

CANADIAN NATIONAL RAILWAY CO

Form 6-K

June 26, 2014

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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 June, 2014

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

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Canadian National Railway Company

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1. CN Investor Fact Book – 2014 Update
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Item 1

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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). All share and per share data presented herein reflect the impact of the November 2013 stock split.

Revenues by commodity group presented herein reflect the impact of the 2014 reclassification of Other revenues. In order to better represent rail freight and related revenues within the commodity groups and to maintain non-rail services that support CN's rail business within Other revenues, certain other revenues were reclassified to the commodity groups within rail freight revenues. Revenues earned from trucking intermodal goods were reclassified from Other revenues to the Intermodal commodity group and services that relate to the movement of rail freight were reclassified from Other revenues to the related commodity groups. The 2011, 2012, and 2013 figures have been reclassified in order to be consistent with the 2014 presentation. This change had no impact on the Company's previously reported results of operations as total revenues remains unchanged.

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. The Company cautions that, by their nature, forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and assumptions.



**FINANCIAL & STATISTICAL HIGHLIGHTS****FINANCIAL HIGHLIGHTS**

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

|   | 2010     | 2011     | 2012     | 2013      |
|---|----------|----------|----------|-----------|
| <b>Financial results</b>                            |          |          |          |           |
| Revenues  | \$ 8,297 | \$ 9,028 | \$ 9,920 | \$ 10,575 |
| Operating income                                    | 3,024    | 3,296    | 3,685    | 3,873     |
| Adjusted net income*                                | 1,973    | 2,194    | 2,456    | 2,582     |
| Adjusted diluted earnings per share*                | 2.10     | 2.41     | 2.81     | 3.06      |
| Weighted-average number of diluted share (millions) | 940.3    | 908.9    | 875.4    | 846.1     |
| <b>Financial ratios</b>                             |          |          |          |           |
| Operating ratio (%)                                 | 63.6     | 63.5     | 62.9     | 63.4      |
| Debt-to-total capitalization (%)                    | 35.0     | 38.1     | 38.5     | 37.7      |
| <b>Other information</b>                            |          |          |          |           |
| Dividend per share                                  | \$ 0.54  | \$ 0.65  | \$ 0.75  | \$ 0.86   |
| Net capital expenditures                            | 1,586    | 1,625    | 1,731    | 1,973     |
| Free cash flow*                                     | 1,616    | 1,746    | 1,661    | 1,623     |

\* See Appendix for a reconciliation of non-GAAP measures.

## FINANCIAL &amp; STATISTICAL HIGHLIGHTS

## STATISTICAL HIGHLIGHTS

|   | 2010    | 2011    | 2012    | 2013    |
|---|---------|---------|---------|---------|
| Statistical operating data                    |         |         |         |         |
| Route miles (includes Canada and the U.S.)    | 20,600  | 20,000  | 20,100  | 20,000  |
| Carloads (thousands)                          | 4,696   | 4,873   | 5,059   | 5,190   |
| Gross ton miles (GTMs) (millions)             | 341,219 | 357,927 | 383,754 | 401,390 |
| Revenue ton miles (RTMs) (millions)           | 179,232 | 187,753 | 201,496 | 210,133 |
| Employees (end of year)                       | 22,444  | 23,339  | 23,430  | 23,721  |
| Employees (average for the year)              | 22,055  | 23,079  | 23,466  | 23,705  |
| Diesel fuel consumed (US gallons in millions) | 355.7   | 367.7   | 388.7   | 403.7   |
| Average fuel price (\$/US gallon)             | \$ 2.64 | \$ 3.39 | \$ 3.47 | \$ 3.55 |

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 2010, 2011 and 2012 comparative statistical data and related productivity measures have been restated.



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

\$ in millions, unless otherwise indicated

|                                 | Q1      | Q2      | 2011<br>Q3 | Q4      | Year    | Q1      | Q2      | 2012<br>Q3 | Q4      | Year    | Q1      |
|---------------------------------|---------|---------|------------|---------|---------|---------|---------|------------|---------|---------|---------|
| Revenues                        | \$2,084 | \$2,260 | \$2,307    | \$2,377 | \$9,028 | \$2,346 | \$2,543 | \$2,497    | \$2,534 | \$9,920 | \$2,466 |
| Operating expenses              |         |         |            |         |         |         |         |            |         |         |         |
| Labor and fringe benefits       | 473     | 432     | 396        | 511     | 1,812   | 509     | 504     | 476        | 463     | 1,952   | 569     |
| Purchased services and material | 286     | 268     | 271        | 295     | 1,120   | 299     | 305     | 304        | 340     | 1,248   | 328     |
| Fuel                            | 327     | 353     | 350        | 382     | 1,412   | 376     | 379     | 369        | 400     | 1,524   | 405     |
| Depreciation and amortization   | 218     | 217     | 218        | 231     | 884     | 230     | 230     | 227        | 237     | 924     | 235     |
| Equipment rents                 | 51      | 54      | 60         | 63      | 228     | 62      | 59      | 64         | 64      | 249     | 68      |
| Casualty and other              | 84      | 62      | 74         | 56      | 276     | 77      | 81      | 72         | 108     | 338     | 81      |
| Total operating expenses        | 1,439   | 1,386   | 1,369      | 1,538   | 5,732   | 1,553   | 1,558   | 1,512      | 1,612   | 6,235   | 1,686   |
| Operating income                | 645     | 874     | 938        | 839     | 3,296   | 793     | 985     | 985        | 922     | 3,685   | 780     |
| Interest expense                | (86 )   | (85 )   | (85 )      | (85 )   | (341 )  | (86 )   | (86 )   | (84 )      | (86 )   | (342 )  | (89 )   |
| Other income (loss)             | 300     | 10      | 70         | 21      | 401     | 293     | 9       | 18         | (5 )    | 315     | 42      |
| Income before income taxes      | 859     | 799     | 923        | 775     | 3,356   | 1,000   | 908     | 919        | 831     | 3,658   | 733     |
| Income tax expense              | (191 )  | (261 )  | (264 )     | (183 )  | (899 )  | (225 )  | (277 )  | (255 )     | (221 )  | (978 )  | (178 )  |
| Net income                      | \$668   | \$538   | \$659      | \$592   | \$2,457 | \$775   | \$631   | \$664      | \$610   | \$2,680 | \$555   |
| Operating ratio                 | 69.0 %  | 61.3 %  | 59.3 %     | 64.7 %  | 63.5 %  | 66.2 %  | 61.3 %  | 60.6 %     | 63.6 %  | 62.9 %  | 68.4 %  |



## CANADIAN NATIONAL RAILWAY COMPANY

## QUARTERLY CONSOLIDATED BALANCE SHEET 2011 – 2013

| \$ in<br>millions                    | 2011     |          |          |          | 2012     |          |          |          | 2013     |          |          |    |
|--------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----|
|                                      | Q1       | Q2       | Q3       | Q4       | Q1       | Q2       | Q3       | Q4       | Q1       | Q2       | Q3       |    |
| Assets                               |          |          |          |          |          |          |          |          |          |          |          |    |
| Current assets                       |          |          |          |          |          |          |          |          |          |          |          |    |
| Cash and cash equivalents            | \$593    | \$175    | \$192    | \$101    | \$182    | \$345    | \$175    | \$155    | \$128    | \$87     | \$182    | \$ |
| Restricted cash and cash equivalents | –        | 467      | 489      | 499      | 499      | 472      | 518      | 521      | 512      | 497      | 529      |    |
| Accounts receivable                  | 770      | 825      | 801      | 820      | 769      | 833      | 845      | 831      | 900      | 876      | 868      |    |
| Material and supplies                | 228      | 240      | 272      | 201      | 261      | 277      | 272      | 230      | 289      | 330      | 317      |    |
| Deferred and receivable income taxes | 50       | 50       | 52       | 122      | 80       | 47       | 37       | 43       | 75       | 34       | 74       |    |
| Other                                | 73       | 84       | 62       | 105      | 102      | 85       | 78       | 89       | 95       | 81       | 67       |    |
| Total current assets                 | 1,714    | 1,841    | 1,868    | 1,848    | 1,893    | 2,059    | 1,925    | 1,869    | 1,999    | 1,905    | 2,037    |    |
| Properties and other assets          | 22,677   | 22,789   | 23,800   | 23,917   | 23,681   | 24,078   | 24,004   | 24,541   | 24,733   | 25,305   | 25,383   |    |
| Intangible assets                    | 821      | 840      | 899      | 261      | 299      | 329      | 349      | 249      | 260      | 335      | 377      |    |
| Total assets                         | \$25,212 | \$25,470 | \$26,567 | \$26,026 | \$25,873 | \$26,466 | \$26,278 | \$26,659 | \$26,992 | \$27,545 | \$27,797 | \$ |

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**CANADIAN NATIONAL RAILWAY COMPANY**  
**QUARTERLY CONSOLIDATED BALANCE SHEET**  
 2011 – 2013

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| \$ in millions  | 2011     |          |          |          | 2012     |          |          |          | 2013     |          |          |          |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
|   | Q1       | Q2       | Q3       | Q4       | Q1       | Q2       | Q3       | Q4       | Q1       | Q2       | Q3       | Q4       |
| Liabilities and shareholders' equity                              |          |          |          |          |          |          |          |          |          |          |          |          |
| Current liabilities   |          |          |          |          |          |          |          |          |          |          |          |          |
| Accounts payable and other  | \$1,341  | \$1,452  | \$1,565  | \$1,580  | \$1,342  | \$1,609  | \$1,631  | \$1,626  | \$1,332  | \$1,469  | \$1,490  | \$1,490  |
| Current portion of long-term debt                                 | 474      | 530      | 525      | 135      | 895      | 784      | 678      | 577      | 1,466    | 1,322    | 1,480    | 1,480    |
| Total current liabilities   | 1,815    | 1,982    | 2,090    | 1,715    | 2,237    | 2,393    | 2,309    | 2,203    | 2,798    | 2,791    | 2,970    | 2,970    |
| Deferred income taxes   | 5,201    | 5,301    | 5,613    | 5,333    | 5,494    | 5,629    | 5,603    | 5,555    | 5,700    | 5,867    | 5,880    | 5,880    |
| Pension and other postretirement benefits, net of current portion | 508      | 510      | 530      | 1,095    | 569      | 576      | 553      | 784      | 659      | 594      | 589      | 589      |
| Other liabilities and deferred credits                            | 779      | 774      | 800      | 762      | 683      | 713      | 738      | 776      | 778      | 767      | 760      | 760      |
| Long-term debt  | 5,451    | 5,432    | 5,878    | 6,441    | 5,892    | 5,991    | 5,770    | 6,323    | 5,945    | 6,141    | 6,010    | 6,010    |
| Shareholders' equity  |          |          |          |          |          |          |          |          |          |          |          |          |
| Common shares   | 4,228    | 4,211    | 4,149    | 4,141    | 4,153    | 4,132    | 4,120    | 4,108    | 4,088    | 4,063    | 4,030    | 4,030    |
| Accumulated other comprehensive loss                              | (1,736)  | (1,741)  | (1,647)  | (2,839)  | (2,834)  | (2,789)  | (2,803)  | (3,257)  | (3,187)  | (3,094)  | (3,060)  | (3,060)  |
| Retained earnings   | 8,966    | 9,001    | 9,154    | 9,378    | 9,679    | 9,821    | 9,988    | 10,167   | 10,211   | 10,416   | 10,600   | 10,600   |
| Total shareholders' equity  | 11,458   | 11,471   | 11,656   | 10,680   | 10,998   | 11,164   | 11,305   | 11,018   | 11,112   | 11,385   | 11,570   | 11,570   |
| Total liabilities and shareholders' equity                        | \$25,212 | \$25,470 | \$26,567 | \$26,026 | \$25,873 | \$26,466 | \$26,278 | \$26,659 | \$26,992 | \$27,545 | \$27,740 | \$27,740 |



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## CANADIAN NATIONAL RAILWAY COMPANY

## QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS

2011 – 2013

| \$ in millions  | 2011  |       |       |       |         | 2012  |        |        |       |         | 2013  |        |       |
|---|-------|-------|-------|-------|---------|-------|--------|--------|-------|---------|-------|--------|-------|
|   | Q1    | Q2    | Q3    | Q4    | Year    | Q1    | Q2     | Q3     | Q4    | Year    | Q1    | Q2     | Q3    |
| Operating activities  |       |       |       |       |         |       |        |        |       |         |       |        |       |
| Net income  | \$668 | \$538 | \$659 | \$592 | \$2,457 | \$775 | \$631  | \$664  | \$610 | \$2,680 | \$555 | \$717  | \$705 |
| Adjustments to reconcile net income to net cash provided by operating activities: |       |       |       |       |         |       |        |        |       |         |       |        |       |
| Depreciation and amortization   | 218   | 217   | 218   | 231   | 884     | 230   | 230    | 227    | 237   | 924     | 235   | 250    | 241   |
| Deferred income taxes   | 104   | 119   | 104   | 204   | 531     | 194   | 78     | 59     | 120   | 451     | 83    | 73     | 13    |
| Gain on disposal of property  | (288) | –     | (60 ) | –     | (348 )  | (281) | –      | –      | –     | (281 )  | (40 ) | (29 )  | –     |
| Changes in operating assets and liabilities:                                      |       |       |       |       |         |       |        |        |       |         |       |        |       |
| Accounts receivable   | (18 ) | (54 ) | 55    | (34 ) | (51 )   | 44    | (56 )  | (25 )  | 17    | (20 )   | (59 ) | 39     | (3    |
| Material and supplies   | (19 ) | (13 ) | (27 ) | 70    | 11      | (61 ) | (15 )  | 3      | 43    | (30 )   | (57 ) | (38 )  | 11    |
| Accounts payable and other  | (64 ) | 106   | 60    | (68 ) | 34      | (200) | 290    | 50     | (11 ) | 129     | (321) | 118    | 57    |
| Other current assets  | (10 ) | 3     | 16    | (11 ) | (2 )    | (30 ) | 19     | 5      | (7 )  | (13 )   | (3 )  | 14     | 17    |
| Pensions and other, net   | (92 ) | (17 ) | (38 ) | (393) | (540 )  | (546) | 34     | 17     | (285) | (780 )  | (72 ) | (81 )  | 25    |
| Net cash provided by operating activities   | 499   | 899   | 987   | 591   | 2,976   | 125   | 1,211  | 1,000  | 724   | 3,060   | 321   | 1,063  | 1,066 |
| Investing activities  |       |       |       |       |         |       |        |        |       |         |       |        |       |
| Property additions  | (220) | (377) | (415) | (613) | (1,625) | (224) | (389 ) | (508 ) | (610) | (1,731) | (228) | (418 ) | (539) |

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|   |     |       |       |       |         |     |        |        |       |         |       |        |       |
|---|-----|-------|-------|-------|---------|-----|--------|--------|-------|---------|-------|--------|-------|
| Disposal of property                                | 299 | -     | 70    | -     | 369     | 311 | -      | -      | -     | 311     | 52    | -      | -     |
| Change in restricted cash and cash equivalents      | -   | (467) | (22 ) | (10 ) | (499 )  | -   | 27     | (46 )  | (3 )  | (22 )   | 9     | 15     | (32)  |
| Other, net  | 14  | 3     | 5     | 4     | 26      | 2   | (4 )   | 7      | 16    | 21      | 6     | (8 )   | (8)   |
| Net cash provided by (used in) investing activities | 93  | (841) | (362) | (619) | (1,729) | 89  | (366 ) | (547 ) | (597) | (1,421) | (161) | (411 ) | (579) |

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## CANADIAN NATIONAL RAILWAY COMPANY

## QUARTERLY CONSOLIDATED STATEMENT OF CASH FLOWS

2011 – 2013

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| \$ in millions  | 2011    |         |         |         |         | 2012    |         |         |         |         |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|   | Q1      | Q2      | Q3      | Q4      | Year    | Q1      | Q2      | Q3      | Q4      | Year    |
| Financing activities  |         |         |         |         |         |         |         |         |         |         |
| Issuance of debt, excluding commercial paper  | –       | –       | –       | 703     | 703     | –       | –       | –       | 493     | 493     |
| Repayment of debt, excluding commercial paper   | (22 )   | (17 )   | (12 )   | (458 )  | (509 )  | (14 )   | (11 )   | (9 )    | (24 )   | (58 )   |
| Net issuance (repayment) of commercial paper (1)  | –       | 64      | (42 )   | 62      | 84      | 346     | (158 )  | (99 )   | (171 )  | (82 )   |
| Issuance of common shares due to exercise of stock options and related excess tax benefits realized | 20      | 31      | 5       | 21      | 77      | 54      | 19      | 24      | 20      | 117     |
| Repurchase of common shares   | (340 )  | (407 )  | (417 )  | (256 )  | (1,420) | (353 )  | (369 )  | (373 )  | (305 )  | (1,400) |
| Dividends paid  | (149 )  | (147 )  | (145 )  | (144 )  | (585 )  | (165 )  | (163 )  | (163 )  | (161 )  | (652 )  |
| Net cash used in financing activities   | (491 )  | (476 )  | (611 )  | (72 )   | (1,650) | (132 )  | (682 )  | (620 )  | (148 )  | (1,582) |
| Effect of foreign exchange fluctuations on US dollar-denominated cash and cash equivalents          | 2       | –       | 3       | 9       | 14      | (1 )    | –       | (3 )    | 1       | (3 )    |
| Net increase (decrease) in cash and cash equivalents  | 103     | (418 )  | 17      | (91 )   | (389 )  | 81      | 163     | (170 )  | (20 )   | 54      |
| Cash and cash equivalents, beginning of period  | 490     | 593     | 175     | 192     | 490     | 101     | 182     | 345     | 175     | 101     |
| Cash and cash equivalents, end of period  | \$593   | \$175   | \$192   | \$101   | \$101   | \$182   | \$345   | \$175   | \$155   | \$155   |
| Supplemental cash flow information  |         |         |         |         |         |         |         |         |         |         |
| Net cash receipts from customers and other  | 2,105   | 2,228   | 2,326   | 2,336   | 8,995   | 2,379   | 2,541   | 2,476   | 2,481   | 9,877   |
| Net cash payments for:  |         |         |         |         |         |         |         |         |         |         |
|   | (1,271) | (1,156) | (1,124) | (1,092) | (4,643) | (1,534) | (1,233) | (1,235) | (1,239) | (5,241) |

Employee services,  
suppliers and other  
expenses

|  |        |       |        |        |         |        |         |         |        |         |
|--|--------|-------|--------|--------|---------|--------|---------|---------|--------|---------|
| Interest                                     | (87 )  | (75 ) | (87 )  | (80 )  | (329 )  | (110 ) | (76 )   | (89 )   | (89 )  | (364 )  |
| Personal injury and other<br>claims          | (17 )  | (16 ) | (15 )  | (49 )  | (97 )   | (30 )  | (14 )   | (13 )   | (22 )  | (79 )   |
| Pensions                                     | (93 )  | (5 )  | (5 )   | (365 ) | (468 )  | (553 ) | (5 )    | (29 )   | (257 ) | (844 )  |
| Income taxes                                 | (138 ) | (77 ) | (108 ) | (159 ) | (482 )  | (27 )  | (2 )    | (110 )  | (150 ) | (289 )  |
| Net cash provided by<br>operating activities | \$499  | \$899 | \$987  | \$591  | \$2,976 | \$125  | \$1,211 | \$1,000 | \$724  | \$3,060 |

(1) Issuances and repayments of commercial paper, all of which have a maturity of less than 90 days, are presented on a net basis.

## CANADIAN NATIONAL RAILWAY COMPANY

## QUARTERLY FINANCIAL &amp; STATISTICAL DATA 2011 – 2013

|  | Q1     | Q2     | 2011<br>Q3 | Q4     | Year    | Q1     | Q2     | 2012<br>Q3 | Q4     | Year    | Q1     | Q2      |
|--|--------|--------|------------|--------|---------|--------|--------|------------|--------|---------|--------|---------|
| Revenues (\$ in millions) (1)                  |        |        |            |        |         |        |        |            |        |         |        |         |
| Petroleum and chemicals                        | 345    | 344    | 365        | 381    | 1,435   | 396    | 408    | 420        | 431    | 1,655   | 461    | 488     |
| Metals and minerals                            | 217    | 251    | 281        | 283    | 1,032   | 280    | 300    | 299        | 280    | 1,159   | 288    | 300     |
| Forest products                                | 302    | 319    | 327        | 331    | 1,279   | 331    | 346    | 338        | 326    | 1,341   | 338    | 361     |
| Coal   | 145    | 167    | 169        | 154    | 635     | 172    | 191    | 192        | 176    | 731     | 170    | 190     |
| Grain and fertilizers                          | 412    | 374    | 342        | 420    | 1,548   | 403    | 371    | 374        | 465    | 1,613   | 408    | 390     |
| Intermodal                                     | 447    | 515    | 542        | 526    | 2,030   | 522    | 597    | 576        | 566    | 2,261   | 556    | 610     |
| Automotive                                     | 117    | 131    | 119        | 124    | 491     | 131    | 156    | 129        | 130    | 546     | 134    | 140     |
| Total rail freight revenues                    | 1,985  | 2,101  | 2,145      | 2,219  | 8,450   | 2,235  | 2,369  | 2,328      | 2,374  | 9,306   | 2,355  | 2,449   |
| Other revenues                                 | 99     | 159    | 162        | 158    | 578     | 111    | 174    | 169        | 160    | 614     | 111    | 170     |
| Total revenues                                 | 2,084  | 2,260  | 2,307      | 2,377  | 9,028   | 2,346  | 2,543  | 2,497      | 2,534  | 9,920   | 2,466  | 2,619   |
| Statistical operating data                     |        |        |            |        |         |        |        |            |        |         |        |         |
| Gross ton miles (GTMs) (millions)              | 86,667 | 89,615 | 89,517     | 92,128 | 357,927 | 92,593 | 96,886 | 96,402     | 97,873 | 383,754 | 96,301 | 100,000 |
| Revenue ton miles (RTMs) (millions)            | 46,153 | 46,683 | 46,761     | 48,156 | 187,753 | 49,049 | 50,324 | 49,999     | 52,124 | 201,496 | 50,576 | 52,000  |
| Carloads (thousands)                           | 1,146  | 1,234  | 1,261      | 1,232  | 4,873   | 1,205  | 1,286  | 1,298      | 1,270  | 5,059   | 1,231  | 1,300   |
| Route miles (includes Canada and the U.S.) (2) | 20,400 | 20,500 | 20,500     | 20,000 | 20,000  | 20,000 | 20,000 | 20,000     | 20,100 | 20,100  | 20,100 | 20,000  |
| Employees (end of period)                      | 22,692 | 23,430 | 23,441     | 23,339 | 23,339  | 23,303 | 23,667 | 23,610     | 23,430 | 23,430  | 23,624 | 23,000  |

Employees  
(average  
during  
period)

22,389 23,177 23,318 23,433 23,079 23,156 23,603 23,573 23,532 23,466 23,435 23

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 2011 and 2012 comparative statistical data and related productivity measures have been restated.

(1) Revenues by commodity groups reflect the impact of the 2014 reclassification.

(2) Rounded to the nearest hundred miles.

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## CANADIAN NATIONAL RAILWAY COMPANY

QUARTERLY FINANCIAL &amp; STATISTICAL DATA 2011 – 2013

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|   | Q1    | Q2    | 2011<br>Q3 | Q4    | Year   | Q1    | Q2    | 2012<br>Q3 | Q4    | Year   | Q1    | Q2    | 2013<br>Q3 | Q4    |
|---|-------|-------|------------|-------|--------|-------|-------|------------|-------|--------|-------|-------|------------|-------|
| Productivity                                      |       |       |            |       |        |       |       |            |       |        |       |       |            |       |
| Rail freight revenue per RTM (cents) (1)          | 4.30  | 4.50  | 4.59       | 4.61  | 4.50   | 4.56  | 4.71  | 4.66       | 4.55  | 4.62   | 4.66  | 4.73  | 4.83       | 4.83  |
| Rail freight revenue per carload (\$) (1)         | 1,732 | 1,703 | 1,701      | 1,801 | 1,734  | 1,855 | 1,842 | 1,794      | 1,869 | 1,839  | 1,913 | 1,894 | 1,890      | 1,890 |
| Operating expenses per GTM (cents)                | 1.66  | 1.55  | 1.53       | 1.67  | 1.60   | 1.68  | 1.61  | 1.57       | 1.65  | 1.62   | 1.75  | 1.60  | 1.61       | 1.61  |
| Labor and fringe benefits expense per GTM (cents) | 0.55  | 0.48  | 0.44       | 0.55  | 0.51   | 0.55  | 0.52  | 0.49       | 0.47  | 0.51   | 0.59  | 0.49  | 0.52       | 0.52  |
| GTMs per average number of employees (thousands)  | 3,871 | 3,867 | 3,839      | 3,932 | 15,509 | 3,999 | 4,105 | 4,090      | 4,159 | 16,354 | 4,109 | 4,244 | 4,223      | 4,223 |
| Diesel fuel consumed (US gallons in millions)     | 92.9  | 91.3  | 89.2       | 94.3  | 367.7  | 96.9  | 97.4  | 94.5       | 99.9  | 388.7  | 101.7 | 103.5 | 96.8       | 96.8  |
| Average fuel price (\$/US gallon)                 | 3.20  | 3.42  | 3.37       | 3.55  | 3.39   | 3.54  | 3.41  | 3.40       | 3.53  | 3.47   | 3.61  | 3.43  | 3.52       | 3.52  |
| GTMs per US gallon of fuel consumed               | 933   | 982   | 1,004      | 977   | 973    | 956   | 995   | 1,020      | 980   | 987    | 947   | 981   | 1,036      | 1,036 |
| Safety indicators                                 |       |       |            |       |        |       |       |            |       |        |       |       |            |       |
| Injury frequency                                  | 1.44  | 1.71  | 1.73       | 1.32  | 1.55   | 1.34  | 1.46  | 1.40       | 1.48  | 1.42   | 1.41  | 1.43  | 1.67       | 1.67  |



rate  
 (per  
 200,000  
 person  
 hours) (2)  
 Accident  
 rate (per  
 million train  
 miles) (2)

|      |      |      |      |      |      |      |      |      |      |      |      |      |   |
|------|------|------|------|------|------|------|------|------|------|------|------|------|---|
| 2.28 | 2.44 | 2.33 | 1.96 | 2.25 | 2.17 | 2.19 | 2.30 | 1.77 | 2.10 | 2.12 | 2.10 | 1.31 | 2 |
|------|------|------|------|------|------|------|------|------|------|------|------|------|---|

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 2011 and 2012 comparative statistical data and related productivity measures have been restated.

(1) Revenues by commodity groups reflect the impact of the 2014 reclassification.

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

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

Management believes that Adjusted net income and Adjusted diluted 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 the adjusted measures do not, however, imply that such items are necessarily non-recurring.

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. A reconciliation of the differences between these non-GAAP measures and their comparable financial measures calculated in accordance with U.S. GAAP are provided herein.

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. Free cash flow numbers for prior years have been restated for purposes of comparability.

Adjusted performance measures

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

|                            | 2010     |                 | 2011     |                 |            |          |
|----------------------------|----------|-----------------|----------|-----------------|------------|----------|
|                            | Reported | Adjustments (1) | Reported | Adjustments (1) |            |          |
| 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               | 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 | \$ 2.24  | \$ (0.14 )      | \$ 2.10  | \$ 2.70         | \$ (0.29 ) | \$ 2.41  |

(1) Adjusted to exclude a gain on sale of the Oakville subdivision, together with the rail fixtures and certain passenger agreements, of \$152 million, or \$131 million after-tax (\$0.14 per diluted share).

- (2) Adjusted to 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); 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); 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.

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## CANADIAN NATIONAL RAILWAY COMPANY

RECONCILIATION OF NON-GAAP MEASURES 2010 – 2013

continued from page 15

## Adjusted performance measures

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

|                            | 2012     |             |          | 2013      |             |           |
|----------------------------|----------|-------------|----------|-----------|-------------|-----------|
|                            | Reported | Adjustments | Adjusted | Reported  | Adjustments | Adjusted  |
| Revenues                   | \$ 9,920 | –           | \$ 9,920 | \$ 10,575 | –           | \$ 10,575 |
| Operating expenses         | 6,235    | –           | 6,235    | 6,702     | –           | 6,702     |
| Operating income           | 3,685    | –           | 3,685    | 3,873     | –           | 3,873     |
| Interest expense           | (342 )   | –           | (342 )   | (357 )    | –           | (357 )    |
| Other income               | 315      | (281 )      | 34       | 73        | (69 )       | 4         |
| Income before income taxes | 3,658    | (281 )      | 3,377    | 3,589     | (69 )       | 3,520     |
| Income tax expense         | (978 )   | 57          | (921 )   | (977 )    | 39          | (938 )    |
| Net income                 | \$ 2,680 | \$ (224 )   | \$ 2,456 | \$ 2,612  | \$ (30 )    | \$ 2,582  |
| Operating ratio            | 62.9 %   |             | 62.9 %   | 63.4 %    |             | 63.4 %    |
| Diluted earnings per share | \$ 3.06  | \$ (0.25 )  | \$ 2.81  | \$ 3.09   | \$ (0.03 )  | \$ 3.06   |

- (1) 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 (\$0.28 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.
- (2) Adjusted to exclude 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); 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 an income tax expense of \$24 million (\$0.03 per diluted share) resulting from the enactment of higher provincial corporate income tax rates.

**CANADIAN NATIONAL RAILWAY COMPANY**

## RECONCILIATION OF NON-GAAP MEASURES 2010 – 2013

## Free cash flow

| \$ in millions                                 | 2010     | 2011     | 2012     | 2013     |
|--|----------|----------|----------|----------|
| Net cash provided by operating activities      | \$ 2,999 | \$ 2,976 | \$ 3,060 | \$ 3,548 |
| Net cash used in investing activities          | (1,383 ) | (1,729 ) | (1,421 ) | (1,852 ) |
| Net cash provided before financing activities  | \$ 1,616 | \$ 1,247 | \$ 1,639 | \$ 1,696 |
| Adjustment:                                    |          |          |          |          |
| Change in restricted cash and cash equivalents | –        | 499      | 22       | (73 )    |
| Free cash flow                                 | \$ 1,616 | \$ 1,746 | \$ 1,661 | \$ 1,623 |

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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: June 25, 2014

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

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