

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, free cash flow, constant currency and adjusted debt-to-adjusted EBITDA multiple. 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.

The Company did not present any adjusted performance measures (adjusted net income, adjusted diluted earnings per share, adjusted operating income, adjusted operating expenses and adjusted operating ratio) as there were no adjustments in the first quarter of 2025 and 2024.

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 (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 ended March 31, 2025 and 2024, to the non-GAAP free cash flow presented herein:

<i>In millions</i>	Three months ended March 31			
	2025		2024	
Net cash provided by operating activities	\$	1,164	\$	1,117
Net cash used in investing activities		(538)		(588)
Free cash flow	\$	626	\$	529

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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 \$1.435 and \$1.349 per US\$1.00 for the three months ended March 31, 2025 and 2024 respectively. On a constant currency basis, the Company's net income for the three months ended March 31, 2025 would have been lower by \$34 million (\$0.05 per diluted share).

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 ended March 31, 2025:

	Three months ended March 31			
	2025	Constant currency impact	2024	% Change at constant currency Fav (Unfav)
<i>In millions, except per share data</i>				
Revenues				
Petroleum and chemicals	\$ 915	\$ (33)	\$ 857	3%
Metals and minerals	523	(26)	530	(6%)
Forest products	494	(23)	494	(5%)
Coal	246	(5)	221	9%
Grain and fertilizers	951	(27)	860	7%
Intermodal	940	(14)	959	(3%)
Automotive	219	(10)	216	(3%)
Total freight revenues	4,288	(138)	4,137	—%
Other revenues	115	(4)	112	(1%)
Total revenues	4,403	(142)	4,249	—%
Operating expenses				
Labor and fringe benefits	920	(21)	894	(1%)
Purchased services and material	577	(11)	571	1%
Fuel	518	(29)	514	5%
Depreciation and amortization	493	(12)	462	(4%)
Equipment rents	118	(6)	99	(13%)
Other	167	(8)	163	2%
Total operating expenses	2,793	(87)	2,703	—%
Operating income	1,610	(55)	1,546	1%
Interest expense	(233)	11	(210)	(6%)
Other components of net periodic benefit income	125	—	113	11%
Other income	25	(1)	2	1100%
Income before income taxes	1,527	(45)	1,451	2%
Income tax expense	(366)	11	(348)	(2%)
Net income	\$ 1,161	\$ (34)	\$ 1,103	2%
Diluted earnings per share	\$ 1.85	\$ (0.05)	\$ 1.72	5%

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 twelve months ended March 31, 2025 and 2024, 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 twelve months ended March 31,</i>		2025	2024
Debt	\$	20,792	\$	19,761
Adjustments:				
Operating lease liabilities, including current portion ⁽¹⁾		466		387
Pension plans in deficiency ⁽²⁾		348		360
Adjusted debt	\$	21,606	\$	20,508
Net income	\$	4,506	\$	5,508
Interest expense		914		767
Income tax expense		1,422		814
Depreciation and amortization		1,923		1,831
Operating lease cost ⁽³⁾		155		151
Other components of net periodic benefit income		(466)		(473)
Other income		(65)		(135)
Adjustment:				
Loss on assets held for sale ⁽⁴⁾		78		—
Adjusted EBITDA	\$	8,467	\$	8,463
Adjusted debt-to-adjusted EBITDA multiple (times)		2.55		2.42

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

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

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

(4) 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. See the section entitled *2024 Highlights – Assets held for sale* of the Company's 2024 Annual MD&A for additional information.