised	—		3		—			3	
Settlement of equity settled awards	0.1	(0.1)		7	(7)		—	—	
Stock-based compensation and other					19		(1)	18	
Repurchase of common shares	(1.0)		(6)				(147)	(153)	
Share purchases by Share Trusts	—	—		(8)				(8)	
Other comprehensive income						1,118		1,118	
Dividends							(531)	(531)	
Balance at December 31, 2024	627.9	0.9	\$ 3,474	\$ (129)	\$ 372	\$ (1,020)	\$ 18,354	\$ 21,051	

<i>In millions</i>	Number of common shares		Common shares in Additional paid-in capital			Accumulated other comprehensive loss		Retained earnings	Totals shareholders' equity
	Outstanding	Share Trusts	Common Shares	Share Trusts	Capital	Compre. loss			
Balance at December 31, 2023	642.7	1.1	\$ 3,512	\$ (144)	\$ 373	\$ (2,279)	\$ 18,655	\$ 20,117	
Net income						4,448	4,448		
Stock options exercised	0.4		47		(6)			41	
Settlement of equity settled awards	0.5	(0.5)		65	(80)		(42)	(57)	
Stock-based compensation and other					85		(3)	82	
Repurchase of common shares	(15.4)		(85)				(2,566)	(2,651)	
Share purchases by Share Trusts	(0.3)	0.3		(50)				(50)	
Other comprehensive income						1,259		1,259	
Dividends							(2,138)	(2,138)	
Balance at December 31, 2024	627.9	0.9	\$ 3,474	\$ (129)	\$ 372	\$ (1,020)	\$ 18,354	\$ 21,051	

See accompanying Notes to Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS – UNAUDITED

<i>In millions</i>	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Operating activities				
Net income	\$ 1,248	\$ 1,146	\$ 4,720	\$ 4,448
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	456	489	1,938	1,892
Pension income and funding	(105)	(97)	(410)	(385)
Deferred income taxes	144	18	334	325
Loss on assets held for sale	—	—	—	78
Changes in operating assets and liabilities:				
Accounts receivable	132	132	92	205
Material and supplies	43	17	(24)	(6)
Accounts payable and other	149	181	220	(107)
Other current assets	(10)	23	(123)	—
Other operating activities, net	170	86	302	249
Net cash provided by operating activities	2,227	1,995	7,049	6,699
Investing activities				
Property additions	(1,229)	(944)	(3,658)	(3,549)
Other investing activities, net	(3)	(19)	(55)	(58)
Net cash used in investing activities	(1,232)	(963)	(3,713)	(3,607)
Financing activities				
Issuance of debt	970	366	1,965	3,483
Repayment of debt	(26)	(510)	(446)	(1,038)
Change in commercial paper, net	(638)	(625)	(612)	(1,381)
Settlement of foreign exchange forward contracts on debt	(14)	122	3	120
Issuance of common shares for stock options exercised	10	3	56	41
Withholding taxes remitted on the net settlement of equity settled awards	(2)	—	(9)	(52)
Repurchase of common shares	(587)	(150)	(2,059)	(2,600)
Purchase of common shares for settlement of equity settled awards	(1)	—	(5)	(5)
Purchase of common shares by Share Trusts	(24)	(8)	(56)	(50)
Dividends paid	(545)	(531)	(2,208)	(2,138)
Net cash used in financing activities	(857)	(1,333)	(3,371)	(3,620)
Effect of foreign exchange fluctuations on cash, cash equivalents, restricted cash and restricted cash equivalents				
	(1)	4	(3)	5
Net increase (decrease) in cash, cash equivalents, restricted cash, and restricted cash equivalents	137	(297)	(38)	(523)
Cash, cash equivalents, restricted cash, and restricted cash equivalents, beginning of period	226	698	401	924
Cash, cash equivalents, restricted cash, and restricted cash equivalents, end of period	\$ 363	\$ 401	\$ 363	\$ 401
Cash and cash equivalents, end of period	\$ 350	\$ 389	\$ 350	\$ 389
Restricted cash and cash equivalents, end of period	13	12	13	12
Cash, cash equivalents, restricted cash, and restricted cash equivalents, end of period	\$ 363	\$ 401	\$ 363	\$ 401
Supplemental cash flow information				
Interest paid	\$ (216)	\$ (210)	\$ (979)	\$ (926)
Income taxes paid	\$ (227)	\$ (288)	\$ (935)	\$ (1,221)

See accompanying Notes to Interim Consolidated Financial Statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

1 – Basis of presentation

In these notes, the "Company" or "CN" refers to, Canadian National Railway Company, together with its wholly-owned subsidiaries. The accompanying unaudited Interim Consolidated Financial Statements ("Interim Consolidated Financial Statements"), expressed in Canadian dollars, have been prepared in accordance with United States generally accepted accounting principles (GAAP) for interim financial statements. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. In management's opinion, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Interim operating results are not necessarily indicative of the results that may be expected for the full year.

These Interim Consolidated Financial Statements have been prepared using accounting policies consistent with those used in preparing CN's 2024 Annual Consolidated Financial Statements and should be read in conjunction with such statements and Notes thereto.

2 – Recent accounting pronouncements

The following Accounting Standards Update (ASU) issued by the Financial Accounting Standards Board (FASB) have been adopted by the Company:

ASU 2023-09 – Income Taxes (Topic 740): Improvements to Income Tax Disclosures

The ASU amends the rules on income tax disclosures by modifying or eliminating certain existing income tax disclosure requirements in addition to establishing new requirements. The amendments address investor requests for more transparency about income taxes, including jurisdictional information, by requiring consistent categories and greater disaggregation of information. The ASU's two primary amendments relate to the rate reconciliation and income taxes paid annual disclosures.

Reconciling items presented in the rate reconciliation will be in dollar amounts and percentages, and will be disaggregated into specified categories with certain reconciling items further broken out by nature and/or jurisdiction using a 5% threshold of domestic federal taxes. Income taxes paid will be disaggregated between federal, provincial/territorial, and foreign taxing jurisdictions using a 5% threshold of total income taxes paid net of refunds received.

The ASU is effective for annual periods beginning after December 15, 2024. The Company will reflect the relevant annual disclosure changes prospectively, including the disaggregation of rate reconciliation items and income tax payments by specified categories, nature and/or jurisdiction as described above within the 2025 Annual Consolidated Financial Statements.

ASU 2025-05 – Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets

This ASU introduces an optional practical expedient to simplify the estimation of expected credit losses on current trade receivables and current contract assets arising from revenue transactions. When elected, an entity may assume that current conditions at the balance sheet date will remain unchanged over the remaining life of the assets in developing its reasonable and supportable forecast; entities still adjust historical loss information to reflect current conditions, but they need not incorporate forward-looking macroeconomic forecasts for assets within scope.

The amendments in this ASU are effective for annual periods beginning after December 15, 2025. The Company will reflect the relevant annual disclosure changes prospectively within the 2025 Annual Consolidated Financial Statements.

The following recent ASU issued by the Financial Accounting Standards Board (FASB) have an effective date after December 31, 2025 and have not been adopted by the Company:

ASU 2025-10 – Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities

This ASU introduces comprehensive accounting guidance for government grants received by business entities by expanding Topic 832 beyond disclosure-only requirements to include recognition, measurement, presentation, and disclosure. The main provisions establish that government grants should not be recognized until it is probable that the Company will comply with the conditions attached to the grant and that the grant will be received. The ASU also provides guidance on accounting for grants related to income and grants related to assets, including acceptable presentation approaches, and introduces enhanced disclosure requirements intended to improve transparency and comparability of government grant information.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

The amendments in this ASU are effective for annual periods beginning after December 15, 2028, including interim periods within these fiscal years. Early adoption is permitted. The amendments in this ASU may be adopted using a prospective, modified retrospective, or full retrospective transition approach, depending on the nature of the grants and the transition method elected.

The Company is evaluating the effects that the adoption of the ASU will have on its Consolidated Financial Statements and disclosures.

ASU 2025-06 – Intangibles - Goodwill and Other Internal-Use Software (Subtopic 350-40)

This ASU modernizes the accounting for internal-use software by removing references to prescriptive and sequential software development stages. The main provisions establish that capitalization begins when management authorizes and commits to funding the software project and it is probable the project will be completed and used as intended. The ASU also introduces enhanced disclosure requirements that align internal-use software disclosures to property, plant and equipment. It also consolidates guidance for website development by integrating it into the framework for internal-use software.

The amendments in this ASU are effective for annual periods beginning after December 15, 2027, including interim periods within these fiscal years. Early adoption is permitted. The amendments in this ASU must be adopted either prospectively, retrospectively or using a modified transition approach based on project status and prior capitalization.

The Company is evaluating the effects that the adoption of the ASU will have on its Consolidated Financial Statements and disclosures.

ASU 2024-03 – Disaggregation of Income Statement Expenses (Subtopic 220-40)

This ASU aims to provide stakeholders a clearer understanding of an entity's expenses and enhance their ability to assess performance, forecast expenses and evaluate the entity's potential for future cash flows. The ASU amends the rules on income statement expense disclosures and requires public business entities to disaggregate and disclose, in tabular format in the notes to financial statements, specified categories of expenses contained within certain income statement expense line items; to integrate certain amounts that were already required to be disclosed under current GAAP with the new disaggregation requirements and to qualitatively disclose descriptions of the amounts remaining that were not separately disaggregated. The ASU also requires public business entities to disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of those selling expenses. This ASU does not change or remove the current disclosure requirements of expense line items on the face of the Consolidated Statements of Income.

The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments in this ASU should be applied either prospectively to Consolidated Financial Statements issued for reporting periods following the effective date, or retrospectively to any or all prior periods presented in the Consolidated Financial Statements.

The Company is evaluating the effects that the adoption of the ASU will have on its Consolidated Financial Statements disclosures.

Other recently issued ASUs required to be applied on or after December 31, 2025 have been evaluated by the Company and are not expected to have a significant impact on the Company's Consolidated Financial Statements.

3 – Business acquisition

Iowa Northern Railway Company

On December 6, 2023, the Company acquired the shares of the Iowa Northern Railway Company (IANR), a Class III short-line railroad that owns and leases approximately 175 route miles in northeast Iowa that are connected to CN's U.S. rail network. CN paid US\$230 million (\$312 million), including transaction costs to date. IANR serves upper Midwest agricultural and industrial markets covering many goods, including biofuels and grain. This transaction represents a meaningful opportunity to support the growth of local business by creating single-line service to North American destinations, while preserving access to existing carrier options.

The shares of IANR were deposited into an independent voting trust while the U.S. Surface Transportation Board (STB) considered the Company's application to acquire control of IANR. During the trust period, IANR continued to be operated under its current management and the Company could not exercise day-to-day control. As a result, the Company recorded its investment in IANR at its acquisition cost under the equity method of accounting.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

On January 14, 2025, the STB issued a final decision approving CN's application to acquire control of IANR, subject to certain conditions. The Company assumed control of IANR on March 1, 2025 (Control Date) and began consolidating IANR on that date, accounting for the acquisition as a business combination achieved in stages. The Company derecognized its previously held equity method investment in IANR of \$320 million as of March 1, 2025 and remeasured the investment at its Control Date fair value of \$344 million resulting in a net remeasurement gain of \$24 million recorded in Other income in the Consolidated Statements of Income. The fair value of the previously held equity interest in IANR was determined through the use of a discounted cash flow approach, which incorporated the Company's best estimates of various assumptions including, but not limited to, discount rates and terminal growth rates and multiples.

The Company's Consolidated Balance Sheet includes the assets and liabilities of IANR as of the Control Date, and since that time, IANR's results of operations have been included in the Company's results of operations. The Company has not provided pro forma information relating to the pre-control date period as the acquisition was not material.

The following table summarizes the final purchase price allocation with the fair value at the Control Date of the previously held equity interest in IANR, as well as the amounts recognized for the identifiable assets acquired and liabilities assumed on the Control Date:

(in millions)	March 1, 2025	
Consideration		
Fair value of previously held equity method investment ⁽¹⁾	\$	344
Recognized amounts of identifiable assets acquired and liabilities assumed ⁽¹⁾		
Current assets	\$	10
Properties	426	
Other non-current assets	10	
Current liabilities	(20)	
Deferred income tax liabilities	(90)	
Other non-current liabilities	(23)	
Total identifiable net assets ⁽²⁾	\$	313
Goodwill ⁽³⁾	\$	31

- (1) As at the Control Date, the Company's fair value of the previously held equity interest in IANR and the related purchase price allocation was preliminary and subject to change over the measurement period, permitted to be up to one year from the Control Date. In the fourth quarter of 2025, based on updated information available to the Company, the fair value of net assets acquired was increased by \$2 million to reflect changes to certain assets and liabilities which were insignificant, resulting in a decrease to Goodwill for the same amount. The Company's fair value of the previously held equity interest in IANR and the purchase price allocation is now final.
- (2) Includes operating lease right-of-use assets and liabilities. There were no identifiable intangible assets.
- (3) The goodwill acquired through the business combination is mainly attributable to the premium of an established business operation. The goodwill is not deductible for tax purposes.

The final fair values of Properties were determined using valuation techniques including the market approach and the cost approach. The significant assumptions used to determine the final fair value of Properties were mostly related to a selection of comparable assets and inflation.

4 – Subsequent event

Normal course issuer bid (NCIB)

On January 30, 2026, the Company announced that its Board of Directors had approved a new NCIB, which allows for the repurchase of up to 24.0 million common shares between February 4, 2026 and February 3, 2027.