A Leading North American Transportation and Logistics Company

INVESTOR PRESENTATION
SEPTEMBER 2019

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, including but not limited to, statements with respect to CN's operations, business opportunities and anticipated financial performance, including diluted earnings per share (EPS) and adjusted diluted EPS growth, operating ratio, adjusted return on invested capital (ROIC), free cash flow, dividends per share growth, and the related key assumptions. By their nature, forward-looking statements involve risks, uncertainties and assumptions. The Company cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty. Forward-looking statements may be identified by the use of terminology such as "believes," "expects," "anticipates," "assumes," "outlook," "plans," "targets," or other similar words.

2019 key assumptions
CN has made a number of economic and market assumptions in preparing its 2019 outlook. The Company assumes that North American industrial production for the year will increase by approximately one per cent, and assumes U.S. housing starts of approximately 1.25 million units and U.S. motor vehicle sales of approximately 17 million units. For the 2018/2019 crop year, the grain crops in both Canada and the United States were in line with their respective three-year averages. The Company assumes that the 2019/2020 grain crop in Canada will be in line with the three-year average and assumes that the 2019/2020 grain crop in the United States will be below the three-year average. CN assumes total RTMs in 2019 will increase in the mid-single digits versus 2018. CN assumes continued pricing above rail inflation. CN assumes that in 2019, the value of the Canadian dollar in U.S. currency will be approximately $0.75, and assumes that in 2019 the average price of crude oil (West Texas Intermediate) will be in the range of US$60 to US$65 per barrel. In 2019, CN plans to invest approximately $3.9 billion in its capital program, of which $1.6 billion is targeted toward track and railway infrastructure maintenance.

Key assumptions for 2020-2022 financial targets
CN has made a number of economic and market assumptions in preparing its three-year financial targets. The Company assumes that North American industrial production will increase by approximately two per cent annually over 2020-2022, and assumes annual U.S. housing starts of at least 1.25 million units, and annual U.S. motor vehicle sales of approximately 17 million units. The Company assumes that the annual grain crops in both Canada and the United States will be in line with their respective three-year averages. CN assumes continued pricing above rail inflation. CN assumes that the value of the Canadian dollar in U.S. currency will be approximately $0.75 and that the average price of crude oil (West Texas Intermediate) will be in the range of US$60 to US$65 per barrel during this period.

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 effects of general economic and business conditions; changes in business strategies; industry competition; inflation, currency and interest rate fluctuations; changes in fuel prices; legislative and/or regulatory developments; compliance with environmental laws and regulations; actions by regulators; increases in maintenance and operating costs; security threats; reliance on technology and related cybersecurity risk; trade restrictions or other changes to international trade arrangements; transportation of hazardous materials; various events which could disrupt operations, including natural events such as severe weather, droughts, fires, floods and earthquakes; climate change; labor negotiations and disruptions; environmental claims; uncertainties of investigations, proceedings or other types of claims and litigation; risks and liabilities arising from derailments; timing and completion of capital programs; and other risks detailed from time to time in reports filed by CN with securities regulators in Canada and the United States. Reference should be made to Management's Discussion and Analysis in CN's annual and interim reports, Annual Information Form and Form 40-F, filed with Canadian and U.S. securities regulators 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, free cash flow, adjusted debt-to-adjusted EBITDA multiple, adjusted dividend payout ratio, return on invested capital (ROIC) and adjusted ROIC. These non-GAAP measures may not be comparable to similar measures presented by other companies. For an explanation of adjusted dividend payout ratio, ROIC and adjusted ROIC, refer to the Appendix to this presentation. For further details of the other non-GAAP measures, including a reconciliation to the most directly comparable GAAP financial measures, refer to the supplementary schedules entitled Non-GAAP Measures for the 2019 Second Quarter Results and for the years 2013 to 2018, as well as the Company's 2012 Q4 Financial Statements, available at www.cn.ca/financial-results.

CN's full-year adjusted earnings per share (EPS) outlook excludes, and the 2020-2022 financial targets may exclude, the expected impact of certain income and expense items. However, management cannot individually quantify on a forward-looking basis the impact of these items on its EPS because these items, which could be significant, are difficult to predict and may be highly variable. As a result, CN does not provide a corresponding GAAP measure for, or reconciliation to, its adjusted EPS outlook.

To the extent the Company has used other non-GAAP measures in preparing its financial targets, including adjusted ROIC and free cash flow, CN is not able to provide a reconciliation to a GAAP measure, due to unknown variables and uncertainty related to future results.

All amounts in this presentation are expressed in Canadian dollars, unless otherwise noted.
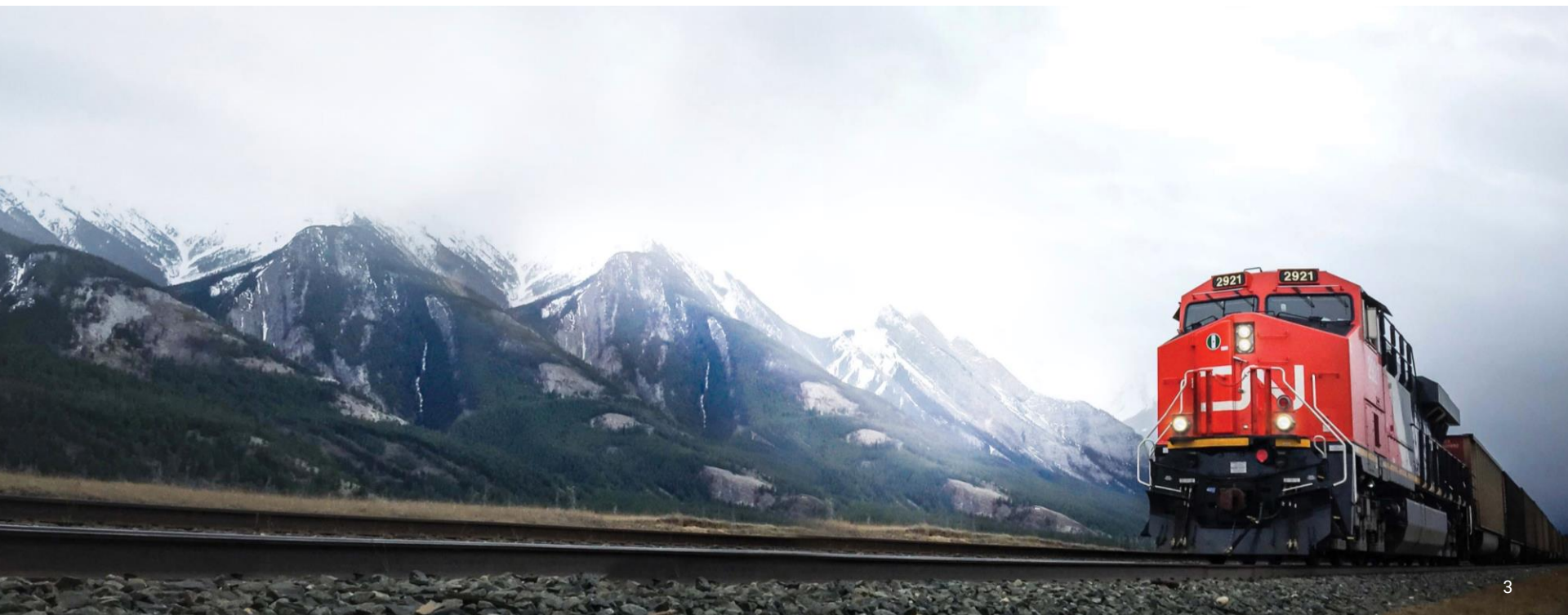
North American Rail Industry Landscape

Seven Class 1 railways in North America

- **True backbone of the North American economy**
  - US, Canada and Mexico represent ~500M in population and GDP of US$24.3 Trillion

- **Significant capital costs to replicate rail network**
  - Owned by the railroads, except in Mexico

- **Current trends favoring rails**
  - Trucking regulations and driver shortage
  - Growing environmental pressure
  - Highway congestion and aging public infrastructure

- **Safety as a core value**
  - More than 99.999% of all hazmat moved by rail reaches its destination without a release cause by an incident [1]

- **Sustainable way to move goods**
  - A freight train on average moves one ton of freight more than 470 miles on one gallon (200km on one liter) of fuel

- **Investing in technology to better compete in the future**

CN at a Glance

TSX: CNR   NYSE: CNI

- True backbone of the economy transporting goods for a wide range of business sectors, ranging from resource products to manufactured products to consumer goods, across a rail network of approximately 20,000 route-miles (32,000 km) spanning Canada and mid-America

- Regarded internationally as one of the best-performing transportation and logistics companies; our commitment is to create value for both customers and shareholders by deepening customer engagement, leveraging the strength of our franchise and delivering Operational and Service Excellence

- 5 out of 6 CN employees participate in Employee Share Investment Plan (ESIP) and collectively own over $600 million worth of shares

$14B	$88B
Total revenues	Latest market cap [1]
61.6%	**15.7%**
Operating ratio	Adjusted ROIC [2]
$2.5B	**$3.5B**
Free cash flow [3]	Capital investments
25,720	**6.0M**
Employees (end of period)	Carloads

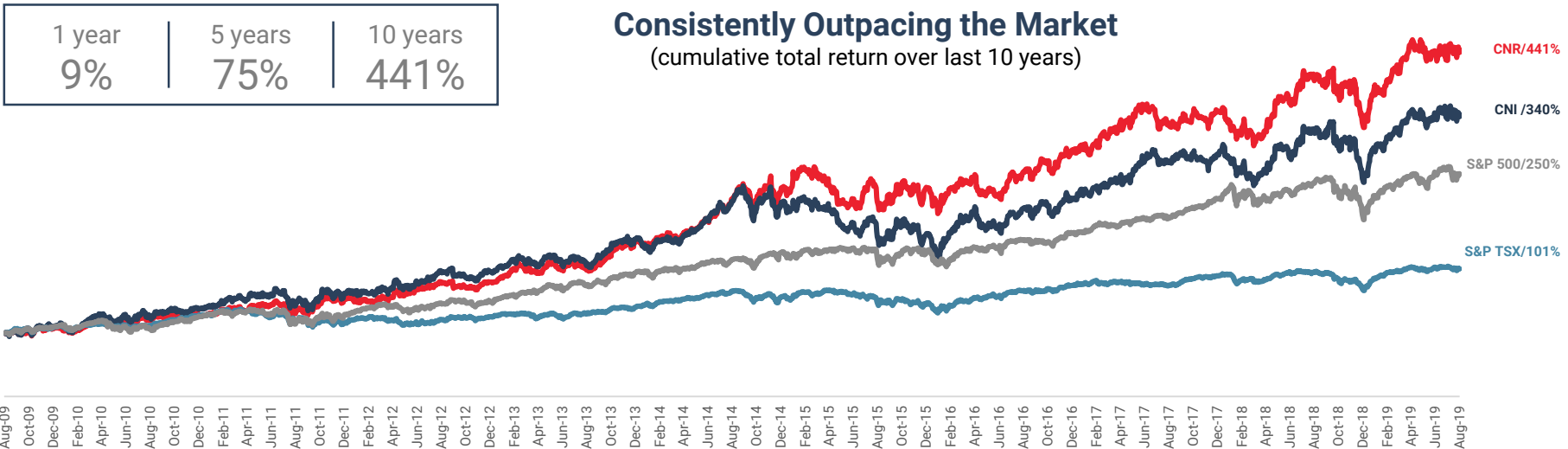*Note: As at or for the year ending December 31, 2018.*

(1) As at August 30, 2019.

(2) Please see the Appendix for an explanation of this non-GAAP measure.

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

CN's Strengths and Competitive Advantages

- Unique franchise with 3-coast access

- Strategic and accretive acquisition track record

- Network fluidity advantage around Chicago

- Pioneers of Scheduled Railroading

- Solid growth profile / consistent pricing above rail inflation, disciplined and balanced approach to capital allocation

- West Coast trade benefitting from Canada Transpacific partnership, East Coast trade from Comprehensive Economic and Trade Agreement (CETA)

- High-quality management team with proven track record

- Best-in-class supply chain enabler

- Transformative diverse talent

- Strong balance sheet

1 year	5 years	10 years
9%	75%	441%

Consistently Outpacing the Market
(cumulative total return over last 10 years)

CNR/441%

CNI /340%
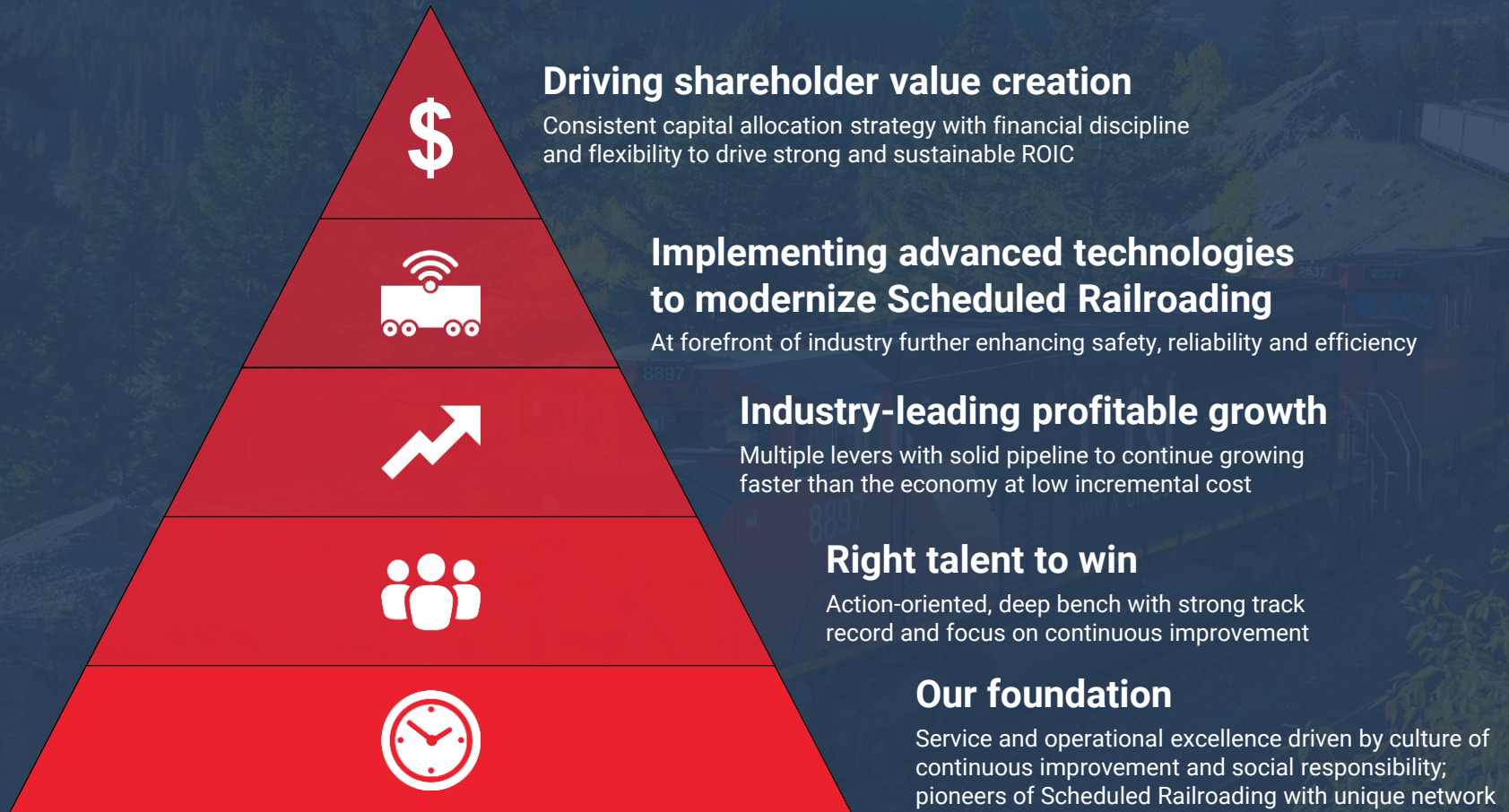
S&P 500/250%

S&P TSX/101%

Source: Bloomberg

Index: Closing price August 2009 = 100
Assumes reinvestments of dividends

6

Executing our Strategic Game Plan

To deliver long-term profitable growth and create shareholder value

Driving shareholder value creation
Consistent capital allocation strategy with financial discipline and flexibility to drive strong and sustainable ROIC

Implementing advanced technologies to modernize Scheduled Railroading
At forefront of industry further enhancing safety, reliability and efficiency

Industry-leading profitable growth
Multiple levers with solid pipeline to continue growing faster than the economy at low incremental cost

Right talent to win
Action-oriented, deep bench with strong track record and focus on continuous improvement

Our foundation
Service and operational excellence driven by culture of continuous improvement and social responsibility; pioneers of Scheduled Railroading with unique network

Our Foundation

Building blocks of our success

- Unparalleled three-coast network built through accretive acquisitions
  - Well diversified portfolio, customer base and geographic exposure

- Pioneered Scheduled Railroading over 15 years ago
  - Optimizing network to move customer goods quicker – balancing operational and service excellence

- Delivering responsibly with a strong focus on ESG
  - Culture of safety, integrity and diversity

Unparalleled Network Built Through Acquisitions

Solid track record of accretive inorganic growth

2019

FURTHER EXPANDING OUR REACH
TransX
H&R (subject to closing conditions)
Massena rail line (subject to regulatory review)

2009

STRUCTURAL ADVANTAGE IN CHICAGO
Elgin, Joliet and Eastern Railway

2006–2008

SOLIDIFYING OUR REACH
Savage Alberta Railway
Mackenzie Northern Railway
Lakeland & Waterways Railway
Central Western Railway
Athabasca Northern Railway
Chemin de fer de la Matapédia et du Golfe
Ottawa Central Railway
New Brunswick East Coast Railway
Compagnie de Gestion de Matane

1998–2004

BUILDING A THREE COAST ACCESS
Illinois Central Railway
Wisconsin Central Railway
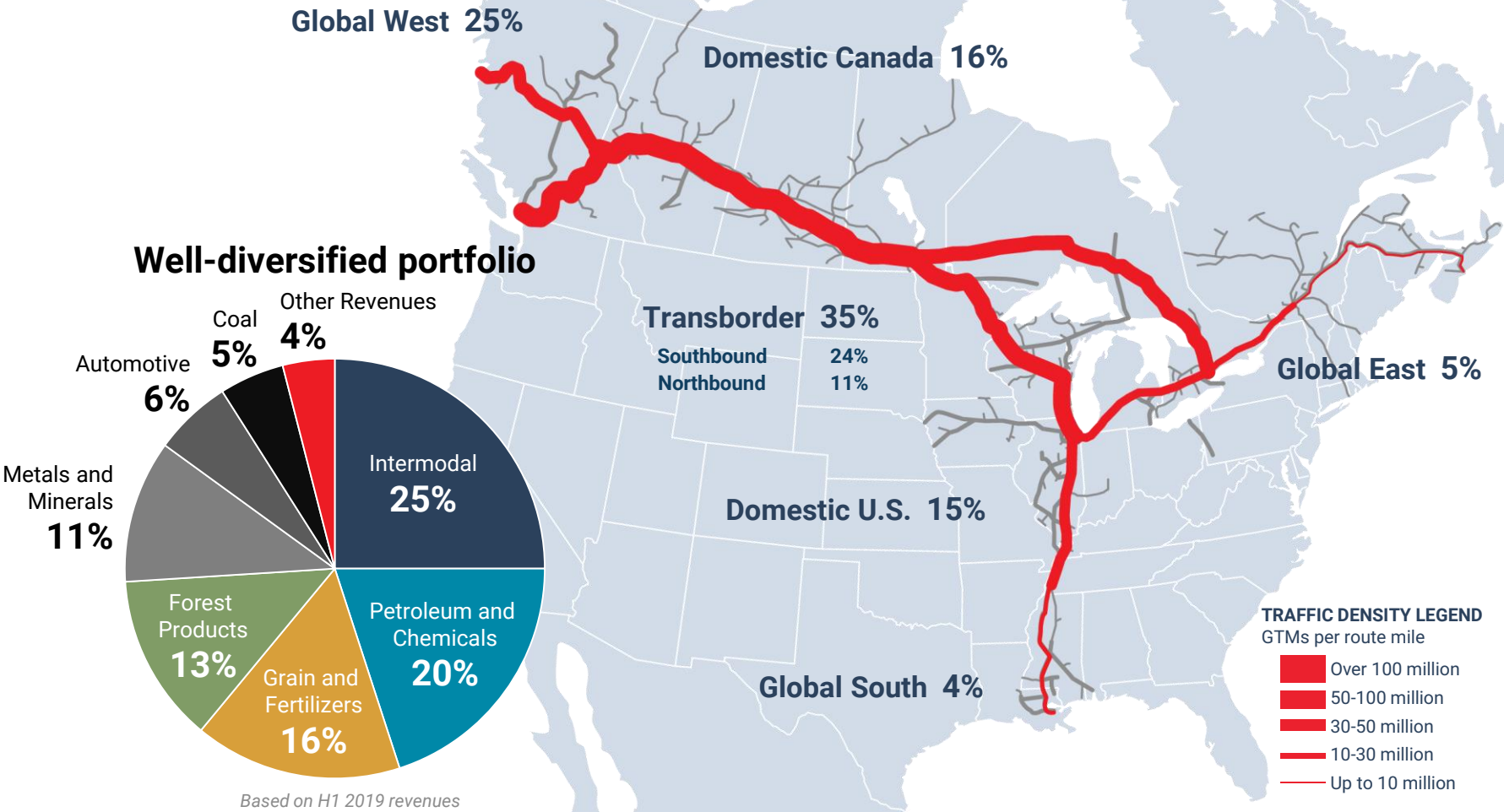B.C. Railway
Great Lakes Transportation

1995

SOLID CANADIAN FOOTPRINT
CN Network at privatization

Legend:
- 1995
- 1998
- 2001
- 2004
- 2006-2007
- 2008
- 2009
- 2019

Well-Diversified Portfolio and Customer Base

Limiting exposure to economic cycles

Global West 25%

Domestic Canada 16%

Global East 5%

Transborder 35%
Southbound   24%
Northbound   11%

Domestic U.S. 15%

Global South 4%

Well-diversified portfolio

Coal 5%
Other Revenues 4%
Automotive 6%
Metals and Minerals 11%
Forest Products 13%
Grain and Fertilizers 16%
Intermodal 25%
Petroleum and Chemicals 20%

Based on H1 2019 revenues

TRAFFIC DENSITY LEGEND
GTMs per route mile

- Over 100 million
- 50-100 million
- 30-50 million
- 10-30 million
- Up to 10 million

The map refers to traffic density based on annualized rates of Q2 2019 gross ton mile (GTM) production (million GTMs per route mile).

For more information on CN's network, please visit www.cn.ca/en/our-services/maps-and-network
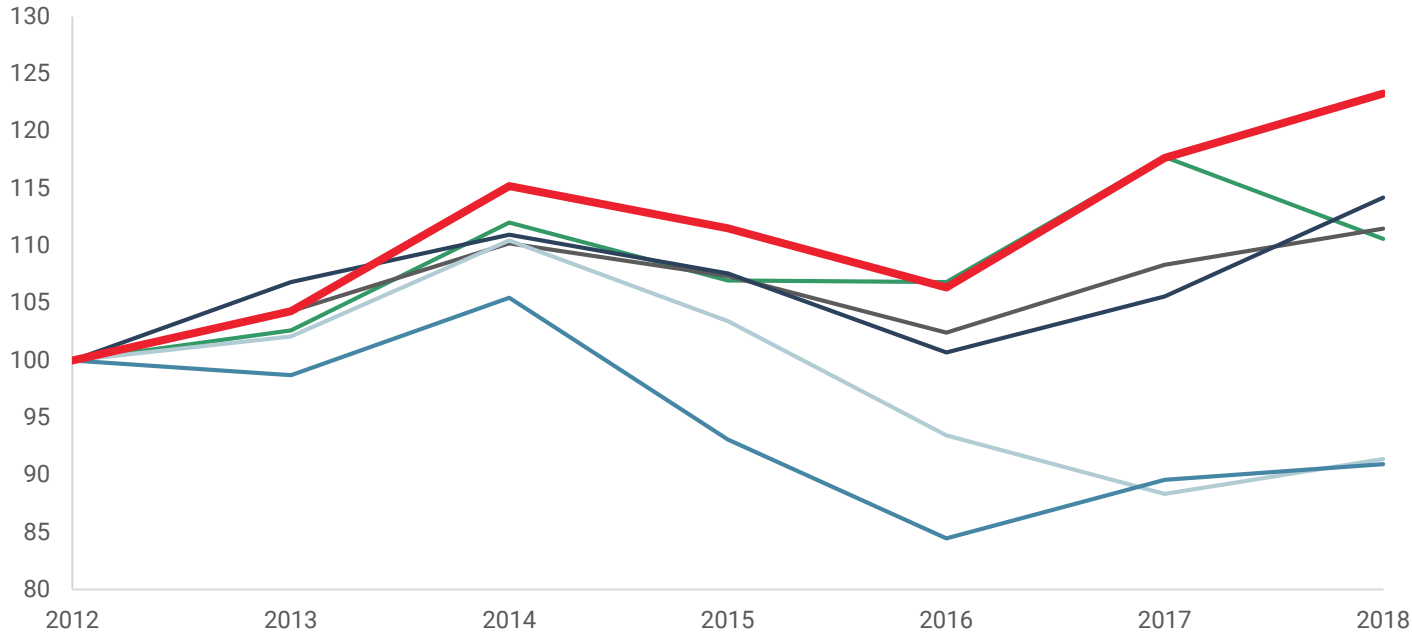
Scheduled Railroading is Our Foundation

- CN pioneered Scheduled Railroading over 15 years ago
    - Optimizing the rail network to transport more freight with the same amount of railcars and locomotives
    - Moving customer goods more efficiently by increasing train lengths, speed and reducing dwell time at yards

- Driving safety, service, productivity, asset utilization and cost control

- Deploying technology – next strategic driver of value
    - Continuing to further advance our operational model to the next level

- Continuing to be nimble on resource allocation
    - Rightsizing the railcars, locomotives and crews according to the customer demand
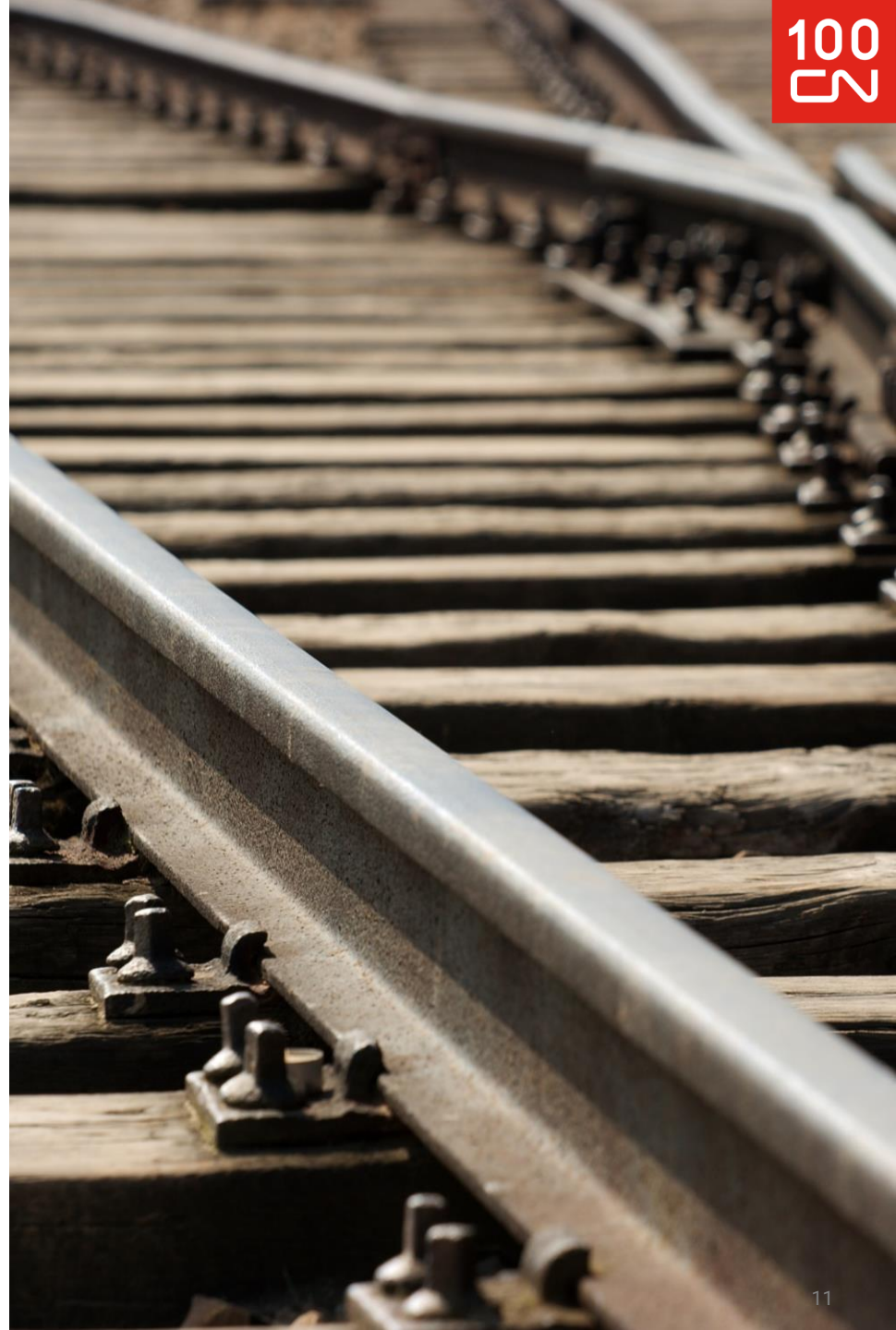
CN Delivered **Strong Profitable Growth** Over the Years

Industry Revenue Ton Miles (RTMs)
(Index − 2012=100)

RTM CAGR [1]

3.5%	(CN)
2.2%	(CP)
1.8%	(NSC)
1.7%	(KSU)
-1.5%	(CSX)
-1.6%	(UP)

OR [2]

57.4%	(CSX)
57.5%	(CN)
58.4%	(CP)
59.6%	(UP)
63.6%	(NSC)
63.7%	(KSU)

Legend: NSC · KSU · UP · CP · CSX · CN

Industry leading in volume growth and amongst the leaders in operating ratio

(1) RTM CAGR is calculated from 2012 to 2018.

(2) Operating Ratio (OR) as reported for Q2 2019 and based on the companies' financial statements.

Committed to Delivering Responsibly

Delivering responsibly is at the heart of how CN is building for a sustainable future. It means moving customers' goods safely, being environmentally responsible, attracting and developing the best railroaders, helping build stronger communities and adhering to the highest governance standards

Environmental Protection

- Reduced Greenhouse Gas (GHG) emission intensity by 40% over the past 25 years

- Leading the North American rail industry, consuming approximately 15% less fuel per Gross Ton Mile (GTM) [1]

- Rail is 4X more fuel efficient than truck – recognizing our role in the transition to lower carbon economy

Social Responsibility

- Run a safe operation with an uncompromising safety culture

- Provide a safe, supportive and diverse work environment where our people can grow to their full potential

- Build stronger communities across our network

Strong Governance

- Continuously improving our culture of integrity and ethical business conduct

- Executive compensation aligned with shareholders

- Committed to diversity; signatory to the Catalyst Accord; member of 30% Club

Recent recognitions

(1) Based on 2018 data.

Right Talent to Win

Action-oriented, deep bench with strong track record

- Seasoned leadership team with an average of 20+ years

- Onboarding experienced, external talent to drive next wave of innovation

- Leveraging existing employee base with new talent to value methodology

Highly Experienced Leadership Team

JJ Ruest
*President &
Chief Executive
Officer*

- **23 years with CN**
- **Served as CMO for 8 years**

Rob Reilly
*Executive VP &
Chief Operating
Officer*

- **30 years of experience in the rail industry**
- **Deep understanding of the intermodal business at major ports & large terminals**

Ghislain Houle
*Executive VP &
Chief Financial
Officer*

- **22 years with CN**
- **Qualified conductor and engineer**

Sean Finn
*Executive VP
Corporate Services &
Chief Legal Officer*

- **26 years with CN**
- **11 years in current role**

Keith Reardon
*Senior VP
Consumer Product
Supply Chain*

- **19 years with CN**
- **7 years leading Intermodal at CN**

James Cairns
*Senior VP
Rail Centric Supply
Chain*

- **31 years with CN**
- **Over 20 years in carload markets**
- **Operational experience**

Michael Foster
*Executive VP &
Chief Information
and Technology
Officer*

- **23 years of experience in IT & logistics**
- **Joined CN in 2018 from FedEx**

Kim Madigan
*Senior VP Human
Resources*

- **20 years with CN**
- **10 years in current role**

Paul Butcher
VP Investor Relations

- **26 years with CN**
- **10 years in investor relations**

Leveraging Strong Talent Pool

First railroad to implement talent to value methodology

Empowering internal talent	• Seasoned scheduled railroaders and proven market makers each with over 20 years of experience

Embracing external talent	• Challenging the art of what is possible • Bringing best in class ideas from other industries to further enhance our world class model

Developing the Best Railroaders

Continuous learning and development

1.9 million hours in 2018, covering skills, re-certification, and various leadership development programs as well as entry-level training

Ensuring continuous learning for our employees is critical to having a skilled, safe and engaged labor force

Labour stability

Canadian unionized workforce

Position	Number of employees [1]	Expiration
Conductors and yard coordinators	3,630	July 22, 2019 [2]
Track forces	2,772	December 31, 2023
Shopcraft	2,043	December 31, 2022
Locomotive engineers	2,094	December 31, 2022
Clerical and Intermodal	1,789	December 31, 2022
Signals and communications	733	December 31, 2021

U.S. unionized workforce

CN is part of a national labor relation council which works in collaboration with all the railroads to provide a stable landscape to operate in the U.S.

(1) As at December 31, 2018. Excludes rail traffic controllers, special agents and other.
(2) Currently in negotiations, agreement still effective until it is renewed and is following usual process.

Creating a Diverse and Inclusive Work Environment

Strengthening our diversity commitment

- Focus on minorities, women, persons with disabilities as well as Aboriginal peoples'

- Looking to increase diversity at more senior levels within our Company, as our workforce continues to turnover due to many retirements

Partnerships driving our diversity objectives

- Partnered with PGNAETA [1] and BCIT [2] to train Aboriginal railway workers, hiring 70% of the graduates in 2018

- Working closely with POWE [3], women in engineering and women building futures to promote opportunities for women in non-traditional roles

Promoting cultural awareness

- Created a Diversity Task Force and implemented a number of diversity initiatives

- Provided cultural awareness training and employee sensitivity on Aboriginal issues, and held discussions on diversity at our "Working Together" initiative, enabling employees to candidly discuss diversity and the need for inclusion and teamwork

38%
Of our directors are women; meeting CN's policy of minimum Board representation of 1/3 women

40%
New employees in Canada and 29% in U.S. represented by diversity groups

30%
Increase of diversity hiring in Canada, and doubled the number of women hired in both Canada and the U.S.

(1) *Prince George Nechako Aboriginal Employment Training Association (PGNAETA).*
(2) *British Columbia Institute of Technology (BCIT).*
(3) *Promoting Opportunities for Women in Engineering (POWE).*

Industry-Leading Profitable Growth [1]

Solid pipeline of growth opportunities

- Focused on consumer product and rail centric supply chain organic opportunities
    - Targeted incremental revenue totaling $1.3B to $2.4B in 2020-2022

- Disciplined acquisitions and strategic partnerships

- Aiming to deliver compounded pricing above rail inflation

(1) The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.

Continuing to Build our Consumer Product Supply Chain [1]

International Intermodal

- Multiple gateways and 3-coast access to 15 port terminals
- Ability to deliver first/last mile trucking to customers
- Seamless border crossing/in-house customs expertise
- Improving steamship lines' roundtrip economics

Domestic Intermodal

- Building on leadership in temperature-controlled supply chain with recent TransX talent and assets and H&R assets (subject to customary closing conditions)
- Now delivering truck competitive transit times supported by recent capacity investments

Automotive

- 18 strategically located auto compounds covering 15 major metropolitan dealer markets across North America
- Looking to further extend our reach with additional facilities, particularly in the U.S.

Consumer Product Supply Chain Revenues
($B)
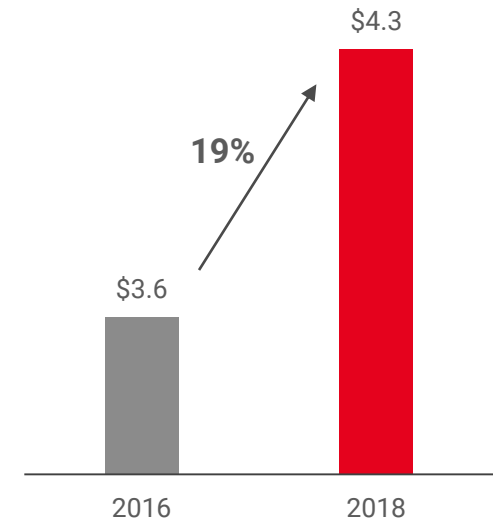
$3.6 — 2016

19%

$4.3 — 2018

The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.

Continuing to Build our Rail Centric Supply Chain

Energy

- Opportunistic on crude oil
- Incremental gas/oil production driving growth opportunities for NGLs, refined petroleum products, frac sand and sulphur
- New NGL export terminal capacity in Rupert
- New coal mine ramping up production

Non-Energy

- End-to-end grain supply chain and broad mix of other commodities
- Solid CN franchise for forest product origination – secular shift in lumber

Rail Centric Supply Chain Revenues
($B)

$9.3

20%

$7.7

2016   2018

The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.
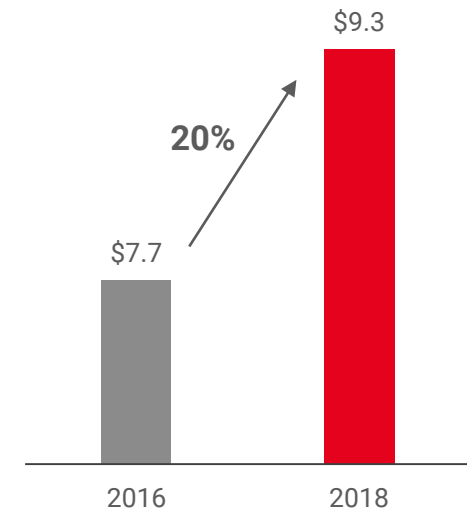
2019 Market Outlook Constructive – Volatility in Certain Markets

Consumer Product Supply Chain

- New business / renewals in the international intermodal segment
- Partnership with CSX to extend CN's reach to NY / NJ ports for intermodal service to Toronto / Montreal region
- Signed JV with Hutchison Port Terminals to develop Quebec City big train/big ship ocean container terminal
- Hudson Bay domestic retail intermodal contract converted to CN in May
- H&R intermodal transaction remains subject to customary closing conditions
- Construction of CN's new Autoport facility in Vancouver completed
- Solid vehicle production for H2 – New product launches moving via CN-served locations
- Oshawa vehicle production closes December 2019

Rail Centric Supply Chain

- Crude by rail ramp-up tied to production curtailment, oil price differentials, Alberta government contract
- New export business via Ridley Terminals (RTI) in Prince Rupert
    - Slower start-up of Vista coal mine
    - Propane (Altagas) shipments on track
- Sale of RTI to the private sector is positive for CN's bulk export opportunities
- B.C. lumber and pulp shipments impacted by recent plant closures and production curtailments
- Canola exports to China are suspended, leading to larger carry-over in Canadian grain
- U.S. thermal coal exports impacted by high level of the Mississippi river and low coal prices (API2)

Rail Centric Supply Chain is comprised of the following: Petroleum and Chemicals, Metals and Minerals, Forest Products, Coal, and Grain and Fertilizers.

Consumer Product Supply Chain is comprised of the following: Intermodal and Automotive.

The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.

Key Consumer Product Supply Chain Top-line Targets (2020-2022) [1] [2]

International Intermodal

Domestic Intermodal

Automotive

2020-2022
Estimated incremental revenue opportunity

Target Range	
$550M	**$750M**

Target Range	
$200M	**$350M**

Target Range	
$50M	**$100M**

(1) *Please see website, CN's 2019 Investor Day, www.cn.ca/en/investors/cn-investor-day, for additional information (Organic Growth Opportunities –Keith Reardon and James Cairns).*

(2) *The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.*

Leveraging our Unique Network

Key capacity expansion across our network
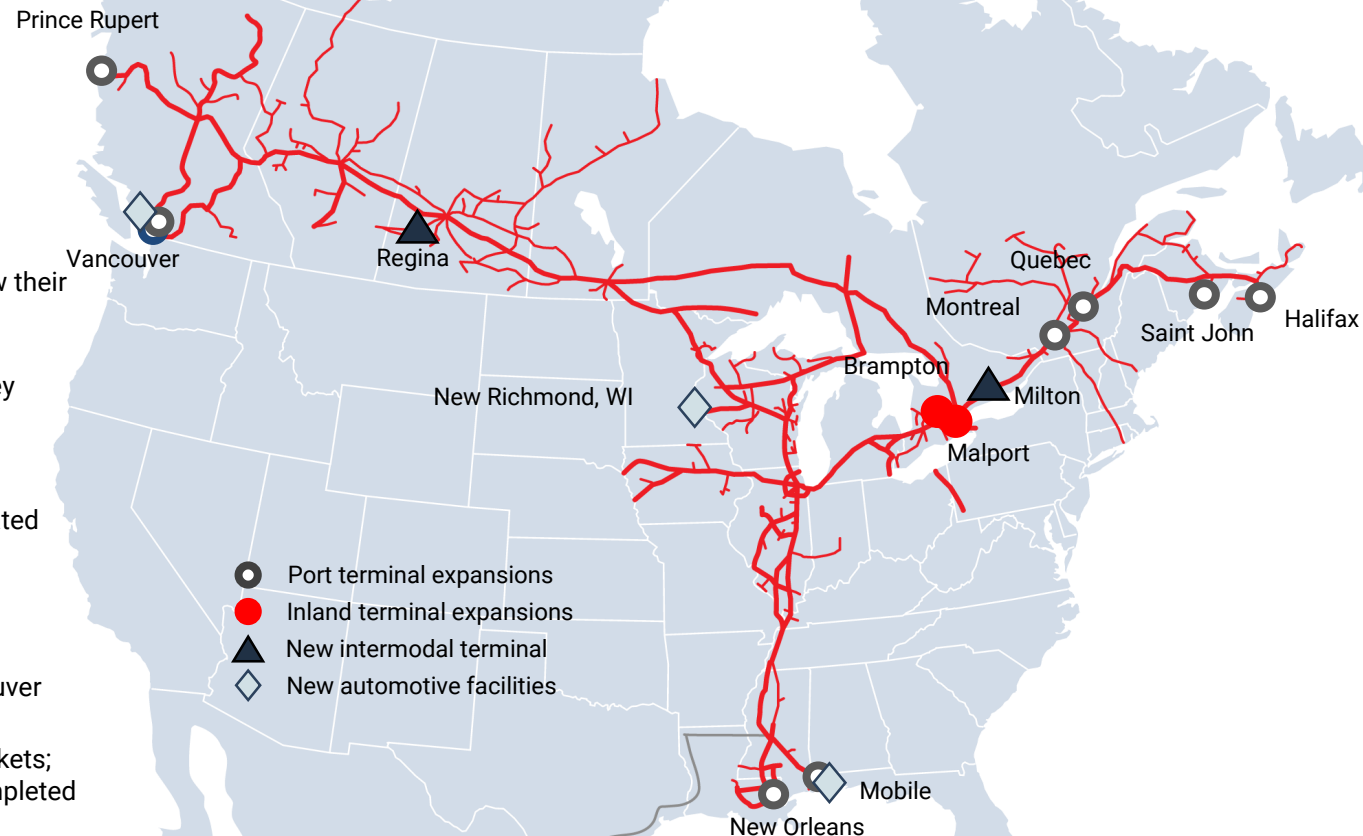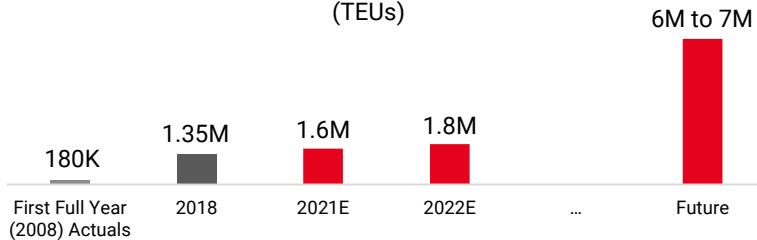
- **Expansion of terminals**
  - Success of the supply chain and collaboration with our partners to compete in a global environment
  - Consistent best-in-class service provides customers ability to grow their business
  - Investing in our inland terminals supporting continued growth in key consumer growth markets

- **New terminals**
  - To accommodate greater anticipated demand

- **New automotive storefronts**
  - Strengthening and growing our relationships with our new Vancouver compound (operational)
  - Extending our reach into new markets; Minneapolis compound to be completed in late 2020

Prince Rupert · Vancouver · Regina · New Richmond, WI · Brampton · Milton · Malport · Montreal · Quebec · Saint John · Halifax · Mobile · New Orleans

Legend:
- Port terminal expansions
- Inland terminal expansions
- New intermodal terminal
- New automotive facilities

The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.

24

International Intermodal – Prince Rupert

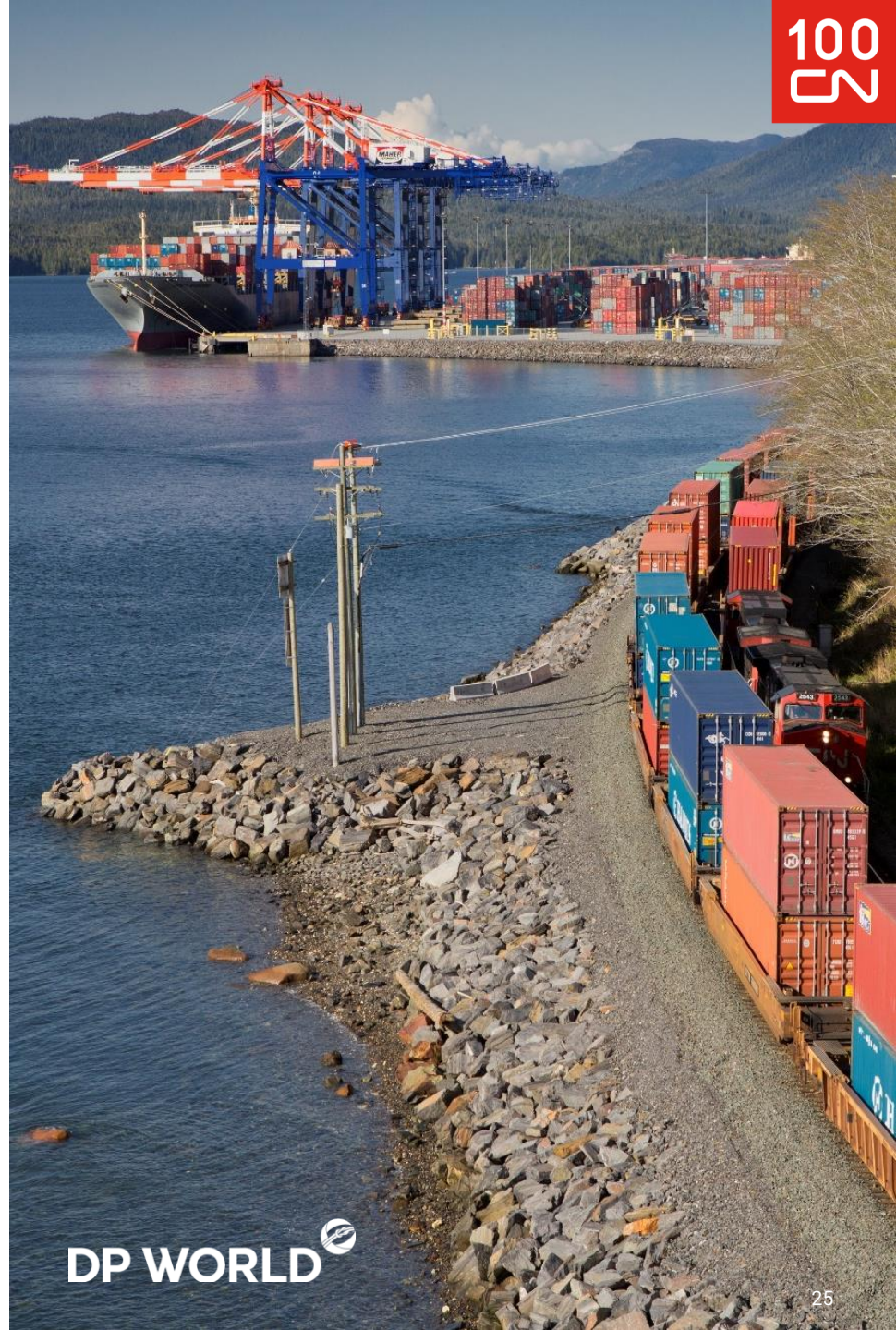## Long term opportunity from ongoing capacity expansion

- In 2018, achieved 80% of the 1.35M TEU capacity – 2 years ahead of schedule
  - Currently operating close to capacity

- Best West Coast gateway to North America
  - 1-2 days closer sailing time
  - Favorable roundtrip economics supported by export balance
  - Close partnership between terminal and rail operations driving efficiency and premium customer service
  - 9 out of 10 major steamship lines now leveraging Prince Rupert's unique advantages

Container Port Capacity
(TEUs)

First Full Year (2008) Actuals	2018	2021E	2022E	...	Future
180K	1.35M	1.6M	1.8M		6M to 7M

2020-2022
Estimated incremental revenue opportunity

Target Range	
$250M	**$350M**

The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.

DP WORLD

International Intermodal – Vancouver

Joint investments by all supply chain stakeholders

- Significant terminal investments increasing available capacity

- Rail-related investments in Vancouver, funded by CN, Port of Vancouver and Federal Government, aligned to ensure gateway fluidity

Deltaport GLOBAL CONTAINER TERMINALS CANADA

- 600K TEU capacity expansion completed in 2018 – CN well-positioned to drive growth

Centerm DP WORLD

- Expansion project started Q3 2019
  - Annual container throughput capacity will increase by 600K TEUs to 1.5M TEUs by early 2022

Vanterm GLOBAL CONTAINER TERMINALS CANADA

- Planned expansion by 2020
  - Annual container throughput capacity to increase by 215K TEUs to 1.1M TEUs

2020-2022
Estimated incremental revenue opportunity
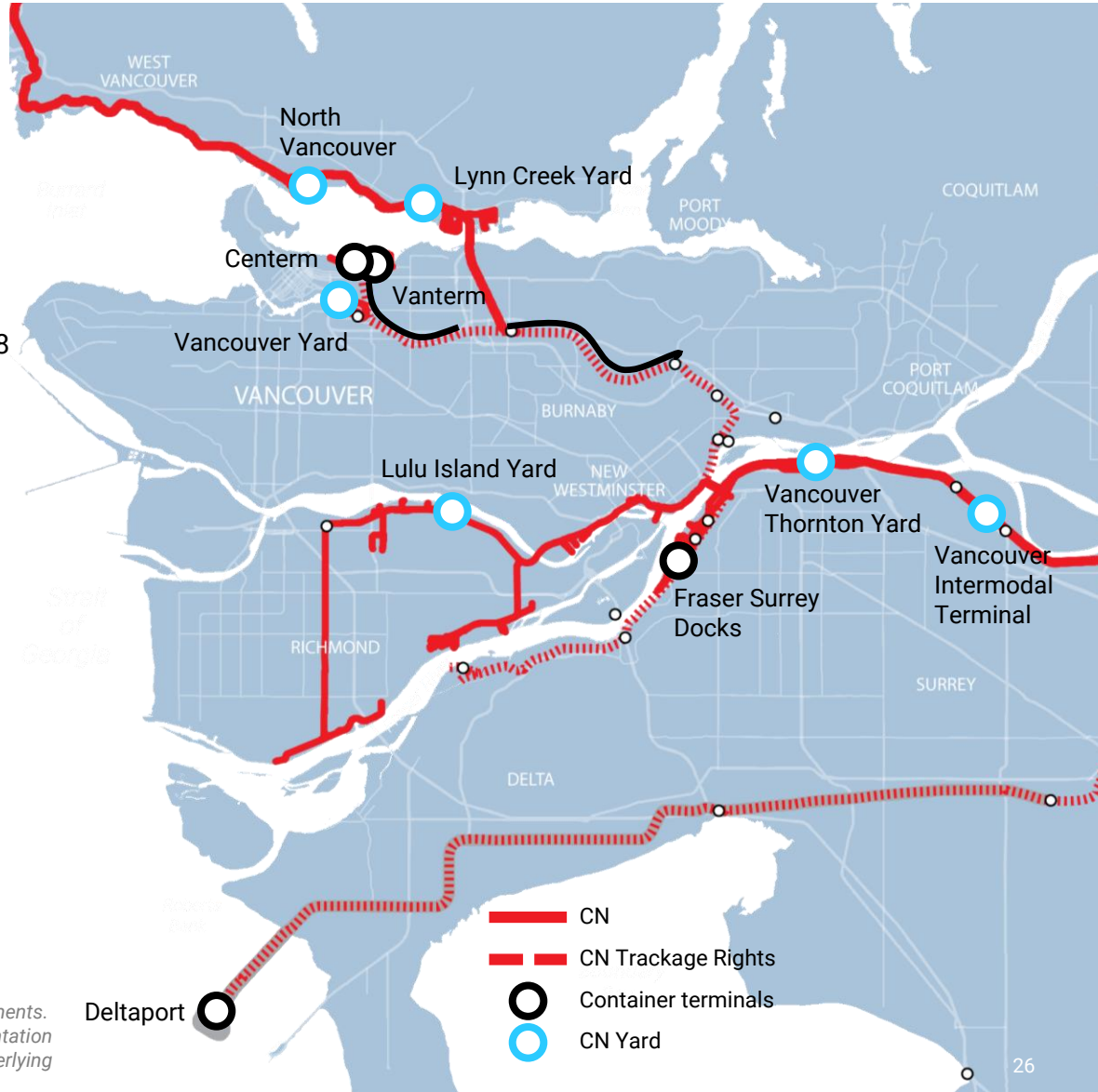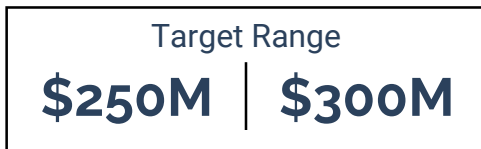
Target Range	
$250M	**$300M**

The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.

Map labels: North Vancouver · Lynn Creek Yard · Centerm · Vanterm · Vancouver Yard · Lulu Island Yard · Vancouver Thornton Yard · Fraser Surrey Docks · Vancouver Intermodal Terminal · Deltaport

Legend:
— CN
--- CN Trackage Rights
○ Container terminals
○ CN Yard

International Intermodal – Port of Halifax

Feeding the eastern network

- Halterm Terminal now operated by PSA – a leading global port terminal operator

- Current capacity of 750K TEUs

- $250M of investments in the past 10 years:
  - Longer and deeper piers
  - Upgraded gates and marshalling areas

- 2019 investments - Super Post-Panamax ship-to-shore crane scheduled to be in service June 2020 and able to handle today's largest vessels

- Additional investments in 2020 – Berth extension

2020-2022
Estimated incremental revenue opportunity

Target Range	
$50M	**$100M**

The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.

Recent Capacity Investments Enabling Service Improvements in Domestic Intermodal

Wholesale

- Strengthening position through strong partnerships with industry leaders
- Courier traffic now back on CN
- Full membership in Equipment Management Pool (EMP) program reducing empty container movements and extending our reach
- Integration of TransX best practices/cross-pollination:
    - Efficient dispatching for better asset utilization
    - Hands-on, personal customer service

Retail

- Strengthening position through door-to-door and CargoCool services
- Solid customer base and extensive network reach

Terminals

- Technology tools to improve asset utilization and productivity
- Vancouver Intermodal Terminal (VIT) returning capacity to domestic intermodal now that Deltaport rail expansion is completed

2020-2022
Estimated incremental revenue opportunity

Target Range	
$200M	**$350M**
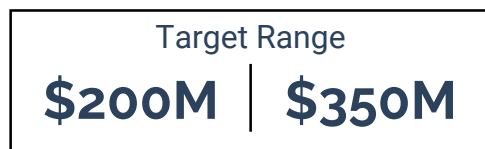
The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.

Automotive

## Future engines of growth from new storefronts and capacity expansions

- New auto compound in Vancouver providing ability to drive growth in the area

- New auto compound in New Richmond, WI to access Minnesota market with direct, single-line CN service

- New plant expansion plans/future product investments from Ford and Fiat Chrysler Automobiles (FCA)

- Renewed and expanded agreement with GM
  - First customer at the new automotive compounds in Vancouver (October 2019) and New Richmond, WI (opening in 2021)

- AutoMobile International Terminal (2H 2020) – Roll-on/Roll-off (RORO) terminal for imports and short sea shipping from Mexico, conducive to CN rail network to/from Canada and Midwest markets

2020-2022
Estimated incremental revenue opportunity
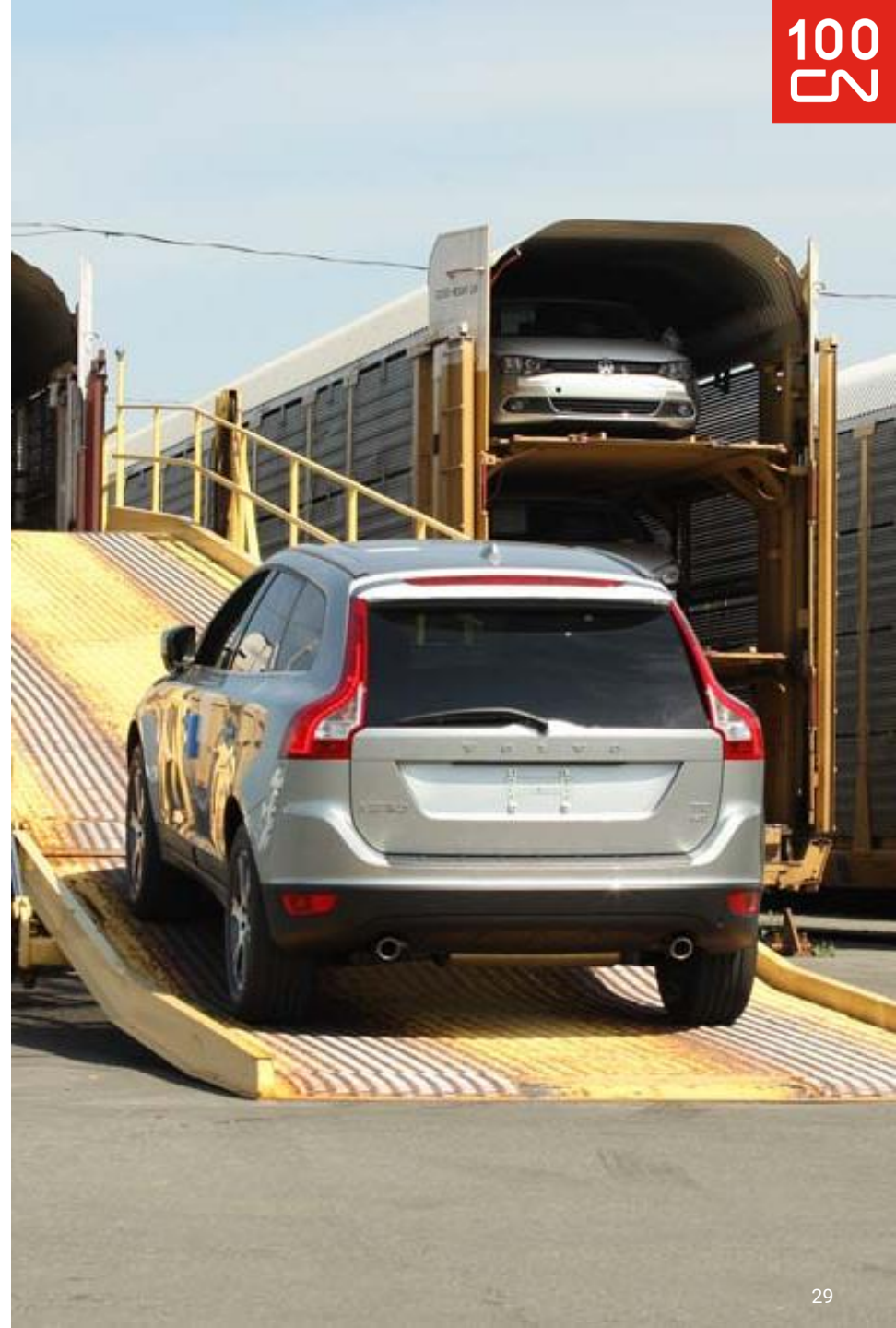
Target Range	
$50M	**$100M**

Key Rail Centric Supply Chain Targets - Enabling Economy Plus Growth

Energy

Non-energy

2020-2022

Estimated incremental revenue opportunity

Target Range	
$450M	**$1.15B**

Target growing faster than the economy

The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.

Crude Oil

Best-in-class network supporting growing demand
from Western Canada to U.S. Gulf Coast

- Lack of U.S. Gulf Coast pipeline access and
  growing production increases demand for
  crude-by-rail

- Peak rail shipments expected for the next
  1-2 years

- Working to create long term crude-by-rail
  demand by promoting diluent recovery
  capacity, bringing rail transportation costs in
  line with new pipelines

- Advancing partnerships for CanaPux™ pilot
  and eventual full-scale deployment

  - CanaPux™ is a safe and innovative process for
    transporting bitumen, formed by blending and
    coating bitumen with polymer

2020-2022
Estimated incremental revenue opportunity

Target
Up to **$400M**
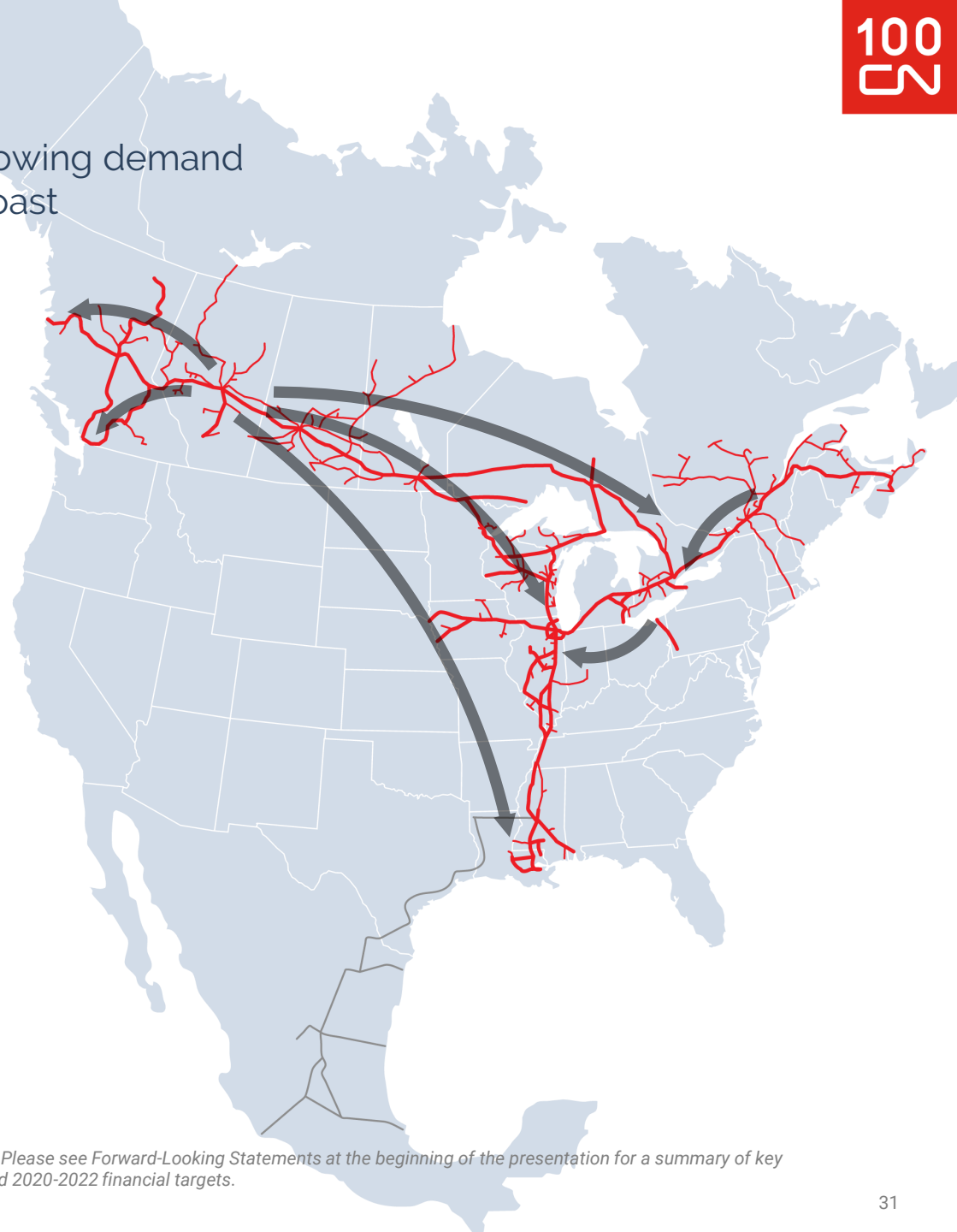
Frac Sand and NGLs

Benefitting from our solid origin franchise in Wisconsin

- Great origination and termination frac sand franchise
  - Single-line efficient hook-and-haul operation with long length of haul from Wisconsin to Western Canada
- Mindful of risk related to local sourcing of frac sand and demand volatility
- New Altagas propane export facility at Prince Rupert (opened May 2019) – first and only Canadian propane export facilities, potential for others
  - Providing Western Canadian propane access to Asian markets
- CN direct access to NGL fractionation capacity in Edmonton area
  - Generating additional product that must move by rail due to lack of pipeline capacity
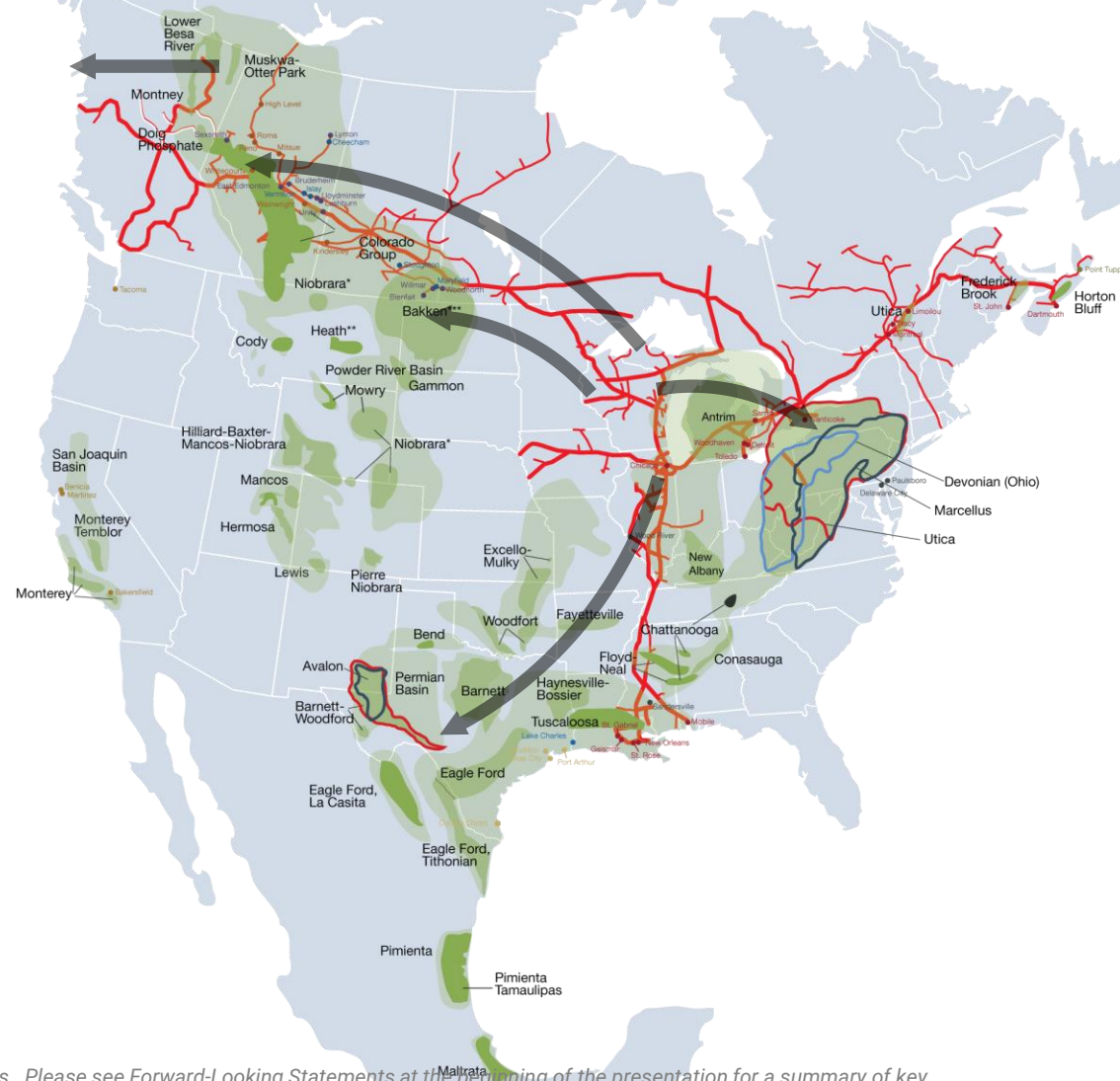
2020-2022
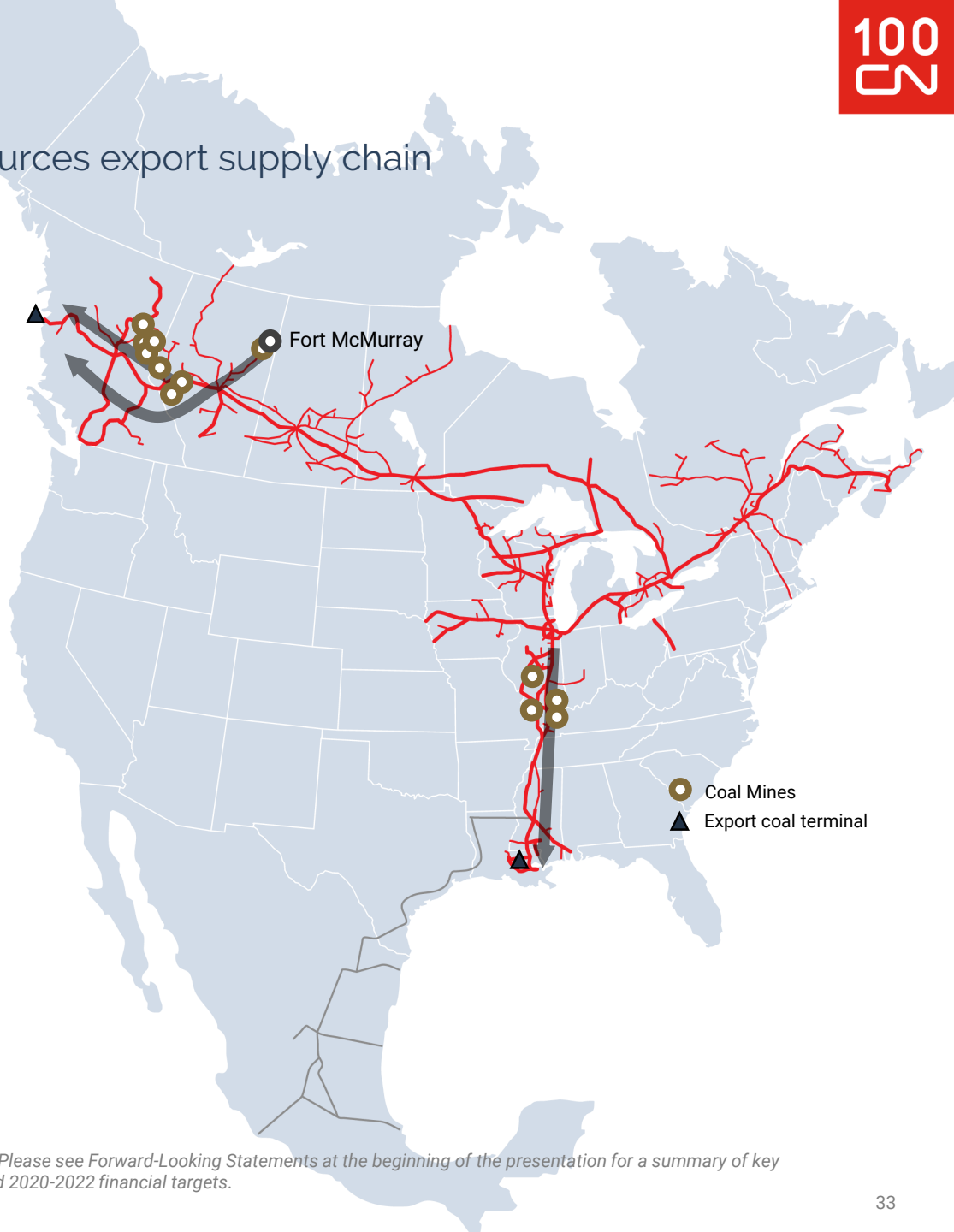Estimated incremental revenue opportunity

Target Range	
$200M	**$300M**

The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.

Coal & Petroleum Coke

Innovating best-in-class natural resources export supply chain

- Unique single access to Ridley and Convent Terminals, offering opportunities for strong growth in export coal

- First coal train from new Coal Spur (Vista) coal mine (started in May 2019) expected to ramp up to 3M tonnes and eventually to 6M to 10M tonnes

- Heavy Canadian crude processes creating increased petroleum coke volumes to offshore markets through West Coast and Gulf Coast gateways

Fort McMurray

○ Coal Mines
▲ Export coal terminal

2020-2022
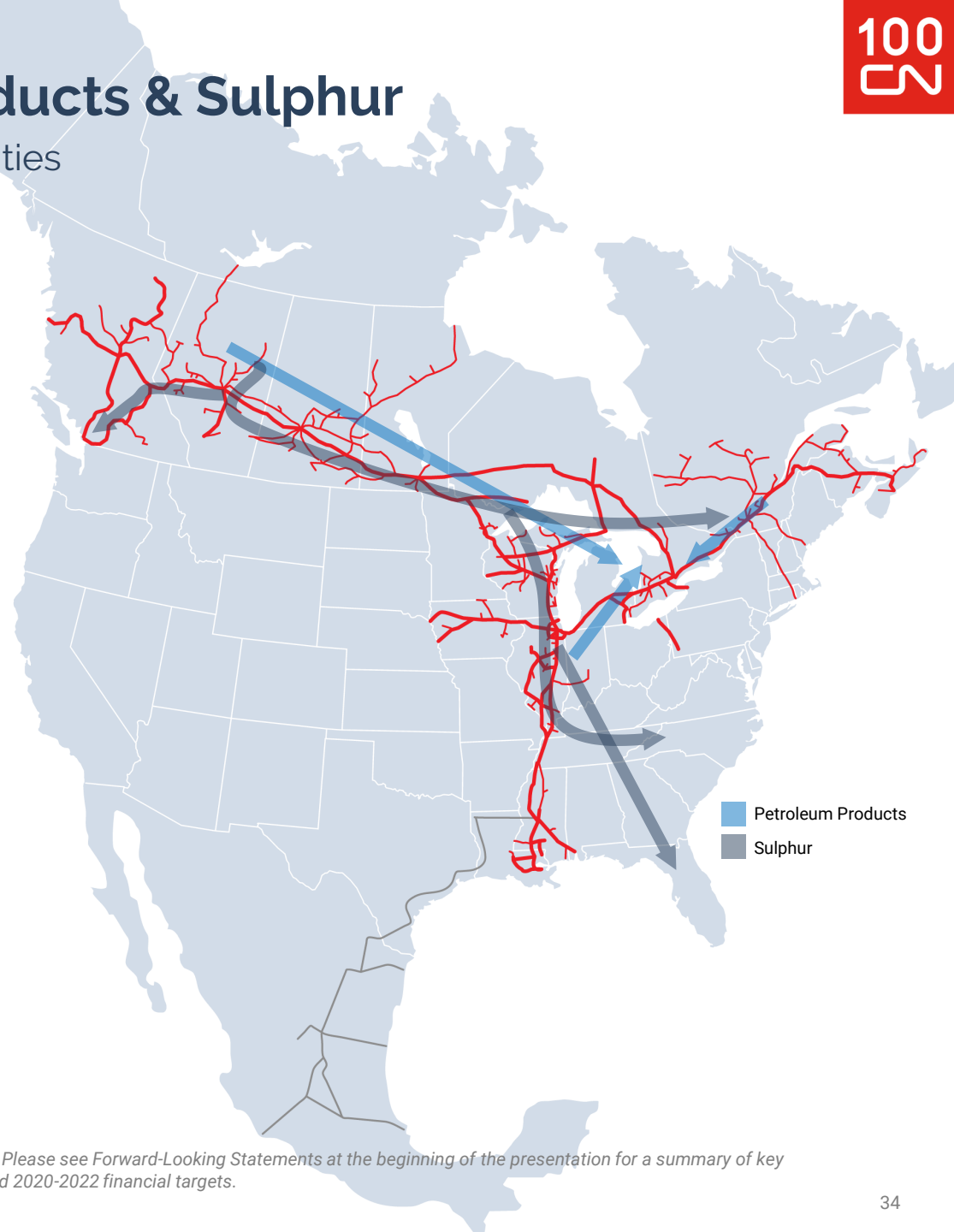Estimated incremental revenue opportunity

Target Range	
$150M	**$250M**

The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.

Refined Petroleum Products & Sulphur

Market disruption creating opportunities

- Growing demand for refined petroleum products in Southern Ontario creating opportunities to source refined petroleum products from Alberta
  - Unique CN reach from Alberta to Southern Ontario

- Alberta oil sands production generating increased sulphur volumes
  - Unique CN reach from origin to export facilities in Vancouver and the St. Lawrence Seaway

■ Petroleum Products

■ Sulphur

2020-2022
Estimated incremental revenue opportunity

Target Range	
$100M	**$200M**

The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.
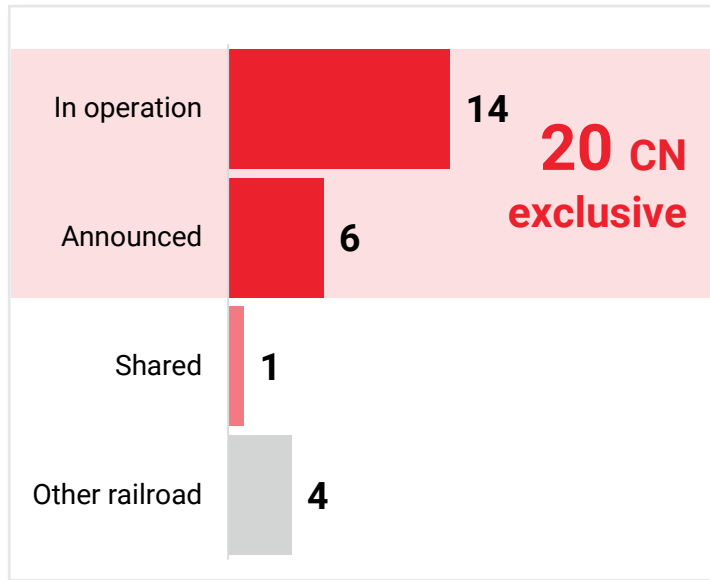
CN Serving the Majority of New Grain Elevators Built in Canada since 2015

| CN grain revenues originating from Canada [1] **67%** | Increased car spotting per week for the 2019/2020 crop year **150** | Increased customer participation in CN's Western Canada fleet integration program |

21 new grain elevators built on CN lines:

In operation	**14**
Announced	**6**
Shared	**1**
Other railroad	**4**

20 CN exclusive

Ray-Mont Logistics

Fraser Grain Terminal, G3, Fibreco

△ Waterfront export facilities
● Announced
● Completed

Viterra

G3
GrainsConnect, Viterra
P&H   G3
Grains   GrainsConnect
Connect   Grains
Connect   P&H   ILTA
G3   G3
Viterra   Viterra
G3   P&H
P&H
G3   G3
Viterra

35

CN Investor Day Top-Line Targets (2020-2022) [1] [2]

Aiming to take full advantage of our unparalleled North American network

Consumer Product Supply Chain
Estimated Incremental Revenue Opportunities

	Target Range	
International Intermodal	$550M	$750M
Domestic Intermodal	$200M	$350M
Automotive	$50M	$100M
Total	**$800M**	**$1,200M**

Rail Centric Supply Chain
Estimated Incremental Revenue Opportunities

	Target Range	
Crude Oil	Up to **$400M**	
Frac Sand and NGLs	$200M	$300M
Coal and Pet Coke	$150M	$250M
Refined Petroleum and Sulphur	$100M	$200M
Total	**$450M**	**$1,150M**

Targets in the range of $1.3B to $2.4B

Strategic Acquisitions and Partnerships

Building on our acquisition track record

Rail Centric

Intermodal and Logistics
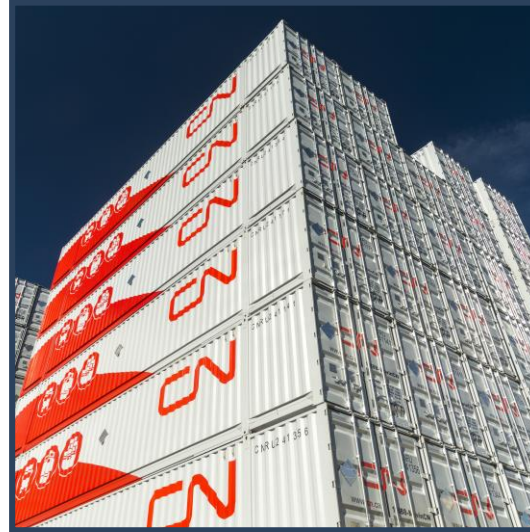
Port Partnerships

Pursuing targets that help our customers get their products to market more efficiently, extend our reach, and increase volume on our network

The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.

Disciplined Target Selection
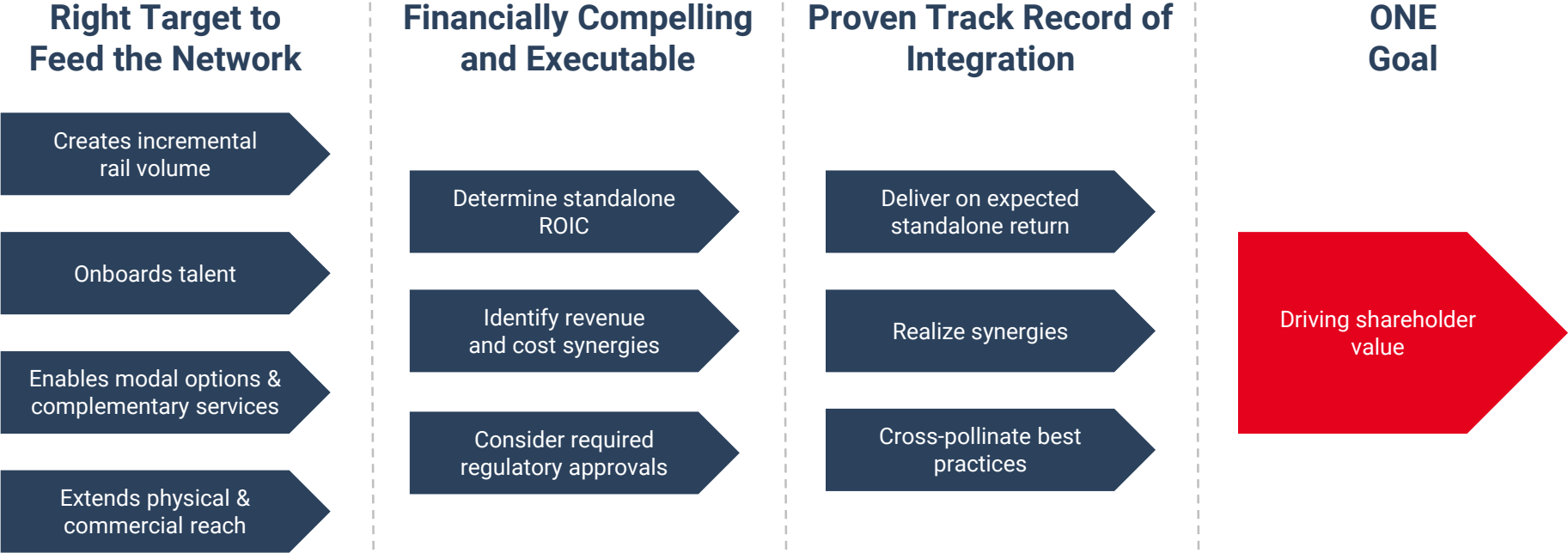
100 CN

Right Target to Feed the Network

- Creates incremental rail volume
- Onboards talent
- Enables modal options & complementary services
- Extends physical & commercial reach

Financially Compelling and Executable

- Determine standalone ROIC
- Identify revenue and cost synergies
- Consider required regulatory approvals

Proven Track Record of Integration

- Deliver on expected standalone return
- Realize synergies
- Cross-pollinate best practices

ONE Goal

- Driving shareholder value

The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.

TransX – Recent Intermodal Transaction

Creating Incremental Rail Volume
Shifting over-the-road moves to rail and leveraging additional services to increase rail volumes

Onboarding Talent
Strong entrepreneurial management team with deep expertise in logistics, operations, dispatch and temperature-controlled supply chain
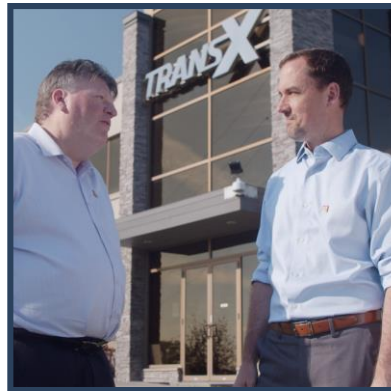
Enabling Complementary Services
Enhancing CN's existing intermodal supply chain solutions

Extending Physical and Commercial Reach
Deepening the temperature-controlled service offering
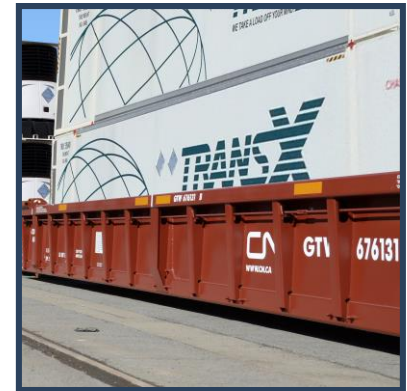
Broadening our intermodal services and solidifying our leadership as an end-to-end transportation and logistics company

Prince Rupert Port(s) of the East

Emulating the success of our Prince Rupert model
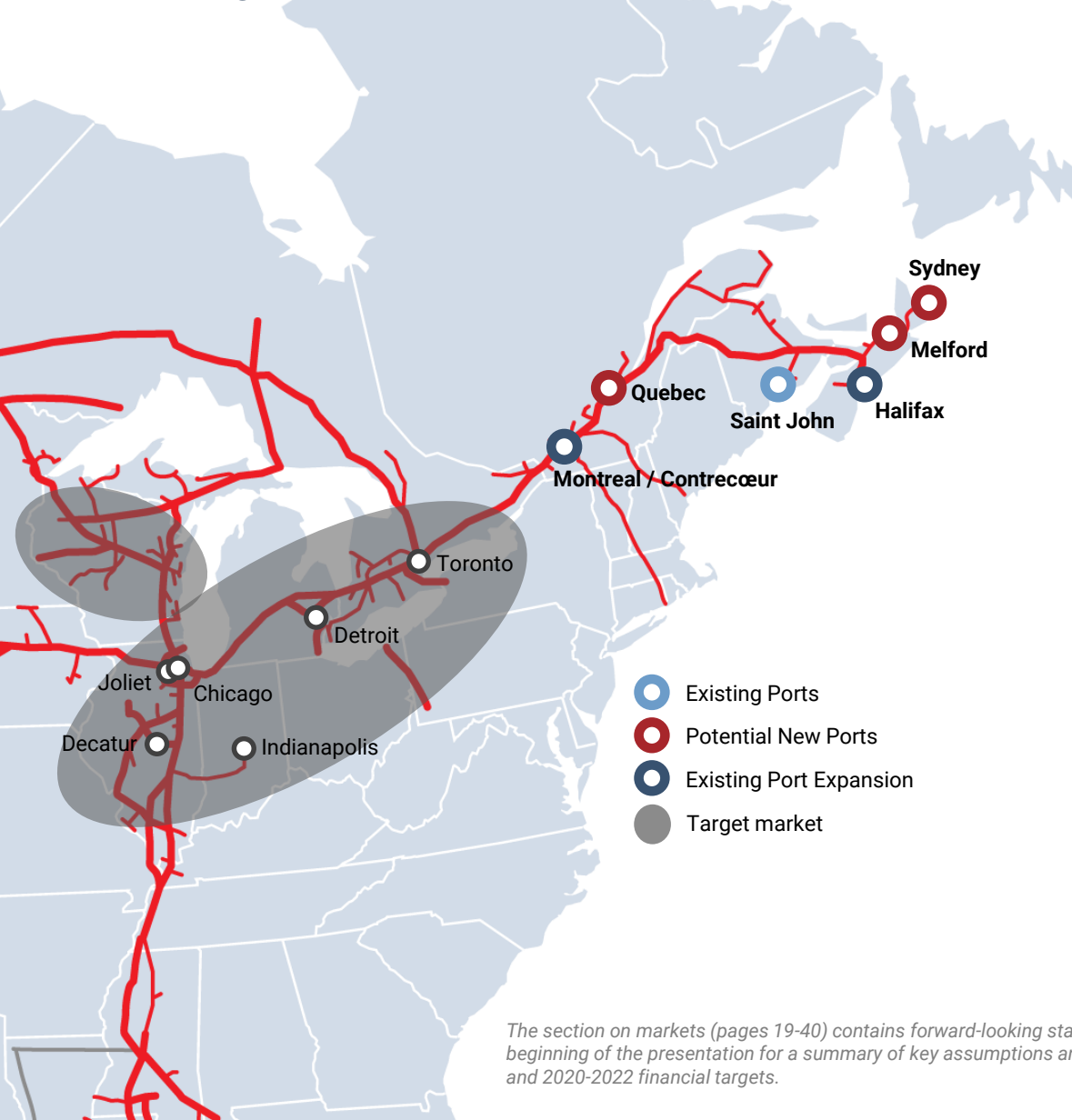
Leveraging our underutilized Eastern network

- East Coast port developments aim to capture growth from ultra large container vessels

- Canadian East Coast ports offer competitive gateways for European and Asian cargo

- Partnering with Eastern Canadian port operators to develop market competitive end-to-end service to the U.S. Midwest

Recent developments

- **Halifax** – working closely and strategically with PSA

- **Quebec City** – potential development of new container terminal port in collaboration with Hutchison Ports

The section on markets (pages 19-40) contains forward-looking statements. Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 outlook and 2020-2022 financial targets.

Implementing Advanced Technologies

Our next strategic driver of value

- Increasing speed to market, repeatable and reusable

- Focused on key projects – from pilot to implementation

  - Autonomous track inspection program
  - Automated inspection portals
  - Handheld devices for mechanics and crew
  - Enterprise automation
  - Smart network (digital twin)

Information & Technology

Deploying advanced technologies to drive value

Autonomous Track Inspection Program

Automated Inspection Portals

Handheld Technology for Conductors

Enterprise Automation

Handheld Technology for Car Mechanics

Smart Network

1 Targeting cumulative savings of $200–$400M [1] [2] over 2020–2022

2 Implementing technology as a driver for safety, customer and shareholder value

3 Using advanced information technology to take Scheduled Railroading to the next level

(1) *Please see website, CN's 2019 Investor Day, www.cn.ca/en/investors/cn-investor-day, for additional information (Deploying Advanced Technologies –Our Next Strategic Driver of Value –Michael Foster and Michael Farkouh).*

(2) *Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors underlying CN's 2020-2022 financial targets.*

Autonomous Track Inspection Program

Specially equipped railcars in regular train service at track speed with the latest sensor and AI technology to fully automate track inspections

- Avoids slow speed hi-rail vehicles on the tracks performing manual/automated inspections

- Increases inspection frequency, quality and more accurate preventative maintenance to support our safety agenda

- Unlocks capacity and improves service reliability by reducing track disruptions

2 geometry equipped inspection cars

Q3 2019

Q4 2019

6 laser & Lidar equipped inspection cars

2 new fully equipped inspection cars expected to be deployed

2020

2021

3 new fully equipped inspection cars expected to be deployed
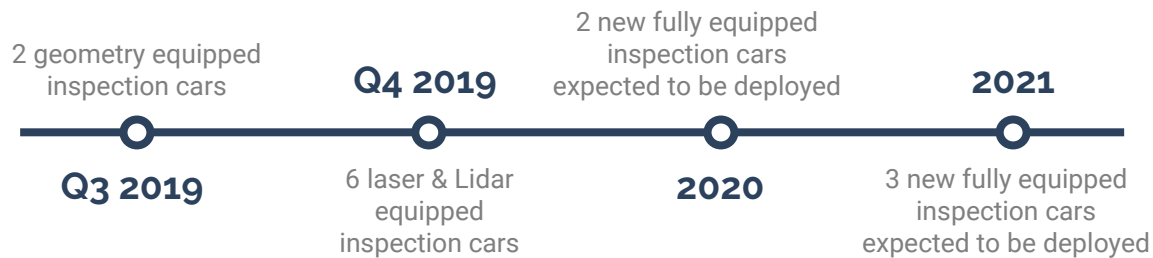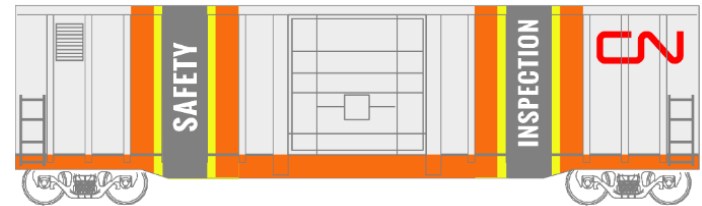
Automated Inspection Portals

High resolution imaging hardware coupled with powerful machine learning software is changing how we inspect our fleet

- Immediate benefits from reduction of mechanical manual roll-by inspections at train departure from the yard, reducing initial train start delays and improving yard capacity

- Future benefits from elimination of time consuming manual Certified Car Inspections (CCI) assuming regulatory approval

- Contributing to improved border fluidity for intermodal trains by ensuring manifest accuracy ahead of border crossing

- Increased frequency and improved quality of inspections, especially on difficult parts of the railcar, including the undercarriage, supporting our safety agenda

5 portals built in Canada
17 algorithms developed

Q3 2019

Full network buildout
(additional ~10 portals)
~100 algorithms developed

2022

Q2 2019

2 portals installed
in the U.S.

2021

Gain regulatory approval
for elimination of CCI
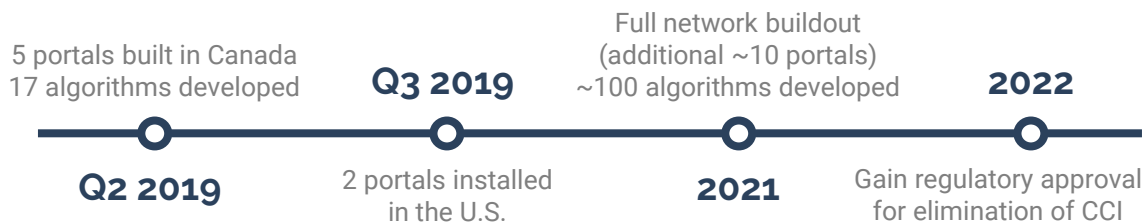
Handheld Technology
A mobile foundation starting with 3 applications

Mobile Device for Mechanics

- Increase data accuracy and scope of work billed
- Improve supervisors' visibility of work progression and efficiency with remote communication of instructions

Mobile Device for Train Crews

- Speed up information flow to customers and increase accuracy and completeness in reporting work performed
- Enable dynamic planning and work assignment, staying current on progress

Documentation on Mobile Devices

- Improve safety and productivity with easier navigation and access to operating rules, customization of content and more robust update process

Full deployment of Car Repair Billing application

Q4 2019

Enable digital reporting on services to customers

Q3 2019

Full deployment of Electronic Operating Manual and the first phase of Mobile Reporting Services

2020
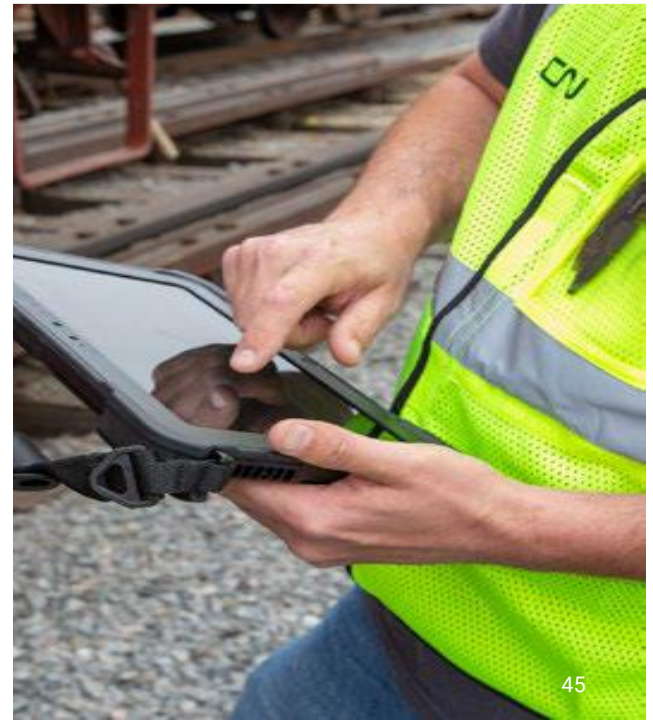
Digitization of manual processes driving standardization, improved productivity, reduced costs and better revenue capture

Enterprise Automation

Using technology to automate and eliminate manual and time consuming tasks

- Leveraging a variety of tools, such as Robotic Process Automation (RPA), smart data capture, conversational interfaces (chatbots), cognitive automation and agile orchestration technologies

- Scalability at low incremental cost

- Enables employees to focus on value added tasks

Assessing enterprise-wide opportunities and prioritizing use cases

Q3 2019

Automating 10-15 processes across the network through a variety of automation tools

Q2 2019

Deploying RPA in Service Delivery

Q4 2019
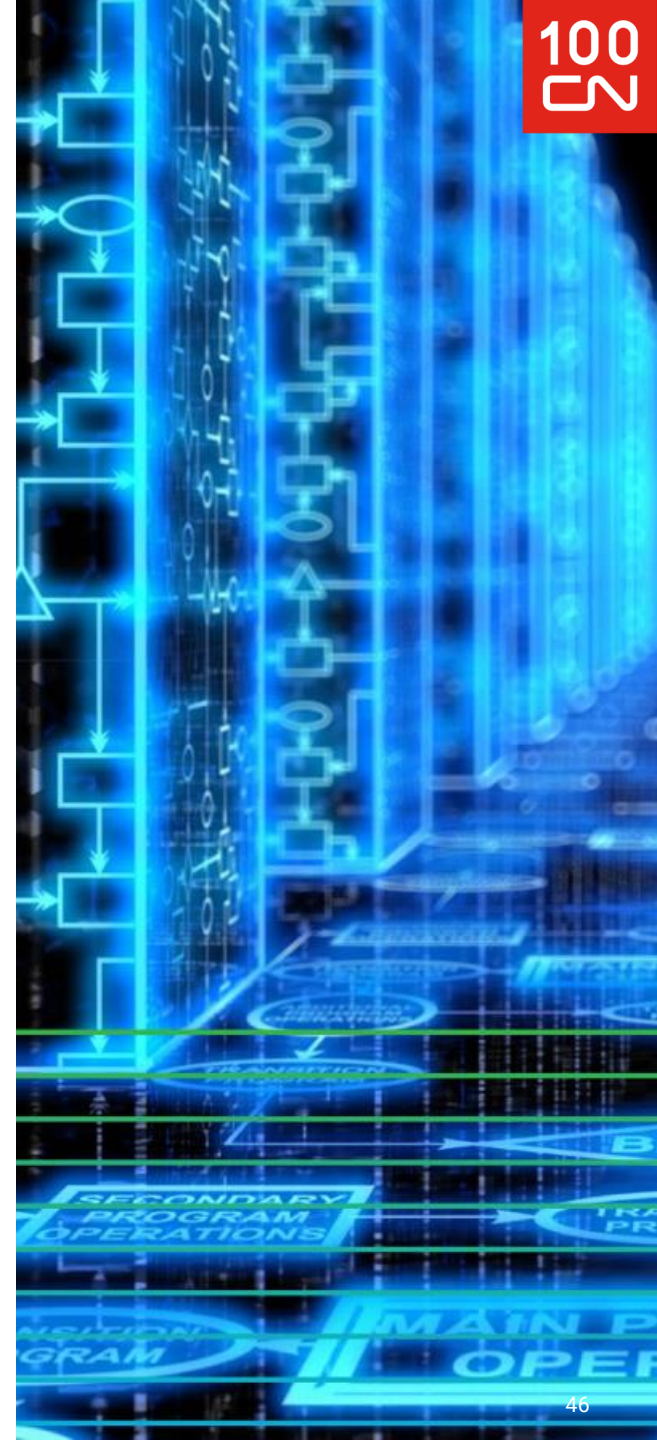
Smart Network (Digital Twin)

An integrated digital scenario analysis and simulation tool to improve insight and enhance capacity planning relative to changing demand

- Simulates train movements on the network to gain insight on capacity, cost and operational fluidity

- Anchored on simulation and a holistic view of network operations

- Stress testing scenario analysis will help identify options/trade-offs to handle forecasted volume, including identification of specific pinch points, on a more timely basis
  - Particularly important given long lead times to bring new capacity online, such as infrastructure construction, crews, and locomotives

Scenario capability for main corridors

Q4 2019

Locomotive and crew planning model in place

2021

Q3 2019

Integrated with modernized simulator engine

2020

Full integrated network simulator
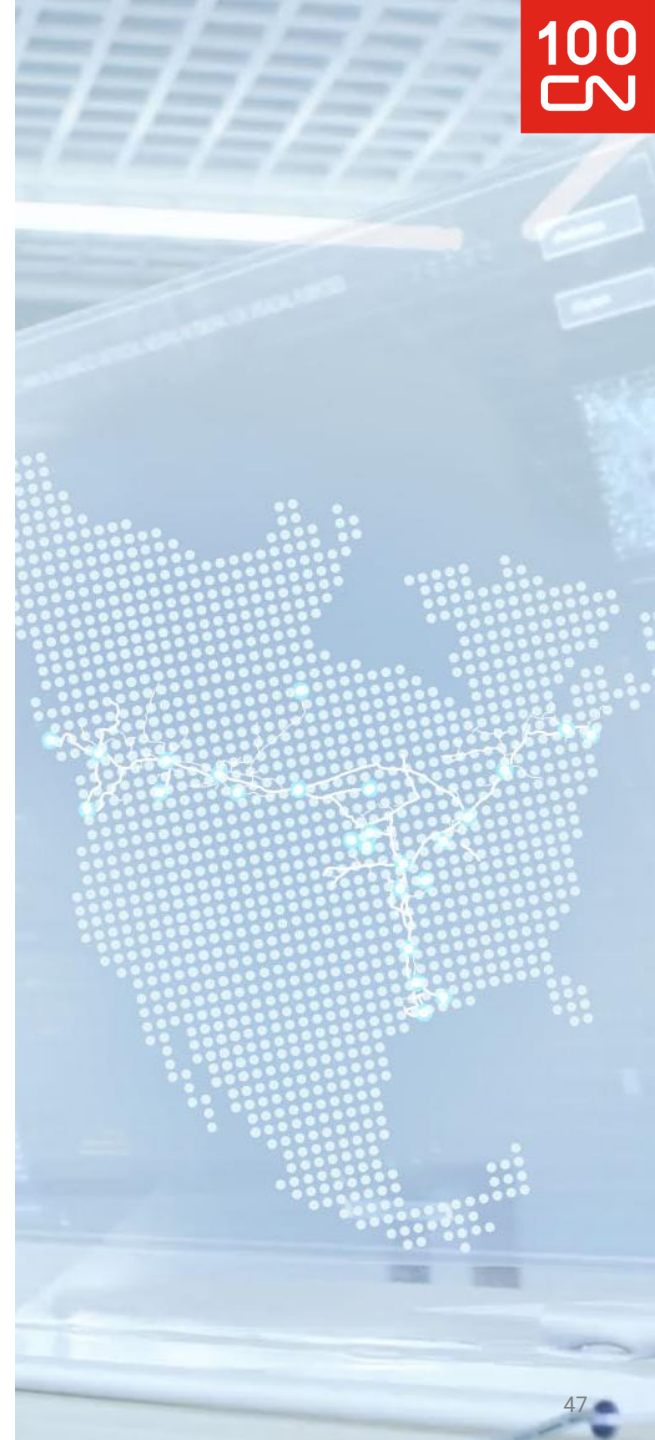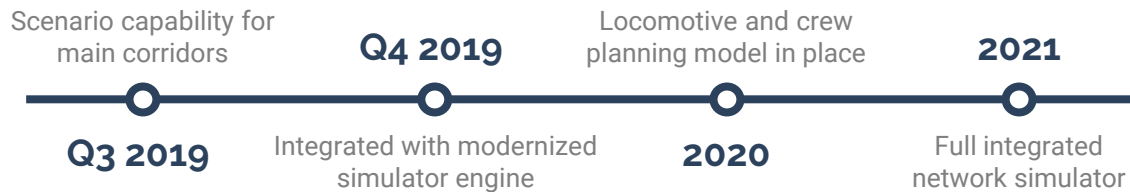
Driving Shareholder Value Creation

Continued strong earnings growth translating into solid Free Cash Flow (FCF) generation

- Strong financial performance with industry-leading margins and revenue growth

- Strong balance sheet and disciplined capital allocation

- Solid historical Total Shareholder Return (TSR)
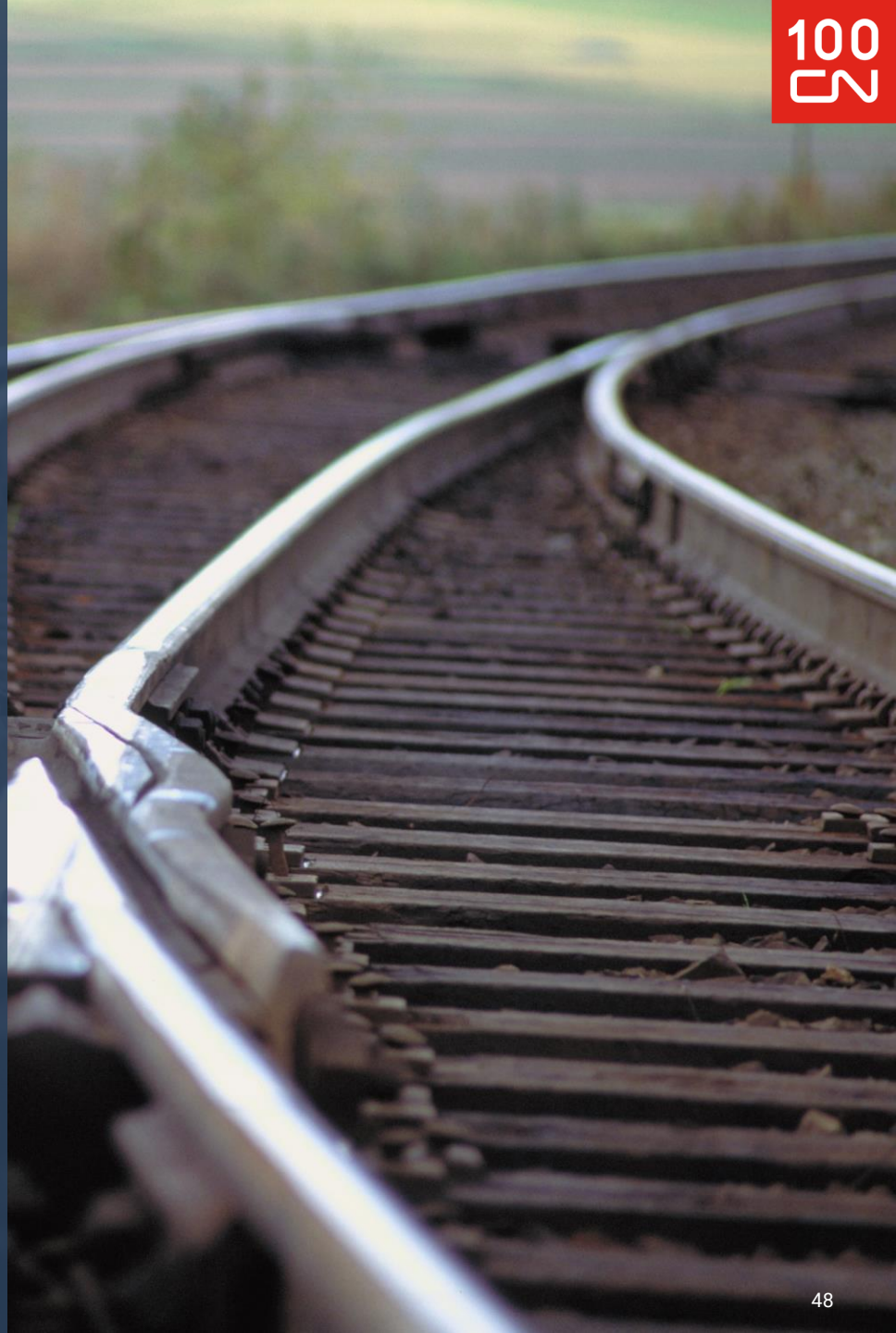
Delivering Solid Results Over the Years

100 CN

Revenues

▲ 10%
H1 19 vs H1 18

$M

12,611   12,037   13,041   14,321

CAGR 4%

6,825   **7,503**

2015   2016   2017   2018   H1 18   H1 19

Net Income

▲ 5%
H1 19 vs H1 18

$M

3,538   3,640   5,484   4,328

CAGR 7%

2,051   **2,148**

2015   2016   2017   2018   H1 18   H1 19
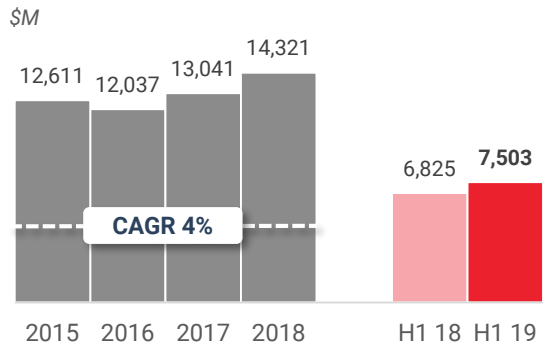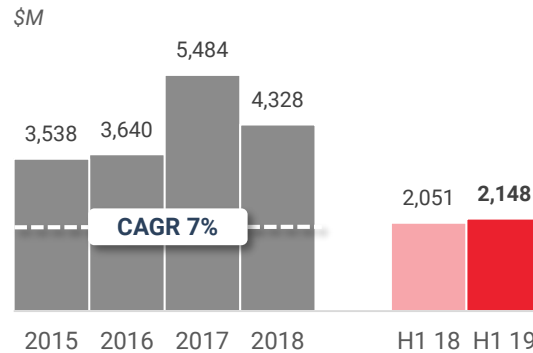
Free Cash Flow

▼ 38%
H1 19 vs H1 18

$M

Impacted by upfront delivery of locomotives

2,373   2,520   2,778   2,514

CAGR 2%

1,296   **799**

2015   2016   2017   2018   H1 18   H1 19
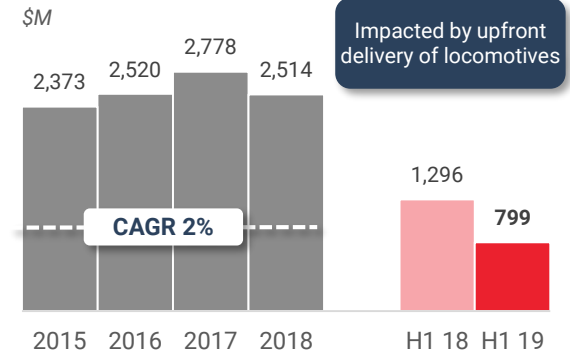
Diluted EPS

▲ 7%
H1 19 vs H1 18

$ per share

4.39   4.67   7.24   5.87

CAGR 10%

2.77   **2.96**

2015   2016   2017   2018   H1 18   H1 19
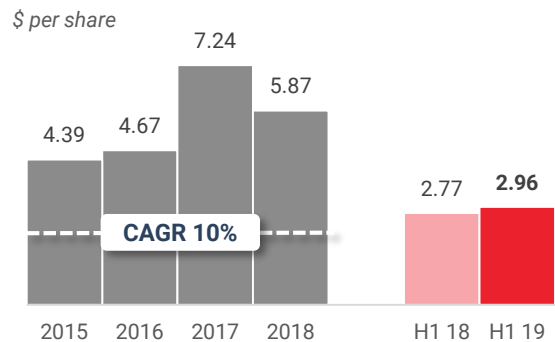
Adjusted Diluted EPS [1]

▲ 16%
H1 19 vs H1 18
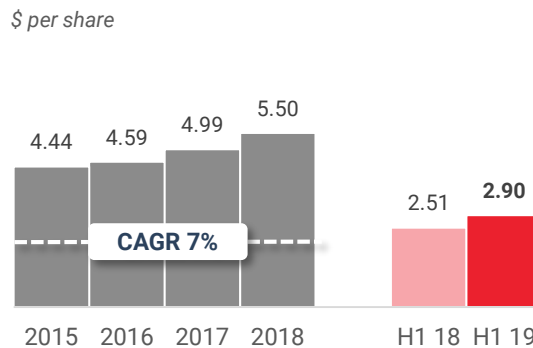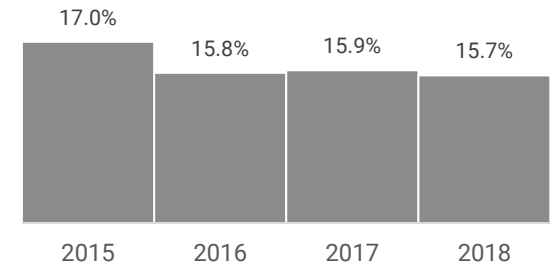
$ per share

4.44   4.59   4.99   5.50

CAGR 7%

2.51   **2.90**

2015   2016   2017   2018   H1 18   H1 19

Adjusted ROIC [2]

17.0%   15.8%   15.9%   15.7%

2015   2016   2017   2018

(1) *Please see website, Financial Results, www.cn.ca/financial-results, for an explanation of this non-GAAP measure.*
(2) *Please see the Appendix for an explanation of this non-GAAP measure.*

For more financial information, please visit www.cn.ca/en/investors.

Disciplined Capital Investments

Investing to support our business and committed to investing for the long-term

Capital Investments and Adjusted ROIC [1]

in $M & % respectively

Adjusted ROIC [1] used to measure efficiency of CN's long-term capital investment

2012	2013	2014	2015	2016	2017	2018	2019F
1,825	2,017	2,297	2,706	2,752	2,703	3,531	3,900
16.0%	15.2%	16.2%	17.0%	15.8%	15.9%	15.7%	

2019F breakdown: PTC [2], Capacity / Growth, Equipment, Infrastructure maintenance

Capital investments as a percentage of revenues

18%	19%	19%	21%	23%	21%	25%

Lower capital intensity expected going forward (2020-2022)

(1) *Please see the Appendix for an explanation of this non-GAAP measure.*
(2) *Positive Train Control.*

2019 Network Infrastructure and High Horsepower Locomotive Additions

New locomotive delivery:	
Q1	63 ✓
Q2	61 ✓
Q3	11
Q4	5
Total	**140 (~$500M** [1]**)**

Taverna – Prince Rupert
3 miles double track
1 new siding

Winnipeg – Edmonton
49 miles double track

Edmonton – Vancouver
18 miles double track

Chicago - Winnipeg
8 miles double track
1 new siding

Legend ■ New long siding / track ▲ Double track

Prince Rupert, Taverna, Edmonton, Vancouver, Regina, Winnipeg, Detroit, Chicago

Supporting our solid pipeline of growth opportunities in diverse markets

(1) Estimated cost to purchase 140 locomotives in 2019.

Rewarding Shareholders

Over $3.3B or ~82% of adjusted net income [1] returned to shareholders in 2018

Consistently increasing dividends

- Dividend increased every year since 1995 IPO

- Targeting 35% adjusted dividend payout ratio (31% in 2018) [2] [3]

Annual dividend payout ($ per share)
(adjusted for stock splits)

CAGR 16%

1996	...	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
0.07		0.51					1.00				1.82	2.15

Opportunistic share repurchases

- Over $22B of share repurchases since 2000

- Normal Course Issuer Bid (NCIB) of up to 22 million common shares from February 1, 2019 to January 31, 2020

Amount spent on share repurchases
(in $M)
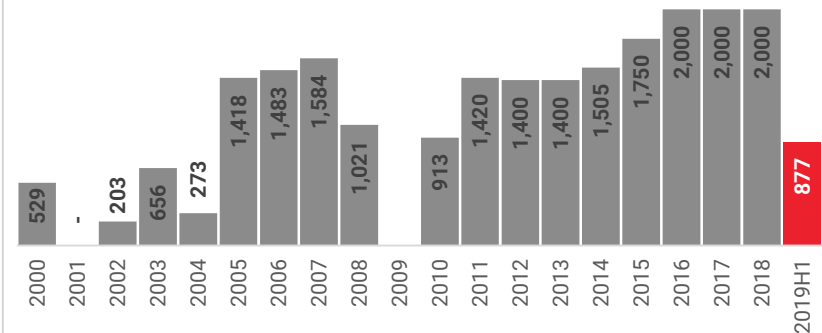
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019H1
529	-	203	656	273	1,418	1,483	1,584	1,021		913	1,420	1,400	1,400	1,505	1,750	2,000	2,000	2,000	877

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

(2) *Please see the Appendix for an explanation of this measure.*

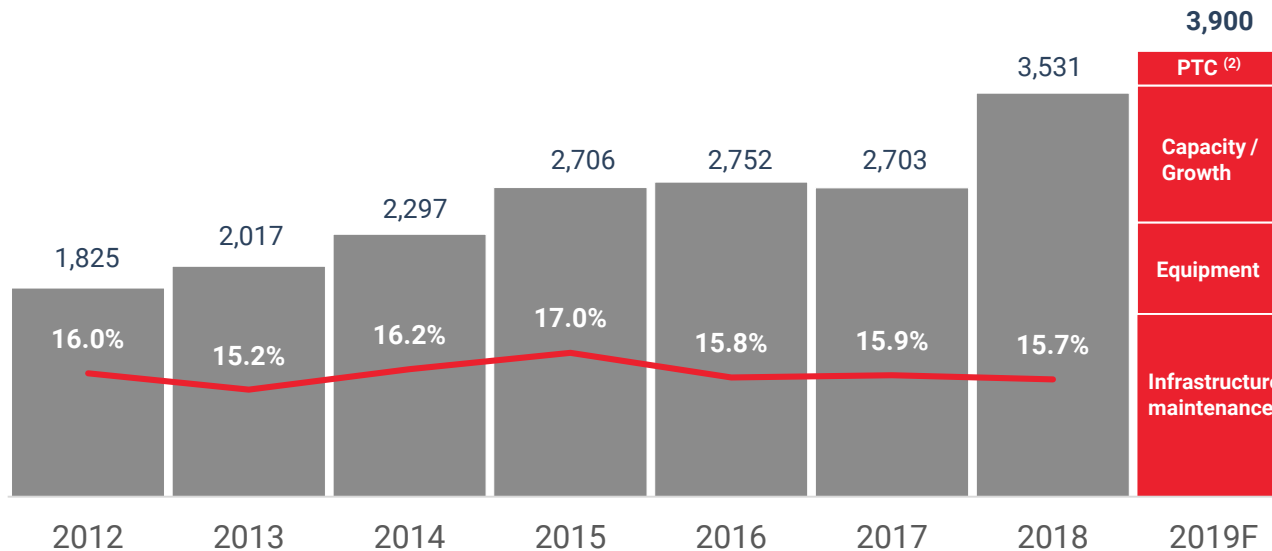(3) *Please see Forward-Looking Statements at the beginning of the presentation.*

Maintaining a Strong Balance Sheet

Prudent financial management

Adjusted debt-to-adjusted EBITDA multiple [1]

Period	Multiple
2012	1.71
2013	1.74
2014	1.63
2015	1.77
2016	1.85
2017	1.75
2018	1.94
LTM (2) ended June 18	1.93
LTM (2) ended June 19	**1.95**

Investment Grade Credit Ratings

Moody's	**A2**
Dominion Bond Rating Service	**A**
Standard & Poor's	**A**

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

(2) LTM - Last 12 months

Latest 2019 Financial Outlook

- Expect to deliver adjusted diluted EPS growth in the low double-digit range versus 2018 adjusted diluted EPS of $5.50 [1] [2] based on :
    - Volume growth assumed in the mid single-digit range in terms of RTMs
    - Overall pricing above rail inflation
    - Canadian to U.S. dollar exchange rate of approximately 75 cents

- Capital envelope at approximately $3.9B for 2019 – Capacity infrastructure projects to be substantially completed by end of Q3 [2]

- Balanced shareholder distribution
    - Dividend increase of 18% – Targeting an adjusted dividend payout ratio of 35% [3]
    - 12-month NCIB from February 1, 2019 to January 31, 2020 to repurchase up to 22 million common shares

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

(2) *Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors and underlying CN's 2019 financial outlook.*
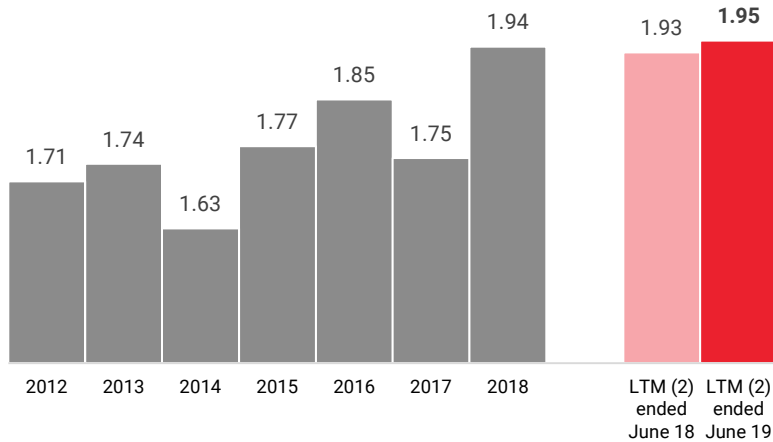
(3) *Please see Appendix for an explanation of this non-GAAP measure. Please see Forward-Looking Statements at the beginning of the presentation.*

CN Financial Targets for 2020-2022

Driving solid value for our shareholders

Low double-digit diluted EPS CAGR	**Normalizing capital intensity to historical levels**	**High 50s OR**
15% to 17% ROIC	**FCF growing faster than earnings**	**Dividend per share growth in line with earnings** [1]

Please see Forward-Looking Statements at the beginning of the presentation for a summary of key assumptions and important risk factors underlying CN's 2020-2022 financial targets.

See website for an explanation of non-GAAP measures.

(1) Subject to the discretion of CN's Board of Directors relative to the declaration of dividends.

Executing our Strategic Game Plan

To deliver long-term profitable growth and create shareholder value

Driving shareholder value creation
Consistent capital allocation strategy with financial discipline and flexibility to drive strong and sustainable ROIC

Implementing advanced technologies to modernize Scheduled Railroading
At forefront of industry further enhancing safety, reliability and efficiency

Industry-leading profitable growth
Multiple levers with solid pipeline to continue growing faster than the economy at low incremental cost

Right talent to win
Action-oriented, deep bench with strong track record and focus on continuous improvement

Our foundation
Service and operational excellence driven by culture of continuous improvement and social responsibility; pioneers of Scheduled Railroading with unique network

Appendix

Appendix: Financial Highlights

Consistently delivered **15%+ ROIC** since 2012

	2012	2013	2014	2015	2016	2017	2018	CAGR	H1 2019	Change Favorable (Unfavorable) [1]
Total revenues ($M)	9,920	10,575	12,134	12,611	12,037	13,041	14,321	6%	7,503	10%
Operating income ($M)	3,552	3,819	4,498	5,155	5,032	5,243	5,493	8%	2,762	8%
Diluted earnings per share ($)	3.06	3.09	3.85	4.39	4.67	7.24	5.87	11%	2.96	7%
Adjusted diluted earnings per share ($) [2]	2.81	3.06	3.76	4.44	4.59	4.99	5.50	12%	2.90	16%
Free cash flow ($M) [2]	1,661	1,623	2,220	2,373	2,520	2,778	2,514	7%	799	(38%)
Operating ratio (%)	64.2	63.9	62.9	59.1	58.2	59.8	61.6		63.2	(50 bps)
Adjusted operating ratio [2]	64.2	63.9	62.9	59.1	58.2	59.8	61.5		62.1	60 bps
Share repurchases ($M)	1,400	1,400	1,505	1,750	2,000	2,000	2,000	6%	877	
Dividends per share ($)	0.75	0.86	1.00	1.25	1.50	1.65	1.82	16%	1.075	18%
Adjusted debt-to-adjusted EBITDA multiple (times) [2]	1.71	1.74	1.63	1.77	1.85	1.75	1.94		1.95	
Return on Invested Capital (ROIC) (%) [3]	17.3	15.4	16.6	16.8	16.0	22.4	16.7			
Adjusted ROIC (%) [3]	16.0	15.2	16.2	17.0	15.8	15.9	15.7			

(1) *H1 2019 vs H1 2018.*

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

(3) *Please see the Appendix – non-GAAP measures for an explanation of these non-GAAP measures.*

Appendix: Non-GAAP Measures

This presentation makes reference to non-GAAP measures that do not have any standardized meaning prescribed by GAAP, including adjusted dividend payout ratio, ROIC and adjusted ROIC. These non-GAAP measures may not be comparable to similar measures presented by other companies. These non-GAAP measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with GAAP.

Adjusted Dividend Payout Ratio

Management believes that the adjusted dividend payout ratio is a useful measure of the Company's financial strength as it demonstrates the sustainability of the Company's dividend payments. The Company calculates the dividend payout ratio as dividends divided by net income. The Company calculates the adjusted dividend payout ratio as dividends divided by adjusted net income.

In $M, unless otherwise indicated	2012	2013	2014	2015	2016	2017	2018
Dividends	652	724	818	996	1,159	1,239	1,333
Net income	2,680	2,612	3,167	3,538	3,640	5,484	4,328
Dividend payout ratio (%)	**24.3**	**27.7**	**25.8**	**28.2**	**31.8**	**22.6**	**30.8**
Dividends	652	724	818	996	1,159	1,239	1,333
Adjusted net income [1]	2,456	2,582	3,095	3,580	3,581	3,778	4,056
Adjusted dividend payout ratio (%)	**26.5**	**28.0**	**26.4**	**27.8**	**32.4**	**32.8**	**32.9**

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

Appendix: Non-GAAP Measures (Continued)

ROIC and Adjusted ROIC

Management believes that ROIC and adjusted ROIC are useful measures of the efficiency in the use of capital funds. The Company calculates ROIC as return divided by average invested capital. 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 a twelve-month period. The Company calculates adjusted ROIC as adjusted return divided by average invested capital. Adjusted return is defined as adjusted net income plus interest expense after-tax, calculated using the Company's effective tax rate, excluding the tax effect of adjustments used to determine adjusted net income.

In $M, unless otherwise indicated	2012	2013	2014	2015	2016	2017	2018
Net income	2,680	2,612	3,167	3,538	3,640	5,484	4,328
Interest expense	342	357	371	439	480	481	489
Tax on interest expense [1]	(91)	(97)	(102)	(120)	(125)	(124)	(116)
Return	2,931	2,872	3,436	3,857	3,995	5,841	4,701
Average invested capital	16,913	18,650	20,711	23,014	24,905	26,019	28,192
ROIC (%)	**17.3**	**15.4**	**16.6**	**16.8**	**16.0**	**22.4**	**16.7**
Adjusted net income [2]	2,456	2,582	3,095	3,580	3,581	3,778	4,056
Interest expense	342	357	371	439	480	481	489
Adjusted tax on interest expense [3]	(93)	(95)	(103)	(116)	(126)	(124)	(120)
Adjusted return	2,705	2,844	3,363	3,903	3,935	4,135	4,425
Average invested capital	16,913	18,650	20,711	23,014	24,905	26,019	28,192
Adjusted ROIC (%)	**16.0**	**15.2**	**16.2**	**17.0**	**15.8**	**15.9**	**15.7**

[1]   The effective tax rates from 2012 to 2018 used to calculate the tax on interest expense are 26.7%, 27.2%, 27.4%, 27.4%, 26.1%, 25.8% and 23.8%, respectively.
Due to the negative effective tax rate reported by the Company in 2017, tax on interest expense for 2017 periods was calculated using an adjusted effective tax rate.

[2]   Please see website, Financial Results, www.cn.ca/financial-results, for an explanation of this non-GAAP measure.

[3]   The adjusted effective tax rates from 2012 to 2018 used to calculate the adjusted tax on interest expense are 27.3%, 26.6%, 27.7%, 26.5%, 26.2%, 25.8% and 24.5%, respectively.

Investor Relations Contacts

▶ **Paul Butcher**
Vice President, Investor Relations
Paul.Butcher@cn.ca
514-399-0052

▶ **Michaël Archambault**
Senior Manager, Investor Relations
Michael.Archambault@cn.ca
514-399-4654

For more information, please visit www.cn.ca/en/investors/investor-contacts.

TSX: CNR   NYSE: CNI