

CANADIAN NATIONAL RAILWAY CO
Form 6-K
August 12, 2013

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of August, 2013

Commission File Number: 001-02413

Canadian National Railway Company
(Translation of registrant's name into English)

935 de la Gauchetiere Street West
Montreal, Quebec
Canada H3B 2M9

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under
cover of Form 20-F or Form 40-F:

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as
permitted by Regulation S-T Rule 101(b)(1):

Yes

No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as
permitted by Regulation S-T Rule 101(b)(7):

Yes

No

Indicate by check mark whether by furnishing the information contained in this Form,
the Registrant is also thereby furnishing the information to the Commission pursuant
to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes

No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Canadian National Railway Company

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Item

1 CN INVESTOR FACT BOOK — 2013 UPDATE

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Canadian National Railway Company

Date: August 12, 2013

By: /s/ Cristina Circelli
Name: Cristina Circelli
Title: Deputy Corporate Secretary and
General Counsel

Item 1

Ticker symbols

CNR
Toronto Stock Exchange

CNI
New York Stock Exchange

Except where otherwise indicated, all financial information reflected in this document is expressed in Canadian dollars and determined on the basis of United States generally accepted accounting principles (U.S. GAAP). Canadian National Railway Company's (the Company) objective is to provide meaningful and relevant information reflecting the Company's financial condition, results of operations and operational performance. In certain instances, the Company may make reference to certain non-GAAP measures that, from management's perspective, are useful measures of performance. In addition, certain statistical data are based on estimated data available at such time and are subject to change as more complete information becomes available. The reader is advised to read all information provided in this document in conjunction with the Company's annual and interim Consolidated Financial Statements, Notes thereto and Management's Discussion and Analysis.

The Company makes reference to non-GAAP measures in this document that do not have any standardized meaning prescribed by U.S. GAAP and are, therefore, not necessarily comparable to similar measures presented by other companies and, as such, should not be considered in isolation. Management believes that non-GAAP measures such as adjusted net income and the resulting adjusted performance measures for such items as operating income, operating ratio and per share data are useful measures of performance that can facilitate period-to-period comparisons, as they exclude items that do not necessarily arise as part of the normal day-to-day operations or that could potentially distort the analysis of trends in business performance. The exclusion of the specified items in the adjusted measures do not, however, imply that such items are necessarily non-recurring. The Company believes that free cash flow is a useful measure of performance as it demonstrates the Company's ability to generate cash after the payment of capital expenditures and dividends. Free cash flow does not have any standardized meaning prescribed by GAAP and may, therefore, not be comparable to similar measures presented by other companies. The Company defines free cash flow as the sum of net cash provided by operating activities, adjusted for changes in the accounts receivable securitization program, if any, and in cash and cash equivalents resulting from foreign exchange fluctuations; and net cash used in investing activities, adjusted for changes in restricted cash and cash equivalents, if any, the impact of major acquisitions, if any, and the payment of dividends. In addition, the Company believes that adjusted debt-to-total capitalization is a useful credit measure that aims to show the true leverage of the Company. Similarly, adjusted debt-to-adjusted earnings before interest, income taxes, depreciation and amortization (EBITDA) is another useful credit measure because it reflects the Company's ability to service its debt. The Company excludes Other income in the calculation of EBITDA. A reconciliation of the various non-GAAP measures presented in this document to their comparable U.S. GAAP measures is provided in the Appendix section of this document.

FINANCIAL & STATISTICAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

\$ in millions, except per share data, or unless otherwise indicated

| | 2010 | 2011 | 2012 | 2012 H1 | 2013 H1 |
|---|----------|----------|----------|------------|------------|
| Financial results | | | | | |
| Revenues | \$ 8,297 | \$ 9,028 | \$ 9,920 | \$ 4,889 | \$5,132 |
| Operating income | 3,024 | 3,296 | 3,685 | 1,778 | \$1,822 |
| Adjusted net income (1) | 1,973 | 2,194 | 2,456 | 1,182 | \$1,223 |
| Adjusted diluted earnings per share (1) | 4.20 | 4.84 | 5.61 | 2.67 | 2.87 |
| Weighted-average number of diluted shares (millions) | 470.1 | 454.4 | 437.7 | 441.5 | 426.4 |
| Financial ratios (%) | | | | | |
| Operating ratio | 63.6 | 63.5 | 62.9 | 63.6 | 64.5 |
| Debt to total capitalization | 35.0 | 38.1 | 38.5 | 37.8 | 39.6 |
| Other information | | | | | |
| Dividend per share | \$ 1.08 | \$ 1.30 | \$ 1.50 | \$ 0.75 | \$0.86 |
| Net capital expenditures | 1,586 | 1,625 | 1,731 | 613 | 646 |
| Free cash flow (2) | 1,122 | 1,175 | 1,006 | 703 | 437 |

(1) Adjusted to exclude items affecting the comparability of results. See Appendix for a reconciliation of Non-GAAP measures.

(2) See Appendix for a reconciliation of Non-GAAP measures.

STATISTICAL HIGHLIGHTS

| | 2010 | 2011 | 2012 | 2012 H1 | 2013 H1 |
|---|---------|---------|---------|---------|---------|
| Statistical operating data | | | | | |
| Route miles (includes Canada and the U.S.) | 20,600 | 20,000 | 20,100 | 20,000 | 20,000 |
| Carloads (thousands) | 4,696 | 4,873 | 5,059 | 2,491 | 2,547 |
| Gross ton miles (millions) | 341,219 | 357,927 | 383,754 | 189,479 | 197,848 |
| Revenue ton miles (millions) | 179,232 | 187,753 | 201,496 | 99,373 | 103,278 |
| Employees (average for the period) | 22,055 | 23,079 | 23,466 | 23,380 | 23,681 |
| Employees (end of period) | 22,444 | 23,339 | 23,430 | 23,667 | 23,925 |
| Diesel fuel consumed (U.S. gallons in millions) | 355.7 | 367.7 | 388.7 | 194.3 | 205.2 |
| Average price per U.S. gallon | \$ 2.64 | \$ 3.39 | \$ 3.47 | \$3.47 | \$3.52 |

Statistical data and related productivity measures are based on estimated data available at such time and are subject to change as more complete information becomes available, as such certain of the 2012, 2011 and 2010 comparative data and related productivity measures have been restated.

CANADIAN NATIONAL RAILWAY COMPANY
 QUARTERLY CONSOLIDATED STATEMENT OF INCOME 2011 – 2013

unaudited

\$ in millions, unless otherwise indicated

| | 2011 | | | | |
|---------------------------------|--------|--------|--------|--------|---------|
| | Q1 | Q2 | Q3 | Q4 | Year |
| Total revenues | 2,084 | 2,260 | 2,307 | 2,377 | 9,028 |
| Operating expenses | | | | | |
| Labor and fringe benefits | 473 | 432 | 396 | 511 | 1,812 |
| Purchased services and material | 286 | 268 | 271 | 295 | 1,120 |
| Fuel | 327 | 353 | 350 | 382 | 1,412 |
| Depreciation and amortization | 218 | 217 | 218 | 231 | 884 |
| Equipment rents | 51 | 54 | 60 | 63 | 228 |
| Casualty and other | 84 | 62 | 74 | 56 | 276 |
| Total operating expenses | 1,439 | 1,386 | 1,369 | 1,538 | 5,732 |
| Operating income | 645 | 874 | 938 | 839 | 3,296 |
| Interest expense | (86) | (85) | (85) | (85) | (341) |
| Other income (loss) | 300 | 10 | 70 | 21 | 401 |
| Income before income taxes | 859 | 799 | 923 | 775 | 3,356 |
| Income tax expense | (191) | (261) | (264) | (183) | (899) |
| Net income | \$668 | \$538 | \$659 | \$592 | \$2,457 |
| Operating ratio | 69.0 % | 61.3 % | 59.3 % | 64.7 % | 63.5 % |

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| 2012 Q1 | Q2 | Q3 | Q4 | Year | 2013 Q1 | Q2 |
|------------|--------|--------|--------|----------|------------|--------|
| 2,346 | 2,543 | 2,497 | 2,534 | 9,920 | 2,466 | 2,666 |
| 509 | 504 | 476 | 463 | 1,952 | 569 | 498 |
| 299 | 305 | 304 | 340 | 1,248 | 328 | 341 |
| 376 | 379 | 369 | 400 | 1,524 | 405 | 402 |
| 230 | 230 | 227 | 237 | 924 | 235 | 250 |
| 62 | 59 | 64 | 64 | 249 | 68 | 68 |
| 77 | 81 | 72 | 108 | 338 | 81 | 65 |
| 1,553 | 1,558 | 1,512 | 1,612 | 6,235 | 1,686 | 1,624 |
| 793 | 985 | 985 | 922 | 3,685 | 780 | 1,042 |
| (86) | (86) | (84) | (86) | (342) | (89) | (88) |
| 293 | 9 | 18 | (5) | 315 | 42 | 28 |
| 1,000 | 908 | 919 | 831 | 3,658 | 733 | 982 |
| (225) | (277) | (255) | (221) | (978) | (178) | (265) |
| \$775 | \$631 | \$664 | \$610 | \$ 2,680 | \$555 | \$ 717 |
| 66.2 % | 61.3 % | 60.6 % | 63.6 % | 62.9 % | 68.4 % | 60.9 % |

CANADIAN NATIONAL RAILWAY COMPANY
 QUARTERLY CONSOLIDATED BALANCE SHEET 2011 – 2013

unaudited
 In millions

| | Q1 | Q2 | 2011 Q3 | Q4 |
|---|-----------------|-----------------|-----------------|-----------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$593 | \$175 | \$192 | \$101 |
| Restricted cash and cash equivalents | – | 467 | 489 | 499 |
| Accounts receivable | 770 | 825 | 801 | 820 |
| Material and supplies | 228 | 240 | 272 | 201 |
| Deferred and receivable income taxes | 50 | 50 | 52 | 122 |
| Other | 73 | 84 | 62 | 105 |
| Total current assets | 1,714 | 1,841 | 1,868 | 1,848 |
| Properties | 22,677 | 22,789 | 23,800 | 23,917 |
| Intangible and other assets | 821 | 840 | 899 | 261 |
| Total assets | \$25,212 | \$25,470 | \$26,567 | \$26,026 |
| Liabilities and shareholders' equity | | | | |
| Current liabilities | | | | |
| Accounts payable and other | \$1,341 | \$1,452 | \$1,565 | \$1,580 |
| Current portion of long-term debt | 474 | 530 | 525 | 135 |
| Total current liabilities | 1,815 | 1,982 | 2,090 | 1,715 |
| Deferred income taxes | 5,201 | 5,301 | 5,613 | 5,333 |
| Pension and other postretirement benefits, net of current portion | 508 | 510 | 530 | 1,095 |
| Other liabilities and deferred credits | 779 | 774 | 800 | 762 |
| Long-term debt | 5,451 | 5,432 | 5,878 | 6,441 |
| Shareholders' equity: | | | | |
| Common shares | 4,228 | 4,211 | 4,149 | 4,141 |
| Accumulated other comprehensive loss | (1,736) | (1,741) | (1,647) | (2,839) |
| Retained earnings | 8,966 | 9,001 | 9,154 | 9,378 |
| Total shareholders' equity | 11,458 | 11,471 | 11,656 | 10,680 |
| Total liabilities and shareholders' equity | \$25,212 | \$25,470 | \$26,567 | \$26,026 |

Certain of the 2011 figures have been reclassified in order to be consistent with the 2013 presentation.

| 2012 | | | | 2013 | |
|----------|----------|----------|----------|----------|----------|
| Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| \$182 | \$345 | \$175 | \$155 | 128 | 87 |
| 499 | 472 | 518 | 521 | 512 | 497 |
| 769 | 833 | 845 | 831 | 900 | 876 |
| 261 | 277 | 272 | 230 | 289 | 330 |
| 80 | 47 | 37 | 43 | 75 | 34 |
| 102 | 85 | 78 | 89 | 95 | 81 |
| 1,893 | 2,059 | 1,925 | 1,869 | 1,999 | 1,905 |
| 23,681 | 24,078 | 24,004 | 24,541 | 24,733 | 25,305 |
| 299 | 329 | 349 | 249 | 260 | 335 |
| \$25,873 | \$26,466 | \$26,278 | \$26,659 | 26,992 | 27,545 |
| \$1,342 | \$1,609 | \$1,631 | \$1,626 | 1,332 | 1,469 |
| 895 | 784 | 678 | 577 | 1,466 | 1,322 |
| 2,237 | 2,393 | 2,309 | 2,203 | 2,798 | 2,791 |
| 5,494 | 5,629 | 5,603 | 5,555 | 5,700 | 5,867 |
| 569 | 576 | 553 | 784 | 659 | 594 |
| 683 | 713 | 738 | 776 | 778 | 767 |
| 5,892 | 5,991 | 5,770 | 6,323 | 5,945 | 6,141 |
| 4,153 | 4,132 | 4,120 | 4,108 | 4,088 | 4,063 |
| (2,834) | (2,789) | (2,803) | (3,257) | (3,187) | (3,094) |
| 9,679 | 9,821 | 9,988 | 10,167 | 10,211 | 10,416 |
| 10,998 | 11,164 | 11,305 | 11,018 | 11,112 | 11,385 |
| \$25,873 | \$26,466 | \$26,278 | \$26,659 | \$26,992 | \$27,545 |

CANADIAN NATIONAL RAILWAY COMPANY
 QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS 2011 – 2013

unaudited
 In millions

| | Q1 | Q2 | Q3 | Q4 | Year |
|---|----------|----------|----------|----------|----------|
| | | | 2011 | | |
| Operating activities | | | | | |
| Net income | \$668 | \$538 | \$659 | \$592 | \$2,457 |
| Adjustments to reconcile net income to net cash provided from operating activities: | | | | | |
| Depreciation and amortization | 218 | 217 | 218 | 231 | 884 |
| Deferred income taxes | 104 | 119 | 104 | 204 | 531 |
| Gain on disposal of property | (288) | – | (60) | – | (348) |
| Changes in operating assets and liabilities: | | | | | |
| Accounts receivable | (18) | (54) | 55 | (34) | (51) |
| Material and supplies | (19) | (13) | (27) | 70 | 11 |
| Accounts payable and other | (64) | 106 | 60 | (68) | 34 |
| Other current assets | (10) | 3 | 16 | (11) | (2) |
| Pensions and other, net | (92) | (17) | (38) | (393) | (540) |
| Net cash provided by operating activities | 499 | 899 | 987 | 591 | 2,976 |
| Investing activities | | | | | |
| Property additions | (220) | (377) | (415) | (613) | (1,625) |
| Disposal of property | 299 | – | 70 | – | 369 |
| Change in restricted cash and cash equivalents | – | (467) | (22) | (10) | (499) |
| Other, net | 14 | 3 | 5 | 4 | 26 |
| Net cash used in investing activities | 93 | (841) | (362) | (619) | (1,729) |
| Financing activities | | | | | |
| Issuance of debt | – | 64 | 132 | 1,165 | 1,361 |
| Repayment of debt | (22) | (17) | (186) | (858) | (1,083) |
| Issuance of common shares due to exercise of stock options and related excess tax benefits realized | 20 | 31 | 5 | 21 | 77 |
| Repurchase of common shares | (340) | (407) | (417) | (256) | (1,420) |
| Dividends paid | (149) | (147) | (145) | (144) | (585) |
| Net cash used in financing activities | (491) | (476) | (611) | (72) | (1,650) |
| Effect of foreign exchange fluctuations on US dollar- | | | | | |
| denominated cash and cash equivalents | 2 | – | 3 | 9 | 14 |
| Net increase (decrease) in cash and cash equivalents | 103 | (418) | 17 | (91) | (389) |
| Cash and cash equivalents, beginning of period | 490 | 593 | 175 | 192 | 490 |
| Cash and cash equivalents, end of period | \$593 | \$175 | \$192 | \$101 | \$101 |
| Supplemental cash flow information | | | | | |
| Net cash receipts from customers and other | 2,105 | 2,228 | 2,326 | 2,336 | 8,995 |
| Net cash payments for: | | | | | |
| Employee services, suppliers and other expenses | (1,271) | (1,156) | (1,124) | (1,092) | (4,643) |

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| | | | | | | | | | | |
|---|-------|---|-------|---|-------|---|-------|---|---------|---|
| Interest | (87 |) | (75 |) | (87 |) | (80 |) | (329 |) |
| Personal injury and other claims | (17 |) | (16 |) | (15 |) | (49 |) | (97 |) |
| Pensions | (93 |) | (5 |) | (5 |) | (365 |) | (468 |) |
| Income taxes | (138 |) | (77 |) | (108 |) | (159 |) | (482 |) |
| Net cash provided by operating activities | \$499 | | \$899 | | \$987 | | \$591 | | \$2,976 | |

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| 2012 | | | | | 2013 | |
|----------|----------|----------|----------|----------|----------|----------|
| Q1 | Q2 | Q3 | Q4 | Year | Q1 | Q2 |
| \$ 775 | \$ 631 | \$ 664 | \$ 610 | \$ 2,680 | \$ 555 | \$ 717 |
| 230 | 230 | 227 | 237 | 924 | 235 | 250 |
| 194 | 78 | 59 | 120 | 451 | 83 | 73 |
| (281) | — | — | — | (281) | (40) | (29) |
| 44 | (56) | (25) | 17 | (20) | (59) | 39 |
| (61) | (15) | 3 | 43 | (30) | (57) | (38) |
| (200) | 290 | 50 | (11) | 129 | (321) | 118 |
| (30) | 19 | 5 | (7) | (13) | (3) | 14 |
| (546) | 34 | 17 | (285) | (780) | (72) | (81) |
| 125 | 1,211 | 1,000 | 724 | 3,060 | 321 | 1,063 |
| (224) | (389) | (508) | (610) | (1,731) | (228) | (418) |
| 311 | — | — | — | 311 | 52 | — |
| — | 27 | (46) | (3) | (22) | 9 | 15 |
| 2 | (4) | 7 | 16 | 21 | 6 | (8) |
| 89 | (366) | (547) | (597) | (1,421) | (161) | (411) |
| 1,077 | 554 | 230 | 493 | 2,354 | 1,260 | 872 |
| (745) | (723) | (338) | (195) | (2,001) | (929) | (1,043) |
| 54 | 19 | 24 | 20 | 117 | 14 | 9 |
| (353) | (369) | (373) | (305) | (1,400) | (361) | (351) |
| (165) | (163) | (163) | (161) | (652) | (183) | (182) |
| (132) | (682) | (620) | (148) | (1,582) | (199) | (695) |
| (1) | — | (3) | 1 | (3) | 12 | 2 |
| 81 | 163 | (170) | (20) | 54 | (27) | (41) |
| 101 | 182 | 345 | 175 | 101 | 155 | 128 |
| \$ 182 | \$ 345 | \$ 175 | \$ 155 | \$ 155 | \$ 128 | \$ 87 |
| 2,379 | 2,541 | 2,476 | 2,481 | 9,877 | 2,509 | 2,656 |
| (1,534) | (1,233) | (1,235) | (1,239) | (5,241) | (1,672) | (1,241) |
| (110) | (76) | (89) | (89) | (364) | (90) | (84) |
| (30) | (14) | (13) | (22) | (79) | (14) | (14) |
| (553) | (5) | (29) | (257) | (844) | (101) | (109) |
| (27) | (2) | (110) | (150) | (289) | (311) | (145) |
| \$ 125 | \$ 1,211 | \$ 1,000 | \$ 724 | \$ 3,060 | \$ 321 | \$ 1,063 |

CANADIAN NATIONAL RAILWAY COMPANY
 QUARTERLY FINANCIAL & STATISTICAL DATA 2011 – 2013

unaudited

| | 2011 | | | | |
|--|--------|--------|--------|--------|---------|
| | Q1 | Q2 | Q3 | Q4 | Year |
| Revenues (millions of dollars) | | | | | |
| Petroleum and chemicals | 342 | 340 | 361 | 377 | 1,420 |
| Metals and minerals | 209 | 245 | 274 | 278 | 1,006 |
| Forest products | 299 | 317 | 325 | 329 | 1,270 |
| Coal | 141 | 162 | 166 | 149 | 618 |
| Grain and fertilizers | 406 | 368 | 336 | 413 | 1,523 |
| Intermodal | 392 | 454 | 480 | 464 | 1,790 |
| Automotive | 115 | 130 | 117 | 122 | 484 |
| Total rail freight revenues | 1,904 | 2,016 | 2,059 | 2,132 | 8,111 |
| Other revenues | 180 | 244 | 248 | 245 | 917 |
| Total revenues | 2,084 | 2,260 | 2,307 | 2,377 | 9,028 |
| Statistical operating data | | | | | |
| Gross ton miles (GTM) (millions) | 86,667 | 89,615 | 89,517 | 92,128 | 357,927 |
| Revenue ton miles (RTM) (millions) | 46,153 | 46,683 | 46,761 | 48,156 | 187,753 |
| Carloads (thousands) | 1,146 | 1,234 | 1,261 | 1,232 | 4,873 |
| Route miles (includes Canada and the U.S.) (1) | 20,400 | 20,500 | 20,500 | 20,000 | 20,000 |
| Employees (end of period) | 22,692 | 23,430 | 23,441 | 23,339 | 23,339 |
| Employees (average during period) | 22,389 | 23,177 | 23,318 | 23,433 | 23,079 |
| Productivity | | | | | |
| Rail freight revenue per RTM (cents) | 4.13 | 4.32 | 4.40 | 4.43 | 4.32 |
| Rail freight revenue per carload (\$) | 1,661 | 1,634 | 1,633 | 1,731 | 1,664 |
| Operating expenses per GTM (cents) | 1.66 | 1.55 | 1.53 | 1.67 | 1.60 |
| Labor and fringe benefits expense per GTM (cents) | 0.55 | 0.48 | 0.44 | 0.55 | 0.51 |
| GTMs per average number of employees (thousands) | 3,871 | 3,867 | 3,839 | 3,932 | 15,509 |
| Diesel fuel consumed (U.S. gallons in millions) | 92.9 | 91.3 | 89.2 | 94.3 | 367.7 |
| Average fuel price (\$/U.S. gallon) | 3.20 | 3.42 | 3.37 | 3.55 | 3.39 |
| GTMs per U.S. gallon of fuel consumed | 933 | 982 | 1,004 | 977 | 973 |
| Safety indicators | | | | | |
| Injury frequency rate per 200,000 person hours (2) | 1.44 | 1.71 | 1.73 | 1.32 | 1.55 |
| Accident rate per million train miles (2) | 2.28 | 2.44 | 2.33 | 1.96 | 2.25 |

(1) Rounded to the nearest hundred miles.

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

Statistical data and related productivity measures are based on estimated data available at such time and are subject to change as more complete information becomes available, as such certain of the 2012 and 2011 comparative data and

related productivity measures have been restated.

| 2012 | | | | | | 2013 | |
|--------|--------|--------|--------|---------|--------|---------|--|
| Q1 | Q2 | Q3 | Q4 | Year | Q1 | Q2 | |
| 392 | 405 | 416 | 427 | 1,640 | 457 | 478 | |
| 273 | 293 | 293 | 274 | 1,133 | 282 | 304 | |
| 328 | 344 | 336 | 323 | 1,331 | 336 | 358 | |
| 167 | 187 | 187 | 171 | 712 | 165 | 187 | |
| 397 | 366 | 368 | 459 | 1,590 | 401 | 383 | |
| 460 | 526 | 510 | 498 | 1,994 | 492 | 543 | |
| 130 | 153 | 127 | 128 | 538 | 132 | 148 | |
| 2,147 | 2,274 | 2,237 | 2,280 | 8,938 | 2,265 | 2,401 | |
| 199 | 269 | 260 | 254 | 982 | 201 | 265 | |
| 2,346 | 2,543 | 2,497 | 2,534 | 9,920 | 2,466 | 2,666 | |
| 92,593 | 96,886 | 96,402 | 97,873 | 383,754 | 96,301 | 101,547 | |
| 49,049 | 50,324 | 49,999 | 52,124 | 201,496 | 50,576 | 52,702 | |
| 1,205 | 1,286 | 1,298 | 1,270 | 5,059 | 1,231 | 1,316 | |
| 20,000 | 20,000 | 20,000 | 20,100 | 20,100 | 20,100 | 20,000 | |
| 23,303 | 23,667 | 23,610 | 23,430 | 23,430 | 23,624 | 23,925 | |
| 23,156 | 23,603 | 23,573 | 23,532 | 23,466 | 23,435 | 23,926 | |
| 4.38 | 4.52 | 4.47 | 4.37 | 4.44 | 4.48 | 4.56 | |
| 1,782 | 1,768 | 1,723 | 1,795 | 1,767 | 1,840 | 1,824 | |
| 1.68 | 1.61 | 1.57 | 1.65 | 1.62 | 1.75 | 1.60 | |
| 0.55 | 0.52 | 0.49 | 0.47 | 0.51 | 0.59 | 0.49 | |
| 3,999 | 4,105 | 4,090 | 4,159 | 16,354 | 4,109 | 4,244 | |
| 96.9 | 97.4 | 94.5 | 99.9 | 388.7 | 101.7 | 103.5 | |
| 3.54 | 3.41 | 3.40 | 3.53 | 3.47 | 3.61 | 3.43 | |
| 956 | 995 | 1,020 | 980 | 987 | 947 | 981 | |
| 1.23 | 1.35 | 1.32 | 1.34 | 1.31 | 1.37 | 1.41 | |
| 2.17 | 2.19 | 2.30 | 1.77 | 2.10 | 2.12 | 2.10 | |

CANADIAN NATIONAL RAILWAY COMPANY
RECONCILIATION OF NON-GAAP MEASURES 2010 – 2013

unaudited

In millions, except per share data, or unless
otherwise indicated

Adjusted performance
measures

| | 2010 | | | 2011 | | |
|----------------------------|----------|-----------------|----------|----------|-----------------|----------|
| | Reported | Adjustments (1) | Adjusted | Reported | Adjustments (2) | Adjusted |
| Revenues | \$ 8,297 | – | \$ 8,297 | \$ 9,028 | – | \$ 9,028 |
| Operating expenses | 5,273 | – | 5,273 | 5,732 | – | 5,732 |
| Operating income | 3,024 | – | 3,024 | 3,296 | – | 3,296 |
| Interest expense | (360) | – | (360) | (341) | – | (341) |
| Other income (loss) | 212 | (152) | 60 | 401 | (348) | 53 |
| Income before income taxes | 2,876 | (152) | 2,724 | 3,356 | (348) | 3,008 |
| Income tax expense | (772) | 21 | (751) | (899) | 85 | (814) |
| Net income | \$ 2,104 | \$ (131) | \$ 1,973 | \$ 2,457 | \$ (263) | \$ 2,194 |
| Operating ratio | 63.6 % | | 63.6 % | 63.5 % | | 63.5 % |
| Diluted earnings per share | \$ 4.48 | \$ (0.28) | \$ 4.20 | \$ 5.41 | \$ (0.57) | \$ 4.84 |

- (1) Adjusted to exclude the gain on sale of the Oakville subdivision of \$152 million, or \$131 million after-tax (\$0.28 per diluted share).
- (2) Adjusted to exclude an income tax recovery of \$11 million (\$0.02 per diluted share) relating to certain fuel costs attributed to various wholly owned subsidiaries in prior periods; a net income tax expense of \$40 million (\$0.08 per diluted share) resulting from the enactment of state corporate income tax rate changes and other legislated state tax revisions; a gain on disposal of a segment of the Company's Kingston subdivision, together with the rail fixtures and certain passenger agreements, of \$288 million, or \$254 million after-tax (\$0.55 per diluted share); and a gain on disposal of substantially all of the assets of IC RailMarine Terminal Company of \$60 million, or \$38 million after-tax (\$0.08 per diluted share).
- (3) Adjusted to exclude a gain on disposal of a segment of the Bala and a segment of the Oakville subdivisions, together with the rail fixtures and certain passenger agreements, of \$281 million, or \$252 million after-tax (\$0.57 per diluted share); and a net income tax expense of \$28 million (\$0.06 per diluted share) consisting of a \$35 million income tax expense resulting from the enactment of higher provincial corporate income tax rates that was partly offset by a \$7 million income tax recovery resulting from the recapitalization of a foreign investment.
- (4) Adjusted to exclude an income tax expense of \$5 million (\$0.01 per diluted share) resulting from the enactment of higher provincial corporate income tax rates; a gain on exchange of perpetual railroad operating easements including the track and roadway assets on specific rail lines in the amount of \$29 million, or \$18 million after-tax (\$0.04 per diluted share); and a gain on disposal of a segment of the Oakville subdivision, together with the rail fixtures and certain passenger agreements, of \$40 million, or \$36 million after-tax (\$0.08 per diluted share).

APPENDIX

APPENDIX

| 2012 | | | 2013 H1 | | |
|----------|-----------------|----------|----------|-----------------|----------|
| Reported | Adjustments (3) | Adjusted | Reported | Adjustments (4) | Adjusted |
| \$ 9,920 | — | \$ 9,920 | \$ 5,132 | — | \$ 5,132 |
| 6,235 | — | 6,235 | 3,310 | — | 3,310 |
| 3,685 | — | 3,685 | 1,822 | — | 1,822 |
| (342) | — | (342) | (177) | — | (177) |
| 315 | (281) | 34 | 70 | (69) | 1 |
| 3,658 | (281) | 3,377 | 1,715 | (69) | 1,646 |
| (978) | 57 | (921) | (443) | 20 | (423) |
| \$ 2,680 | \$ (224) | \$ 2,456 | \$ 1,272 | \$ (49) | \$ 1,223 |
| 62.9 % | | 62.9 % | 64.5 % | | 64.5 % |
| \$ 6.12 | \$ (0.51) | \$ 5.61 | \$ 2.98 | \$ (0.11) | \$ 2.87 |

APPENDIX

APPENDIX
 CANADIAN NATIONAL RAILWAY COMPANY
 FREE CASH FLOW 2010 – 2013

unaudited
 \$ in millions

| | 2010 | 2011 | 2012 | 2012 H1 | 2013 H1 |
|--|----------|----------|----------|---------|---------|
| Net cash provided by operating activities | \$2,999 | \$2,976 | \$3,060 | \$1,336 | \$1,384 |
| Net cash used in investing activities | (1,383) | (1,729) | (1,421) | (277) | (572) |
| Net cash provided before financing activities | \$1,616 | \$1,247 | \$1,639 | \$1,059 | \$812 |
| Adjustments: | | | | | |
| Dividends paid | (503) | (585) | (652) | (328) | (365) |
| Change in restricted cash and cash equivalents | – | 499 | 22 | (27) | (24) |
| Change in accounts receivable securitization | 2 | – | – | – | – |
| Effect of foreign exchange fluctuations on U.S. Dollar-denominated cash and cash equivalents | 7 | 14 | (3) | (1) | 14 |
| Free cash flow | \$1,122 | \$1,175 | \$1,006 | \$703 | \$437 |

