



Fourth Quarter 2013 Financial Results

January 30, 2014



FORWARD-LOOKING STATEMENTS

The financial results in this presentation were determined on the basis of U.S. GAAP. Please refer to the website www.cn.ca/nonGAAP for the reconciliation of certain non-GAAP measures to comparable GAAP measures. To the extent we have provided guidance which are non-GAAP financial measures, we may not be able to provide a reconciliation to the GAAP measures, due to unknown variables and uncertainty related to future results.

Certain information included in this presentation constitutes “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities laws. CN cautions that, by their nature, these forward-looking statements involve risks, uncertainties and assumptions. The Company cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties 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. Key assumptions used in determining forward-looking information are set forth below.

2014 key assumptions

CN has made a number of economic and market assumptions in preparing its 2014 outlook. The Company is forecasting that North American industrial production for the year will increase by about three per cent. CN also expects U.S. housing starts to be in the range of 1.1 million units and U.S. motor vehicles sales to be approximately 16 million units. In addition, CN is assuming a U.S. 2013/2014 grain crop above the five-year average, a Canadian 2013/2014 grain crop well above the five-year average, and 2014/2015 grain crops in both countries in-line with the five-year average. With these assumptions, CN assumes mid-single digit carload growth, along with continued pricing improvement above inflation. CN also assumes a Canadian-U.S. exchange rate of approximately C\$0.95 and the price of crude oil (West Texas Intermediate) to be in the range of US\$95-\$105 per barrel. In 2014, CN plans to invest approximately C\$2.1 billion on capital programs, of which more than C\$1.2 billion is targeted toward track infrastructure to continue operating a safe railway and improve the productivity and fluidity of the network. The capital programs include funds for projects to support a number of productivity and growth initiatives.

Important risk factors that could affect the forward-looking statements include, but are not limited to, the effects of general economic and business conditions, 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, various events which could disrupt operations, including natural events such as severe weather, droughts, floods and earthquakes, labor negotiations and disruptions, environmental claims, uncertainties of investigations, proceedings or other types of claims and litigation, risks and liabilities arising from derailments, and other risks detailed from time to time in reports filed by CN with securities regulators in Canada and the United States. Reference should be made to “Management’s Discussion and Analysis” in CN’s annual and interim reports, Annual Information Form and Form 40-F filed with Canadian and U.S. securities regulators, available on CN’s website, for a summary of major risk factors.

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 Canadian 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.



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Claude Mongeau

President and CEO



2013 Highlights

Building on our supply chain approach

- Outpaced the economy with record volumes and revenues

Continuing to balance Operational and Service Excellence

- Industry-leading 63.4% operating ratio

Delivering safely and responsibly

- Solid 9% year-over-year improvement in FRA accident ratio



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Jim Vena

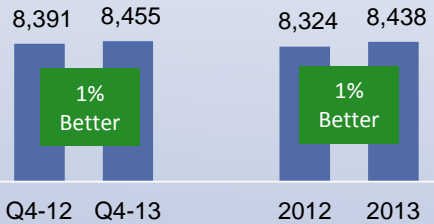
Executive Vice President and COO



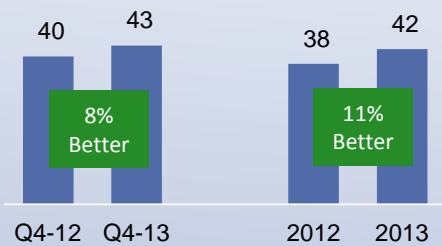


2013 Operating Highlights

Train Productivity (GTM per train mile)



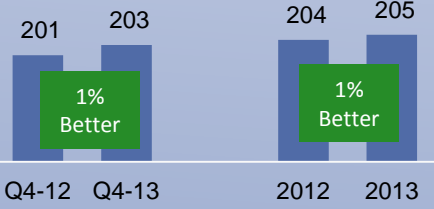
Yard Productivity (Cars per yard switching hour)



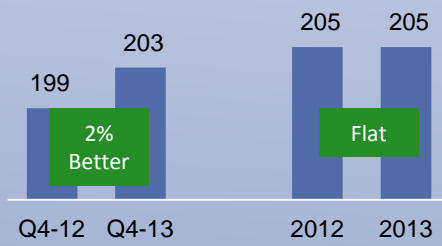
Terminal Dwell (Entire railroad, hours)



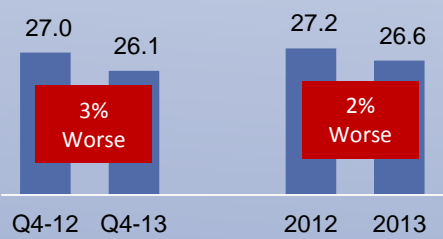
Locomotive Utilization (Trailing GTMs per total horsepower)



Car Velocity (Car miles per day)

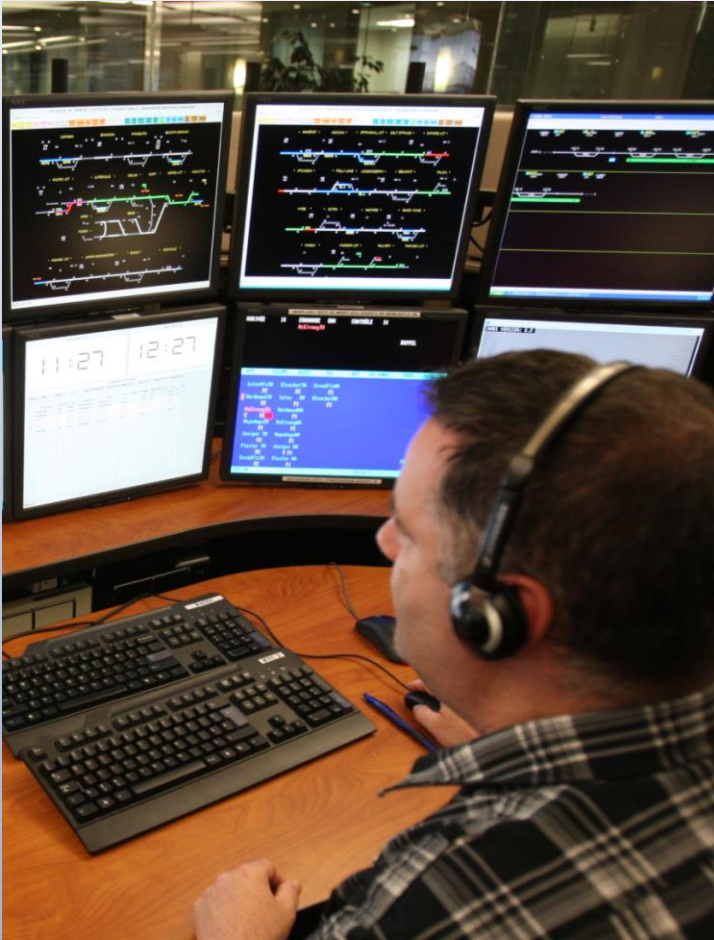


Train Velocity (mph)



Continuing to raise the bar on productivity

Balancing Operational and Service Excellence



Dealing with current extreme cold weather

Targeting continued fuel efficiency gains
- in the range of 1.5%

Working all levers to efficiently absorb volume growth

Investing in the network
- safety first, always
- productivity and capacity for growth

Focused on outpacing economic growth – safely and efficiently

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Jean-Jacques Ruest

Executive Vice President and CMO



Revenues

<i>In millions of Canadian dollars, unless otherwise indicated</i>	Fourth Quarter				Full Year	
	2013	2012	% Change	% Change at constant currency ⁽¹⁾	2013	% Change at constant currency ⁽¹⁾
			Favorable (Unfavorable)	Favorable (Unfavorable)		Favorable (Unfavorable)
Petroleum and chemicals	\$ 519	\$ 427	22%	17%	\$ 1,939	16%
Metals and minerals	306	274	12%	7%	1,216	5%
Forest products	357	323	11%	6%	1,413	4%
Automotive	133	128	4%	-	549	-
Coal	155	171	(9%)	(12%)	693	(4%)
Grain and fertilizers	469	459	2%	(1%)	1,610	-
Intermodal	555	498	11%	10%	2,167	8%
Total rail freight revenues	\$ 2,494	\$ 2,280	9%	6%	\$ 9,587	5%
Other revenues	251	254	(1%)	(4%)	988	(1%)
Total revenues	\$ 2,745	\$ 2,534	8%	5%	\$ 10,575	5%

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

2014 Outlook

Outperforming in intermodal with market innovation and new products

Taking advantage of the CN franchise to grow energy, housing, automotive, manufacturing markets

Huge Canadian grain crop / strong U.S. grain crop

Volume Growth	
Forest Products	+
Metals & Minerals	+
Petroleum & Chemicals	++
Automotive	+
Grain	++
Fertilizers	H1+
Coal *	+
Domestic Intermodal	+
International Intermodal	++

* Including conversion of ~ 50,000 carloads from haulage to linehaul

Aiming for mid-single digit carload growth for 2014



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Luc Jobin

Executive Vice President and CFO





Q4 Results

<i>In millions of Canadian dollars, except EPS data, unless otherwise indicated</i>	2013	2012	Change Favorable (Unfavorable)
Revenues	\$ 2,745	\$ 2,534	8%
Operating expenses	1,778	1,612	
Operating income	967	922	5%
Interest expense	(91)	(86)	
Other income (loss)	(2)	(5)	
Income before income taxes	874	831	
Income tax expense	(239)	(221)	
Net income	\$ 635	\$ 610	4%
Diluted EPS	\$ 0.76	\$ 0.71	7%
Weighted-average number of shares (diluted in millions)	837.1	863.9	
Operating ratio	64.8%	63.6%	(1.2 pts)

Q4 Operating Expenses

<i>In millions of Canadian dollars, unless otherwise indicated</i>	2013	2012	% Change Favorable (Unfavorable)	% Change at constant currency ⁽¹⁾ Favorable (Unfavorable)
Labor and fringe benefits	\$ 594	\$ 463	(28%)	(26%)
Purchased services and material	364	340	(7%)	(4%)
Fuel	422	400	(6%)	-
Depreciation and amortization	254	237	(7%)	(5%)
Equipment rents	71	64	(11%)	(6%)
Casualty and other	73	108	32%	35%
Total operating expenses	\$ 1,778	\$ 1,612	(10%)	(7%)

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



Full-Year Results

<i>In millions of Canadian dollars, except EPS data, unless otherwise indicated</i>	2013	2012	Change Favorable (Unfavorable)
Revenues	\$ 10,575	\$ 9,920	7%
Operating expenses	6,702	6,235	
Operating income	3,873	3,685	5%
Interest expense	(357)	(342)	
Other income	73	315	
Income before income taxes	3,589	3,658	
Income tax expense	(977)	(978)	
Net income	\$ 2,612	\$ 2,680	(3%)
Diluted EPS	\$ 3.09	\$ 3.06	1%
Adjusted diluted EPS ⁽¹⁾	\$ 3.06	\$ 2.81	9%
Weighted-average number of shares (diluted in millions)	846.1	875.4	
Operating ratio	63.4%	62.9%	(0.5 pt)

⁽¹⁾ 2013 and 2012 exclude items that affect the comparability of the results of operations.
Please see website, www.cn.ca/nonGAAP, for a reconciliation of this non-GAAP measure.

2013 Free Cash Flow ⁽¹⁾

In millions of Canadian dollars, unless otherwise indicated

Net income	\$ 2,612
Non-cash adjustments	1,242
Payments for income taxes	(890)
Other working capital items	584
Net cash provided by operating activities	3,548
Capital expenditures (net)	(1,973)
Major asset sales	52
Other investing	69
Net cash used in investing activities	(1,852)
Net cash provided before financing activities	1,696
Change in restricted cash and cash equivalents	(73)
Free cash flow ⁽¹⁾	\$ 1,623
Total net indebtedness at end of period (including restricted cash and cash equivalents)	\$ 7,178
Adjusted debt-to-total capitalization ⁽²⁾	39.4%
Adjusted debt-to-adjusted EBITDA ^{(2) (3)}	1.72x

(1) Beginning with the fourth quarter of 2013, the Company has redefined 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. The results for 2013 using the Company's prior measure would translate into free cash flow after dividends and other adjustments of C\$918M as compared to C\$1,006M in 2012.

(2) Debt is adjusted to include the present value of operating lease commitments.

(3) EBITDA is defined as earnings before interest, income taxes, depreciation and amortization, and is adjusted to exclude Other income and the deemed interest on operating leases.

2014 Financial Outlook



Aiming for double-digit earnings growth over 2013 adjusted diluted EPS of C\$3.06 ⁽¹⁾

- With mid-single digit carload growth and pricing above inflation

Targeting free cash flow in the range of C\$1.6 - C\$1.7B ⁽¹⁾ ⁽²⁾

- Capital envelope of C\$2.1B

Also rewarding shareholders

- Share repurchase program in place
- 16% dividend increase

(1) Please see website, www.cn.ca/nonGAAP, for an explanation and/or reconciliation of these non-GAAP measures

(2) Beginning with the fourth quarter of 2013, the Company has redefined 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. The results for 2013 using the Company's prior measure would translate into free cash flow after dividends and other adjustments of C\$918M as compared to C\$1,006M in 2012.

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Claude Mongeau

President and CEO



Looking Ahead

Proud of our solid results in 2013

Overcoming challenges of extreme cold weather

Taking our safety agenda to the next level



Momentum to help deliver solid 2014 results

