



Financial & statistical data

u.s. gaap

Appendix A

unaudited

In millions, except per share data

	2007					2008				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
<b>Revenues</b>	\$ 1,906	\$ 2,027	\$ 2,023	\$ 1,941	\$ 7,897	\$ 1,927	\$ 2,098	\$ 2,257	\$ 2,200	\$ 8,482
<b>Operating expenses</b>										
Labor and fringe benefits	485	430	446	340	1,701	461	392	424	397	1,674
Purchased services and material	276	263	247	259	1,045	285	283	268	301	1,137
Fuel	219	249	251	307	1,026	310	399	390	304	1,403
Depreciation and amortization	171	168	165	173	677	175	176	177	197	725
Equipment rents	66	62	59	60	247	64	60	59	79	262
Casualty and other	128	44	87	66	325	109	81	95	102	387
<b>Total operating expenses</b>	<b>1,345</b>	<b>1,216</b>	<b>1,255</b>	<b>1,205</b>	<b>5,021</b>	<b>1,404</b>	<b>1,391</b>	<b>1,413</b>	<b>1,380</b>	<b>5,588</b>
<b>Operating income</b>	<b>561</b>	<b>811</b>	<b>768</b>	<b>736</b>	<b>2,876</b>	<b>523</b>	<b>707</b>	<b>844</b>	<b>820</b>	<b>2,894</b>
Interest expense	(88)	(85)	(78)	(85)	(336)	(86)	(87)	(92)	(110)	(375)
Other income (loss)	4	1	2	159	166	(6)	9	4	19	26
Income before income taxes	477	727	692	810	2,706	431	629	756	729	2,545
Income tax (expense) recovery	(153)	(211)	(207)	23	(548)	(120)	(170)	(204)	(156)	(650)
<b>Net income</b>	<b>\$ 324</b>	<b>\$ 516</b>	<b>\$ 485</b>	<b>\$ 833</b>	<b>\$ 2,158</b>	<b>\$ 311</b>	<b>\$ 459</b>	<b>\$ 552</b>	<b>\$ 573</b>	<b>\$ 1,895</b>
<b>Earnings per share</b>										
Basic	\$ 0.64	\$ 1.02	\$ 0.97	\$ 1.70	\$ 4.31	\$ 0.64	\$ 0.96	\$ 1.17	\$ 1.22	\$ 3.99
Diluted	\$ 0.63	\$ 1.01	\$ 0.96	\$ 1.68	\$ 4.25	\$ 0.64	\$ 0.95	\$ 1.16	\$ 1.21	\$ 3.95
<b>Weighted-average number of shares</b>										
Basic	510.2	505.2	499.7	489.8	501.2	482.8	476.4	471.7	468.1	474.7
Diluted	517.8	512.3	506.4	495.9	508.0	488.6	482.0	477.1	472.5	480.0

unaudited

In millions

	2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Assets</b>								
<b>Current assets:</b>								
Cash and cash equivalents	\$ 106	\$ 241	\$ 214	\$ 310	\$ 334	\$ 161	\$ 288	\$ 413
Accounts receivable	508	425	641	370	621	843	657	913
Material and supplies	208	204	206	162	212	217	213	200
Deferred income taxes	83	73	69	68	67	67	69	98
Other	184	159	316	138	111	88	131	132
	1,089	1,102	1,446	1,048	1,345	1,376	1,358	1,756
Properties	20,988	20,401	19,883	20,413	20,754	20,864	21,472	23,203
Intangible and other assets	1,646	1,664	1,576	1,999	2,065	2,113	2,134	1,761
<b>Total assets</b>	<b>\$ 23,723</b>	<b>\$ 23,167</b>	<b>\$ 22,905</b>	<b>\$ 23,460</b>	<b>\$ 24,164</b>	<b>\$ 24,353</b>	<b>\$ 24,964</b>	<b>\$ 26,720</b>
<b>Liabilities and shareholders' equity</b>								
<b>Current liabilities:</b>								
Accounts payable and other	\$ 1,510	\$ 1,489	\$ 1,261	\$ 1,336	\$ 1,333	\$ 1,289	\$ 1,329	\$ 1,386
Current portion of long-term debt	244	366	293	254	269	85	449	506
	1,754	1,855	1,554	1,590	1,602	1,374	1,778	1,892
Deferred income taxes	5,025	4,885	4,940	4,908	5,021	5,100	5,246	5,511
Other liabilities and deferred credits	1,532	1,443	1,410	1,422	1,404	1,381	1,378	1,353
Long-term debt	5,602	5,193	5,342	5,363	6,064	6,389	6,264	7,405
<b>Shareholders' equity:</b>								
Common shares	4,426	4,417	4,359	4,283	4,241	4,208	4,171	4,179
Accumulated other comprehensive income (loss)	(50)	(180)	(257)	(31)	9	(1)	54	(155)
Retained earnings	5,434	5,554	5,557	5,925	5,823	5,902	6,073	6,535
	9,810	9,791	9,659	10,177	10,073	10,109	10,298	10,559
<b>Total liabilities and shareholders' equity</b>	<b>\$ 23,723</b>	<b>\$ 23,167</b>	<b>\$ 22,905</b>	<b>\$ 23,460</b>	<b>\$ 24,164</b>	<b>\$ 24,353</b>	<b>\$ 24,964</b>	<b>\$ 26,720</b>

unaudited

In millions	2007					2008				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
<b>Operating activities</b>										
Net income	\$ 324	\$ 516	\$ 485	\$ 833	\$ 2,158	\$ 311	\$ 459	\$ 552	\$ 573	\$ 1,895
Adjustments to reconcile net income to net cash provided from operating activities:										
Depreciation and amortization	172	169	165	172	678	175	176	177	197	725
Deferred income taxes	7	43	75	(207)	(82)	25	89	73	43	230
Gain on sale of Central Station Complex	-	-	-	(92)	(92)	-	-	-	-	-
Gain on sale of investment in English Welsh and Scottish Railway	-	-	-	(61)	(61)	-	-	-	-	-
Other changes in:										
Accounts receivable	176	38	(252)	267	229	(235)	(233)	209	(173)	(432)
Material and supplies	(19)	(1)	(6)	44	18	(48)	(6)	6	25	(23)
Accounts payable and other	(428)	2	(69)	99	(396)	(59)	(39)	(1)	(28)	(127)
Other current assets	8	21	46	(9)	84	29	22	(16)	2	37
Other	23	(22)	2	(122)	(119)	(33)	(59)	(43)	(139)	(274)
Cash provided from operating activities	263	766	446	942	2,417	165	409	957	500	2,031
<b>Investing activities</b>										
Properties additions	(203)	(344)	(350)	(490)	(1,387)	(177)	(352)	(415)	(480)	(1,424)
Acquisitions, net of cash acquired	-	-	-	(25)	(25)	-	-	-	(50)	(50)
Sale of Central Station Complex	-	-	-	351	351	-	-	-	-	-
Sale of investment in English Welsh and Scottish Railway	-	-	-	114	114	-	-	-	-	-
Other, net	10	2	14	26	52	11	9	22	32	74
Cash used by investing activities	(193)	(342)	(336)	(24)	(895)	(166)	(343)	(393)	(498)	(1,400)
<b>Financing activities</b>										
Issuance of long-term debt	434	1,050	1,841	846	4,171	1,055	1,597	778	1,003	4,433
Reduction of long-term debt	(145)	(904)	(1,420)	(1,120)	(3,589)	(580)	(1,418)	(798)	(793)	(3,589)
Issuance of common shares due to exercise of stock options and related excess tax benefits realized	18	41	14	4	77	18	16	14	6	54
Repurchase of common shares	(343)	(344)	(452)	(445)	(1,584)	(367)	(323)	(327)	(4)	(1,021)
Dividends paid	(107)	(105)	(104)	(102)	(418)	(111)	(109)	(108)	(108)	(436)
Cash provided from (used by) financing activities	(143)	(262)	(121)	(817)	(1,343)	15	(237)	(441)	104	(559)
Effect of foreign exchange fluctuations on U.S. dollar-denominated cash and cash equivalents	-	(27)	(16)	(5)	(48)	10	(2)	4	19	31
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(73)</b>	<b>135</b>	<b>(27)</b>	<b>96</b>	<b>131</b>	<b>24</b>	<b>(173)</b>	<b>127</b>	<b>125</b>	<b>103</b>
Cash and cash equivalents, beginning of period	179	106	241	214	179	310	334	161	288	310
<b>Cash and cash equivalents, end of period</b>	<b>\$ 106</b>	<b>\$ 241</b>	<b>\$ 214</b>	<b>\$ 310</b>	<b>\$ 310</b>	<b>\$ 334</b>	<b>\$ 161</b>	<b>\$ 288</b>	<b>\$ 413</b>	<b>\$ 413</b>
<b>Supplemental cash flow information</b>										
Net cash receipts from customers and other	\$ 2,074	\$ 2,086	\$ 1,770	\$ 2,209	\$ 8,139	\$ 1,748	\$ 1,886	\$ 2,391	\$ 1,987	\$ 8,012
Net cash payments for:										
Employee services, suppliers and other expenses	(1,237)	(1,017)	(1,090)	(979)	(4,323)	(1,339)	(1,215)	(1,195)	(1,171)	(4,920)
Interest	(114)	(73)	(86)	(67)	(340)	(100)	(90)	(82)	(124)	(396)
Workforce reductions	(9)	(7)	(8)	(7)	(31)	(6)	(6)	(5)	(5)	(22)
Personal injury and other claims	(20)	(26)	(12)	(28)	(86)	(26)	(18)	(18)	(29)	(91)
Pensions	(1)	(22)	(27)	(25)	(75)	(22)	(31)	(24)	(50)	(127)
Income taxes	(430)	(175)	(101)	(161)	(867)	(90)	(117)	(110)	(108)	(425)
<b>Cash provided from operating activities</b>	<b>\$ 263</b>	<b>\$ 766</b>	<b>\$ 446</b>	<b>\$ 942</b>	<b>\$ 2,417</b>	<b>\$ 165</b>	<b>\$ 409</b>	<b>\$ 957</b>	<b>\$ 500</b>	<b>\$ 2,031</b>

unaudited

	2007					2008				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
<b>Revenues</b> (millions of dollars)										
Petroleum and chemicals	303	300	317	306	1,226	319	322	346	359	1,346
Metals and minerals	198	225	208	195	826	205	239	269	237	950
Forest products	410	414	392	336	1,552	330	357	383	366	1,436
Coal	89	99	99	98	385	99	107	140	132	478
Grain and fertilizers	309	322	330	350	1,311	340	334	327	381	1,382
Intermodal	313	346	361	362	1,382	351	393	446	390	1,580
Automotive	132	142	114	116	504	116	124	117	112	469
Total rail freight revenues	1,754	1,848	1,821	1,763	7,186	1,760	1,876	2,028	1,977	7,641
Other revenues	152	179	202	178	711	167	222	229	223	841
<b>Total revenues</b>	<b>1,906</b>	<b>2,027</b>	<b>2,023</b>	<b>1,941</b>	<b>7,897</b>	<b>1,927</b>	<b>2,098</b>	<b>2,257</b>	<b>2,200</b>	<b>8,482</b>
<b>Statistical operating data</b>										
Gross ton miles (GTM) (millions)	81,741	88,344	88,498	89,315	347,898	84,327	87,287	86,369	81,871	339,854
Revenue ton miles (RTM) (millions)	44,093	46,423	46,481	47,151	184,148	44,959	45,264	45,346	42,382	177,951
Carloads (thousands)	1,131	1,204	1,204	1,205	4,744	1,132	1,188	1,217	1,078	4,615
Route miles (includes Canada and the U.S.)	20,263	20,219	20,219	20,421	20,421	20,421	20,421	20,421	20,961	20,961
Employees (end of period)	22,139	22,757	22,834	22,696	22,696	22,703	23,147	22,569	22,227	22,227
Employees (average for the period)	21,478	22,494	22,789	22,796	22,389	22,636	22,953	22,730	22,461	22,695
<b>Productivity</b>										
Operating ratio (%)	70.6	60.0	62.0	62.1	63.6	72.9	66.3	62.6	62.7	65.9
Rail freight revenue per RTM (cents)	3.98	3.98	3.92	3.74	3.90	3.91	4.14	4.47	4.66	4.29
Rail freight revenue per carload (\$)	1,551	1,535	1,512	1,463	1,515	1,555	1,579	1,666	1,834	1,656
Operating expenses per GTM (cents)	1.65	1.38	1.42	1.35	1.44	1.66	1.59	1.64	1.69	1.64
Labor and fringe benefits expense per GTM (cents)	0.59	0.49	0.50	0.38	0.49	0.55	0.45	0.49	0.48	0.49
GTM per average number of employees (thousands)	3,806	3,927	3,883	3,918	15,539	3,725	3,803	3,800	3,645	14,975
Diesel fuel consumed (U.S. gallons in millions)	96	98	96	102	392	99	96	92	93	380
Average fuel price (\$/U.S. gallon)	2.18	2.30	2.39	2.70	2.40	3.02	3.82	3.84	2.88	3.39
GTM per U.S. gallon of fuel consumed	851	901	922	876	887	852	909	939	880	894
<b>Safety indicators</b>										
Injury frequency rate per 200,000 person hours <sup>(1)</sup>	1.6	1.6	2.2	2.1	1.9	2.1	1.2	2.1	1.7	1.8
Accident rate per million train miles <sup>(1)</sup>	2.7	1.7	3.0	3.6	2.7	2.7	2.7	2.2	2.8	2.6

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

Certain 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.



Financial & statistical data

reconciliation of

Appendix B

non-gaap measures

unaudited

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

### Adjusted performance measures

	2006			2007			2008		
	Reported	Adjustments <sup>(1)</sup>	Adjusted	Reported	Adjustments <sup>(2)</sup>	Adjusted	Reported	Adjustments <sup>(3)</sup>	Adjusted
Revenues	\$ 7,929	\$ –	\$ 7,929	\$ 7,897	\$ –	\$ 7,897	\$ 8,482	\$ –	\$ 8,482
Operating expenses	4,899	–	4,899	5,021	–	5,021	5,588	–	5,588
<b>Operating income</b>	<b>3,030</b>	<b>–</b>	<b>3,030</b>	<b>2,876</b>	<b>–</b>	<b>2,876</b>	<b>2,894</b>	<b>–</b>	<b>2,894</b>
Interest expense	(312)	–	(312)	(336)	–	(336)	(375)	–	(375)
Other income	11	–	11	166	(153)	13	26	–	26
Income before income taxes	2,729	–	2,729	2,706	(153)	2,553	2,545	–	2,545
Income tax expense	(642)	(277)	(919)	(548)	(280)	(828)	(650)	(117)	(767)
<b>Net income</b>	<b>\$ 2,087</b>	<b>\$ (277)</b>	<b>\$ 1,810</b>	<b>\$ 2,158</b>	<b>\$ (433)</b>	<b>\$ 1,725</b>	<b>\$ 1,895</b>	<b>\$ (117)</b>	<b>\$ 1,778</b>
<b>Operating ratio</b>	<b>61.8%</b>		<b>61.8%</b>	<b>63.6%</b>		<b>63.6%</b>	<b>65.9%</b>		<b>65.9%</b>
<b>Diluted earnings per share</b>	<b>\$ 3.91</b>	<b>\$ (0.51)</b>	<b>\$ 3.40</b>	<b>\$ 4.25</b>	<b>\$ (0.85)</b>	<b>\$ 3.40</b>	<b>\$ 3.95</b>	<b>\$ (0.24)</b>	<b>\$ 3.71</b>

(1) Adjusted to exclude a deferred income tax recovery of \$277 million (\$0.51 per diluted share) that resulted primarily from the enactment of lower corporate income tax rates in Canada and the resolution of matters pertaining to prior years' income taxes.

(2) Adjusted to exclude a deferred income tax recovery of \$328 million (\$0.64 per diluted share) that resulted mainly from the enactment of corporate income tax rate changes in Canada, as well as the gains on sale of the Central Station Complex of \$92 million, or \$64 million after-tax (\$0.13 per diluted share) and the Company's investment in English Welsh and Scottish Railway of \$61 million, or \$41 million after-tax (\$0.08 per diluted share).

(3) Adjusted to exclude a deferred income tax recovery of \$117 million (\$0.24 per diluted share), of which \$83 million was due to the resolution of various income tax matters and adjustments related to tax filings of prior years, \$23 million resulted from the enactment of corporate income tax rate changes in Canada and \$11 million was due to net capital losses arising from the reorganization of a subsidiary.

unaudited

In millions, unless otherwise indicated

**Free cash flow**

	Year ended December 31,	2006	2007	2008
Cash provided from operating activities		\$ 2,951	\$ 2,417	\$ 2,031
Cash used by investing activities		(1,349)	(895)	(1,400)
<b>Cash provided before financing activities</b>		<b>1,602</b>	<b>1,522</b>	<b>631</b>
<i>Adjustments:</i>				
Change in accounts receivable securitization		82	(228)	568
Dividends paid		(340)	(418)	(436)
Effect of foreign exchange fluctuations on U.S. dollar-denominated cash and cash equivalents		(1)	(48)	31
<b>Free cash flow</b>		<b>\$ 1,343</b>	<b>\$ 828</b>	<b>\$ 794</b>

**Adjusted debt-to-total capitalization ratio**

	December 31,	2006	2007	2008
Debt-to-total capitalization ratio <sup>(1)</sup>		36.3%	35.6%	42.8%
Add: Present value of operating lease commitments plus securitization financing <sup>(2)</sup>		4.1%	4.8%	2.4%
<b>Adjusted debt-to-total capitalization ratio</b>		<b>40.4%</b>	<b>40.4%</b>	<b>45.2%</b>

**Adjusted debt-to-adjusted EBITDA**

	Year ended December 31,	2006	2007	2008
Debt		\$ 5,604	\$ 5,617	\$ 7,911
Add: Present value of operating lease commitments plus securitization financing <sup>(2)</sup>		1,044	1,287	787
<b>Adjusted debt</b>		<b>\$ 6,648</b>	<b>\$ 6,904</b>	<b>\$ 8,698</b>
Operating income		\$ 3,030	\$ 2,876	\$ 2,894
Add: Depreciation and amortization		650	677	725
EBITDA		3,680	3,553	3,619
Add: Deemed interest on operating leases		38	41	39
<b>Adjusted EBITDA</b>		<b>\$ 3,718</b>	<b>\$ 3,594</b>	<b>\$ 3,658</b>
<b>Adjusted debt-to-adjusted EBITDA</b>		<b>1.8 times</b>	<b>1.9 times</b>	<b>2.4 times</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) The operating lease commitments have been discounted using the Company's implicit interest rate for each of the periods presented.