

2016 Update



Investor Fact Book  
BUILDING FOR THE FUTURE

## Ticker symbols

<b>CNR</b>	Toronto Stock Exchange
<b>CNI</b>	New York Stock Exchange



As used herein, the word “Company” or “CN” means, as the context requires, Canadian National Railway Company and/or its subsidiaries.

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). The reader is advised to read all information provided in this document in conjunction with the Company’s audited annual and unaudited interim Consolidated Financial Statements and Notes thereto as well as Management’s Discussion and Analysis filed on SEDAR and EDGAR and posted on the Company’s website ([www.cn.ca](http://www.cn.ca)).

This document contains forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results or performance of the Company or the rail industry to be materially different from the outlook or any future results or performance implied by such statements. The Company cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty.

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 law. In the event that 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.

For the most up-to-date information, please visit [www.cn.ca/en/investors](http://www.cn.ca/en/investors). A variety of informative documents is available, including annual reports, proxy statements, quarterly earnings, press releases, company presentations and weekly performance metrics.

## FINANCIAL & OPERATIONAL MEASURES

<b>Financial measures</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Key financial performance indicators</b>					
Total revenues (\$ millions)	9,028	9,920	10,575	12,134	<b>12,611</b>
Rail freight revenues (\$ millions)	8,450	9,306	9,951	11,455	<b>11,905</b>
Operating income (\$ millions)	3,296	3,685	3,873	4,624	<b>5,266</b>
Adjusted diluted earnings per share (\$) <sup>(1)</sup>	2.41	2.81	3.06	3.76	<b>4.44</b>
Free cash flow (\$ millions) <sup>(1)</sup>	1,746	1,661	1,623	2,220	<b>2,373</b>
Gross property additions (\$ millions)	1,712	1,825	2,017	2,297	<b>2,706</b>
Share repurchases (\$ millions)	1,420	1,400	1,400	1,505	<b>1,750</b>
Dividends per share (\$)	0.65	0.75	0.86	1.00	<b>1.25</b>
<b>Financial position</b>					
Total assets (\$ millions) <sup>(2)</sup>	25,945	26,579	29,988	31,687	<b>36,402</b>
Total liabilities (\$ millions) <sup>(2)</sup>	15,265	15,561	17,035	18,217	<b>21,452</b>
Shareholders' equity (\$ millions)	10,680	11,018	12,953	13,470	<b>14,950</b>
<b>Financial ratios</b>					
Operating ratio (%)	63.5	62.9	63.4	61.9	<b>58.2</b>
Adjusted debt-to-total capitalization ratio (%) <sup>(1) (2)</sup>	39.9	40.2	39.3	40.0	<b>42.5</b>
Adjusted debt-to-adjusted EBITDA multiple (times) <sup>(1) (2)</sup>	1.68	1.60	1.72	1.57	<b>1.71</b>

(1) A reconciliation and/or explanation of these non-GAAP measures is provided on pages 17 - 18.

(2) As a result of the retrospective adoption of a new accounting standard in the fourth quarter of 2015, prior year balances have been adjusted and the related financial ratios have been restated. See Note 2 - Recent accounting pronouncements to the Company's 2015 Annual Consolidated Financial Statements for additional information.

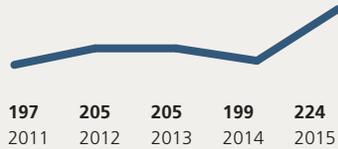
## FINANCIAL & OPERATIONAL MEASURES

<b>Operational measures <sup>(1)</sup></b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Statistical operating data</b>					
Gross ton miles (GTMs) ( <i>billions</i> )	357.9	383.8	401.4	448.8	<b>442.1</b>
Revenue ton miles (RTMs) ( <i>billions</i> )	187.8	201.5	210.1	232.1	<b>224.7</b>
Carloads ( <i>thousands</i> )	4,873	5,059	5,190	5,625	<b>5,485</b>
Route miles ( <i>includes Canada and the U.S.</i> )	20,000	20,100	20,000	19,600	<b>19,600</b>
Employees ( <i>end of period</i> )	23,339	23,430	23,721	25,530	<b>23,172</b>
Employees ( <i>average for the period</i> )	23,079	23,466	23,705	24,635	<b>24,575</b>
<b>Key operating measures</b>					
Rail freight revenue per RTM ( <i>cents</i> )	4.50	4.62	4.74	4.93	<b>5.30</b>
Rail freight revenue per carload ( <i>\$</i> )	1,734	1,839	1,917	2,036	<b>2,170</b>
GTMs per average number of employees ( <i>thousands</i> )	15,509	16,354	16,933	18,217	<b>17,989</b>
Operating expenses per GTM ( <i>cents</i> )	1.60	1.62	1.67	1.67	<b>1.66</b>
Labor and fringe benefits expense per GTM ( <i>cents</i> )	0.51	0.51	0.54	0.52	<b>0.54</b>
Diesel fuel consumed ( <i>US gallons in millions</i> )	367.7	388.7	403.7	440.5	<b>425.0</b>
Average fuel price ( <i>\$/US gallon</i> )	3.39	3.47	3.55	3.72	<b>2.68</b>
GTMs per US gallon of fuel consumed	973	987	994	1,019	<b>1,040</b>
<b>CN-owned rolling stock</b>					
Diesel locomotives ( <i>end of period</i> )	1,880	1,913	2,029	2,087	<b>2,180</b>
Freight cars ( <i>end of period</i> )	67,796	68,006	67,103	68,432	<b>63,913</b>

(1) Statistical operating data, key operating measures and rolling stock information are unaudited and based on estimated data available at such time and are subject to change as more complete information becomes available, as such, certain of the comparative data have been restated. Definitions of these indicators are provided on our website, [www.cn.ca/glossary](http://www.cn.ca/glossary).

# OPERATING METRICS

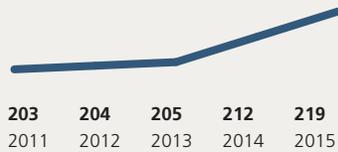
**Car velocity**  
car miles per day



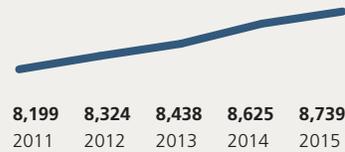
**Yard productivity**  
cars per yard switching hour



**Locomotive utilization**  
trailing GTMs per total horsepower



**Train productivity**  
GTM per train mile



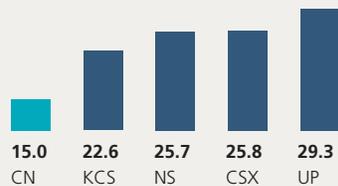
**AAR Terminal dwell time**  
total system hours



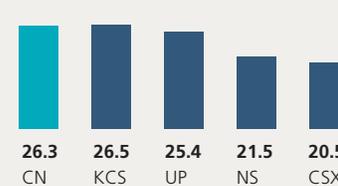
**AAR Train velocity**  
miles per hour



**AAR Terminal dwell time\* – 2015**  
hours in major yards



**AAR Train velocity\* – 2015**  
miles per hour



\* CP omitted because its definition is not consistent with the AAR definition adopted by all other Class I railroads.

## BUSINESS UNIT OVERVIEW

	<b>Revenues</b> \$ millions			<b>Carloads</b> thousands		
	2015	2014	Change	2015	2014	Change
Petroleum & chemicals	2,442	2,354	4%	640	655	(2%)
Metals & minerals	1,437	1,484	(3%)	886	1,063	(17%)
Forest products	1,728	1,523	13%	441	433	2%
Coal	612	740	(17%)	438	519	(16%)
Grain & fertilizers	2,071	1,986	4%	607	640	(5%)
Intermodal	2,896	2,748	5%	2,232	2,086	7%
Automotive	719	620	16%	241	229	5%
<b>Total rail freight</b>	<b>11,905</b>	<b>11,455</b>	<b>4%</b>	<b>5,485</b>	<b>5,625</b>	<b>(2%)</b>
Other	706	679	4%			
<b>Total</b>	<b>12,611</b>	<b>12,134</b>	<b>4%</b>			

	<b>RTMs</b> millions			<b>Rail freight revenue/RTM</b> cents		
	2015	2014	Change	2015	2014	Change
Petroleum & chemicals	51,103	53,169	(4%)	4.78	4.43	8%
Metals & minerals	21,828	24,686	(12%)	6.58	6.01	9%
Forest products	30,097	29,070	4%	5.74	5.24	10%
Coal	15,956	21,147	(25%)	3.84	3.50	10%
Grain & fertilizers	50,001	51,326	(3%)	4.14	3.87	7%
Intermodal	52,144	49,581	5%	5.55	5.54	-
Automotive	3,581	3,159	13%	20.08	19.63	2%
<b>Total rail freight</b>	<b>224,710</b>	<b>232,138</b>	<b>(3%)</b>	<b>5.30</b>	<b>4.93</b>	<b>8%</b>

# A WELL-DIVERSIFIED FRANCHISE

Total revenues



**2015 Diversified traffic portfolio**  
% of revenues

- 23 Intermodal
- 19 Petroleum & chemicals
- 16 Grain & fertilizers
- 14 Forest products
- 11 Metals & minerals
- 6 Automotive
- 5 Coal
- 6 Other revenues

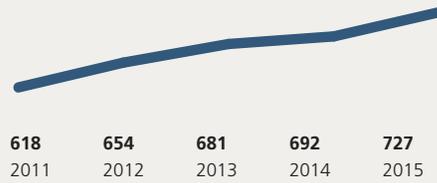
Total rail freight revenues



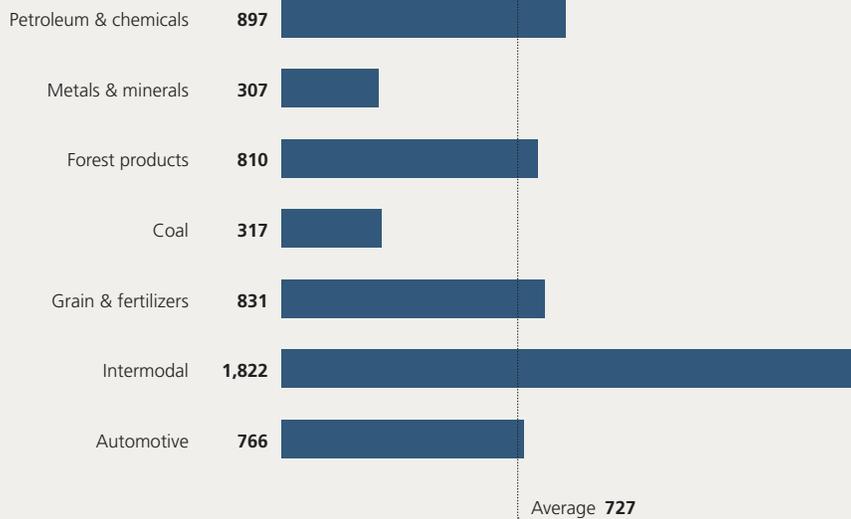
**2015 Geographic distribution**  
% of freight revenues

- 33 Transborder traffic
- 31 Overseas traffic
- 18 Canadian domestic traffic
- 18 U.S. domestic traffic

**CN average length of haul**  
miles



**2015 Average length of haul**  
miles

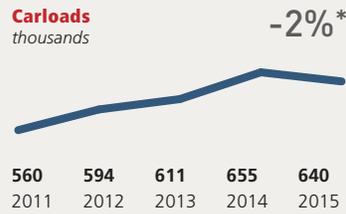


## PETROLEUM & CHEMICALS



### 2015 Commodity breakdown % of revenues

- 40 Chemicals and plastics
- 29 Refined petroleum products
- 25 Crude and condensate
- 6 Sulfur

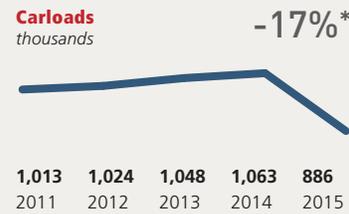


## METALS & MINERALS



### 2015 Commodity breakdown % of revenues

- 29 Metals
- 28 Energy materials
- 27 Minerals
- 16 Iron ore



## FOREST PRODUCTS



### 2015 Commodity breakdown % of revenues

- 50 Pulp and paper
- 50 Lumber and panels



\* 2015 vs 2014

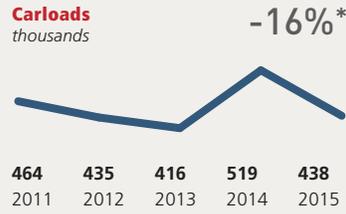
## COAL



### 2015 Commodity breakdown % of revenues

- 85 Coal
- 15 Petroleum coke

### Carloads thousands



### 2015 Coal shipment composition % of CN coal revenues

- 24 Canadian-originating coal
  - 16 Metallurgical coal (export)
  - 8 Thermal coal (export)
- 76 U.S.-originating coal
  - 45 Thermal coal (domestic)
  - 31 Thermal coal (export)

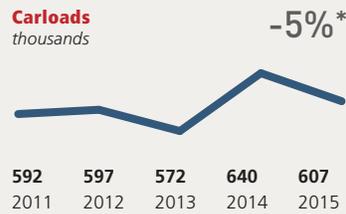
## GRAIN & FERTILIZERS



### 2015 Commodity breakdown % of revenues

- 31 Oilseeds
- 27 Food grains
- 22 Feed grains
- 10 Potash
- 10 Fertilizers

### Carloads thousands



66%

GRAIN TRAFFIC ORIGINATING IN CANADA  
% of 2015 CN grain revenues

73%

REGULATED CANADIAN GRAIN TRAFFIC  
% of 2015 CN Canadian-originating grain revenues

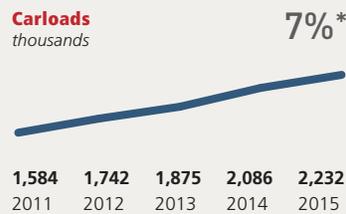
## INTERMODAL



### 2015 Market breakdown % of revenues

- 64 International
- 36 Domestic

### Carloads thousands



\* 2015 vs 2014

## AUTOMOTIVE



### 2015 Commodity breakdown % of revenues

- 93 Finished vehicles
- 7 Auto parts

### Carloads thousands

5%\*



\* 2015 vs 2014

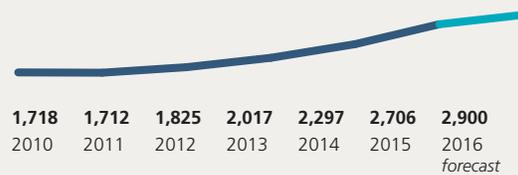
## REINVESTING IN THE BUSINESS

### Capital expenditures % of total (including capital leases)



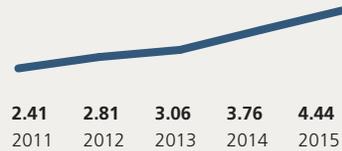
- Track and roadway
- Rolling stock
- Information technology and systems
- Other

### Capital expenditures \$ in millions (including capital leases)



# SHAREHOLDER VALUE

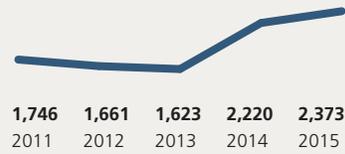
## Adjusted diluted earnings per share <sup>(1)</sup> in \$



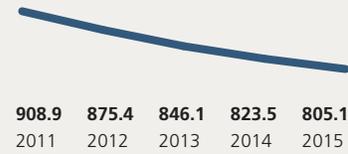
## Debt-to-total capitalization ratio <sup>(2)</sup> in %



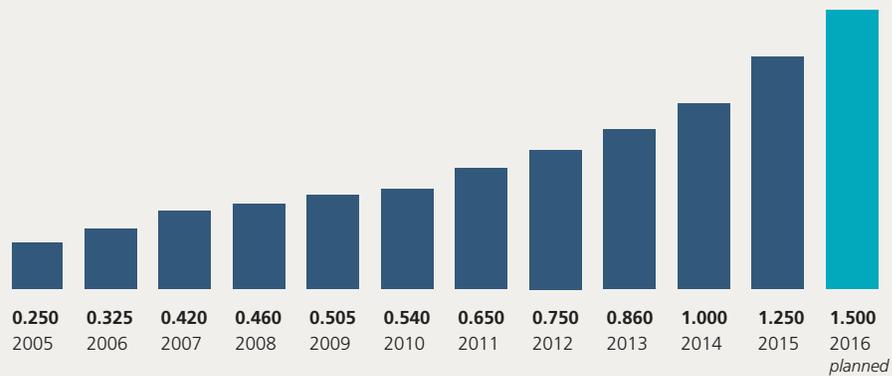
## Free cash flow <sup>(1)</sup> \$ in millions



## Weighted-average diluted shares outstanding in millions



## Annual dividend payout history \$ per share



(1) A reconciliation and/or explanation of these non-GAAP measures is provided on pages 17 - 18.

(2) As a result of the retrospective adoption of a new accounting standard in the fourth quarter of 2015, the prior year debt balances have been adjusted and the related financial ratios have been restated. See Note 2 - Recent accounting pronouncements to the Company's 2015 Annual Consolidated Financial Statements for additional information.

	2014					2015				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
<i>\$ millions, unless otherwise indicated</i>										
<b>Revenues</b>	<b>2,693</b>	<b>3,116</b>	<b>3,118</b>	<b>3,207</b>	<b>12,134</b>	<b>3,098</b>	<b>3,125</b>	<b>3,222</b>	<b>3,166</b>	<b>12,611</b>
<b>Operating expenses</b>										
Labor and fringe benefits	587	560	580	592	2,319	668	542	588	608	2,406
Purchased services and material	388	390	378	442	1,598	457	434	401	437	1,729
Fuel	468	484	446	448	1,846	361	327	293	304	1,285
Depreciation and amortization	256	257	258	279	1,050	296	285	287	290	1,158
Equipment rents	77	84	83	85	329	94	83	93	103	373
Casualty and other	97	83	87	101	368	159	92	73	70	394
<b>Total operating expenses</b>	<b>1,873</b>	<b>1,858</b>	<b>1,832</b>	<b>1,947</b>	<b>7,510</b>	<b>2,035</b>	<b>1,763</b>	<b>1,735</b>	<b>1,812</b>	<b>7,345</b>
<b>Operating income</b>	<b>820</b>	<b>1,258</b>	<b>1,286</b>	<b>1,260</b>	<b>4,624</b>	<b>1,063</b>	<b>1,362</b>	<b>1,487</b>	<b>1,354</b>	<b>5,266</b>
Interest expense	(92)	(91)	(94)	(94)	(371)	(104)	(105)	(111)	(119)	(439)
Other income	94	2	(2)	13	107	4	16	11	16	47
<b>Income before income taxes</b>	<b>822</b>	<b>1,169</b>	<b>1,190</b>	<b>1,179</b>	<b>4,360</b>	<b>963</b>	<b>1,273</b>	<b>1,387</b>	<b>1,251</b>	<b>4,874</b>
Income tax expense	(199)	(322)	(337)	(335)	(1,193)	(259)	(387)	(380)	(310)	(1,336)
<b>Net income</b>	<b>623</b>	<b>847</b>	<b>853</b>	<b>844</b>	<b>3,167</b>	<b>704</b>	<b>886</b>	<b>1,007</b>	<b>941</b>	<b>3,538</b>
<b>Operating ratio</b>	<b>69.6%</b>	<b>59.6%</b>	<b>58.8%</b>	<b>60.7%</b>	<b>61.9%</b>	<b>65.7%</b>	<b>56.4%</b>	<b>53.8%</b>	<b>57.2%</b>	<b>58.2%</b>
<b>Earnings per share (\$)</b>										
Basic	0.75	1.03	1.04	1.04	3.86	0.87	1.10	1.26	1.19	4.42
Diluted	0.75	1.03	1.04	1.03	3.85	0.86	1.10	1.26	1.18	4.39
<b>Weighted-average number of shares (millions)</b>										
Basic	828.0	821.8	817.0	813.0	819.9	809.4	803.5	797.6	792.4	800.7
Diluted	831.3	825.3	820.9	816.9	823.5	814.3	808.0	801.9	796.3	805.1

\$ millions	2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Assets</b>								
<b>Current assets</b>								
Cash and cash equivalents	198	127	176	52	178	86	537	153
Restricted cash and cash equivalents	471	468	467	463	473	462	523	523
Accounts receivable	899	925	939	928	924	910	938	878
Material and supplies	331	355	372	335	429	463	427	355
Other	198	88	77	215	216	162	186	244
<b>Total current assets</b>	<b>2,097</b>	<b>1,963</b>	<b>2,031</b>	<b>1,993</b>	<b>2,220</b>	<b>2,083</b>	<b>2,611</b>	<b>2,153</b>
Properties	26,643	26,478	27,410	28,514	29,857	30,053	31,686	32,624
Pension Asset	1,784	1,827	1,867	882	1,010	1,070	1,127	1,305
Intangible and other assets <sup>(1)</sup>	255	256	258	298	305	292	304	320
<b>Total assets</b>	<b>30,779</b>	<b>30,524</b>	<b>31,566</b>	<b>31,687</b>	<b>33,392</b>	<b>33,498</b>	<b>35,728</b>	<b>36,402</b>
<b>Liabilities and shareholders' equity</b>								
<b>Current liabilities</b>								
Accounts payable and other	1,547	1,601	1,718	1,657	1,738	1,596	1,757	1,556
Current portion of long-term debt	912	621	485	544	1,083	1,502	1,305	1,442
<b>Total current liabilities</b>	<b>2,459</b>	<b>2,222</b>	<b>2,203</b>	<b>2,201</b>	<b>2,821</b>	<b>3,098</b>	<b>3,062</b>	<b>2,998</b>
Deferred income taxes <sup>(1)</sup>	6,672	6,635	6,848	6,834	7,200	7,312	7,697	8,105
Other liabilities and deferred credits	757	776	893	704	678	662	676	644
Pension and other postretirement benefits	546	544	554	650	666	666	683	720
Long-term debt <sup>(1)</sup>	7,249	7,004	7,321	7,828	8,283	7,806	9,143	8,985
<b>Shareholders' equity</b>								
Common shares	3,773	3,752	3,740	3,718	3,706	3,687	3,671	3,705
Common shares in Share Trusts	-	-	-	-	-	(44)	(100)	(100)
Additional paid-in capital	221	223	225	439	452	461	470	475
Accumulated other comprehensive loss	(1,768)	(1,806)	(1,699)	(2,427)	(2,201)	(2,192)	(1,983)	(1,767)
Retained earnings	10,870	11,174	11,481	11,740	11,787	12,042	12,409	12,637
<b>Total shareholders' equity</b>	<b>13,096</b>	<b>13,343</b>	<b>13,747</b>	<b>13,470</b>	<b>13,744</b>	<b>13,954</b>	<b>14,467</b>	<b>14,950</b>
<b>Total liabilities and shareholders' equity</b>	<b>30,779</b>	<b>30,524</b>	<b>31,566</b>	<b>31,687</b>	<b>33,392</b>	<b>33,498</b>	<b>35,728</b>	<b>36,402</b>

(1) As a result of the retrospective adoption of new accounting standards in the fourth quarter of 2015, prior period balances have been adjusted. Debt issuance costs have been reclassified from assets to Long-term debt and the current deferred income tax asset was reclassified as noncurrent and netted against the related noncurrent deferred income tax liability. See Note 2 - Recent accounting pronouncements to the Company's 2015 Annual Consolidated Financial Statements for additional information.

\$ millions	2014					2015				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
<b>Operating activities</b>										
Net income	623	847	853	844	3,167	704	886	1,007	941	3,538
Adjustments to reconcile net income to net cash provided by operating activities:										
Depreciation and amortization	256	257	258	279	1,050	296	285	287	290	1,158
Deferred income taxes	95	53	67	201	416	70	147	146	237	600
Gain on disposal of property	(80)	-	-	-	(80)	-	-	-	-	-
Changes in operating assets and liabilities:										
Accounts receivable	(52)	(47)	26	14	(59)	71	5	19	93	188
Material and supplies	(54)	(27)	(11)	41	(51)	(84)	(35)	46	77	4
Accounts payable and other	(47)	143	100	(196)	-	21	(91)	136	(348)	(282)
Other current assets	(13)	24	13	(19)	5	(17)	10	8	45	46
Pensions and other, net	(83)	23	22	(29)	(67)	(69)	(4)	3	(42)	(112)
<b>Net cash provided by operating activities</b>	<b>645</b>	<b>1,273</b>	<b>1,328</b>	<b>1,135</b>	<b>4,381</b>	<b>992</b>	<b>1,203</b>	<b>1,652</b>	<b>1,293</b>	<b>5,140</b>
<b>Investing activities</b>										
Property additions	(248)	(482)	(620)	(947)	(2,297)	(468)	(659)	(937)	(642)	(2,706)
Disposal of property	97	-	76	-	173	-	-	-	-	-
Change in restricted cash and cash equivalents	(23)	3	1	4	(15)	(10)	11	(61)	-	(60)
Other, net	-	(15)	(9)	(13)	(37)	(3)	(14)	(25)	(19)	(61)
<b>Net cash used in investing activities</b>	<b>(174)</b>	<b>(494)</b>	<b>(552)</b>	<b>(956)</b>	<b>(2,176)</b>	<b>(481)</b>	<b>(662)</b>	<b>(1,023)</b>	<b>(661)</b>	<b>(2,827)</b>

\$ millions	2014					2015				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
<b>Financing activities</b>										
Issuance of debt	347	-	-	675	1,022	-	-	841	-	841
Repayment of debt	(456)	(117)	(222)	(27)	(822)	(47)	(9)	(60)	(636)	(752)
Net issuance (repayment) of commercial paper	189	(180)	64	(350)	(277)	310	69	(234)	306	451
Common shares issued for stock options exercised, excess tax benefits, and other	7	6	11	6	30	10	3	6	56	75
Repurchase of common shares	(365)	(347)	(383)	(410)	(1,505)	(410)	(402)	(432)	(498)	(1,742)
Purchase of common shares by Share Trusts	-	-	-	-	-	-	(44)	(56)	-	(100)
Dividends paid	(206)	(206)	(204)	(202)	(818)	(252)	(250)	(248)	(246)	(996)
<b>Net cash used in financing activities</b>	<b>(484)</b>	<b>(844)</b>	<b>(734)</b>	<b>(308)</b>	<b>(2,370)</b>	<b>(389)</b>	<b>(633)</b>	<b>(183)</b>	<b>(1,018)</b>	<b>(2,223)</b>
Effect of foreign exchange fluctuations on US dollar-denominated cash and cash equivalents	(3)	(6)	7	5	3	4	-	5	2	11
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(16)</b>	<b>(71)</b>	<b>49</b>	<b>(124)</b>	<b>(162)</b>	<b>126</b>	<b>(92)</b>	<b>451</b>	<b>(384)</b>	<b>101</b>
Cash and cash equivalents, beginning of period	214	198	127	176	214	52	178	86	537	52
<b>Cash and cash equivalents, end of period</b>	<b>198</b>	<b>127</b>	<b>176</b>	<b>52</b>	<b>52</b>	<b>178</b>	<b>86</b>	<b>537</b>	<b>153</b>	<b>153</b>
<b>Supplemental cash flow information</b>										
Net cash receipts from customers and other	2,672	3,060	3,213	3,084	12,029	3,212	3,083	3,227	3,192	12,714
Net cash payments for:										
Employee services, suppliers and other expenses	(1,684)	(1,512)	(1,561)	(1,576)	(6,333)	(1,800)	(1,564)	(1,286)	(1,582)	(6,232)
Interest	(105)	(105)	(87)	(112)	(409)	(91)	(111)	(97)	(133)	(432)
Personal injury and other claims	(13)	(11)	(14)	(19)	(57)	(15)	(13)	(16)	(15)	(59)
Pensions	(93)	(7)	(6)	(21)	(127)	(86)	(6)	(9)	(25)	(126)
Income taxes	(132)	(152)	(217)	(221)	(722)	(228)	(186)	(167)	(144)	(725)
<b>Net cash provided by operating activities</b>	<b>645</b>	<b>1,273</b>	<b>1,328</b>	<b>1,135</b>	<b>4,381</b>	<b>992</b>	<b>1,203</b>	<b>1,652</b>	<b>1,293</b>	<b>5,140</b>

	2014					2015				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
<b>Revenues (\$ millions)</b>										
Petroleum and chemicals	568	564	594	628	2,354	643	586	609	604	2,442
Metals and minerals	308	370	388	418	1,484	377	351	377	332	1,437
Forest products	339	393	393	398	1,523	418	424	441	445	1,728
Coal	182	201	185	172	740	159	148	161	144	612
Grain and fertilizers	431	526	469	560	1,986	535	489	479	568	2,071
Intermodal	621	716	731	680	2,748	689	728	764	715	2,896
Automotive	129	172	160	159	620	159	201	180	179	719
<b>Total rail freight revenues</b>	<b>2,578</b>	<b>2,942</b>	<b>2,920</b>	<b>3,015</b>	<b>11,455</b>	<b>2,980</b>	<b>2,927</b>	<b>3,011</b>	<b>2,987</b>	<b>11,905</b>
Other revenues	115	174	198	192	679	118	198	211	179	706
<b>Total revenues</b>	<b>2,693</b>	<b>3,116</b>	<b>3,118</b>	<b>3,207</b>	<b>12,134</b>	<b>3,098</b>	<b>3,125</b>	<b>3,222</b>	<b>3,166</b>	<b>12,611</b>
<b>Statistical operating data</b>										
Gross ton miles (GTMs) (millions)	101,476	116,243	115,348	115,698	448,765	111,390	110,709	109,740	110,245	442,084
Revenue ton miles (RTMs) (millions)	53,334	60,081	58,946	59,777	232,138	57,129	55,713	55,334	56,534	224,710
Carloads (thousands)	1,239	1,463	1,475	1,448	5,625	1,353	1,414	1,393	1,325	5,485
Route miles (includes Canada and the U.S.)	19,800	19,800	19,600	19,600	19,600	19,600	19,500	19,600	19,600	19,600
Employees (end of period)	23,992	24,875	25,032	25,530	25,530	25,486	24,761	23,929	23,172	23,172
Employees (average for the period)	23,756	24,565	24,915	25,304	24,635	25,235	25,177	24,305	25,583	24,575

Statistical operating data, key 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, as such, certain of the comparative data have been restated. Definitions of these indicators are provided on our website, [www.cn.ca/glossary](http://www.cn.ca/glossary).

	2014					2015				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
<b>Key operating measures</b>										
Rail freight revenue per RTM (cents)	4.83	4.90	4.95	5.04	4.93	5.22	5.25	5.44	5.28	5.30
Rail freight revenue per carload (\$)	2,081	2,011	1,980	2,082	2,036	2,203	2,070	2,162	2,254	2,170
GTMs per average number of employees (thousands)	4,272	4,732	4,630	4,572	18,217	4,414	4,397	4,515	4,675	17,989
Operating expenses per GTM (cents)	1.85	1.60	1.59	1.68	1.67	1.83	1.59	1.58	1.64	1.66
Labor and fringe benefits expense per GTM (cents)	0.58	0.48	0.50	0.51	0.52	0.60	0.49	0.54	0.55	0.54
Diesel fuel consumed (US gallons in millions)	106.9	112.3	108.1	113.2	440.5	114.3	106.0	98.8	105.9	425.0
Average fuel price (\$/US gallon)	3.95	3.84	3.62	3.48	3.72	2.84	2.73	2.58	2.54	2.68
GTMs per US gallon of fuel consumed	949	1,035	1,067	1,022	1,019	975	1,044	1,111	1,041	1,040
<b>Safety indicators <sup>(1)</sup></b>										
Injury frequency rate (per 200,000 person hours)	2.09	1.47	2.15	1.55	1.81	1.64	1.46	1.90	1.55	1.63
Accident rate (per million train miles)	2.39	2.42	3.24	2.83	2.73	2.47	2.49	1.79	1.48	2.06

Statistical operating data, key 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, as such, certain of the comparative data have been restated. Definitions of these indicators are provided on our website, [www.cn.ca/glossary](http://www.cn.ca/glossary).

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

The Company makes reference to non-GAAP measures in this document that do not have any standardized meaning prescribed by U.S. GAAP and, therefore, may not be comparable to similar measures presented by other companies.

### Adjusted performance measures

Management believes that non-GAAP measures such as adjusted net income and adjusted earnings per share 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 of the Company and could distort the analysis of trends in business performance. The exclusion of such items in adjusted net income and adjusted earnings per share does not, however, imply that such items are necessarily non-recurring.

<i>\$ millions, except per share data</i>	<i>Year ended December 31,</i>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Net income as reported		2,457	2,680	2,612	3,167	3,538
<i>Adjustments:</i>						
Other income		(348)	(281)	(69)	(80)	-
Income tax expense		85	57	39	8	42
<b>Adjusted net income</b>		<b>2,194</b>	<b>2,456</b>	<b>2,582</b>	<b>3,095</b>	<b>3,580</b>
Basic earnings per share as reported		2.72	3.08	3.10	3.86	4.42
Impact of adjustments, per share		(0.29)	(0.26)	(0.03)	(0.09)	0.05
<b>Adjusted basic earnings per share</b>		<b>2.43</b>	<b>2.82</b>	<b>3.07</b>	<b>3.77</b>	<b>4.47</b>
Diluted earnings per share as reported		2.70	3.06	3.09	3.85	4.39
Impact of adjustments, per share		(0.29)	(0.25)	(0.03)	(0.09)	0.05
<b>Adjusted diluted earnings per share</b>		<b>2.41</b>	<b>2.81</b>	<b>3.06</b>	<b>3.76</b>	<b>4.44</b>

For the year ended December 31, 2011, the Company reported adjusted net income of \$2,194 million, or \$2.41 per diluted share. The adjusted figures for the year ended December 31, 2011 exclude a gain on disposal of a segment of the Kingston subdivision, together with the rail fixtures and certain passenger agreements, of \$288 million, or \$254 million after-tax (\$0.28 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 (\$0.04 per diluted share). The adjusted figures also exclude a net deferred income tax expense of \$40 million (\$0.04 per diluted share) resulting from the enactment of state corporate income tax rate changes and other legislated state tax revisions; and an income tax recovery of \$11 million (\$0.01 per diluted share) relating to certain fuel costs attributed to various wholly owned subsidiaries in prior periods.

For the year ended December 31, 2012, the Company reported adjusted net income of \$2,456 million, or \$2.81 per diluted share. The adjusted figures for the year ended December 31, 2012 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 (\$0.29 per basic share or \$0.28 per diluted share); and a net income tax expense of \$28 million (\$0.03 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.

For the year ended December 31, 2013, the Company reported adjusted net income of \$2,582 million, or \$3.06 per diluted share. The adjusted figures for the year ended December 31, 2013 exclude a gain on exchange of perpetual railroad operating easements including the track and roadway assets on specific rail lines, of \$29 million, or \$18 million after-tax (\$0.02 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 (\$0.04 per diluted share). The adjusted figures also exclude a \$24 million (\$0.03 per diluted share) income tax expense from the enactment of higher provincial corporate income tax rates.

For the year ended December 31, 2014, the Company reported adjusted net income of \$3,095 million, or \$3.76 per diluted share. The adjusted figures for the year ended December 31, 2014 exclude a gain on disposal of the Deux-Montagnes subdivision, including the Mont-Royal tunnel, together with the rail fixtures, of \$80 million, or \$72 million after-tax (\$0.09 per diluted share).

For the year ended December 31, 2015, the Company reported adjusted net income of \$3,580 million, or \$4.44 per diluted share. The adjusted figures for the year ended December 31, 2015 exclude a deferred income tax expense of \$42 million (\$0.05 per diluted share) resulting from the enactment of a higher provincial corporate income tax rate.

### Free cash flow

Management believes that free cash flow is a useful measure of performance as it demonstrates the Company's ability to generate cash for debt obligations and for discretionary uses such as payment of dividends 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 changes in restricted cash and cash equivalents and the impact of major acquisitions, if any.

<i>\$ millions</i>	<i>Year ended December 31,</i>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Net cash provided by operating activities		2,976	3,060	3,548	4,381	5,140
Net cash used in investing activities		(1,729)	(1,421)	(1,852)	(2,176)	(2,827)
<b>Net cash provided before financing activities</b>		<b>1,247</b>	<b>1,639</b>	<b>1,696</b>	<b>2,205</b>	<b>2,313</b>
<i>Adjustment:</i>						
Change in restricted cash and cash equivalents		499	22	(73)	15	60
<b>Free cash flow</b>		<b>1,746</b>	<b>1,661</b>	<b>1,623</b>	<b>2,220</b>	<b>2,373</b>

### Credit measures

Management believes that the adjusted debt-to-total capitalization ratio is a useful credit measure that aims to show the true leverage of the Company. Similarly, the adjusted debt-to-adjusted earnings before interest, income taxes, depreciation and amortization (EBITDA) multiple 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.

#### Adjusted debt-to-total capitalization ratio

<i>in %</i>	<i>December 31,</i>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Debt-to-total capitalization ratio <sup>(1) (2)</sup>		38.0	38.4	37.6	38.3	41.1
Add: Impact of present value of operating lease commitments <sup>(3)</sup>		1.9	1.8	1.7	1.7	1.4
<b>Adjusted debt-to-total capitalization ratio</b>		<b>39.9</b>	<b>40.2</b>	<b>39.3</b>	<b>40.0</b>	<b>42.5</b>

#### Adjusted debt-to-adjusted EBITDA multiple

<i>\$ millions, unless otherwise indicated</i>	<i>Twelve months ended December 31,</i>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Debt <sup>(2)</sup>		6,541	6,863	7,802	8,372	10,427
Add: Present value of operating lease commitments <sup>(3)</sup>		542	559	570	607	607
<b>Adjusted debt</b>		<b>7,083</b>	<b>7,422</b>	<b>8,372</b>	<b>8,979</b>	<b>11,034</b>
Operating income		3,296	3,685	3,873	4,624	5,266
Add: Depreciation and amortization		884	924	980	1,050	1,158
EBITDA (excluding Other income)		4,180	4,609	4,853	5,674	6,424
Add: Deemed interest on operating leases		30	29	28	28	29
<b>Adjusted EBITDA</b>		<b>4,210</b>	<b>4,638</b>	<b>4,881</b>	<b>5,702</b>	<b>6,453</b>
<b>Adjusted debt-to-adjusted EBITDA multiple (times)</b>		<b>1.68</b>	<b>1.60</b>	<b>1.72</b>	<b>1.57</b>	<b>1.71</b>

(1) Debt-to-total capitalization is calculated as total Long-term debt plus Current portion of long-term debt, divided by the sum of total debt plus Total shareholders' equity.

(2) As a result of the retrospective adoption of a new accounting standard in the fourth quarter of 2015, the prior year debt balances have been adjusted and the related financial ratios have been restated. See Note 2 - Recent accounting pronouncements to the Company's 2015 Annual Consolidated Financial Statements for additional information.

(3) The operating lease commitments have been discounted using the Company's implicit interest rate for each of the periods presented.



# INVESTOR FACT BOOK 2016 Update



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