



Fourth Quarter and Full Year 2021 Financial and Operating Results

January 25, 2022



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 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,” or other similar words.

2022 Key Assumptions

CN has made a number of economic and market assumptions in preparing its 2022 outlook. The Company assumes that North American industrial production for the year will increase in the mid single-digit range, and assumes U.S. housing starts of approximately 1.57 million units and now assumes U.S. motor vehicle sales of approximately 15.5 million units (compared to its October 19, 2021 assumption that would be approximately 16.9 million units). For the 2021/2022 crop year, the grain crop in Canada was below its three-year average and the U.S. grain crop was in line with its three-year average. The Company assumes that the 2022/2023 grain crops in both Canada and the U.S. will be in line with their respective three-year averages. CN assumes total RTMs in 2022 will increase in the low single-digit range versus 2021. CN assumes continued pricing above rail inflation. CN assumes that in 2022, the value of the Canadian dollar in U.S. currency will be approximately \$0.80, and that in 2022 the average price of crude oil (West Texas Intermediate) will be approximately US\$65-US\$70 per barrel. In 2022, CN plans to invest approximately 17% of revenues in its capital program.

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 presentation include, but are not limited to: the duration and effects of the COVID-19 pandemic, general economic and business conditions, particularly in the context of the COVID-19 pandemic; industry competition; inflation, currency and interest rate fluctuations; changes in fuel prices; legislative and/or regulatory developments; compliance with environmental laws and regulations; actions by regulators; increases in maintenance and operating costs; security threats; reliance on technology and related cybersecurity risk; trade restrictions or other changes to international trade arrangements; transportation of hazardous materials; various events which could disrupt operations, including illegal blockades of rail networks, and natural events such as severe weather, droughts, fires, floods and earthquakes; climate change; labor negotiations and disruptions; environmental claims; uncertainties of investigations, proceedings or other types of claims and litigation; risks and liabilities arising from derailments; timing and completion of capital programs; and other risks detailed from time to time in reports filed by CN with securities regulators in Canada and the United States. Reference should be made to Management’s Discussion and Analysis in CN’s annual and interim reports, Annual Information Form and Form 40-F, filed with Canadian and U.S. securities regulators and available on CN’s website, 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 news release that do not have any standardized meaning prescribed by GAAP, of adjusted net income, adjusted earnings per share, adjusted operating income and adjusted operating ratio (referred to as adjusted performance measures), free cash flow, ROIC and adjusted ROIC. These non-GAAP measures may not be comparable to similar measures presented by other companies. See the Q4 2021 Earnings Release filed on January 25th, 2022, which is incorporated by reference herein which may be found online on SEDAR at www.sedar.com, on the SEC’s website at www.sec.gov through EDGAR, and on the Company’s website at www.cn.ca in the Investors section.

This presentation also includes certain forward looking non-GAAP measures (Adjusted diluted EPS, return on invested capital and free cash flow). It is not practicable to reconcile, without unreasonable efforts, these forward-looking measures to the most comparable GAAP measures, due to unknown variables and uncertainty related to future results. Please see note on Forward Looking Statements above for further discussion.

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

On the call today



JJ Ruest

President and CEO

Ghislain Houle

Executive Vice-President and Chief Financial Officer

Rob Reilly

Executive Vice-President and Chief Operating Officer

James Cairns

Senior Vice-President, Rail Centric Supply Chain

Keith Reardon

Senior Vice-President, Consumer Product Supply Chain

Helen Quirke

Senior Vice-President and Chief Strategy Officer

JJ Ruest

President and Chief Executive Officer



Outstanding Q4 results demonstrating strong execution and momentum

Foundation laid for 2022 and beyond



Q4 Adjusted Diluted EPS ⁽¹⁾

\$1.71

▲ 20%

Q4 Adjusted Operating Ratio ⁽¹⁾

57.9%

▼ 350 bps

CN fourth-quarter record

Full-year Free Cash Flow ⁽¹⁾

\$3,296M

▲ 2%

Upper end of full year guidance

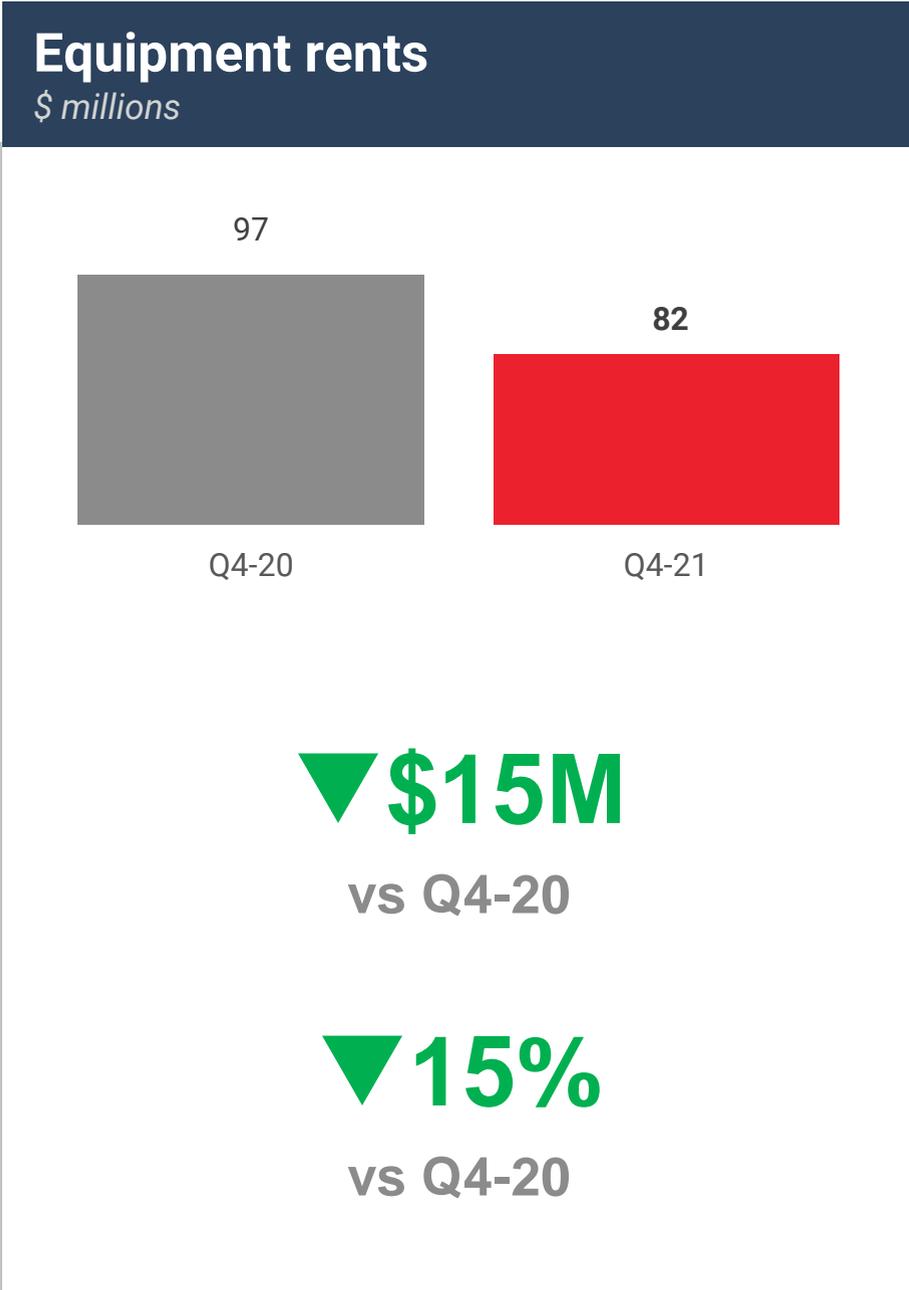
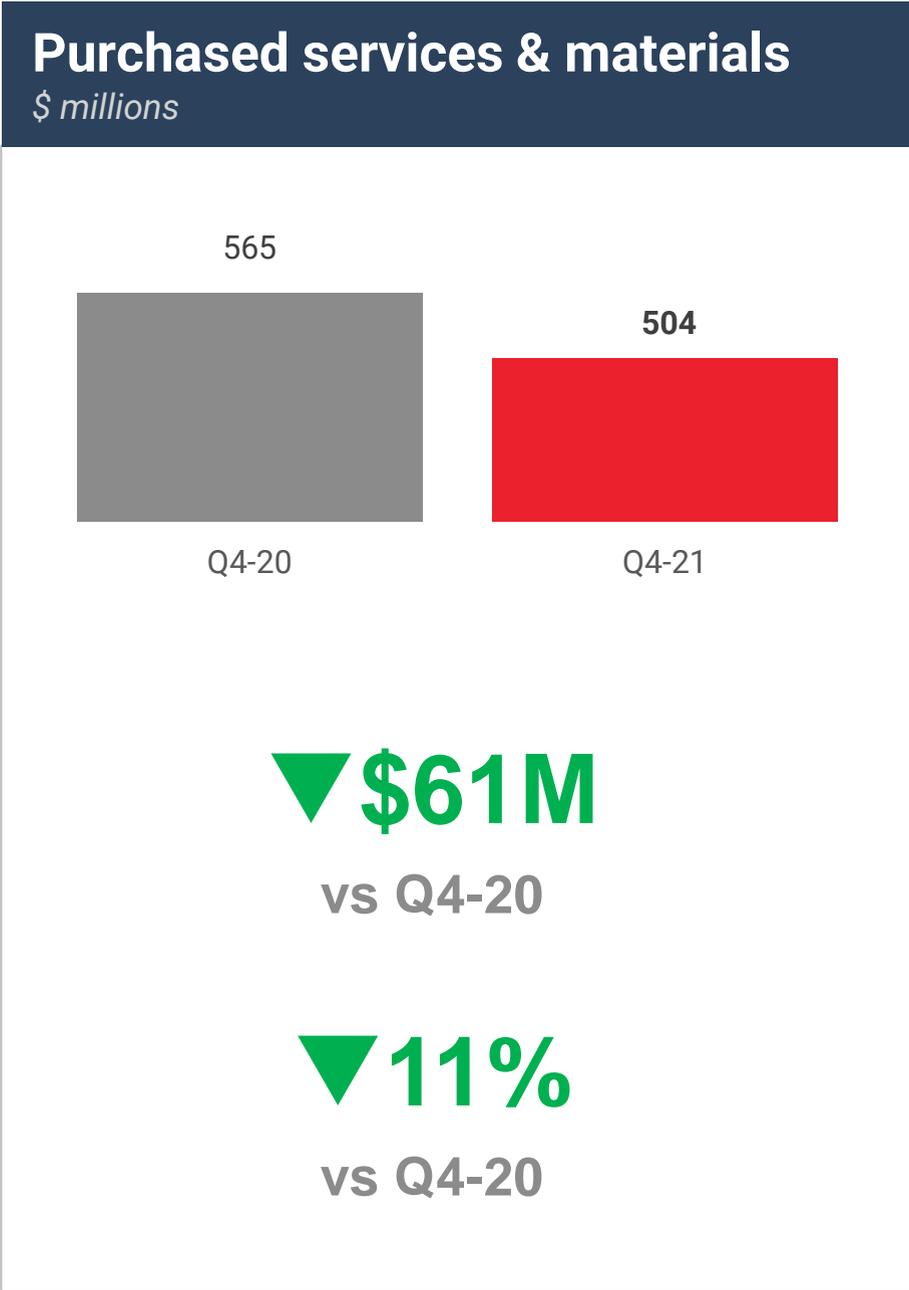
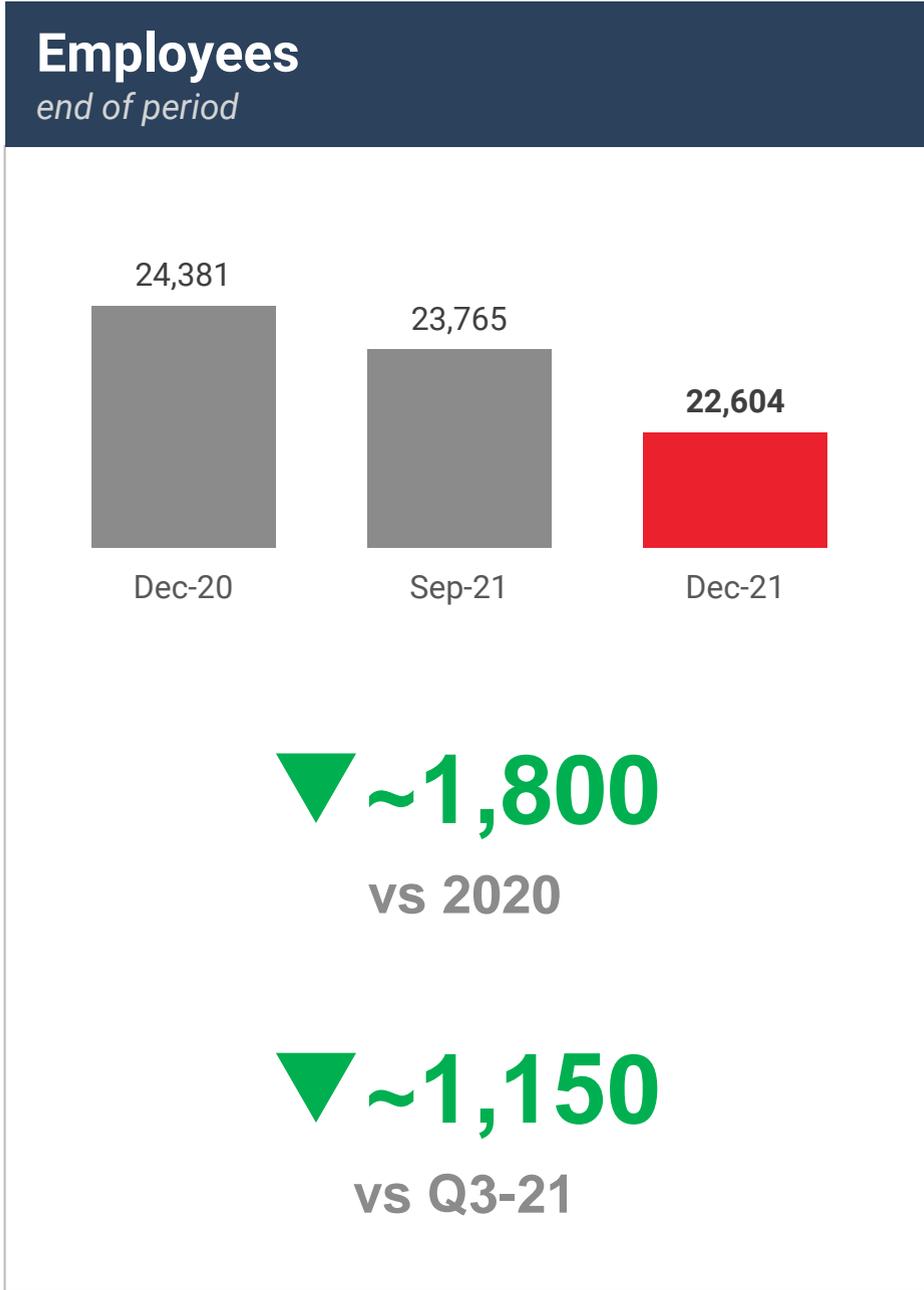
(1) These non-GAAP measures do not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. For adjusted diluted EPS and adjusted operating ratio, see the section entitled "Adjusted performance measures" and for free cash flow, see the section entitled "Free cash flow" in the Q4 2021 Earnings Release filed on January 25th, 2022, which are incorporated by reference herein, for an explanation of these non-GAAP measures.



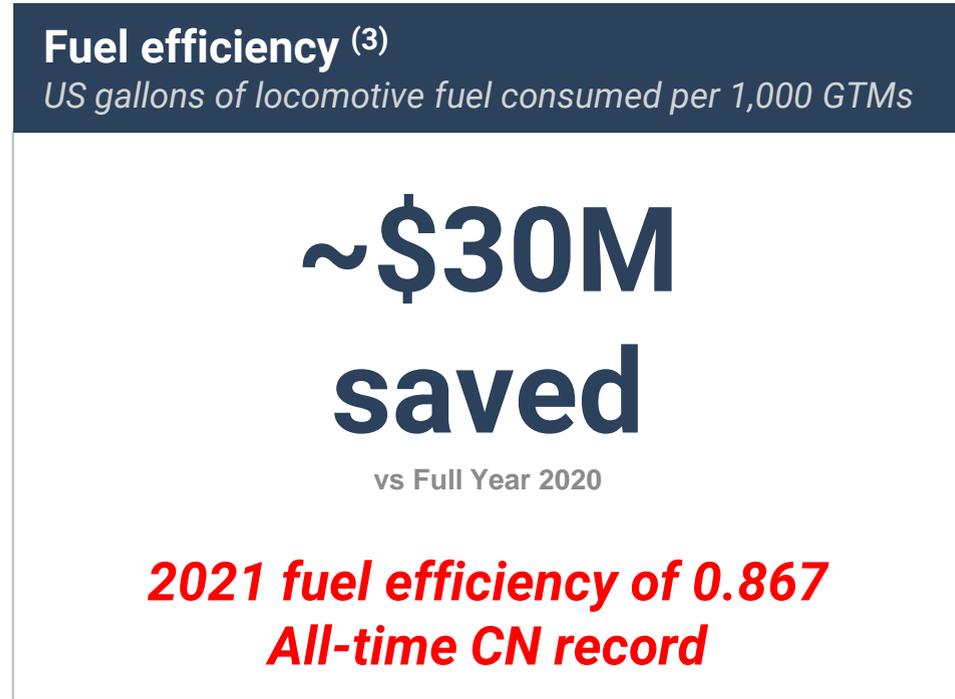
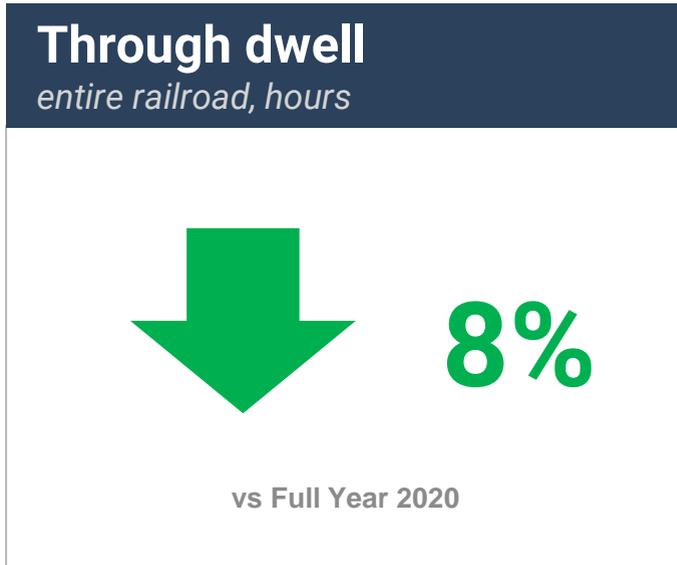
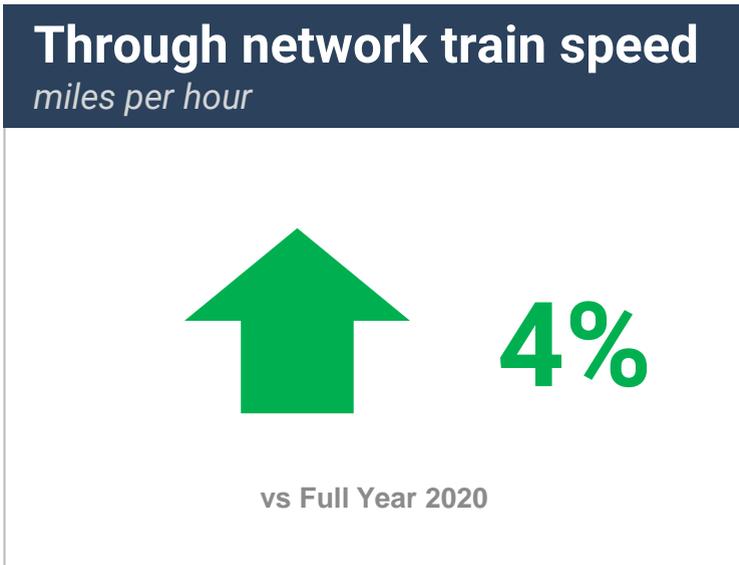
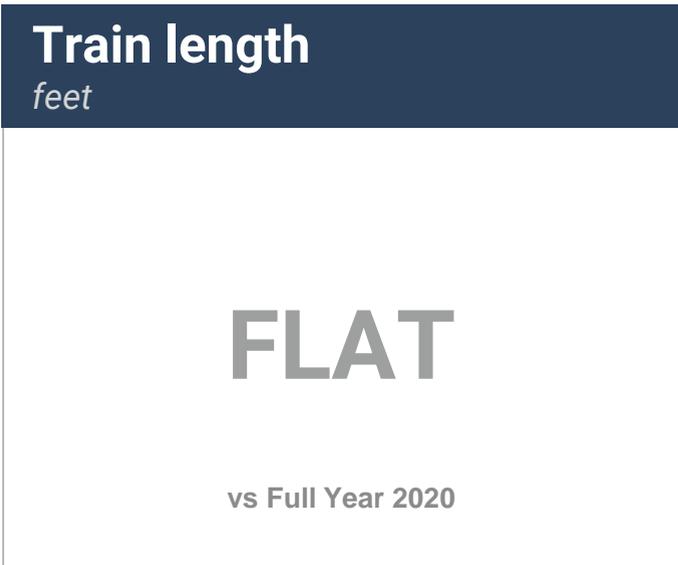
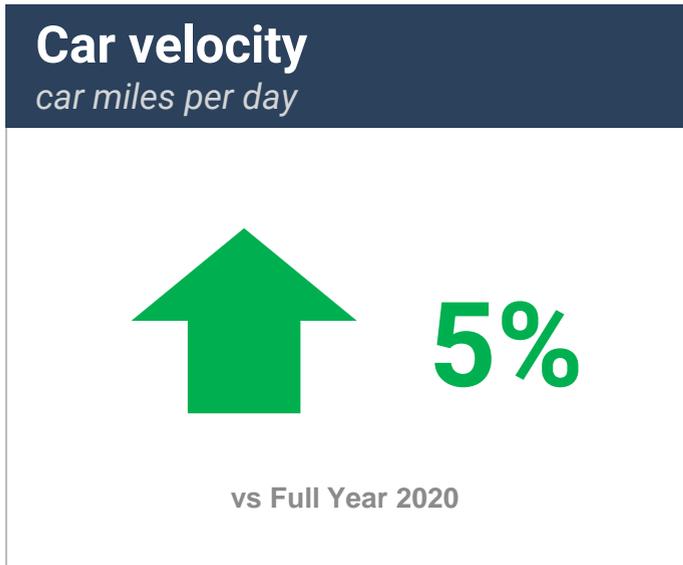
Rob Reilly

Executive VP and Chief Operating Officer

Strategic Plan produced sustainable efficiency gains in Q4



Solid full-year operating performance, poised to accelerate in 2022 ⁽¹⁾



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

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

(3) 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.

Redefining Railroading for the 21st Century



First Class I railway to
develop and implement
Digital Scheduled Railroad
(DSR)

Creating Strategic Value
Through Sustainability

Recognized Leader in
Sustainability



Google Cloud

Member of

**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA



CLIMATE



James Cairns

Senior VP, Rail Centric Supply Chain

Keith Reardon

Senior VP, Consumer Product Supply Chain

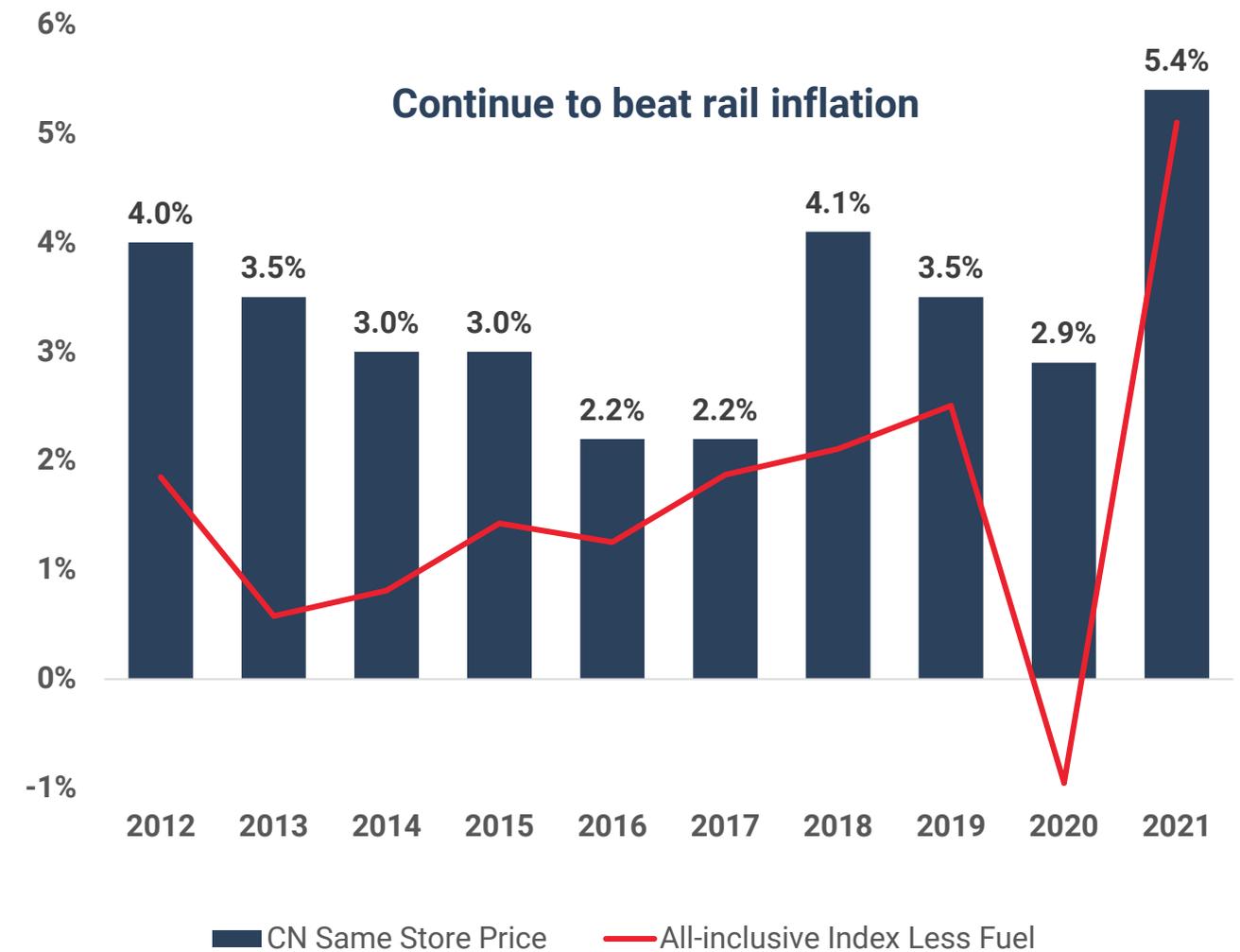
Driving strong price and yield



Yield Upscaling

- Improved same store price across all segments
- Improved carload and intermodal business mix
- Priority train service at premium price
- Weekly auction of scarce capacity
- Yield gains through demurrage and storage
- Disciplined renewals
- Threshold pricing

Record Same Store Price in 2021



The best measure of price is... price

Leveraging our unique franchise and network reach



Rail Centric Supply Chain Offsetting decline in Canadian grain

- Solid growth in Canadian coal volumes driven by Teck and reopening of two B.C. mines (Coal Valley and CST)
- Additional fuels CN-served transload capability to supplement the TNPL pipeline in the Greater Toronto marketplace
- New CN-served unit train facility in operation for undiluted bitumen (started in Q4 2021 with capacity of ~40K BPD)
- Transformational opportunities in renewable fuels, starting with three new facilities on CN in Louisiana in 2022
- CN uniquely positioned to benefit from massive investment in future ethylene and hydrogen-derived carloads in Sarnia, Geismar and Alberta Industrial Heartland
- Significant growth in frac sand to support expansion of Western Canada gas drilling (i.e. LNG Canada)
- Canadian grain will return to historical average in Q4 2022

Consumer Product Supply Chain Well-positioned for the recovery

- Retail, wholesale, and ocean-to-domestic container transloads will drive profitable domestic intermodal growth
- Growing differentiated products with TransX and cold supply chain services
- Fluid CN overseas intermodal three-coast gateways positioned for growth and future expansions (Centerm and Prince Rupert in H2 2022) as supply chain challenges ease
- Automotive dealer inventory replenishment and accumulated, pent-up vehicle industry demand
- Truck to rail opportunities from cross-border trucker shortage, higher trucking expenses (fuel), vaccination mandates
- L.A. / Long Beach labor uncertainty

Balanced volume outlook across carload business and intermodal



Ghislain Houle

Executive VP and Chief Financial Officer

Yield and cost improvements driving outstanding Q4 results



<i>In millions of Canadian dollars, except EPS data, unless otherwise indicated</i>	2021	2020	Change Favorable (Unfavorable)
Revenues	\$ 3,753	\$ 3,656	3%
Operating expenses	2,187	2,245	
Operating income	1,566	1,411	11%
Interest expense	(125)	(134)	
Other components of net periodic benefit income	110	78	
Other income	21	-	
Income before income taxes	1,572	1,355	
Income tax expense	(373)	(334)	
Net income	\$ 1,199	\$ 1,021	17%
Adjusted net income ⁽¹⁾	\$ 1,209	\$ 1,021	18%
Diluted EPS	\$ 1.69	\$ 1.43	18%
Adjusted diluted EPS ⁽¹⁾	\$ 1.71	\$ 1.43	20%
Weighted-average number of diluted shares (in millions)	707.4	713.2	
Operating ratio	58.3%	61.4%	3.1 pts
Adjusted operating ratio ⁽¹⁾	57.9%	61.4%	3.5 pts

Solid incremental margins

(1) 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 adjusted net income, adjusted diluted EPS and adjusted operating ratio, see the section entitled "Adjusted performance measures" in the Q4 2021 Earnings Release filed on January 25th, 2022, which are incorporated by reference herein, for an explanation of these non-GAAP measures.

Right-sized cost structure delivering on Strategic Plan



<i>In millions of Canadian dollars, unless otherwise indicated</i>	2021	2020	Change Favorable (Unfavorable)	Change at constant currency ⁽¹⁾ Favorable (Unfavorable)	
Labor and fringe benefits	674	755	11%	10%	Driven by higher capital credits and decrease in wages due to a 5% lower average headcount
Purchased services and material	504	565	11%	10%	Lower repairs and maintenance, decreased trucking and transload costs, and reduced material expense
Fuel	419	303	(38%)	(43%)	Higher fuel prices, partly offset by lower volumes
Depreciation and amortization	383	402	5%	3%	
Equipment rents	82	97	15%	13%	Lower car hire expense
Casualty and other	125	123	(2%)	(4%)	Increase due to advisory costs for shareholder matters
Total operating expenses	\$ 2,187	\$ 2,245	3%	1%	

Realigned costs provide sustainable footing moving forward

(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. For changes at constant currency, see the section entitled "Constant currency" in the Q4 2021 Earnings Release filed on January 25th, 2022, which are incorporated by reference herein, for an explanation of this non-GAAP measure.

Generated 12% adjusted EPS growth for full year 2021



<i>In millions of Canadian dollars, except EPS data, unless otherwise indicated</i>	2021	2020	Change Favorable (Unfavorable)
Revenues	\$ 14,477	\$ 13,819	5%
Operating expenses	8,861	9,042	
Operating income	5,616	4,777	18%
Interest expense	(610)	(554)	
Other components of net periodic benefit income	398	315	
Merger Termination Fee	886	-	
Other income	43	6	
Income before income taxes	6,333	4,544	
Income tax expense	(1,411)	(982)	
Net income	\$ 4,892	\$ 3,562	37%
Adjusted net income ⁽¹⁾	\$ 4,218	\$ 3,784	11%
Diluted EPS	\$ 6.89	\$ 5.00	38%
Adjusted diluted EPS ⁽¹⁾	\$ 5.94	\$ 5.31	12%
Weighted-average number of diluted shares (in millions)	710.3	713.0	
Operating ratio	61.2%	65.4%	4.2 pts
Adjusted operating ratio ⁽¹⁾	61.2%	61.9%	0.7 pts
Return on invested capital (ROIC) ⁽¹⁾	16.4%	12.7%	3.7 pts
Adjusted return on invested capital (ROIC) ⁽¹⁾	14.1%	13.4%	0.7 pts

Annualized adjusted ROIC of ~15% in the second half of 2021

(1) 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 adjusted net income, adjusted diluted EPS and adjusted operating ratio see the section entitled "Adjusted performance measures", for ROIC and adjusted ROIC, see the section entitled "ROIC and Adjusted ROIC" in the Q4 2021 Earnings Release filed on January 25th, 2022, which are incorporated by reference herein, for an explanation of these non-GAAP measures.

Delivered upper end of free cash flow guidance



In millions of Canadian dollars, unless otherwise indicated

	FY 2021
Net income	\$ 4,892
Non-cash adjustments	2,069
Income tax payments	(759)
Working capital items and other	769
Net cash provided by operating activities	6,971
Property additions	(2,891)
Acquisition-related costs and advance, net of refund of advance ⁽¹⁾	(22)
Other investing activities, net	40
Net cash used in investing activities	(2,873)
<i>Adjustment: Acquisition-related costs and advance, net of refund of advance ⁽¹⁾</i>	84
<i>Adjustment: Merger Termination Fee</i>	(886)
Free cash flow ⁽²⁾	\$ 3,296
Total net indebtedness at end of period ⁽³⁾	11,144
Adjusted debt-to-adjusted EBITDA multiple ⁽²⁾	1.82

(1) Relates to the US\$700M advance for acquisition and other transaction-related costs, as well as the refund of the advance paid to KCS of US\$700 million. See Note 3 - Acquisition to CN's unaudited Interim Consolidated Financial Statements for additional information.

(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. For Free cash flow, see the section entitled "Free cash flow" and for Adjusted debt-to-adjusted EBITDA multiple, see the section entitled "Adjusted debt-to-adjusted EBITDA multiple" in the Q4 2021 Earnings Release filed on January 25th, 2022, which are incorporated by reference herein, for an explanation of these non-GAAP measures.

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



Set up for success on 2022 financial outlook ⁽¹⁾

Delivering on our promise

~20%
Adjusted EPS growth ⁽²⁾

~57%
Operating ratio

~15%
ROIC ⁽²⁾

~\$4B
~20% growth in FCF ⁽²⁾

~17%
Capex as a % of revenues ⁽³⁾

Shareholder distributions

19% dividend increase

**New share buyback program
in the range of \$5B**



⁽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 financial outlook.

⁽²⁾ CN's full-year adjusted diluted EPS outlook, ROIC outlook and free cash flow outlook excludes the expected impact of certain income and expense items, which are expected to be comparable adjustments to those made to the historical adjusted diluted EPS, ROIC and free cash flow. However, management cannot individually quantify on a forward-looking basis the impact of these items on its adjusted diluted EPS, ROIC or free cash flow 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 diluted EPS outlook, its ROIC outlook or its free cash flow outlook.

⁽³⁾ Capital expenditure is defined as property additions, net of finance leases.