



Powering Sustainable Growth

INVESTOR PRESENTATION

September 2026



CNR
LISTED
TSX



CNI
LISTED
NYSE

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," "goals," or other similar words.

2026 Key Assumptions

CN has made a number of economic and market assumptions in preparing its 2026 outlook. The 2025/2026 grain crops in Canada and the U.S. were above their respective five-year averages. The Company continues to assume that the 2026/2027 grain crops in Canada and the U.S. will be in line with their respective five-year averages. CN now assumes low single-digit RTM growth (compared to its January 30, 2026 assumption of flattish growth). CN now assumes that in 2026, the value of the Canadian dollar in U.S. currency will be \$0.71 (compared to its April 29, 2026 assumption of \$0.73), and continues to assume that in 2026 the average price of crude oil (West Texas Intermediate) will be in the range of US\$80 - US\$110 per barrel. The Company notes there is a heightened demand risk as a result of volatile macroeconomic conditions, geopolitical conflicts and global trade tensions.

Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors which may cause actual results, performance or achievements of CN to be materially different from the outlook or any future results, performance or achievements implied by such statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements. Important risk factors that could affect the forward-looking statements in this presentation include, but are not limited to, general economic and business conditions, including factors impacting global supply chains such as pandemics and geopolitical conflicts or tensions; trade restrictions, trade barriers, or the imposition of tariffs or other changes to international trade arrangements; industry competition; inflation, currency and interest rate fluctuations; changes in fuel prices; legislative and/or regulatory developments; compliance with environmental laws and regulations; actions by regulators and other regulatory claims or proceedings; increases in maintenance and operating costs; security threats; reliance on technology, including the use of artificial intelligence, and related cybersecurity risk; transportation of hazardous materials; various events which could disrupt operations, including illegal blockades of rail networks, and natural events such as severe weather, droughts, fires, floods and earthquakes; climate change; labor negotiations and disruptions; environmental claims; uncertainties of investigations, proceedings and other types of claims and litigation; risks and liabilities arising from derailments; timing and completion of capital programs; the availability of and cost competitiveness of renewable fuels and the development of new locomotive propulsion technology; reputational risks; supplier concentration; pension funding requirements and volatility; and other risks detailed from time to time in reports filed by CN with securities regulators in Canada and the United States. Reference should also be made to Management's Discussion and Analysis (MD&A) in CN's annual and interim reports, Annual Information Form and Form 40-F, filed with Canadian and U.S. securities regulators and available on CN's website, for a description of major risk factors relating to CN.

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

Forward-looking statements reflect information as of the date on which they are made. CN assumes no obligation to update or revise forward-looking statements to reflect future events, changes in circumstances, or changes in beliefs, unless required by applicable securities laws. In the event CN does update any forward-looking statement, no inference should be made that CN will make additional updates with respect to that statement, related matters, or any other forward-looking statement. Information contained on, or accessible through, our website is not incorporated by reference into this presentation.

Non-GAAP Measures

CN reports its financial results in accordance with United States generally accepted accounting principles (GAAP). CN may also use non-GAAP measures in this presentation that do not have any standardized meaning prescribed by GAAP. These non-GAAP measures may not be comparable to similar measures presented by other companies.

CN's outlook, guidance or targets exclude certain adjustments, which are expected to be comparable to adjustments made in prior years. However, management cannot individually quantify on a forward-looking basis the impact of these adjustments, which could be significant, are difficult to predict and may be highly variable. As a result, CN does not provide a corresponding GAAP measure for, or reconciliation to, its outlook, guidance or targets.

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

CN At a glance

A world-class transportation leader and trade-enabler

Essential to the economy, CN transports more than C\$250 billion worth of goods annually for a wide range of business sectors, ranging from energy and agriculture resource products to manufactured products to consumer goods, across a rail network spanning Canada and mid-America. CN seeks to be regarded internationally as among the best-performing transportation and logistics companies.

CN is committed to creating value for customers and shareholders by deepening customer engagement, leveraging the strength of our franchise and delivering operational and service excellence.

STAY CONNECTED WITH CN

[linkedin.com/company/cn](https://www.linkedin.com/company/cn)[facebook.com/CNrail](https://www.facebook.com/CNrail)[instagram.com/cnrailway](https://www.instagram.com/cnrailway)[x.com/CNRailway](https://www.x.com/CNRailway)

2025 HIGHLIGHTS

\$17.3B

TOTAL REVENUES

\$3.3BFREE CASH FLOW⁽¹⁾**\$7.0B**NET CASH PROVIDED BY
OPERATING ACTIVITIES**\$3.7B**NET CASH PROVIDED BY
INVESTING ACTIVITIES**\$7.57**DILUTED EARNINGS
PER SHARE**\$7.63**ADJUSTED DILUTED
EARNINGS PER SHARE⁽¹⁾**12.9%**RETURN ON INVESTED
CAPITAL⁽¹⁾**13.0%**ADJUSTED RETURN ON
INVESTED CAPITAL⁽¹⁾**61.9%**OPERATING
RATIO**61.7%**ADJUSTED OPERATING
RATIO⁽¹⁾

⁽¹⁾ This non-GAAP measure does not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. See Appendix "Non-GAAP measures" for an explanation of these non-GAAP measures.

Competitive Strengths

A far-reaching and diversified company

CN's three-coast network is a distinct strength in powering sustainable growth and uniquely sits on top of some significant resource plays in the north. We deliver safe, reliable and efficient service to move a diverse portfolio of goods and enable global supply chains. We connect our customers with opportunities to reach or expand their markets, facilitating their growth and driving long-term value.



EXTENSIVE
SINGLE LINE ACCESS

Over
65% of traffic

ORIGINATES AND TERMINATES
ON CN'S NETWORK

EFFICIENT
OPERATIONS

206 miles

CAR VELOCITY
(car miles per day)

INVESTING IN OUR
FUTURE BUSINESS

\$3.3B

CAPITAL INVESTMENTS (net of
amounts reimbursed by customers)

ADVANTAGED TRI-COAST NETWORK WITH ACCESS OPTIONALITY

18,900

ROUTE MILES (2025)

21 terminals

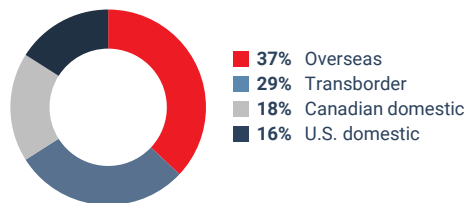
ACROSS OUR NETWORK

7 major ports

SERVED ON THREE COASTS

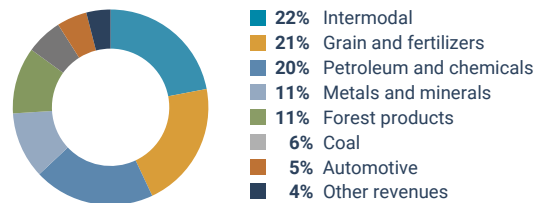
BROAD GEOGRAPHIC EXPOSURE

TRAFFIC BY GEOGRAPHY
(% of 2025 freight revenues)



BALANCED AND DIVERSE PORTFOLIO

BUSINESS UNIT REVENUE MIX
(% of 2025 total revenues)



Note: All statistics are as of, or for the year ending December 31, 2025, unless otherwise noted.



Safety is a Core Value

An uncompromising commitment to safety

WORKPLACE HEALTH & SAFETY

Placing safety at the centre of daily practices

- Prevention and training programs designed to minimize risk, reduce injuries and accidents, and engage employees at all levels of the organization.
- Thorough and systematic approach to safety, safety culture, risk management programs (including emergency preparedness and response), and operational integrity at all levels.

OPERATIONAL SAFETY

Investing for a safe and efficient network

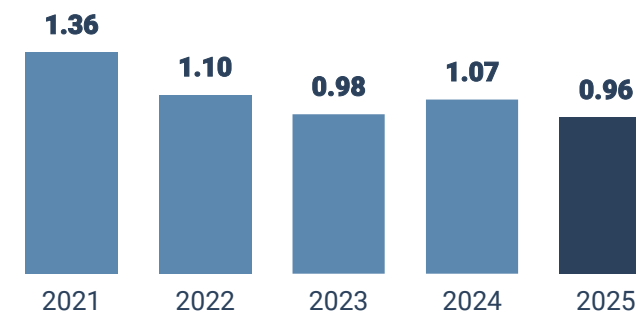
- On-going investments in infrastructure and innovative technology, including: a 3D tie rating technology system, unmanned aerial vehicles, automated track inspection fleet equipped with ground penetrating radar, automated railcar inspection portals and predictive data analytics.
- Structured community engagement program to share information on crossing safety, corridor risk assessments, proximity guidelines, dangerous goods traffic and emergency response training.

(1) Based on FRA reporting criteria, includes only accidents with a cost in excess of US\$11,300.

(2) Based on estimated data available at such time and subject to change as more comprehensive information becomes available.

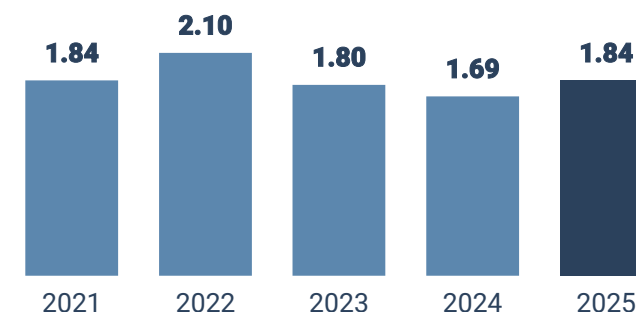
Injury Frequency Rate ⁽¹⁾

(per 200,000 person hours)



Train Accident Rate ⁽²⁾

(per million train miles)

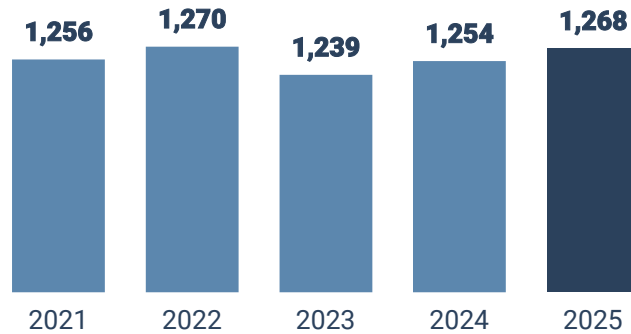


Key Operating Measures

Rooted in our commitment to customer service

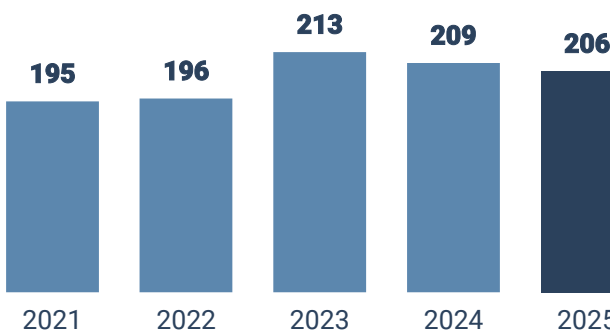
Workload

(average daily GTMs in millions)



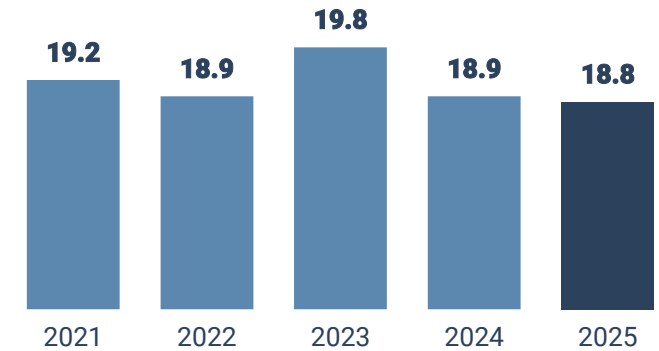
Car Velocity

(car miles per day)



Through Network Train Speed

(miles per hour)



Continued to run lean and drove incremental productivity gains



Delivered four consecutive months of record grain movement



Maintained strong service across customer base



Transitioned to winter operating model – network remained fluid

(1) Operating measures are unaudited and based on estimated data available at such time and are subject to change as more complete information becomes available.

(2) Local Service Commitment is defined as the percentage of cars that successfully completed their Daily Operating Plan.

High-level performance across key operating metrics

Embracing Technology

Improving safety, creating capacity, reducing costs and driving service reliability

Autonomous Track Inspection Program



FLEET OF 10 ATIP CARS

- ATIP cars run in regular train service at track speed
- Program generates an extensive dataset on track health, used for proactive track and roadway maintenance and capital planning
- Inspects the tracks over which 95%+ of CN's GTM's runs

Automated Inspection Portals



7 PORTALS ACROSS THE NETWORK



Handheld Technology for Field Employees



DEPLOYED NETWORK-WIDE

- Empowers train crews with a safe and efficient method to report car movements in the field real-time
- Streamlines reporting, while removing manual input and transcription errors for Mechanical employees

Delivering Responsibly

Building for a sustainable future

48% reduction

IN GHG EMISSIONS INTENSITY
SINCE 1993

2nd lowest

PERSONAL INJURY RATE IN 2025
WITH A REDUCTION OF 10%⁽¹⁾

55% of Board

MEMBERS IDENTIFY AS WOMEN ⁽²⁾

OUR SUSTAINABILITY COMMITMENTS

At CN, we are focused on *Delivering Responsibly*: moving customer goods safely and efficiently; being environmentally responsible; attracting and developing talented railroaders; and helping build safer, stronger communities, all while adhering to the highest standards of governance and supporting shareholder value creation. Our sustainability vision is anchored on five principles:

Environment

Conduct our operations in a manner that seeks to minimize our environmental impact, while providing cleaner, more sustainable transportation services to our customers.

Safety

Strive to be the safest provider of transportation services in North America by fostering a culture of safety excellence.

People

Provide a safe, supportive, and inclusive work environment where our employees can grow to their full potential and be recognized for their contributions to our success.

Community

Build safer, stronger communities by investing in development, creating socioeconomic benefits, and ensuring open dialogue with all stakeholders and Indigenous peoples.

Governance

Continuously improve our culture of integrity and ethical business conduct, building trust and confidence with all stakeholders and Indigenous peoples.

SELECTED 2024–2025 MEMBERSHIPS AND RECOGNITION

Member of

**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA

Listed on the Dow Jones Best-in-Class World Index for the 14th consecutive year and the Dow Jones Best-in-Class North America Index for the 17th consecutive year in 2025.

S&P Global

**Sustainability
Yearbook Member**

**Corporate Sustainability
Assessment 2025**

Recognized as one of the top sustainability performers in the transportation industry by the 2026 S&P Global Yearbook.

THE GLOBE AND MAIL

Earned a 3rd place ranking among 206 companies listed on the S&P/TSX Composite Index in 2025 based on a rigorous set of governance criteria.

BEST 50 2025
CANADA'S BEST CORPORATE CITIZENS

Ranked among the Best 50 Corporate Citizens in Canada by Corporate Knights for the 17th consecutive year in 2025, an annual ranking of corporate sustainability performance.

(1) Based on FRA reporting criteria, includes only accidents with a cost in excess of US\$11,300.

(2) As at March 9, 2026.



The *Delivering Responsibly* section of our website provides access to our most current editions of our Sustainability Report, Data Supplement, CDP Response with TCFD Index, and Indigenous Reconciliation Action Plan, please visit: www.cn.ca/en/delivering-responsibly

Our Markets

Growing with our customers

2025 PERFORMANCE⁽¹⁾

5.5M

CARLOADS

238B

REVENUE TON MILES
(RTMS)

7.00 cents

FREIGHT REVENUE
PER RTM

755 miles

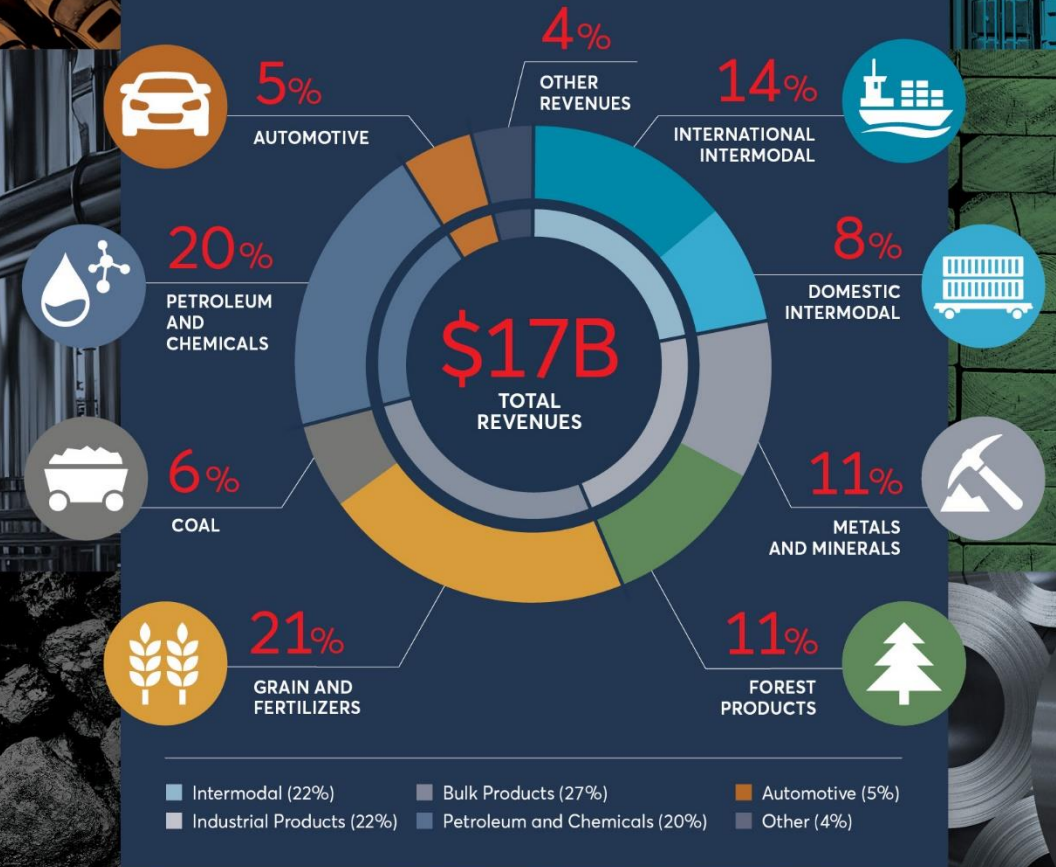
AVERAGE LENGTH
OF HAUL

- Pursuing long-term profitable growth
- Strategic pipeline of growth opportunities, growing with our customers and partners across the network
- Fostering consumer product and rail centric supply chain organic opportunities
- Balanced growth across carload and consumer products segments
- Focused on driving strong yields with contract renewals above rail inflation

* All statistics are as of, or for the year ending December 31, 2025, unless otherwise noted.

BUSINESS UNIT REVENUE MIX

2025 REVENUES BY COMMODITY GROUP
(% of total revenues)



Petroleum and Chemicals

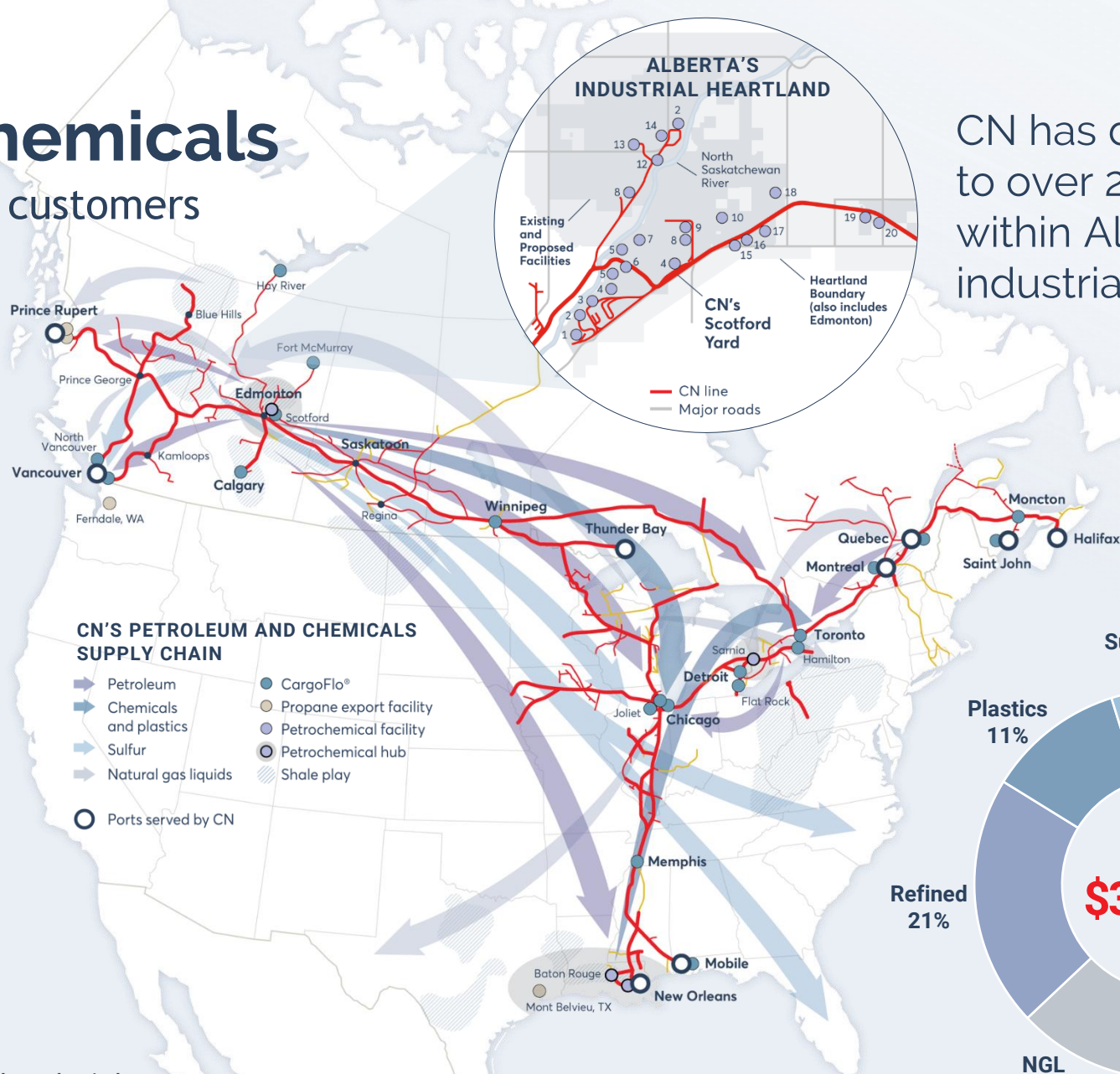
Fueling market growth for our customers

CN has direct access to over 20 companies within Alberta's industrial Heartland.



KEY FACTS

- Supporting the sector as a rail carrier serving three key petrochemical hubs in North America: Alberta, Louisiana, and Ontario
- CN also uniquely sits on the Montney Shale region, supporting growth for this energy hub
- Moving petroleum and chemical shipments in customer-supplied private cars
- Facilitating growth in propane, plastics and other petrochemical commodities through export expansion projects on Canada's West Coast



For more information, please visit: www.cn.ca/your-industry/petroleum-chemicals

Metals and Minerals

Connecting producers with their end markets

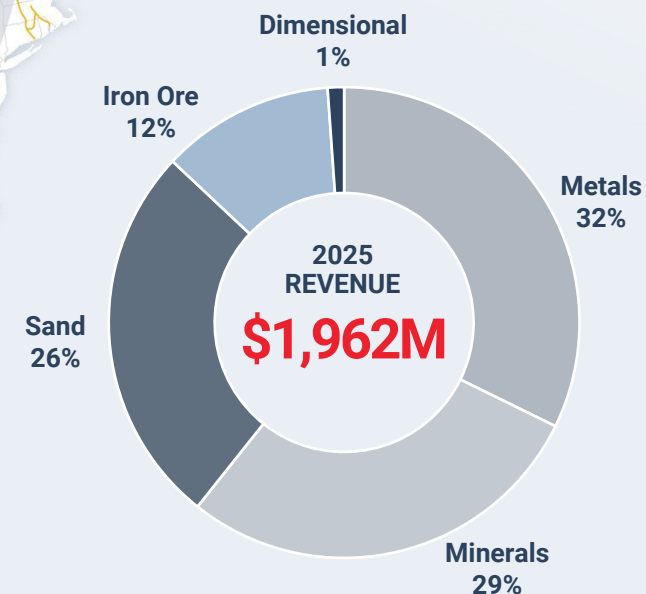
CN's strategic investments are enabling frac sand growth in northeast British Columbia.



KEY FACTS

- Serving 10 aluminum smelters, more than any other railroad in North America
- Supporting customer growth as one of the top movers of aluminum, iron ore and base metal ore
- Reaching all top shale plays in Canada, including the Western Canada Sedimentary Basin, and providing unique network access to emerging mining opportunities
- Offering single-line access from Wisconsin frac sand producers to Western Canada's Montney Formation drilling region

CN'S METALS AND MINERALS SUPPLY CHAIN



For more information, please visit: www.cn.ca/your-industry/metals-minerals

Forest Products

Rooted in delivering service excellence

13 distribution centres are located in key locations across the network enabling non-rail-served customers to benefit from CN's reliable and cost-effective service.

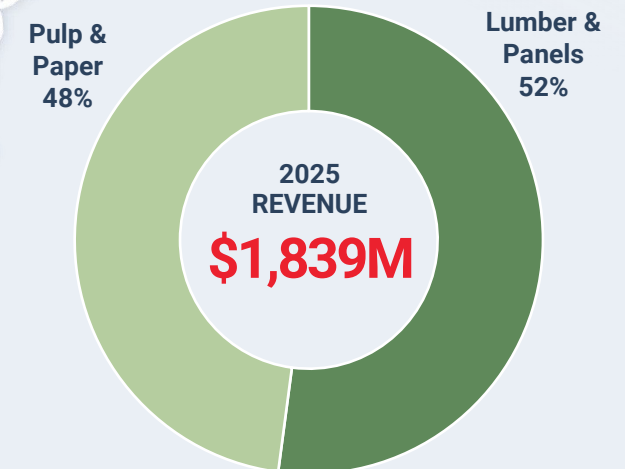
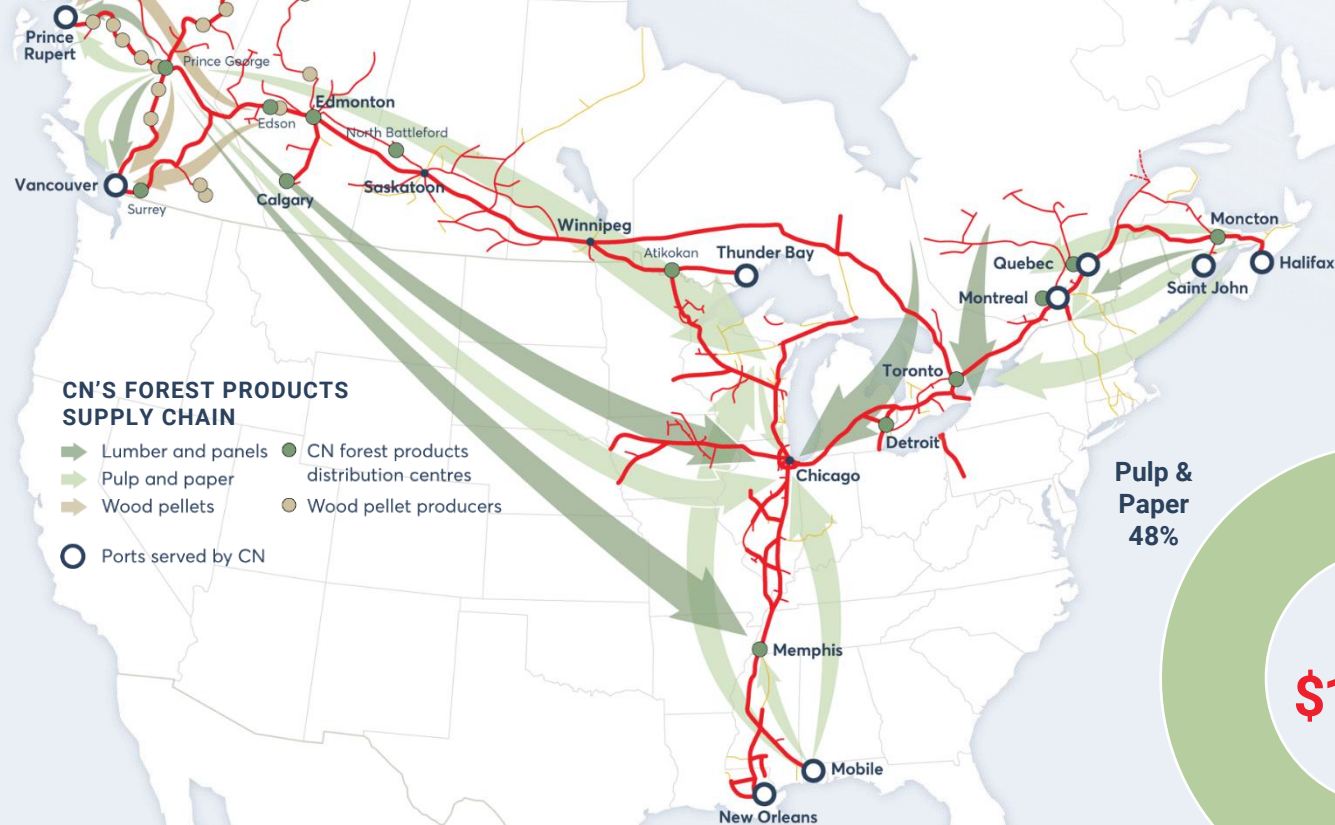


KEY FACTS

- > Moving more forest products than any other rail carrier in North America
- > Supporting customer demand with an upgraded fleet of ~19,500 premium cars, including centrebeams and box cars for lumber, panels, pulp and paper
- > 13 strategically located distribution centres in key locations across our network
- > Direct access to two West Coast ports provides capacity and efficiency advantages in shipping to Asia

CN'S FOREST PRODUCTS SUPPLY CHAIN

- ➔ Lumber and panels
- ➔ Pulp and paper
- ➔ Wood pellets
- CN forest products distribution centres
- Wood pellet producers
- Ports served by CN



For more information, please visit: www.cn.ca/your-industry/forest-products

Coal

Providing direct access to key markets

CN's network offers cost-efficient services to transport the metallurgical coal from mines to export terminals on Canada's West Coast, which has the closest access to the Asian market.

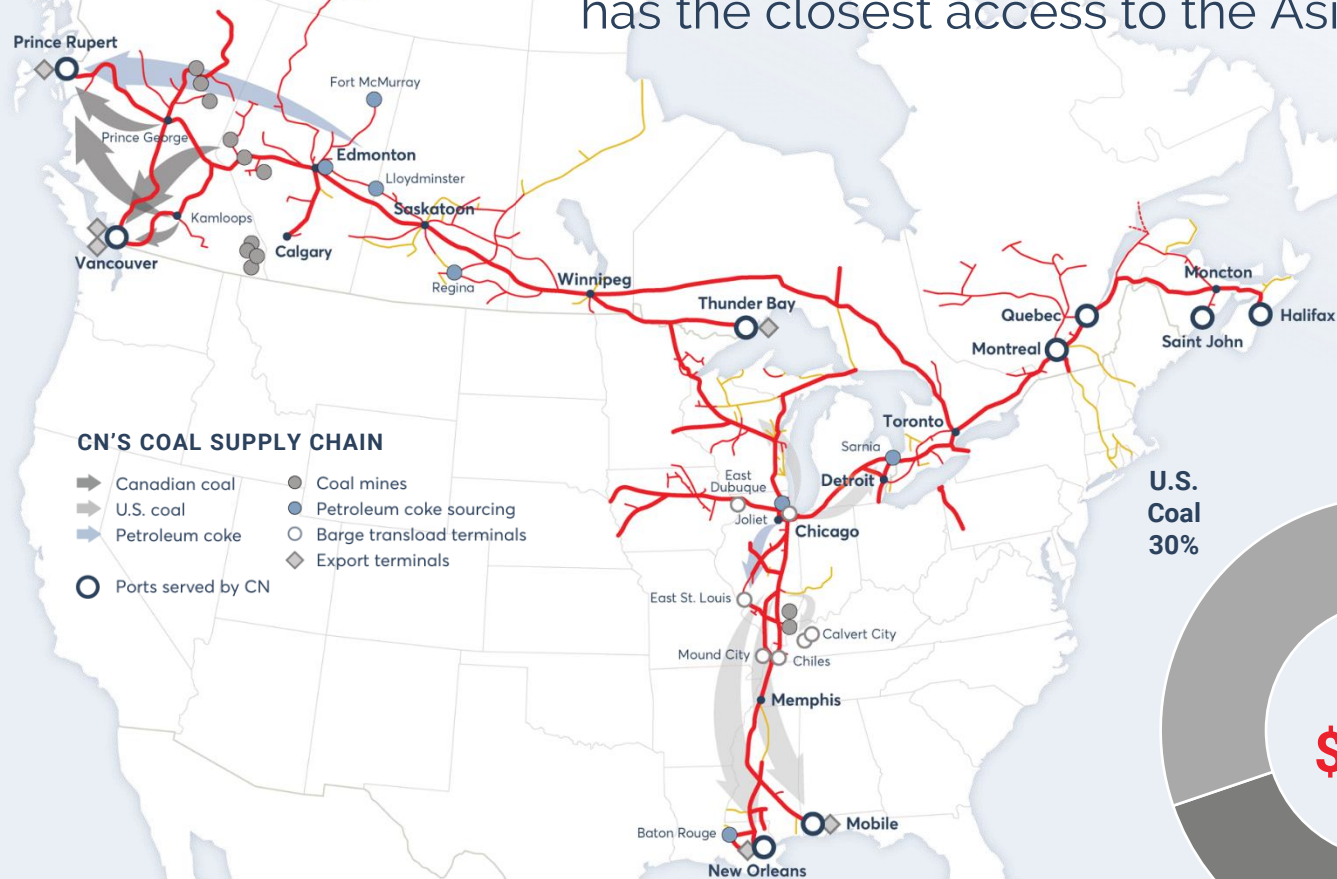


KEY FACTS

- Moving a diversified coal portfolio with 45% thermal coal, 43% metallurgical coal, and petroleum coke comprising the remaining 12%
- Facilitating Canadian coal exports, namely metallurgical coal destined for steelmaking plants in Asia
- Supporting global supply chains as the only Canadian railway in North America with direct access to coal export terminals on Canada's West Coast and the U.S. Gulf Coast

CN'S COAL SUPPLY CHAIN

- Canadian coal
- U.S. coal
- Petroleum coke
- Ports served by CN
- Coal mines
- Petroleum coke sourcing
- Barge transload terminals
- ◆ Export terminals



U.S.
Coal
30%

Western
Canada Coal
70%

2025
REVENUE
\$960M



For more information, please visit: www.cn.ca/your-industry/coal

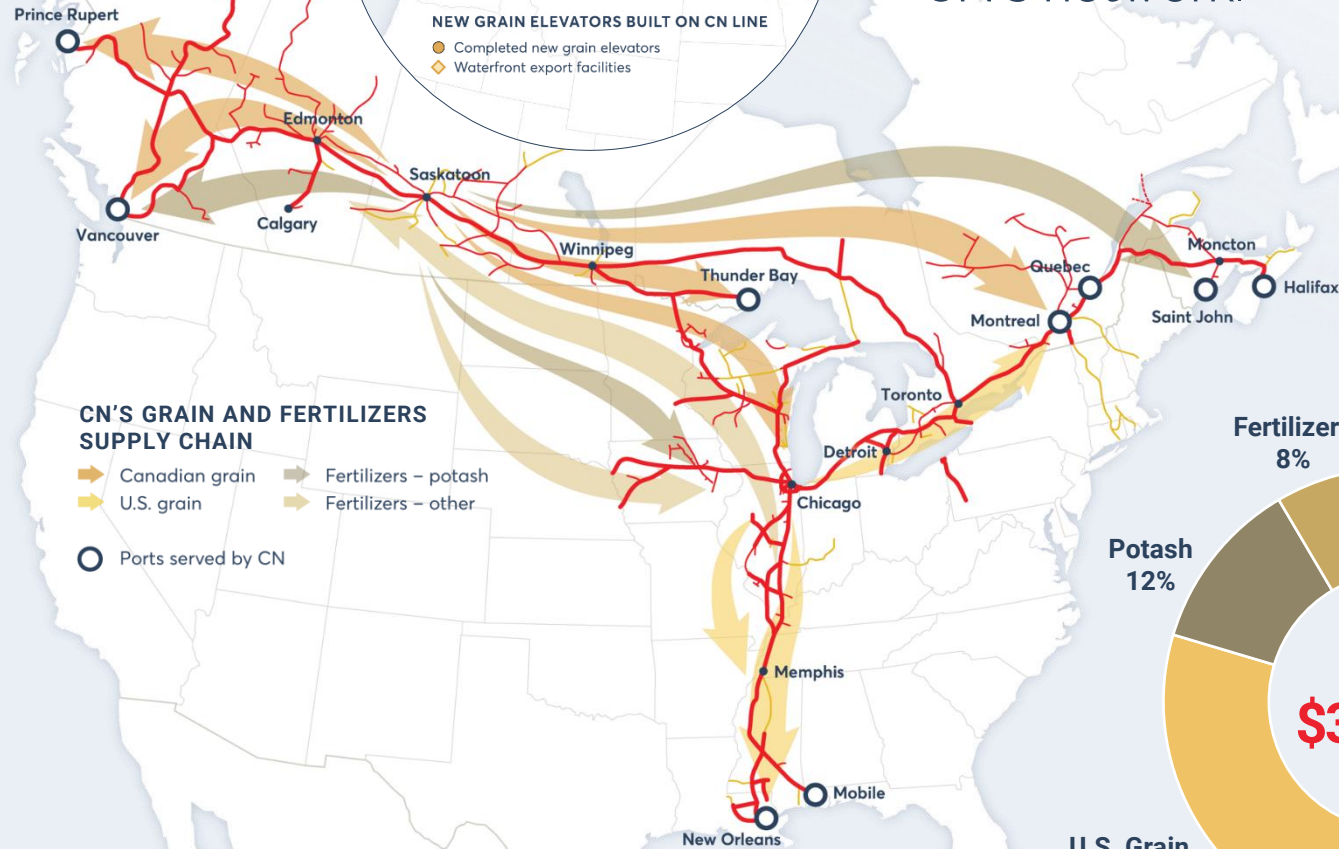
Grain and Fertilizers

Empowering our customers to feed the world



KEY FACTS

- Moving Western Canadian grain for export via three ports: Vancouver, Prince Rupert and Thunder Bay
- Serving the U.S. grain market from the Midwest to the Gulf Coast
- Transporting fertilizer throughout North America and to/from ports on Canada's West and East Coasts
- Supports North America's growing renewable fuels market by transporting seed to crush plants, feedstocks to refineries, and renewable fuels to end markets



70% of high-throughput grain elevators built in Western Canada since 2015 are exclusively on CN's network.



For more information, please visit: www.cn.ca/your-industry/grain and www.cn.ca/your-industry/fertilizer

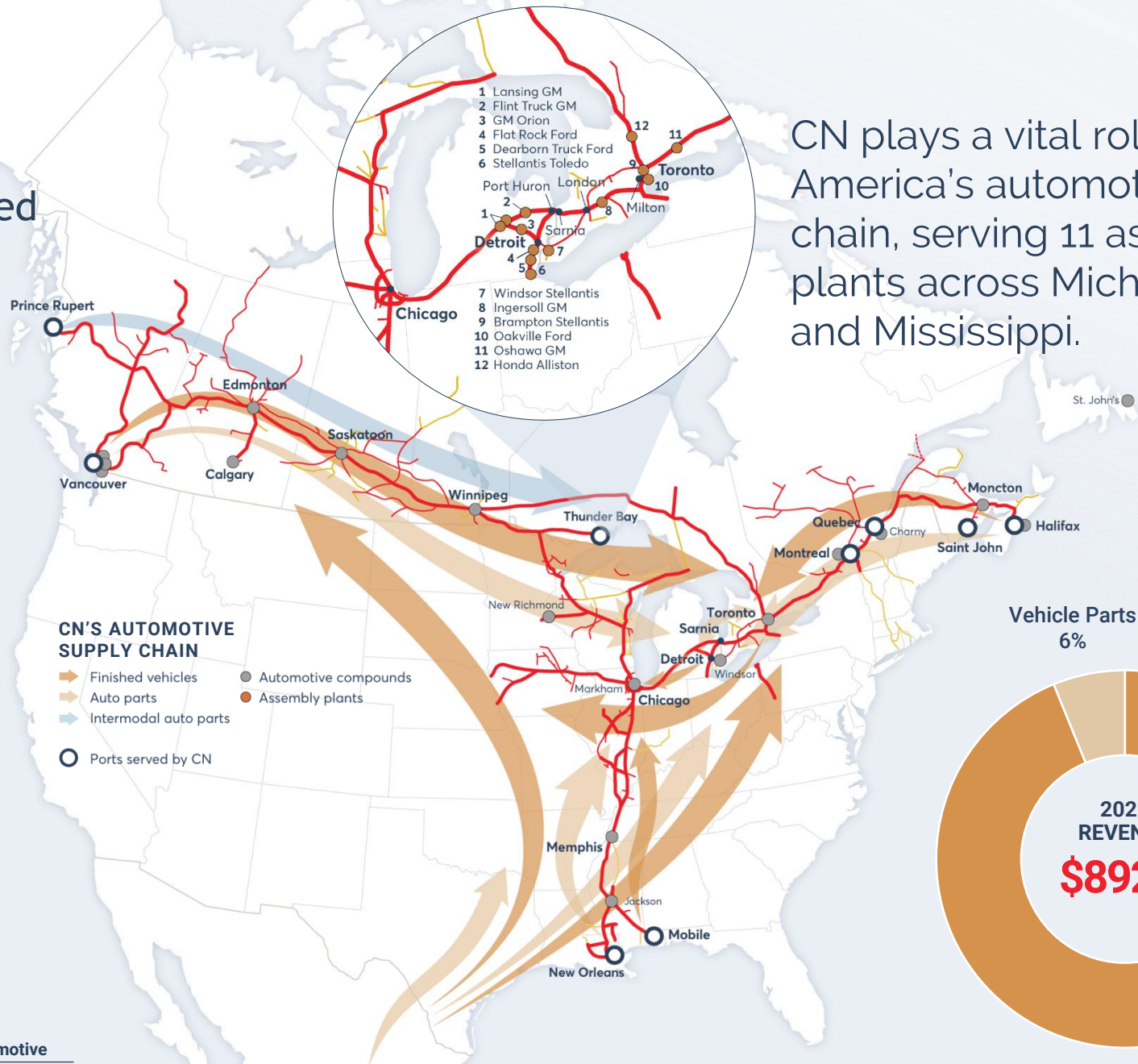
Automotive

Helping move an interconnected automotive supply chain



KEY FACTS

- Handling more than two million finished vehicles annually
- Operating 18 automotive compounds accessing 12 North American vehicle assembly plants
- Serving the industry with ~5,000 multi-level railcars
- Enabling connections at three ports for finished vehicles in Vancouver, Halifax and Mobile
- Handling containerized auto parts at six ports: Vancouver, Prince Rupert, Saint John, Montreal, Halifax and Mobile



CN plays a vital role in North America's automotive supply chain, serving 11 assembly plants across Michigan, Ontario and Mississippi.



For more information, please visit: www.cn.ca/your-industry/automotive

Port Strategy

Leveraging our 3-coast access

CN-EXCLUSIVE SERVED

PORT OF PRINCE RUPERT

- > Intermodal: 1.6M TEU capacity
- > Liquids, Grain, Coal and other bulk commodity exports
- > Logistics and stuffing infrastructure supports Intermodal round-trip economics

PORT OF VANCOUVER

- > Intermodal: 5M+ TEU capacity across 5 terminals
- > Grain, Coal, Potash, Liquids and other bulk commodity exports

Prince Rupert

Prince George

Edmonton

Saskatoon

Calgary

Regina

Winnipeg

PORT OF MOBILE

- > Intermodal: 0.65M TEU capacity

PORT OF NEW ORLEANS

- > Intermodal: 0.84M TEU capacity across 2 terminals

CN-EXCLUSIVE SERVED

PORT OF HALIFAX

- > Intermodal: 1.15M TEU capacity across 2 terminals

LEGEND

- Intermodal terminals
- Intermodal ports served by CN

PORT OF MONTREAL

- > Intermodal: 2.4M+ TEU capacity across 4 terminals

PORT OF SAINT JOHN

- > Intermodal: 0.3M TEU capacity
- > Potash exports

3 COAST ACCESS

21 INTERMODAL TERMINALS

7 ACCESS TO MAJOR PORTS

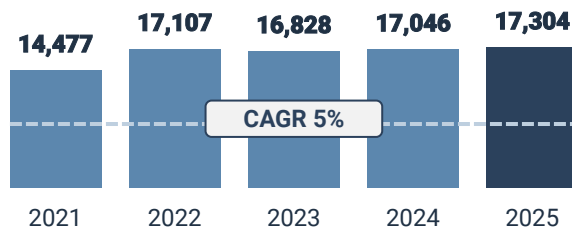
TEU: Twenty-foot equivalent unit (intermodal shipping container)

Financial Overview

Full year key performance indicators

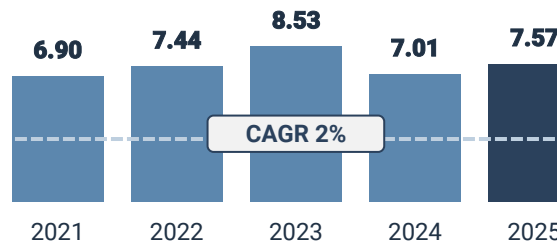
Total Revenues

\$M



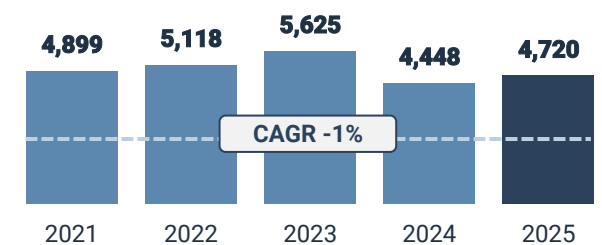
Diluted EPS ⁽¹⁾

\$M



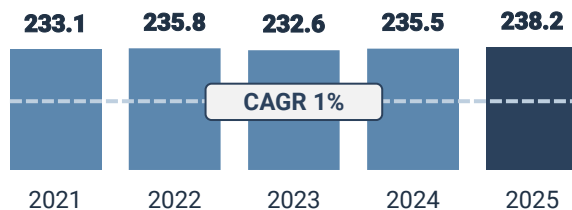
Net Income ⁽¹⁾

\$M



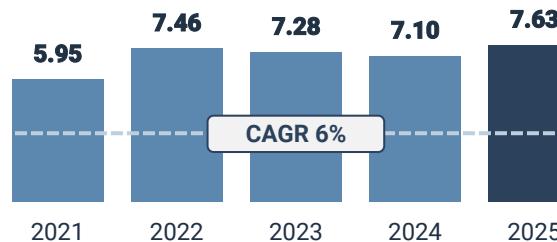
Volumes (Revenue Ton Miles)

Billions



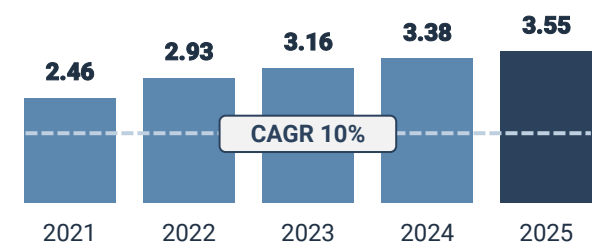
Adjusted Diluted EPS ⁽¹⁾⁽²⁾

\$ per share



Dividends per share (\$)

\$M



(1) In the first quarter of 2022, the Company changed its method of calculating market-related values of pension assets for its defined benefit plans using a retrospective approach. Comparative figures have been adjusted to conform to the change in methodology.

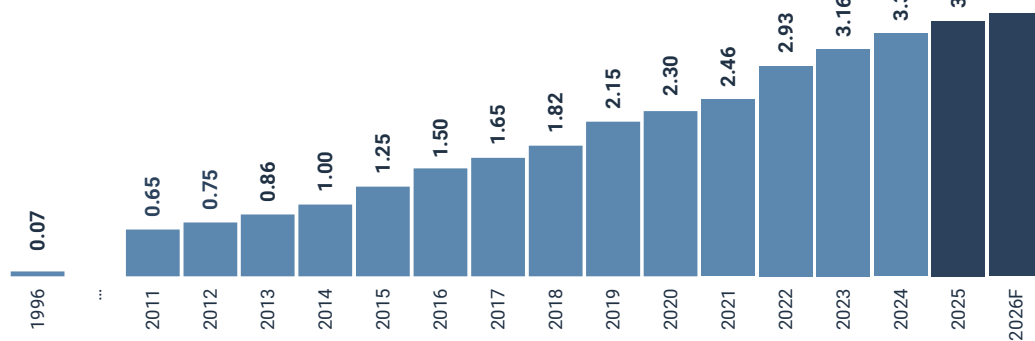
(2) This non-GAAP measure does not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. Please see the Appendix for an explanation of this non-GAAP measure.

Shareholder Distributions

Consistent dividend growth and opportunistic approach to share repurchases

30 Consecutive Years of Dividend Growth

ANNUAL DIVIDEND PAYOUT (\$ PER SHARE)
(Adjusted for stock splits)



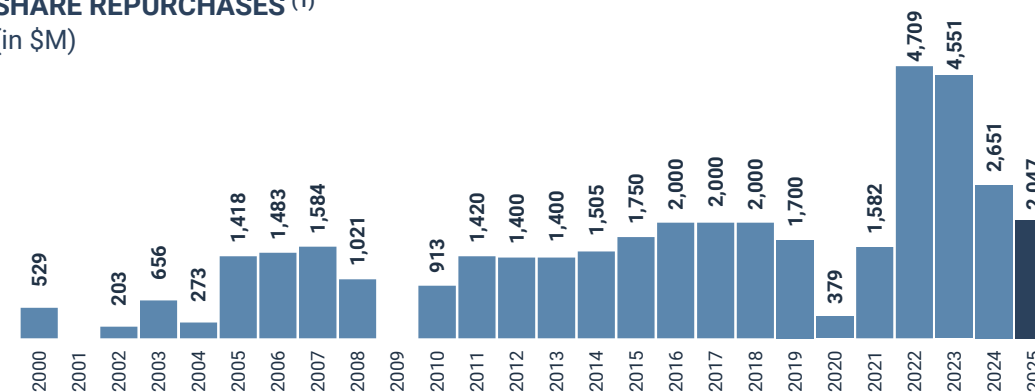
- Dividend has increased every year since 1995 IPO
- 14% cumulative annual growth rate in dividend per share since first dividend paid in 1996
- 3% increase in dividend for 2026 announced in January
- 46% adjusted dividend payout ratio in 2025⁽²⁾

(1) Excludes the two percent tax on net share repurchases made on or after January 1, 2024.

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

Opportunistic Share Repurchases

SHARE REPURCHASES ⁽¹⁾
(in \$M)



- \$39B of share repurchases since 2000
- New Normal Course Issuer Bid (NCIB) for up to 24 million common shares from February 4, 2026 to February 3, 2027

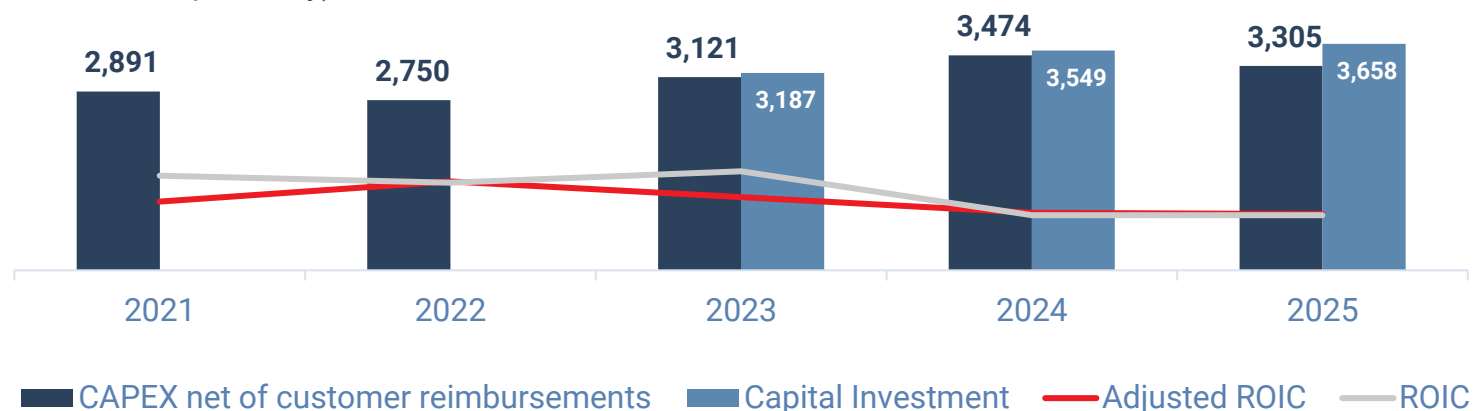
Disciplined Approach to Capital Investments

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

- Investing to support the safety of our network, improve efficiency and resilience, and enable growth
- Driving efficient deployment of capital by leveraging technologies like the autonomous track inspection program (ATIP), which gathers detailed information on asset health and allows for more targeted maintenance programs
- Aligning project completions timelines with customers' volume ramp-up

Capital Investments vs Return on Invested Capital (ROIC) ⁽¹⁾

(in \$M & % respectively)



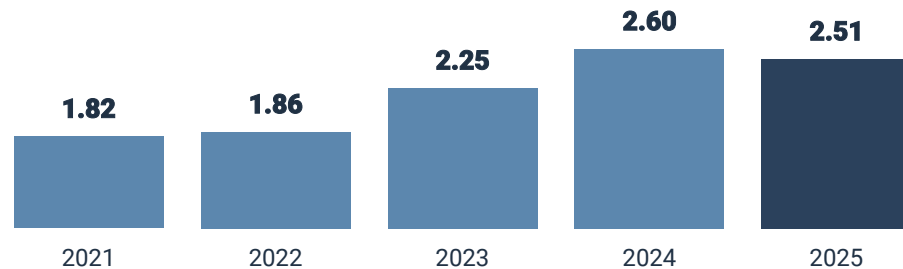
	2021	2022	2023	2024	2025
Capital investments as a percentage of revenues	20%	16%	19%	21%	21%
ROIC ⁽¹⁾	16.4%	15.8%	16.8%	12.9%	12.9%
Adjusted ROIC ⁽¹⁾	14.1%	15.9%	14.5%	13.1%	13.0%

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

Maintaining a Strong Balance Sheet

Prudent financial management to investing

Adjusted Debt-to-adjusted EBITDA Multiple ⁽¹⁾



Investment Grade Credit Ratings ⁽²⁾

Rating agency	Long-term debt rating	Commercial Paper Rating
DBRS Morningstar	A	R-1 (low)
Moody's	A2	P-1
S&P Global Ratings	A-	A-2



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

(2) As at December 31, 2025.

Full Year 2025 Results

Meaningful earnings growth

- Strong earnings driven by better-than-expected cost management, with volumes and revenues on plan
- Material improvement in operating ratio, partly helped by fuel, depreciation and ongoing labor productivity
- Actively repurchasing shares

2025 Diluted EPS		2025 Operating Ratio	
Reported	Adjusted ⁽¹⁾	Reported	Adjusted ⁽¹⁾
\$7.57	\$7.63	61.9%	61.7%
▲ 8%	▲ 7%	▼ 150 bps	▼ 120 bps

2025 Operating Income		2025 Diluted Number of Shares	
Reported	Adjusted ⁽¹⁾		
\$6.6B	\$6.6B	624M	
▲ 5%	▲ 5%	▼ 2%	

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

Sequential and year-over-year margin improvement

Appendix



Financial Highlights

	2021	2022	2023	2024	2025	CAGR
Total revenues (\$M)	14,477	17,107	16,828	17,046	17,304	5%
Total revenue ton miles (RTMs) (B)	233.1	235.8	232.6	235.5	238.2	1%
Operating income (\$M)	5,616	6,840	6,597	6,247	6,587	4%
Net income (\$M) ⁽¹⁾	4,899	5,118	5,625	4,448	4,720	-1%
Adjusted net income (\$M) ⁽¹⁾⁽²⁾	4,225	5,134	4,800	4,506	4,756	3%
Diluted earnings per share (\$) ⁽¹⁾	6.90	7.44	8.53	7.01	7.57	2%
Adjusted diluted earnings per share (\$) ⁽¹⁾⁽²⁾	5.95	7.46	7.28	7.10	7.63	6%
Net cash provided by operating activities (\$M)	6,971	6,667	6,965	6,699	7,049	-
Net cash used in Investing activities (\$M)	(2,873)	(2,510)	(3,468)	(3,607)	(3,713)	7%
Free cash flow (\$M) ⁽²⁾	3,296	4,259	3,887	3,092	3,336	-
Operating ratio (%)	61.2	60.0	60.8	63.4	61.9%	
Adjusted operating ratio (%) ⁽²⁾	61.2	59.9	60.8	62.9	61.7%	
Share repurchases (\$M)	1,582	4,709	4,551	2,651	2,047	
Dividends per share (\$)	2.46	2.93	3.16	3.38	3.55	10%
Adjusted debt-to-adjusted EBITDA multiple (times) ⁽²⁾	1.82	1.86	2.25	2.60	2.51	
Return on Invested Capital (ROIC) (%) ⁽¹⁾⁽²⁾	16.4	15.8	16.8	12.9	12.9	
Adjusted ROIC (%) ⁽¹⁾⁽²⁾	14.1	15.9	14.5	13.1	13.0	

(1) In the first quarter of 2022, the Company changed its method of calculating market-related values of pension assets for its defined benefit plans using a retrospective approach. Comparative figures have been adjusted to conform to the change in methodology.

(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. Please see the Appendix for an explanation of these non-GAAP measures.

5-year Revenue Summary

(\$ millions)		2021		2022		2023		2024	2025	CAGR	% of 2025 revenue
Petroleum & chemicals	\$	2,816	\$	3,229	\$	3,195	\$	3,414	\$ 3,478	5%	20%
Metals and minerals		1,548		1,911		2,048		2,048	1,962	6%	11%
Forest products		1,740		2,006		1,943		1,931	1,839	1%	11%
Coal		618		937		1,017		929	960	12%	6%
Grain and fertilizers		2,475		2,783		3,265		3,422	3,658	10%	21%
Intermodal		4,115		4,906		3,823		3,757	3,892	-1%	22%
Automotive		576		797		945		894	892	12%	5%
Total freight revenues	\$	13,888	\$	16,569	\$	16,236	\$	16,395	\$ 16,681	5%	96%
Other revenue		589		538		592		651	623	1%	4%
Total revenues	\$	14,477	\$	17,107	\$	16,828	\$	17,046	\$ 17,304	5%	100%

Properties Summary

(\$ millions)	Property Additions		Net Properties	
	2025	2024	2025	2024
Track and roadway ⁽¹⁾	\$ 2,438	\$ 2,088	\$ 38,292	\$ 37,187
Rolling stock	464	799	5,741	5,840
Buildings	145	117	1,649	1,604
Information technology	281	365	1,680	1,668
Other	330	180	1,786	1,661
Net properties ⁽²⁾	\$ 3,658	\$ 3,549	\$ 49,148	\$ 47,960

- (1) In 2025, approximately 62% (2024 - 73%) of the Track and roadway property additions were incurred to renew basic infrastructure. Costs relating to normal repairs and maintenance of Track and roadway properties are expensed as incurred and amounted to approximately 11% of the Company's total operating expenses in 2025 (2024 - 11%).
- (2) In 2025 and 2024, property additions included expenditures of \$353 million and \$75 million, respectively, related to construction obligations in freight contracts for which the Company has received contract consideration (or such consideration is due) from its customers. Such consideration is recorded in Contract liabilities in the Consolidated Balance Sheets and recognized in Revenues over the life of the freight service obligation.

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, adjusted net income, adjusted earnings per share, adjusted operating income, adjusted operating expense, adjusted operation ratio, free cash flow, adjusted debt-to-adjusted EBITDA multiple, 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 Performance Measures

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

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

These non-GAAP measures do not have any standardized meaning prescribed by GAAP and therefore, may not be comparable to similar measures presented by other companies.

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.

Unaudited

(\$ millions, unless otherwise indicated)

	2021	2022	2023	2024	2025
Dividends	\$ 1,740	\$ 2,004	\$ 2,071	\$ 2,138	\$ 2,208
Net income ⁽¹⁾	\$ 4,899	\$ 5,118	\$ 5,625	\$ 4,448	\$ 4,720
Dividend payout ratio (%) ⁽¹⁾	35.5%	39.2%	36.8%	48.1%	46.8%
Dividends	\$ 1,740	\$ 2,004	\$ 2,071	\$ 2,138	\$ 2,208
Adjusted net income ⁽¹⁾⁽²⁾	\$ 4,225	\$ 5,134	\$ 4,800	\$ 4,506	\$ 4,756
Adjusted dividend payout ratio (%) ⁽¹⁾	41.2%	39.0%	43.1%	47.4%	46.4%

(1) In the first quarter of 2022, the Company changed its method of calculating market-related values of pension assets for its defined benefit plans using a retrospective approach. Comparative figures have been adjusted to conform to the change in methodology.

(2) This non-GAAP measure does not have any standardized meaning prescribed by GAAP and therefore, may not be comparable to similar measures presented by other companies. See the Adjusted net income and earnings per share slides for an explanation of this non-GAAP measure.

Non-GAAP Measures (cont.)

ADJUSTED NET INCOME AND EARNINGS PER SHARE

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

Unaudited

(\$ millions, except per share data)

	2021		2022		2023		2024	2025
Net income ⁽¹⁾	\$	4,899	\$	5,118	\$	5,625	\$ 4,448	\$ 4,720
Adjustments:								
Operating expense adjustments								
Workforce reduction program		39		–		–		34
Advisory fees related to shareholder matters		20		22		–		–
Advisory fees related to rail consolidation matters		–		–		–		15
Loss (recovery) on assets held for sale		(137)		–		–	78	–
Transaction-related costs		84		–		–		–
Non-operating expense adjustments								
Amortization of bridge financing and other fees		97		–		–		–
Merger termination fee		(886)		–		–		–
Gains on disposal of property		–		–		(129)		–
Tax adjustments								
Tax-deductible goodwill and related impacts ⁽²⁾		–		–		(713)		–
Tax effect of adjustments ⁽³⁾		109		(6)		17	(20)	(13)
Total adjustments	\$	(674)	\$	16	\$	(825)	\$ 58	\$ 36
Adjusted net income ⁽¹⁾	\$	4,225	\$	5,134	\$	4,800	\$ 4,506	\$ 4,756
Diluted earnings per share ⁽¹⁾	\$	6.90	\$	7.44	\$	8.53	\$ 7.01	\$ 7.57
Impact of adjustments, per share		(0.95)		0.02		(1.25)	0.09	0.06
Adjusted diluted earnings per share ⁽¹⁾	\$	5.95	\$	7.46	\$	7.28	\$ 7.10	\$ 7.63

(1) In the first quarter of 2022, the Company changed its method of calculating market-related values of pension assets for its defined benefit plans using a retrospective approach. See the Company's selected financial information restated for change in accounting policy filed on September 9, 2022, which may be found online on SEDAR+ at www.sedarplus.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, for additional information.

(2) Relates to the impacts resulting from tax filings consistent with a ruling that the Company received in a non-U.S. foreign jurisdiction in connection with prior taxation years.

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

Non-GAAP Measures (cont.)

ADJUSTED NET INCOME AND EARNINGS PER SHARE

For the year ended December 31, 2025, the Company's adjusted net income was \$4,756 million, or \$7.63 per diluted share, which excludes:

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

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

For the year ended December 31, 2023, the Company's adjusted net income was \$4,800 million, or \$7.28 per diluted share, which excludes:

- a gain on disposal of property within the Bala Subdivision located in Markham and Richmond Hill, Ontario, Canada of \$129 million, or \$112 million after-tax (\$0.17 per diluted share) recorded in the fourth quarter in Other income within the Consolidated Statements of Income; and
- a net deferred income tax recovery of \$713 million (\$1.08 per diluted share) recorded in the fourth quarter resulting from tax filings consistent with a ruling that the Company received in a non-U.S. foreign jurisdiction in connection with prior taxation years.

For the year ended December 31, 2022, the Company's adjusted net income was \$5,134 million, or \$7.46 per diluted share, which excludes advisory fees related to shareholder matters of \$22 million, or \$16 million after-tax (\$0.02 per diluted share) of which \$12 million, or \$9 million after-tax (\$0.01 per diluted share) was recorded in the second quarter and \$10 million, or \$7 million after-tax (\$0.01 per diluted share) was recorded in the first quarter in Other expense within the Consolidated Statements of Income.

For the year ended December 31, 2021, the Company reported adjusted net income of \$4,225 million,⁽¹⁾ or \$5.95 per diluted share,⁽¹⁾ which excludes:

- employee termination benefits and severance costs related to a workforce reduction program of \$39 million, or \$29 million after-tax (\$0.04 per diluted share) recorded in the third quarter in Labor and fringe benefits within the Consolidated Statements of Income;
- advisory fees related to shareholder matters of \$20 million, or \$15 million after-tax (\$0.02 per diluted share) of which \$13 million, or \$10 million after-tax (\$0.01 per diluted share) was recorded in the fourth quarter and \$7 million, or \$5 million after-tax (\$0.01 per diluted share) was recorded in the third quarter in Other expense within the Consolidated Statements of Income;
- the recovery of \$137 million, or \$102 million after-tax (\$0.14 per diluted share) recorded in the first quarter related to the loss on assets held for sale in the second quarter of 2020, to reflect an agreement for the sale for ongoing rail operations, certain non core rail lines in Wisconsin, Michigan and Ontario to a short line operator;
- transaction-related costs, consisting of an advance to Kansas City Southern (KCS) and a related refund, net of transaction costs, of \$84 million, or \$70 million after-tax (\$0.10 per diluted share), recorded in the third quarter resulting from the terminated CN Merger Agreement with KCS;
- amortization of bridge financing and other fees of \$97 million, or \$84 million after-tax (\$0.11 per diluted share), of which \$65 million, or \$60 million after-tax (\$0.08 per diluted share) was recorded in the third quarter and \$32 million, or \$24 million after-tax (\$0.03 per diluted share) was recorded in the second quarter, resulting from the KCS transaction, recorded in Interest expense within the Consolidated Statements of Income; and
- merger termination fee paid by KCS to CN of \$886 million, or \$770 million after-tax (\$1.08 per diluted share), recorded in the third quarter resulting from KCS' notice of termination of the CN Merger Agreement with KCS.

(1) In the first quarter of 2022, the Company changed its method of calculating market-related values of pension assets for its defined benefit plans using a retrospective approach. See the Company's selected financial information restated for change in accounting policy filed on September 9, 2022, which may be found online on SEDAR+ at www.sedarplus.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, for additional information.

Non-GAAP Measures (cont.)

ADJUSTED OPERATING INCOME, OPERATING EXPENSES AND OPERATING RATIO

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

Unaudited

(\$ millions, except percentages)

	2021		2022		2023		2024	2025
Operating income	\$	5,616	\$	6,840	\$	6,597	\$ 6,247	\$ 6,587
Operating expense adjustments:								
Workforce reduction program		39		–		–		34
Advisory fees related to shareholder matters		20		22		–		–
Advisory fees related to rail consolidation matters		–		–		–		15
Loss (recovery) on assets held for sale		(137)		–		–	78	–
Transaction-related costs		84		–		–		–
Total operating expense adjustments	\$	6	\$	22	\$	–	\$ 78	\$ 49
Adjusted operating income	\$	5,622	\$	6,862	\$	6,597	\$ 6,325	\$ 6,636
Operating expenses	\$	8,861	\$	10,267	\$	10,231	\$ 10,799	\$ 10,717
Total operating expense adjustments		(6)		(22)		–	(78)	(49)
Adjusted operating expenses	\$	8,855	\$	10,245	\$	10,231	\$ 10,721	\$ 10,668
Operating ratio ⁽¹⁾		61.2%		60.0%		60.8%	63.4%	61.9%
Impact of adjustments		–		(0.1)%		–	(0.5)%	(0.2)%
Adjusted operating ratio		61.2%		59.9%		60.8%	62.9%	61.7%

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

Non-GAAP Measures (cont.)

FREE CASH FLOW

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

Unaudited

(\$ millions)	2021		2022		2023		2024	2025		
Net cash provided by operating activities	\$	6,971	\$	6,667	\$	6,965	\$	6,699	\$	7,049
Net cash used in investing activities		(2,873)		(2,510)		(3,468)		(3,607)		(3,713)
Net cash provided before financing activities	\$	4,098	\$	4,157	\$	3,497	\$	3,092	\$	3,336
Adjustments:										
Cash income taxes for merger transaction-related payments and cash receipts ⁽¹⁾		–		102		–		–		–
Transaction-related costs paid ⁽²⁾		125		–		–		–		–
Advance for acquisition ⁽²⁾		845		–		–		–		–
Refund of advance for acquisition ⁽²⁾		(886)		–		–		–		–
Merger termination fee ⁽²⁾		(886)		–		–		–		–
Business acquisition and combinations ⁽³⁾⁽⁴⁾		–		–		390		–		–
Total adjustments	\$	(802)	\$	102	\$	390	\$	–	\$	–
Free cash flow	\$	3,296	\$	4,259	\$	3,887	\$	3,092	\$	3,336

(1) Relates to income tax payments of \$102 million for KCS merger transaction-related payments and cash receipts. See Note 4 – Acquisitions, Terminated CN Kansas City Southern (KCS) merger agreement, to the Company's 2022 Annual Consolidated Financial Statements and the section entitled Adjusted performance measures to the Company's 2022 Annual MD&A filed on January 31, 2023, which may be found online on SEDAR+ at www.sedarplus.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, for additional information.

(2) Relates to the terminated CN KCS merger agreement. See Note 3 – Acquisitions, Terminated CN KCS merger agreement, to the Company's 2021 Annual Consolidated Financial Statements and the section entitled Adjusted performance measures to the Company's 2021 Annual MD&A filed on February 1, 2022, which may be found online on SEDAR+ at www.sedarplus.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, for additional information.

(3) Relates to the acquisitions of H&R Transport Limited ("H&R") and the TransX Group of Companies ("TransX"). See the section entitled Liquidity and capital resources – Investing activities to the Company's 2021 Annual MD&A filed on February 1, 2022, which may be found online on SEDAR+ at www.sedarplus.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, for additional information.

(4) Relates to the acquisition of the shares of Iowa Northern Railway Company and the business combination of Cape Breton & Central Nova Scotia Railway. See Note 4 – Business acquisitions and combinations to the Company's 2023 Annual Consolidated Financial Statements filed on January 31, 2024, which may be found online on SEDAR+ at www.sedarplus.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, for additional information.

Non-GAAP Measures (cont.)

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 12 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 periods specified, to adjusted debt and adjusted EBITDA, which have been used to calculate the non-GAAP adjusted debt-to-adjusted EBITDA multiple:

Unaudited

(\$ millions, unless otherwise indicated)

	2021	2022	2023	2024	2025
Debt ⁽¹⁾	\$ 12,485	\$ 15,429	\$ 18,473	\$ 20,894	\$ 21,206
Operating lease liabilities, including current portion ⁽²⁾	430	466	415	477	424
Pension plans in deficiency ⁽³⁾	447	353	362	350	329
Adjusted debt	\$ 13,362	\$ 16,248	\$ 19,250	\$ 21,721	\$ 21,959
Net income ⁽⁴⁾	\$ 4,899	\$ 5,118	\$ 5,625	\$ 4,448	\$ 4,720
Interest expense	610	548	722	891	913
Income tax expense ⁽⁴⁾	1,443	1,645	863	1,404	1,544
Depreciation and amortization	1,598	1,729	1,817	1,892	1,938
Operating lease cost ⁽⁵⁾	131	142	149	153	160
Other components of net periodic benefit income ⁽⁴⁾	(407)	(498)	(479)	(454)	(502)
Other loss (income)	(43)	27	(134)	(42)	(88)
Adjustments:					
Workforce reduction program ⁽⁶⁾	39	—	—	—	34
Advisory fees related to shareholder matters ⁽⁷⁾	20	22	—	—	—
Advisory fees related to rail consolidation matters ⁽⁸⁾	—	—	—	—	15
Loss (recovery) on assets held for sale ⁽⁹⁾	(137)	—	—	78	—
Transaction-related costs ⁽¹⁰⁾	84	—	—	—	—
Merger termination fee ⁽¹⁰⁾	(886)	—	—	—	—
Adjusted EBITDA	\$ 7,351	\$ 8,733	\$ 8,563	\$ 8,370	\$ 8,734
Adjusted debt-to-adjusted EBITDA multiple (times)	1.82	1.86	2.25	2.60	2.51

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

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

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

(4) In the first quarter of 2022, the Company changed its method of calculating market-related values of pension assets for its defined benefit plans using a retrospective approach. See the Company's selected financial information restated for change in accounting policy filed on September 9, 2022, which may be found online on SEDAR+ at www.sedarplus.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, for additional information.

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

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

(7) Relates to advisory fees related to shareholder matters recorded in Casualty and other within the Consolidated Statements of Income.

(8) Represents advisory costs related to analysis and advocacy for STB enforcement of antitrust laws pertaining to the potential merger between Union Pacific and Norfolk Southern recorded in the fourth quarter.

(9) Relates to the loss (recovery) on assets held for sale resulting from the Company entering into an agreement for the sale of non-core lines and a loss on assets held for sale 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.

(10) Relates to the terminated CN KCS merger agreement.

Non-GAAP Measures (cont.)

ROIC AND ADJUSTED ROIC

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

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

Unaudited

(\$ millions, unless otherwise indicated)	2021		2022		2023		2024		2025	
Net income ⁽¹⁾	\$	4,899	\$	5,118	\$	5,625	\$	4,448	\$	4,720
Interest expense		610		548		722		891		913
Tax on interest expense ⁽²⁾		(139)		(133)		(177)		(214)		(225)
Return ⁽¹⁾	\$	5,370	\$	5,533	\$	6,170	\$	5,125	\$	5,408
Average invested capital	\$	32,673	\$	34,934	\$	36,824	\$	39,605	\$	41,978
ROIC (%)		16.4%		15.8%		16.8%		12.9%		12.9%
Adjusted net income ⁽³⁾	\$	4,225	\$	5,134	\$	4,800	\$	4,506	\$	4,756
Interest expense		610		548		722		891		913
Less: Amortization of bridge financing and other fees		(97)		—		—		—		—
Tax on interest expense less amortization of bridge financing and other fees ⁽⁴⁾		(123)		(133)		(177)		(214)		(226)
Adjusted return ⁽¹⁾	\$	4,615	\$	5,549	\$	5,345	\$	5,183	\$	5,443
Average invested capital	\$	32,673	\$	34,934	\$	36,824	\$	39,605	\$	41,978
Adjusted ROIC (%) ⁽¹⁾		14.1%		15.9%		14.5%		13.1%		13.0%

(1) In the first quarter of 2022, the Company changed its method of calculating market-related values of pension assets for its defined benefit plans using a retrospective approach. Comparative figures have been adjusted to conform to the change in methodology.

(2) The effective tax rate, defined as Income tax expense as a percentage of Income before income taxes, used to calculate the tax on Interest expense for 2025 was 24.6% (2024 – 24.0%; 2022 – 24.3%; 2021 – 22.8%). Due to the significantly lower effective tax rate of 13.3% reported by the Company in 2023, tax on interest expense for 2023 was calculated using an adjusted effective tax rate of 24.5%.

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

(4) The adjusted effective tax rate is a non-GAAP measure, defined as Income tax expense, net of tax adjustments as presented in Adjusted performance measures as a percentage of Income before taxes, net of pre-tax adjustments as presented in Adjusted performance measures. This measure does not have any standardized meaning prescribed by GAAP and therefore, may not be comparable to a similar measure presented by other companies. The adjusted effective tax rate used to calculate the adjusted tax on interest expense for 2025 was 24.7% (2024 – 24.0%; 2023 – 24.5%; 2022 – 24.3%; 2021 – 24.0%).



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