



UPDATE



# ACCELERATING

SUSTAINABLE, PROFITABLE GROWTH

2024

INVESTOR FACT BOOK

## MOVING FORWARD TOGETHER

CN powers the economy by safely transporting more than 300 million tons of natural resources, manufactured products, and finished goods throughout North America every year for its customers. With its 18,800-mile rail network and related transportation services, CN connects Canada's Eastern and Western coasts with the U.S. Midwest and the Gulf of Mexico, contributing to sustainable trade and the prosperity of the communities in which it operates since 1919.

As used herein, "Company" or "CN" refers to Canadian National Railway Company and, as the context requires, its wholly owned subsidiaries.

### FORWARD-LOOKING STATEMENTS

Certain statements included in the CN 2024 Investor Fact Book Update constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities laws, including statements based on management's assessment and assumptions and publicly available information with respect to CN. This forward-looking information also includes, but is not limited to, statements with respect to CN's operations, business and revenue growth opportunities, including those referring to general economic and business conditions; and statements relating to our environmental, social and governance (ESG) strategies and targets, including our climate goals and sustainability commitments. By their nature, forward-looking statements involve risks, uncertainties and assumptions. CN 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. Forward-looking statements may be identified by the use of terminology such as "believes," "expects," "anticipates," "assumes," "outlook," "plans," "targets" or other similar words.

**2024-2026 Key Assumptions:** CN has made a number of economic and market assumptions in preparing its three-year financial perspective. CN assumes that the North American industrial production will increase by at least two percent CAGR over the 2024 to 2026 period. CN assumes continued pricing above rail inflation. CN assumes that the value of the Canadian dollar in U.S. currency will be approximately \$0.75 and that the average price of crude oil (West Texas Intermediate) will be approximately US\$80 per barrel during this period.

Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors, which may cause actual results, performance or achievements of CN to be materially different from the outlook or any future results, performance or achievements implied by such statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements. Important risk factors that could affect the forward-looking statements include, but are not limited to, general economic and business conditions including factors impacting global supply chains such as pandemics and geopolitical conflicts and tensions; the business opportunities referred to in the 2024 Investor Fact Book Update not fully materializing; 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; increases in maintenance and operating costs; security threats; reliance on technology and related cybersecurity risk; trade restrictions or other changes to international trade arrangements; transportation of hazardous materials; various events that could disrupt operations, including illegal blockades of rail networks and natural events such as severe weather, droughts, fires, floods and earthquakes; climate change; labor negotiations and disruptions; environmental claims; uncertainties of investigations, proceedings and other types of claims and litigation; risks and liabilities arising from derailments; timing and completion of capital programs; the availability of and cost competitiveness of renewable fuels and the development of new locomotive propulsion technology; reputational risks; supplier concentration; pension funding requirements and volatility; and other risks detailed from time to time in reports filed by CN with securities regulators in Canada and the United States. Reference should also 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 and available on CN's website ([www.cn.ca](http://www.cn.ca)) for a description of major risk factors relating to CN.

Forward-looking statements reflect information as of the date on which they are made. 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 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. Information contained on, or accessible through, our website is not incorporated by reference into the 2024 Investor Fact Book Update.

### TICKER SYMBOLS

CNR: Toronto Stock Exchange  
CNI: New York Stock Exchange

Except where otherwise indicated, all financial information reflected in this document is presented as at December 31, 2023 or for the applicable year ended on December 31, and is expressed in Canadian dollars and determined on the basis of United States generally accepted accounting principles (GAAP).

### PICTURED:

(ABOVE): Snaring, AB. Photo by CN Employee **Tim Stevens**

(COVER): **Alexis Vezina**, Conductor, Joffre, QC  
**Chyle Christie**, Mechanical Supervisor, Edmonton, AB

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### LEARN MORE



This **2024 Investor Fact Book Update** includes updated financial and statistical data and supplements the 2023 complete edition, which is published biennially and contains additional information about CN's business, strategy, markets, and operations. It is available at: [www.cn.ca/investors/reports-and-archives](http://www.cn.ca/investors/reports-and-archives).

# DELIVERING VALUE FOR OUR SHAREHOLDERS

## 2023 Highlights

TOTAL REVENUES

**\$16.8B**

DILUTED EARNINGS PER SHARE (EPS)

**\$8.53**

ADJUSTED DILUTED EPS<sup>(1)</sup>

**\$7.28**

FREE CASH FLOW<sup>(1)</sup>

**\$3.9B**

OPERATING RATIO<sup>(2)</sup>

**60.8%**

ADJUSTED RETURN ON INVESTED CAPITAL (ROIC)<sup>(1)</sup>

**14.5%**

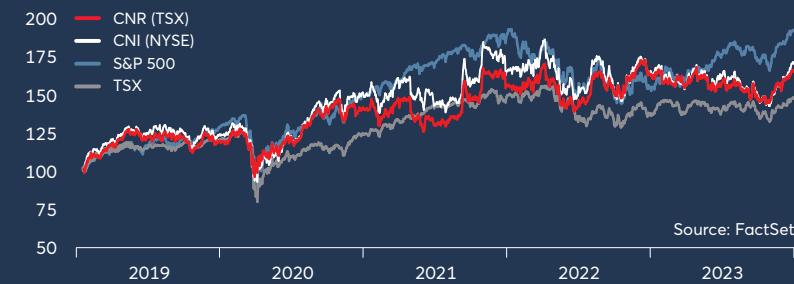
**65%**

TOTAL SHARE PRICE RETURN SINCE JANUARY 2019

CN's share price on the TSX (CNR) has increased at a compound annual growth rate (CAGR) of 13% over the last five years.

CN'S STOCK PERFORMANCE (2019-2023)\*

(Index: Closing price on December 31, 2018 = 100)

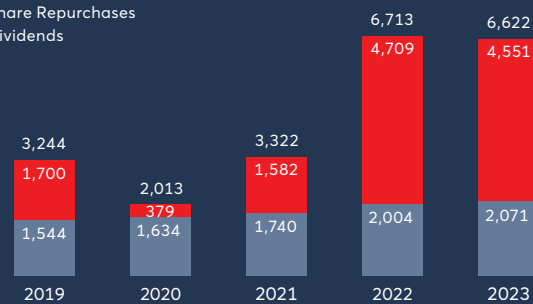


\* Data extracted on December 31, 2023

SHAREHOLDER DISTRIBUTION

(\$ millions)

■ Share Repurchases  
■ Dividends



**\$22B**

RETURNED TO SHAREHOLDERS OVER THE LAST FIVE YEARS

CN's strong financial position allowed us to return \$6.6 billion to our shareholders in 2023. With an 8% increase in 2023, we have raised our dividend every year since our IPO in 1995 at an average CAGR of 10% since 2019.

(1) 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. See section entitled Non-GAAP Measures for an explanation of these non-GAAP measures.

(2) Operating ratio is defined as operating expenses as a percentage of revenues.



PICTURED:

CN's high-capacity grain cars move through Fitzwilliam, BC, to market. Photo by CN Employee Tim Stevens

# COMPETITIVE STRENGTHS

## A FAR-REACHING AND DIVERSIFIED BUSINESS

CN is an engine of North American economic growth and prosperity. We deliver reliable, efficient and cost-effective transportation services with a focus on service, productivity and safety. CN's role as a key participant in end-to-end supply chains aims to generate long-term, profitable growth.

### Advantaged Network

CN spans the continent, reaching from coast to coast to coast. Our network was built through key acquisitions across Canada and in the U.S., and includes the former Elgin, Joliet and Eastern Railway (EJ&E) that provides our fluidity advantage around Chicago. CN's exceptional footprint provides our customers with optionality that is of increasing importance in a world of emerging and shifting trade patterns.

### Scheduled Railroad

CN's focus on scheduled railroading benefits customers and shareholders alike. Disciplined adherence to our operating plan allows us to optimize capacity and drive car velocity and fluidity across the network. This helps us meet our customers' expectations, unlock additional capacity, and helps position us for sustainable, profitable growth.

### Robust Balance Sheet

CN aims to generate sustainable value for our shareholders. Our first use of cash is to reinvest in the business to help ensure the safety and efficiency of our network and to enable growth. Second, we are focused on maintaining a strong balance sheet with the aim of keeping a stable investor grade and credit rating to facilitate liquidity in the event of an economic downturn. CN also returns value to shareholders through dividends and share repurchases.

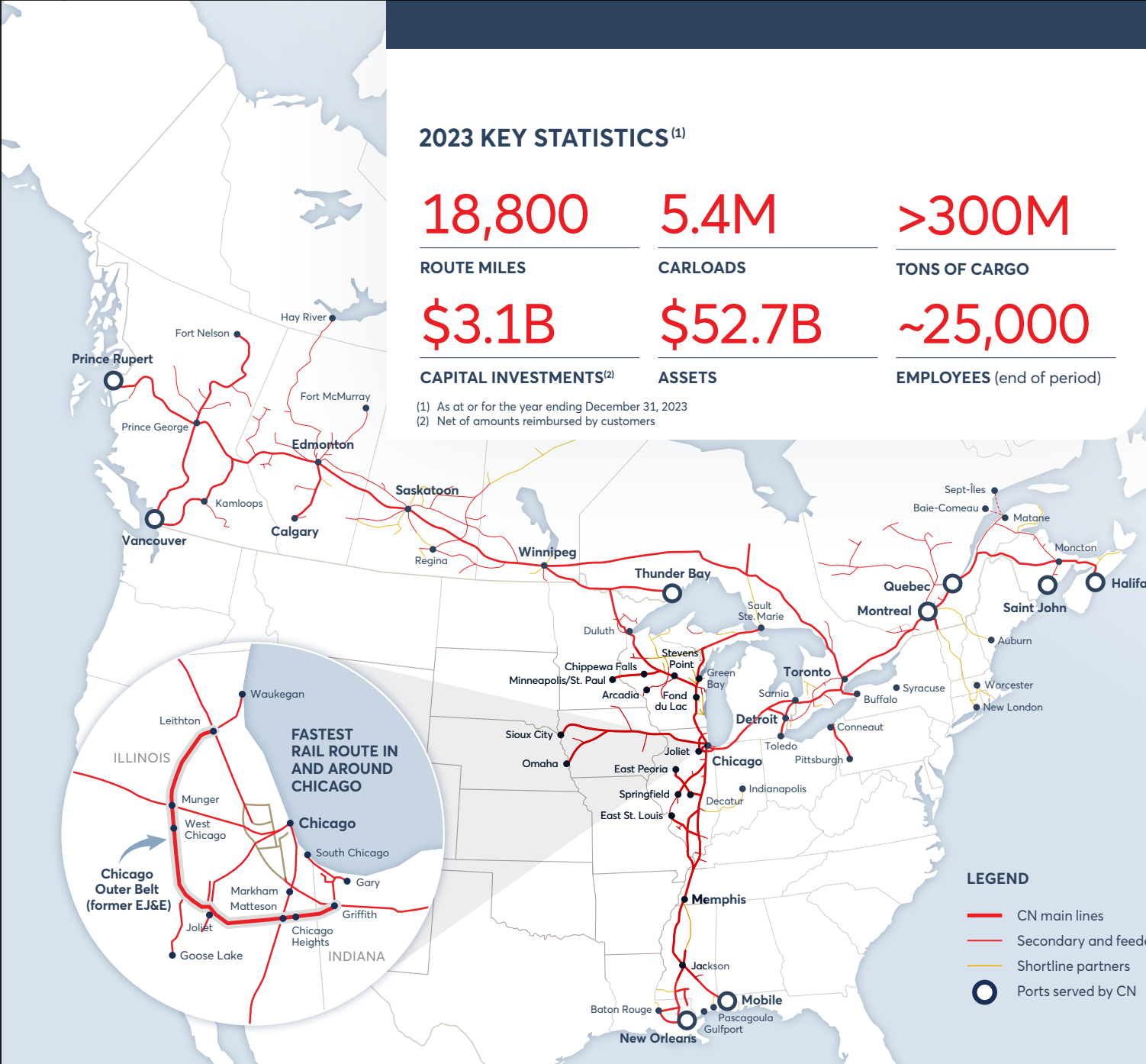
### Strong Team of Railroaders

Our team of talented and dedicated railroaders is a key strength of our Company. We are evolving our workplace culture to be more modern, innovative, inclusive and reflective of the future we want for our Company. We are investing in the development of our people, attracting the right talent, and empowering them to act in line with our values and strategic priorities.

## 2023 KEY STATISTICS <sup>(1)</sup>

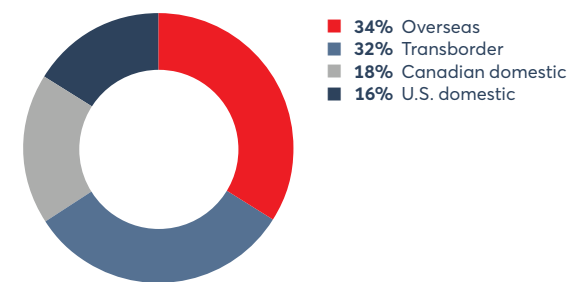
<b>18,800</b>	<b>5.4M</b>	<b>&gt;300M</b>
ROUTE MILES	CARLOADS	TONS OF CARGO
<b>\$3.1B</b>	<b>\$52.7B</b>	<b>~25,000</b>
CAPITAL INVESTMENTS <sup>(2)</sup>	ASSETS	EMPLOYEES (end of period)

(1) As at or for the year ending December 31, 2023  
(2) Net of amounts reimbursed by customers



## Broad Geographic Exposure

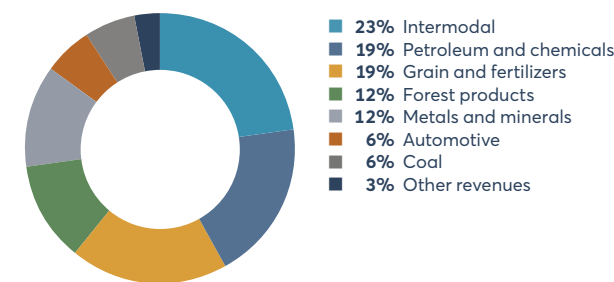
2023 REVENUES BY GEOGRAPHIC FLOW  
(% of freight revenues)



CN's freight revenues are derived from seven main commodity groups representing a diversified and balanced portfolio of goods transported between a wide range of origins and destinations. This product and geographic diversity better position the Company to face economic fluctuations and enhance its potential for growth opportunities.

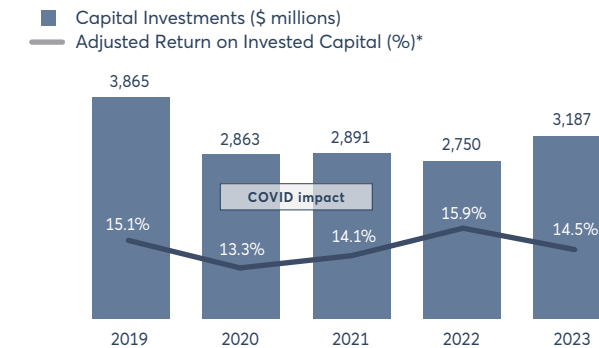
## Balanced and Diverse Portfolio

2023 REVENUES BY COMMODITY GROUP  
(% of total revenues)



## Disciplined Capital Investment

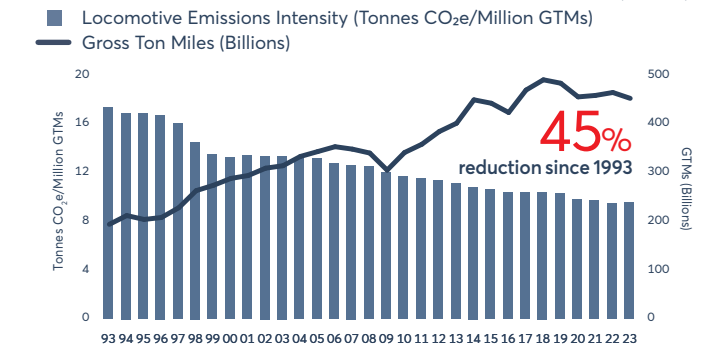
CAPITAL INVESTMENTS VS. ADJUSTED ROIC



CN has a strong track record of capital investment. Over the past five years we have invested over \$15.5 billion to improve network safety and fluidity and enable growth.

## Decoupling Carbon Emissions from Growth

CARBON EMISSIONS INTENSITY VS. GROSS TON MILES (GTM's)



Since 1993, CN has reduced locomotive emissions intensity by 45%, while continuing to grow our volumes and consuming approximately 15% less fuel per gross ton mile than the industry average.

# DEMONSTRATING THE POWER OF OUR PLAN

## CN'S SCHEDULED OPERATING MODEL

Our disciplined approach to scheduled railroading — *“Make the Plan, Run the Plan, Sell the Plan”* — is driving velocity and fluidity across the network, helping us to meet the expectations of our customers and creating the winning conditions for sustainable, profitable growth.

Everyone understands their role in the Plan. Network Operations makes a plan that optimizes volumes for the entire rail network, and Field Operations runs that plan. Together, they monitor the Plan's effectiveness and make any necessary adjustments to meet our customers' needs while ensuring the safety and efficiency of our operations. Our Commercial team sells to our available capacity, which ensures we are aligned with our ability to deliver, and works with the Network Operations team to ensure future capacity expansions are timed to support growth.

### PERFORMANCE (2023 vs. 2022)

+9%

**CAR VELOCITY**  
213 miles per day (average)

-8%

**THROUGH DWELL**  
7.0 hours across all yards

-17%

**TRAIN ACCIDENT RATE<sup>(1)</sup>**  
1.74 per million train miles

-13%

**PERSONAL INJURY RATE<sup>(1)</sup>**  
0.96 per 200,000 person-hours

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

Jeff Anderson, Rail Traffic Controller, Homewood, IL, coordinates safe and efficient train traffic across our network.

### > Make the Plan

#### NETWORK OPERATIONS:

- > Analyzing network volumes to create an optimal train plan that meets customer demand.
- > Assessing train movements, volumes, and performance to adapt to fluctuations ensures network resiliency.
- > Optimizing assets such as crews, locomotives, rolling stock, and rail infrastructure to maximize capacity.
- > Collaborating with Mechanical and Engineering teams to coordinate projects while maintaining network fluidity.

### > Run the Plan

#### FIELD OPERATIONS:

- > Ensuring consistent execution of the Plan in the field, focusing on safety, train speed, and dwell time.
- > Monitoring that trains depart on time and make their scheduled connections with the correct blocks of cars.
- > Improving asset velocity, ensuring power and crew utilization, and driving consistent execution in the field.
- > Working with Network Operations to identify and resolve network-level issues and continuously refining the Plan.

Cory Klashinsky, Watchman/Engine Hostler, keeping trains on schedule at Chappell Yard in Saskatoon, SK.

### > Sell the Plan

#### COMMERCIAL TEAM:

- > Aligning sales with our available capacity to deliver.
- > Collaborating with customers to determine the best investments to expand our network and build capabilities.
- > Analyzing customer trade flows and growth plans to expand capacity, onboard new business, and grow the business.

CN's Commercial teams engage with customers at their operations to understand their business cycles, trade flows and growth plans.

# FINANCIAL AND OPERATING MEASURES

## Financial Measures

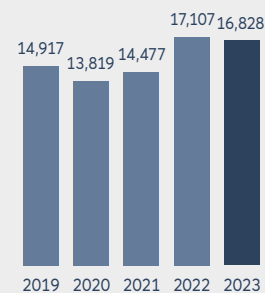
	2019	2020	2021	2022	2023 <sup>(1)</sup>
<b>KEY FINANCIAL PERFORMANCE INDICATORS</b>					
Total revenues (\$ millions)	14,917	13,819	14,477	17,107	16,828
Freight revenues (\$ millions)	14,198	13,218	13,888	16,569	16,236
Operating income (\$ millions)	5,593	4,777	5,616	6,840	6,597
Adjusted operating income (\$ millions) <sup>(2)</sup>	5,708	5,263	5,622	6,862	6,597
Net income (\$ millions)	4,198	3,545	4,899	5,118	5,625
Adjusted net income (\$ millions) <sup>(2)</sup>	4,171	3,767	4,225	5,134	4,800
Diluted earnings per share (\$)	5.81	4.97	6.90	7.44	8.53
Adjusted diluted earnings per share (\$) <sup>(2)</sup>	5.78	5.28	5.95	7.46	7.28
Free cash flow (\$ millions) <sup>(2)</sup>	1,992	3,227	3,296	4,259	3,887
Gross property additions (\$ millions)	4,079	2,863	2,897	2,757	3,217
Share repurchases (\$ millions)	1,700	379	1,582	4,709	4,551
Dividends per share (\$)	2.15	2.30	2.46	2.93	3.16
<b>FINANCIAL POSITION</b>					
Total assets (\$ millions)	43,784	44,804	48,538	50,662	52,666
Total liabilities (\$ millions)	25,743	25,153	25,794	29,278	32,549
Shareholders' equity (\$ millions)	18,041	19,651	22,744	21,384	20,117
<b>FINANCIAL RATIOS</b>					
Operating ratio (%)	62.5	65.4	61.2	60.0	60.8
Adjusted operating ratio (%) <sup>(2)</sup>	61.7	61.9	61.2	59.9	60.8
Adjusted debt-to-adjusted EBITDA multiple (times) <sup>(2)</sup>	2.01	1.98	1.82	1.86	2.25
Return on invested capital (ROIC) (%) <sup>(2)</sup>	15.2	12.7	16.4	15.8	16.8
Adjusted ROIC (%) <sup>(2)</sup>	15.1	13.3	14.1	15.9	14.5

(1) Financial data for full years ending on December 31.

(2) 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. See section entitled Non-GAAP Measures for an explanation of these non-GAAP measures.

## Financial Highlights

### TOTAL REVENUES (\$ millions)

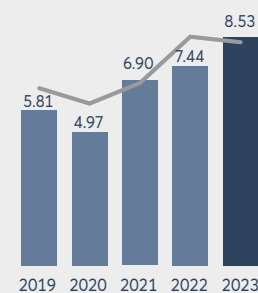


CAGR (2023 VS. 2019)

**+3.1%**

### DILUTED EARNINGS PER SHARE (\$)

Adjusted Diluted Earnings Per Share<sup>(2)</sup>

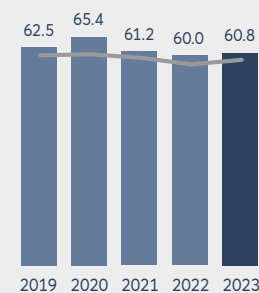


CAGR (2023 VS. 2019)

**+10.1%**

### OPERATING RATIO (%)

Adjusted Operating Ratio<sup>(2)</sup>



VARIANCE (2023 VS. 2019)

**-170 BPS** (Favourable)

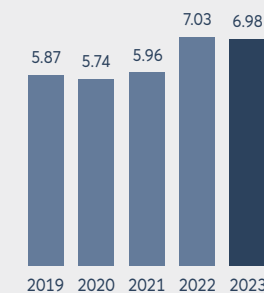
## Operating Measures<sup>(3)</sup>

	2019	2020	2021	2022	2023
<b>STATISTICAL OPERATING DATA</b>					
Gross ton miles (GTMs) (billions)	482.9	455.4	458.4	463.7	452.0
Revenue ton miles (RTMs) (billions)	242.0	230.4	233.1	235.8	232.6
Carloads (thousands)	5,912	5,595	5,701	5,697	5,436
Route miles (includes Canada and the U.S.)	19,500	19,500	19,500	18,600	18,800
Employees (end of period)	25,975	24,381	22,604	23,971	24,987
Employees (average for the period)	26,733	23,786	24,084	23,396	24,920
<b>KEY OPERATING MEASURES</b>					
Freight revenue per RTM (cents)	5.87	5.74	5.96	7.03	6.98
Freight revenue per carload (\$)	2,402	2,362	2,436	2,908	2,987
GTMs per average number of employees (thousands)	18,063	19,144	19,033	19,820	18,140
Operating expenses per GTM (cents)	1.93	1.99	1.93	2.21	2.26
Labor and fringe benefits expense per GTM (cents)	0.61	0.60	0.63	0.63	0.70
Diesel fuel consumed (US gallons in millions)	451.4	407.5	405.2	402.2	395.2
Average fuel price (\$/US gallon)	3.17	2.42	3.28	5.42	4.62
Fuel efficiency (US gallons of locomotive fuel consumed per 1,000 GTMs)	0.935	0.895	0.884	0.867	0.874
<b>OPERATING METRICS</b>					
Car velocity (car miles per day)	194	185	195	196	213
Locomotive utilization (trailing GTMs per total horsepower)	198	196	198	197	191
Train weight (tons)	9,125	9,501	9,658	9,324	9,186
Train length (feet)	8,232	8,572	8,559	8,160	7,891
Through dwell (entire railroad, hours)	7.9	8.6	7.9	7.6	7.0
Through network train speed (miles per hour)	18.5	18.5	19.2	18.9	19.8
<b>CN ROLLING STOCK</b>					
Diesel locomotives (end of period)	2,398	2,382	2,302	2,351	2,300
Freight cars (end of period)	64,607	62,857	56,730	56,469	54,155

(3) Statistical operating data, key operating measures, operating metrics 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. Definitions of these indicators are provided on our website, [www.cn.ca/glossary](http://www.cn.ca/glossary).

## Operational Highlights

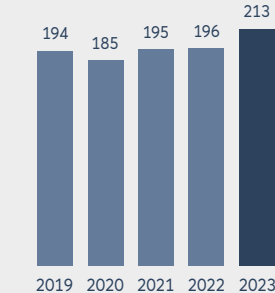
### FREIGHT REVENUE PER RTM (cents)



CAGR (2023 VS. 2019)

**+4.4%**

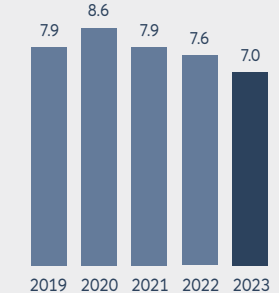
### CAR VELOCITY (car miles per day)



CAGR (2023 VS. 2019)

**+2.4%**

### THROUGH DWELL (entire railroad, hours)



CAGR (2023 VS. 2019)

**-3.0%** (Favourable)

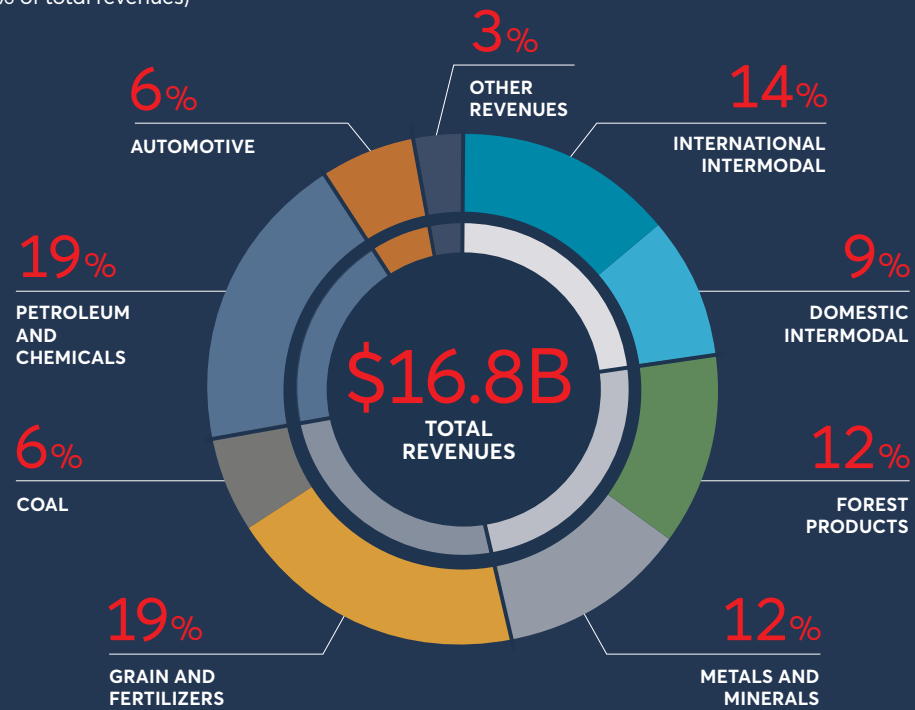
# MARKET OVERVIEW

## GROWING TOGETHER WITH OUR CUSTOMERS

Meeting our customers' needs is at the heart of our drive for operational excellence. Excluding other revenue, CN's freight revenues are derived from seven main commodity groups representing a balanced and diversified portfolio of 180 product types. This diversity helps position CN to better weather economic fluctuations and enhances our potential for growth. All our business units collaborate with their customers and supply chain partners to understand their market cycles and anticipate future demand to unlock long-term, profitable growth.

### > A Diversified Portfolio Helps Well-Position Us for Growth

2023 REVENUES BY COMMODITY GROUP  
(% of total revenues)



■ Intermodal (23%) ■ Bulk Products (25%) ■ Automotive (6%)  
■ Industrial Products (24%) ■ Petroleum and Chemicals (19%) ■ Other (3%)

10,000+

ORIGIN-DESTINATION PAIRS

Over 85%

OF TRAFFIC ORIGINATES ON CN'S NETWORK AND OVER 65% ORIGINATES AND TERMINATES ON CN'S NETWORK

7 major ports

SERVED ACROSS NORTH AMERICA

## Performance Summary

	REVENUES \$ millions						CARLOADS thousands					
	2019	2020	2021	2022	2023	% Change <sup>(1)</sup>	2019	2020	2021	2022	2023	% Change <sup>(1)</sup>
Petroleum and chemicals	3,052	2,631	2,816	3,229	3,195	(1%)	688	597	596	636	634	0%
Metals and minerals	1,643	1,409	1,548	1,911	2,048	7%	1,008	935	969	956	1,002	5%
Forest products	1,808	1,700	1,740	2,006	1,943	(3%)	375	342	339	330	309	(6%)
Coal	658	527	618	937	1,017	9%	335	289	379	503	511	2%
Grain and fertilizers	2,392	2,609	2,475	2,783	3,265	17%	619	663	628	614	670	9%
Intermodal	3,787	3,751	4,115	4,906	3,823	(22%)	2,618	2,582	2,611	2,450	2,078	(15%)
Automotive	858	591	576	797	945	19%	269	187	179	208	232	12%
<b>Total rail freight</b>	<b>14,198</b>	<b>13,218</b>	<b>13,888</b>	<b>16,569</b>	<b>16,236</b>	<b>(2%)</b>	<b>5,912</b>	<b>5,595</b>	<b>5,701</b>	<b>5,697</b>	<b>5,436</b>	<b>(5%)</b>
Other	719	601	589	538	592	10%						
<b>Total</b>	<b>14,917</b>	<b>13,819</b>	<b>14,477</b>	<b>17,107</b>	<b>16,828</b>	<b>(2%)</b>						

	RTMs millions						FREIGHT REVENUE PER RTM cents					
	2019	2020	2021	2022	2023	% Change <sup>(1)</sup>	2019	2020	2021	2022	2023	% Change <sup>(1)</sup>
Petroleum and chemicals	53,989	43,556	42,436	46,273	43,846	(5%)	5.65	6.04	6.64	6.98	7.29	4%
Metals and minerals	25,449	21,561	26,743	27,606	28,444	3%	6.46	6.53	5.79	6.92	7.20	4%
Forest products	27,187	25,602	25,948	25,020	23,141	(8%)	6.65	6.64	6.71	8.02	8.40	5%
Coal	17,653	16,173	18,471	22,679	22,682	0%	3.73	3.26	3.35	4.13	4.48	8%
Grain and fertilizers	55,597	61,736	58,733	55,359	63,479	15%	4.30	4.23	4.21	5.03	5.14	2%
Intermodal	58,344	59,165	58,412	56,029	47,886	(15%)	6.49	6.34	7.04	8.76	7.98	(9%)
Automotive	3,735	2,597	2,395	2,822	3,136	11%	22.97	22.76	24.05	28.24	30.13	7%
<b>Total</b>	<b>241,954</b>	<b>230,390</b>	<b>233,138</b>	<b>235,788</b>	<b>232,614</b>	<b>(1%)</b>	<b>5.87</b>	<b>5.74</b>	<b>5.96</b>	<b>7.03</b>	<b>6.98</b>	<b>(1%)</b>

(1) % change from 2022 to 2023.

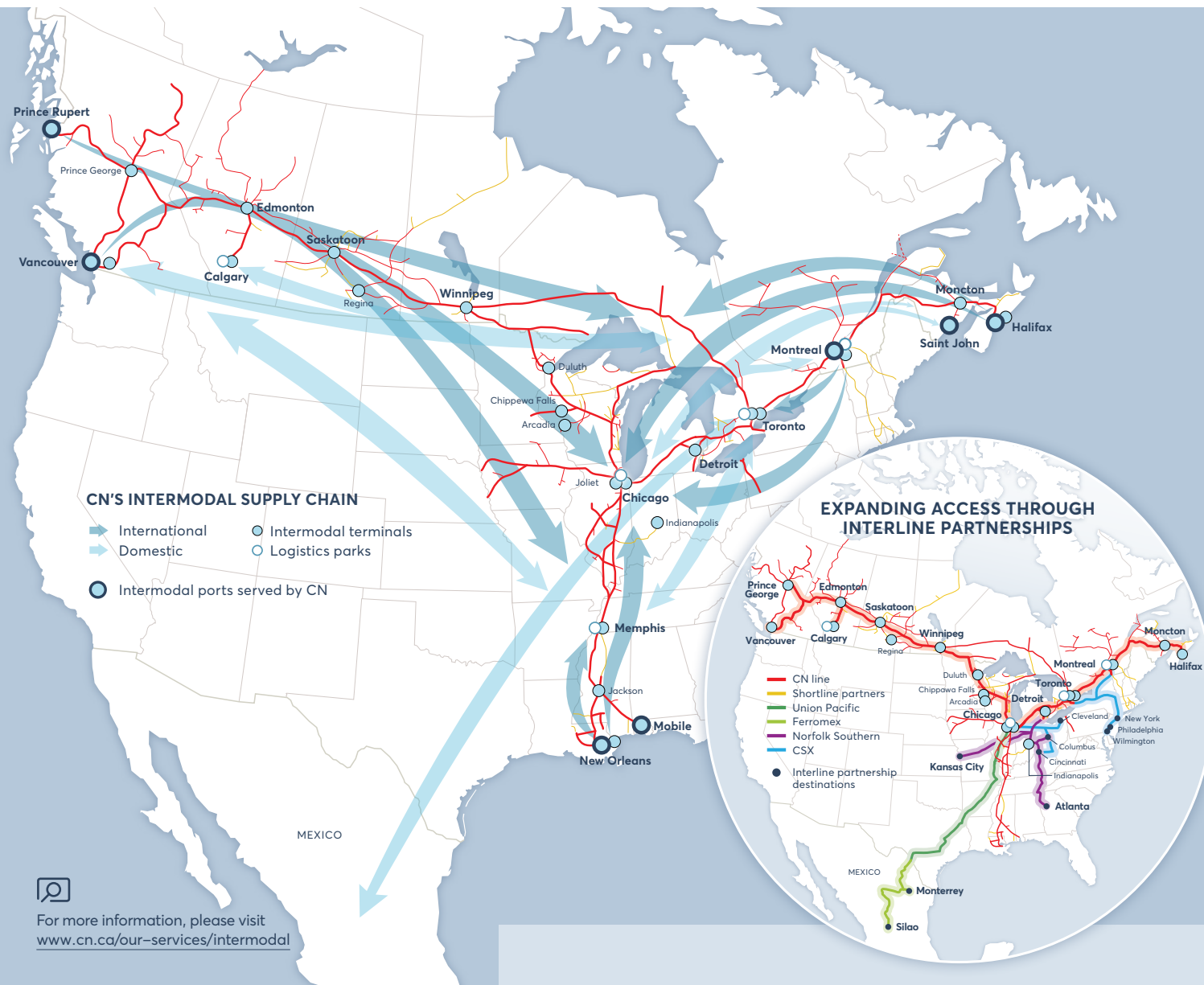
### 2023 PERFORMANCE TOTALS

<b>\$16.8B</b>	<b>5.4M</b>	<b>233B</b>	<b>6.98 cents</b>	<b>722 miles</b>
REVENUES	CARLOADS	REVENUE TON MILES (RTMs)	FREIGHT REVENUE PER RTM	AVERAGE LENGTH OF HAUL

# INTERMODAL

## GLOBAL CONNECTIVITY – MOVING GOODS ACROSS THE CONTINENT

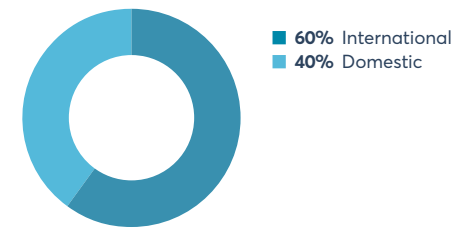
International Intermodal, one of our largest segments, handles import and export container traffic in collaboration with ocean carriers. With rail access to key exclusive ports in Prince Rupert and Halifax, alongside serving other vital ports including Vancouver, Mobile, New Orleans, and Montreal, we facilitate seamless global trade connections. Our Domestic Intermodal segment focuses on transporting consumer products and manufactured goods within and between Canada, the U.S., and Mexico.



For more information, please visit [www.cn.ca/our-services/intermodal](http://www.cn.ca/our-services/intermodal)

## BUSINESS UNIT OVERVIEW AND MARKET DRIVERS

2023 COMMODITY BREAKDOWN  
(% of revenues)



**\$3,823M**

2023 REVENUES

### KEY FACTS

- Supply chain collaboration agreements with key ports
- CargoCool®, CN's temperature-controlled transport business, has one of Canada's largest reefer fleets
- With CN-owned TransX and CNTL, one of Canada's largest trucking companies, CN provides rail and trucking services from the first mile to the last mile
- Full membership in the Equipment Management Pool (EMP)
- Dedicated customer service desk

### COMMODITIES

- INTERNATIONAL**
- Ocean-borne import and export dry and temperature-controlled containerized traffic
- DOMESTIC**
- Consumer products for large retailers
  - Raw materials, manufactured goods and consumer products for wholesale trucking and logistics clients
  - International to domestic container transload conversion options for shippers

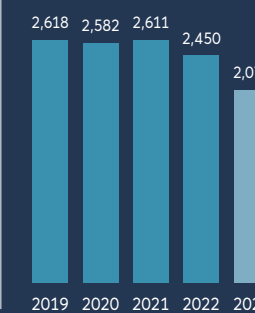
### MARKET DRIVERS

- INTERNATIONAL**
- North American economic and trade conditions
  - Global trade patterns
- DOMESTIC**
- North American economy and consumer spending
  - North American industrial production

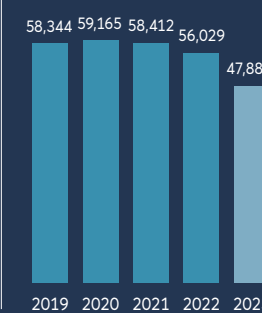
REVENUES  
(\$ millions)



CARLOADS  
(thousands)



RTMs  
(millions)



FREIGHT REVENUE PER RTM  
(cents)



CAGR (2023 vs. 2019)

+0.2%

-5.6%

-4.8%

+5.3%

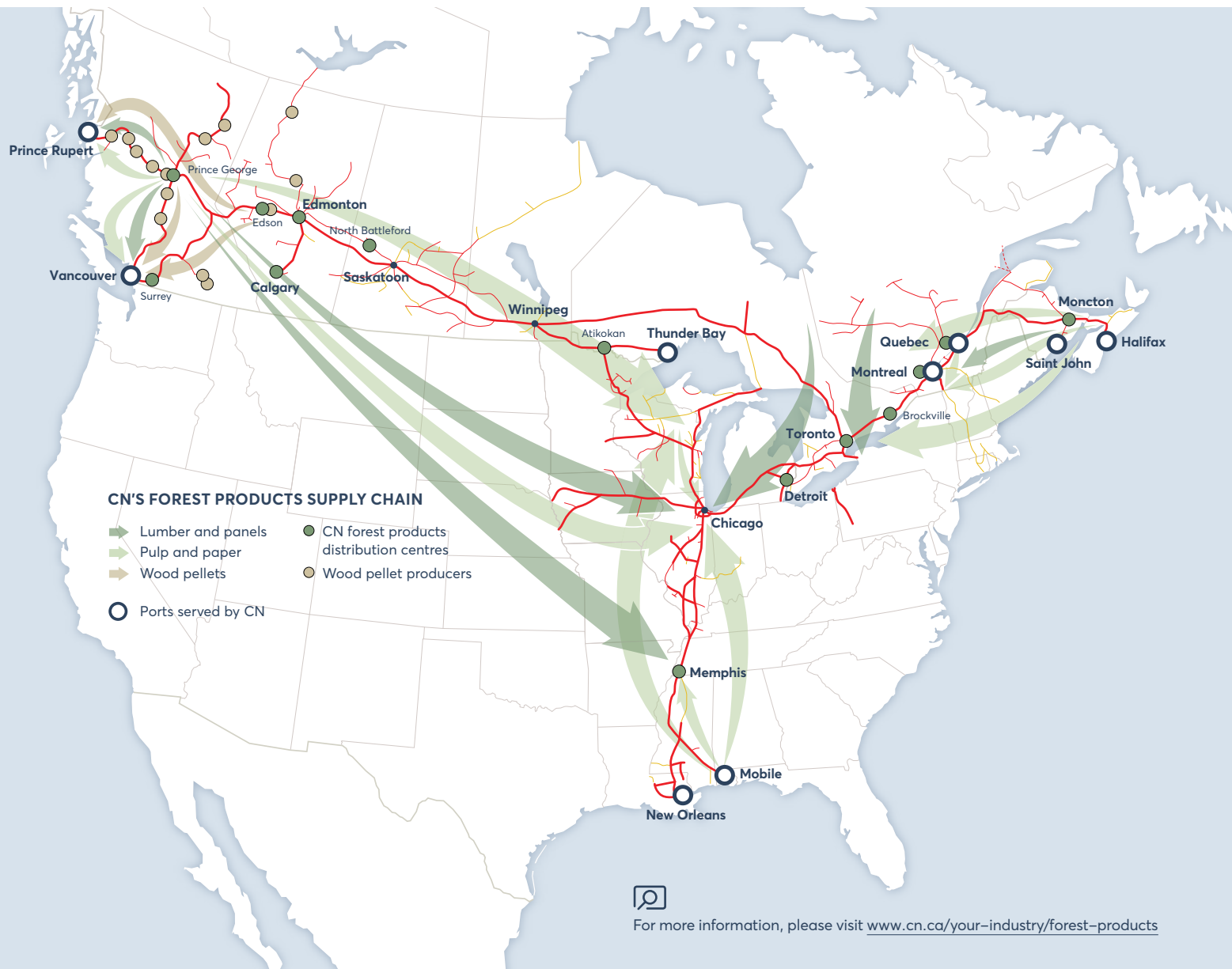
AVERAGE LENGTH OF HAUL (2023) **1,760 miles**



# FOREST PRODUCTS

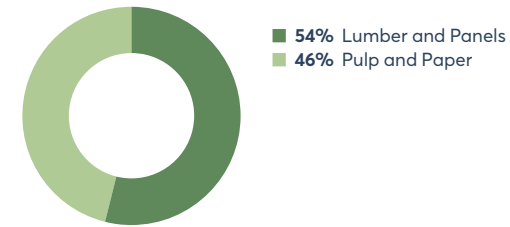
## TAPPING INTO ONE OF CANADA'S MAJOR NATURAL RESOURCES

CN operates North America's largest forest products railcar fleet with extensive access to Western and Eastern Canadian fibre-rich producing regions. It is also strategically located to serve both the Midwest and Southern U.S. corridors with interline connections to other Class I railroads. CN serves the U.S. housing market by transporting high-quality Canadian lumber, panels and siding. CN also enables customers to move forest products to offshore markets, with its direct access to West Coast ports.



## BUSINESS UNIT OVERVIEW AND MARKET DRIVERS

2023 COMMODITY BREAKDOWN  
(% of revenues)



**\$1,943M**

2023 REVENUES

### KEY FACTS

- Largest rail carrier of forest products in North America
- Upgraded fleet of approximately 20,000 premium cars, including centrebeams and box cars for lumber, panels, pulp and paper

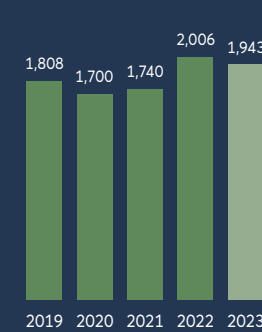
### COMMODITIES

- LUMBER AND PANELS**
- Lumber, oriented strand board (OSB) panels, plywood, siding, engineered wood products, timber mats
- PULP AND PAPER**
- Woodpulp, newsprint, printing paper, paperboard, containerboard, logs, wood chips, wood pellets

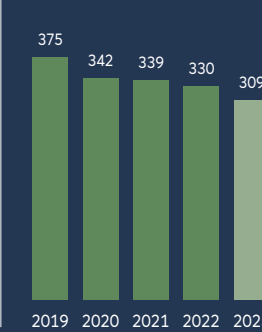
### MARKET DRIVERS

- LUMBER AND PANELS**
- Residential construction, repair and remodelling activity, industrial activity
- PULP AND PAPER**
- Global consumption of pulp, paper, tissue, packaging and coal substitution for offshore power generation requirements

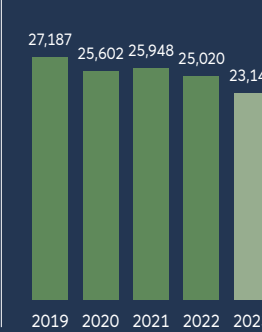
REVENUES  
(\$ millions)



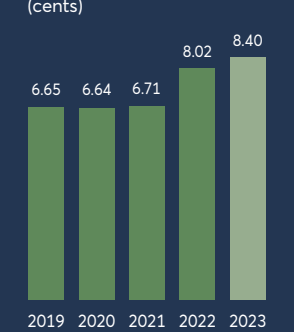
CARLOADS  
(thousands)



RTMs  
(millions)



FREIGHT REVENUE PER RTM  
(cents)



CAGR (2023 vs. 2019)

+1.8%

-4.7%

-3.9%

+6.0%

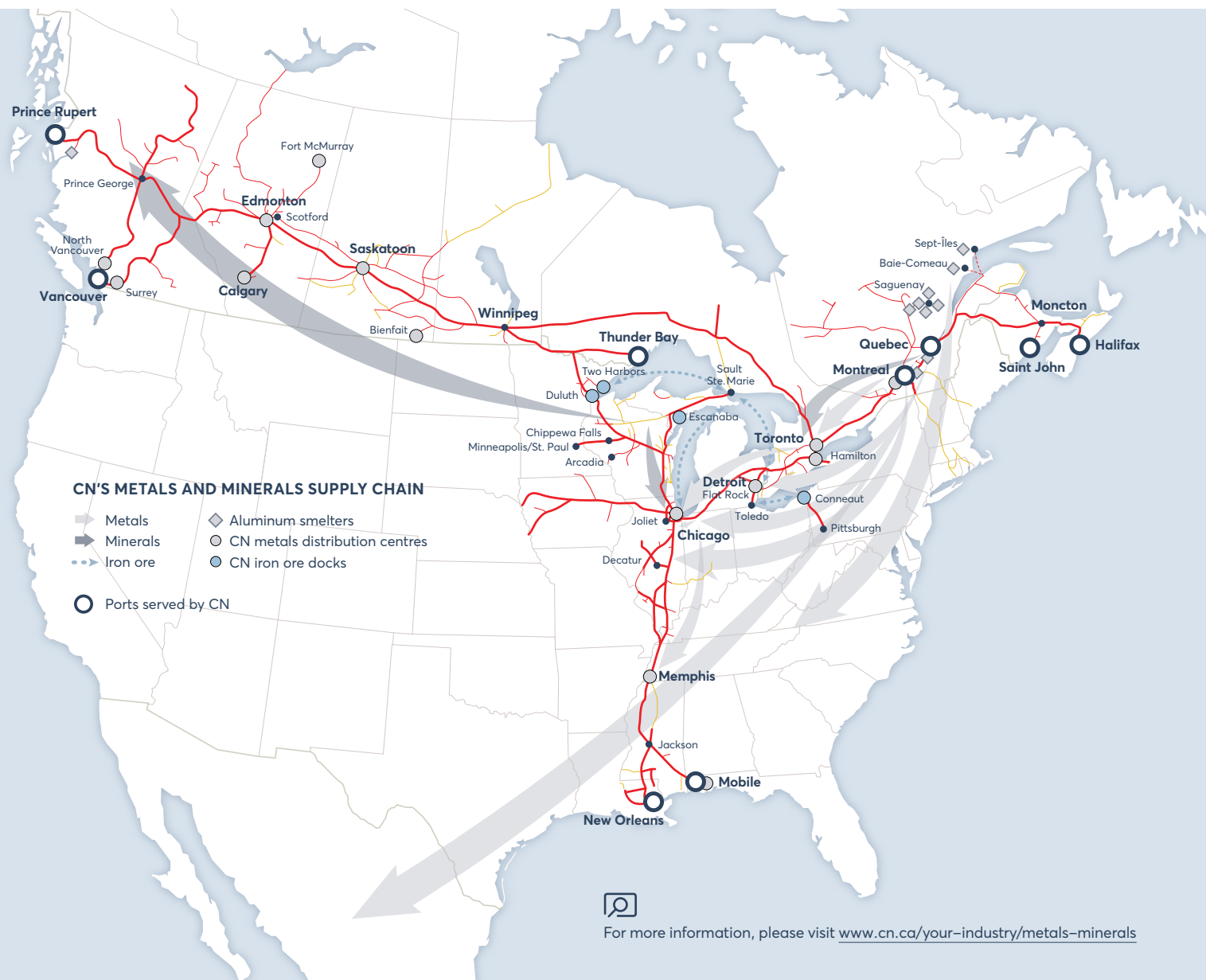
AVERAGE LENGTH OF HAUL (2023)

**854 miles**

# METALS AND MINERALS

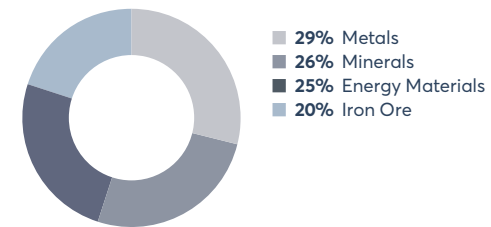
## MATCHMAKING BY CONNECTING PRODUCERS WITH END MARKETS

The Metals and Minerals commodity group consists of a wide variety of raw and semi-finished products related to steel, non-ferrous ores and base metals, construction materials, machinery, railway equipment, and dimensional (oversize) loads. Our rail access reaches deep into mining regions rich in metals, minerals, iron ore, and frac sand. With our advantaged origin franchise and our access to key important end markets, CN is one of the top movers of aluminum, iron ore and base metal ore in North America.



## BUSINESS UNIT OVERVIEW AND MARKET DRIVERS

2023 COMMODITY BREAKDOWN  
(% of revenues)



**\$2,048M**

2023 REVENUES

### KEY FACTS

- Serves 10 aluminum smelters, more than any other railroad in North America
- CN is one of the top movers of aluminum, iron ore and base metal ore in North America
- Reaches all the top shale plays in Canada, including the Western Canada Sedimentary Basin

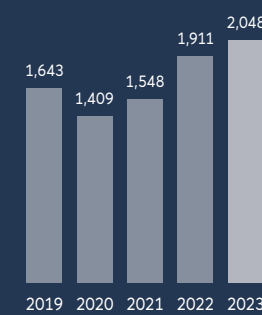
### COMMODITIES

- METALS AND MINERALS**
- Steel, non-ferrous ore and base metals such as aluminum, spodumene (raw lithium), copper, nickel, and zinc
  - Construction materials, machinery, railway equipment and large loads
- ENERGY MATERIALS**
- Frac sand and pipe

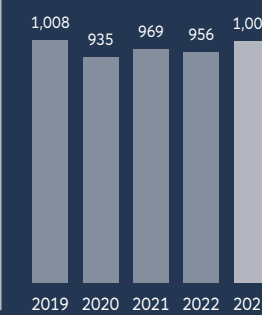
### MARKET DRIVERS

- Oil and gas production
- Manufacturing production (e.g., automobiles, railcars, heavy equipment, aerospace)
- Non-residential construction activity
- Large infrastructure projects
- World demand for ores and metals
- Consumer goods production

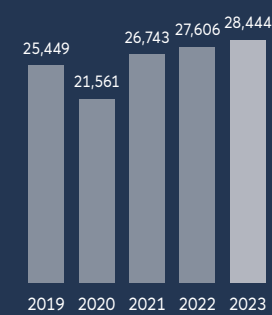
REVENUES  
(\$ millions)



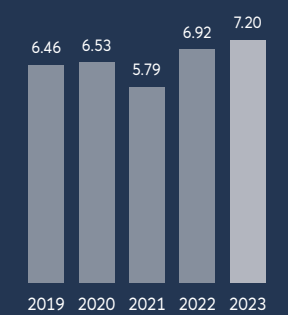
CARLOADS  
(thousands)



RTMs  
(millions)



FREIGHT REVENUE PER RTM  
(cents)



CAGR (2023 vs. 2019)

+5.7%

-0.1%

+2.8%

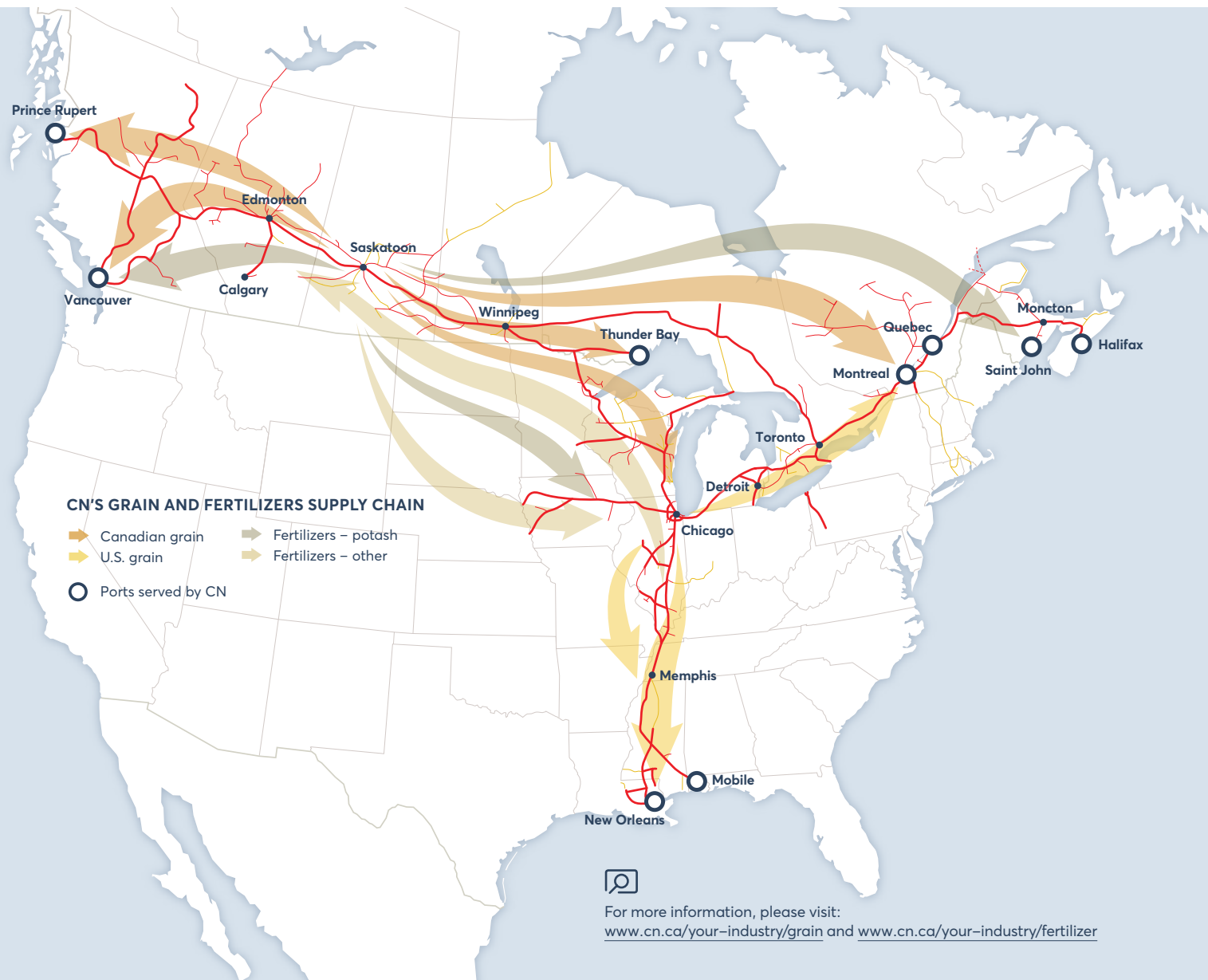
+2.7%

AVERAGE LENGTH OF HAUL (2023) **353 miles**

# GRAIN AND FERTILIZERS

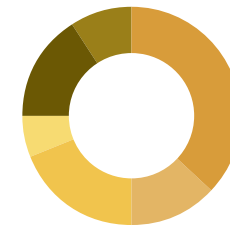
## PROVIDING THE AGRICULTURAL INDUSTRY ACCESS TO EXPORT MARKETS

The grain and fertilizers segments are driven primarily by crop and fertilizer production in Western Canada and the U.S. Midwest, the majority of which is exported via ports in Prince Rupert, Vancouver, Thunder Bay, the St. Lawrence Seaway, and the U.S. Gulf Coast. The demand for grain, being a food product, is less subject to economic cycles. Grain yields continue to be positive, driven by advancements in crop genetics and crop management practices. CN also ships a variety of fertilizers, predominantly potash for export, as well as ammonium nitrate, anhydrous ammonia, urea and other fertilizers across Canada and the U.S.



## BUSINESS UNIT OVERVIEW AND MARKET DRIVERS

2023 COMMODITY BREAKDOWN  
(% of revenues)



- 37% Canadian Grain – Regulated
- 13% Canadian Grain – Commercial
- 19% U.S. Grain – Domestic
- 6% U.S. Grain – Exports
- 16% Fertilizers – Potash
- 9% Fertilizers – Other

**\$3,265M**

2023 REVENUES

### KEY FACTS

- Canadian grain accounts for roughly 2/3 of CN's grain-related revenue
- CN moves Western Canadian grain for export via the ports of Vancouver, Prince Rupert and Thunder Bay
- Our U.S. grain footprint stretches from the Midwest to the Gulf Coast
- We transport fertilizer throughout North America and to/from ports on the Canadian West and East coasts for import/export

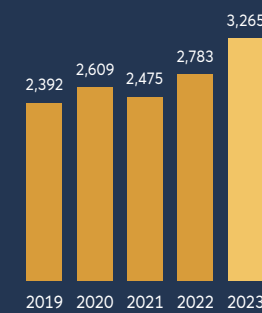
### COMMODITIES

- GRAIN**
- Wheat, canola, peas, oats, barley, corn, soybeans, ethanol, distiller's dried grains, canola and soybean meal and oil, other oils and fats, malt
- FERTILIZER**
- Potash, ammonia nitrate, urea, phosphate fertilizers, anhydrous ammonia, ammonium sulphate, liquid fertilizers

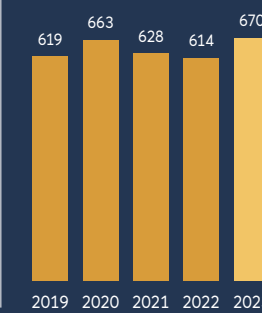
### MARKET DRIVERS

- GRAIN**
- Weather conditions, seeded and harvested acreage, mix of grain crops and crop yield, size and quality of individual crops, international market conditions, foreign government policy
- FERTILIZER**
- Input prices, demand, government policies, international competition

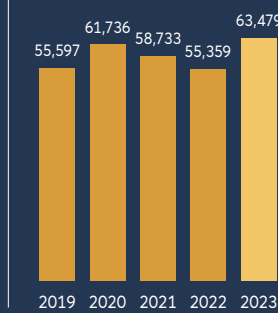
REVENUES  
(\$ millions)



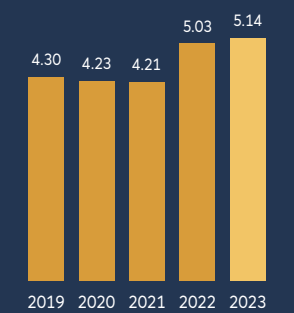
CARLOADS  
(thousands)



RTMs  
(millions)



FREIGHT REVENUE PER RTM  
(cents)



CAGR (2023 vs. 2019)

+8.1%

+2.0%

+3.4%

+4.6%

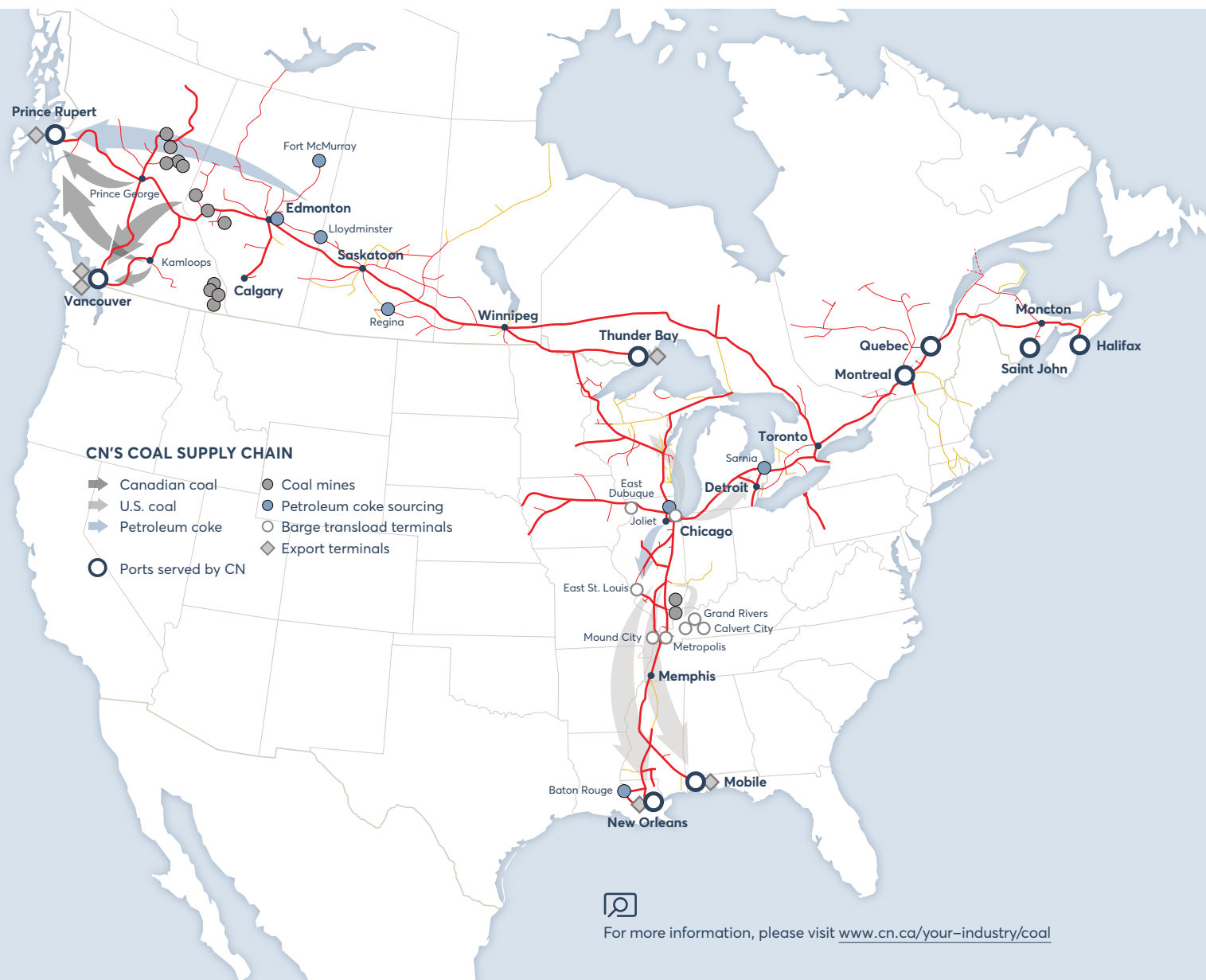
AVERAGE LENGTH OF HAUL (2023)

915 miles

# COAL

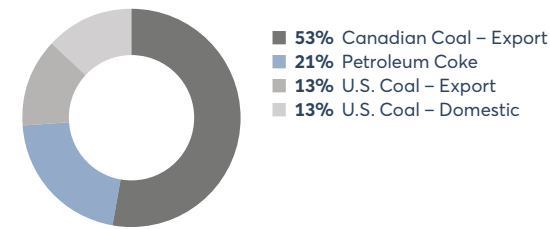
## CONNECTING GLOBAL MARKETS – FROM MINE TO EXPORT TERMINALS

CN's Coal commodity group consists of thermal coal used in power plants to generate electricity, metallurgical coal used in steel production, as well as petroleum coke. Canadian coal is predominantly metallurgical coal exported via terminals on the Canadian West Coast. U.S. thermal coal is exported to offshore markets via terminals on the Gulf Coast or shipped domestically to utility plants in the Midwest and Southeast. CN also ships petroleum coke to industrial users in domestic or export markets.



## BUSINESS UNIT OVERVIEW AND MARKET DRIVERS

2023 COMMODITY BREAKDOWN  
(% of revenues)



**\$1,017M**

2023 REVENUES

### KEY FACTS

- Canadian coal consists mainly of metallurgical coal destined for steelmaking plants in Asia. Some thermal coal is transported to power plants in the U.S.
- U.S. thermal coal is shipped domestically to power plants in the Midwest and Southeast as well as to export terminals in Convent, LA, and Mobile, AL
- CN is the only Canadian railway in North America with direct access to coal export terminals on the west coast of Canada and the Gulf of Mexico
- In 2023, CN moved approximately 52 million metric tonnes of Canadian and U.S. coal, petroleum coke and metallurgical coke

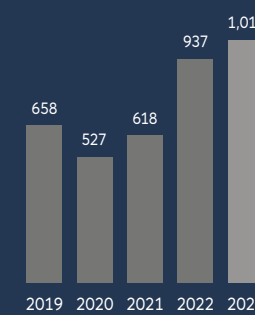
### COMMODITIES

- Grades of bituminous coal from thermal to metallurgical
- Metallurgical coke
- Petroleum coke

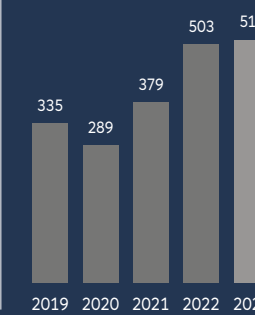
### MARKET DRIVERS

- Weather
- Environmental regulations
- Global supply/demand conditions
- U.S. and global demand for energy and steel
- North American and European natural gas prices

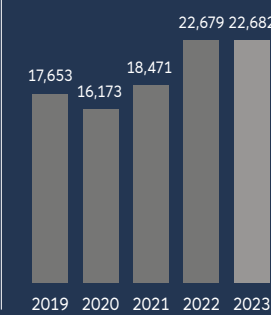
REVENUES  
(\$ millions)



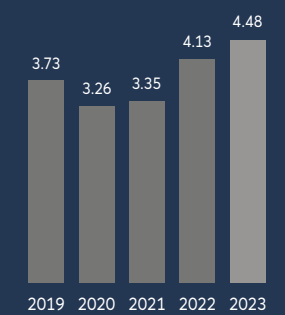
CARLOADS  
(thousands)



RTMs  
(millions)



FREIGHT REVENUE PER RTM  
(cents)



CAGR (2023 vs. 2019)

+11.5%

+11.1%

+6.5%

+4.7%

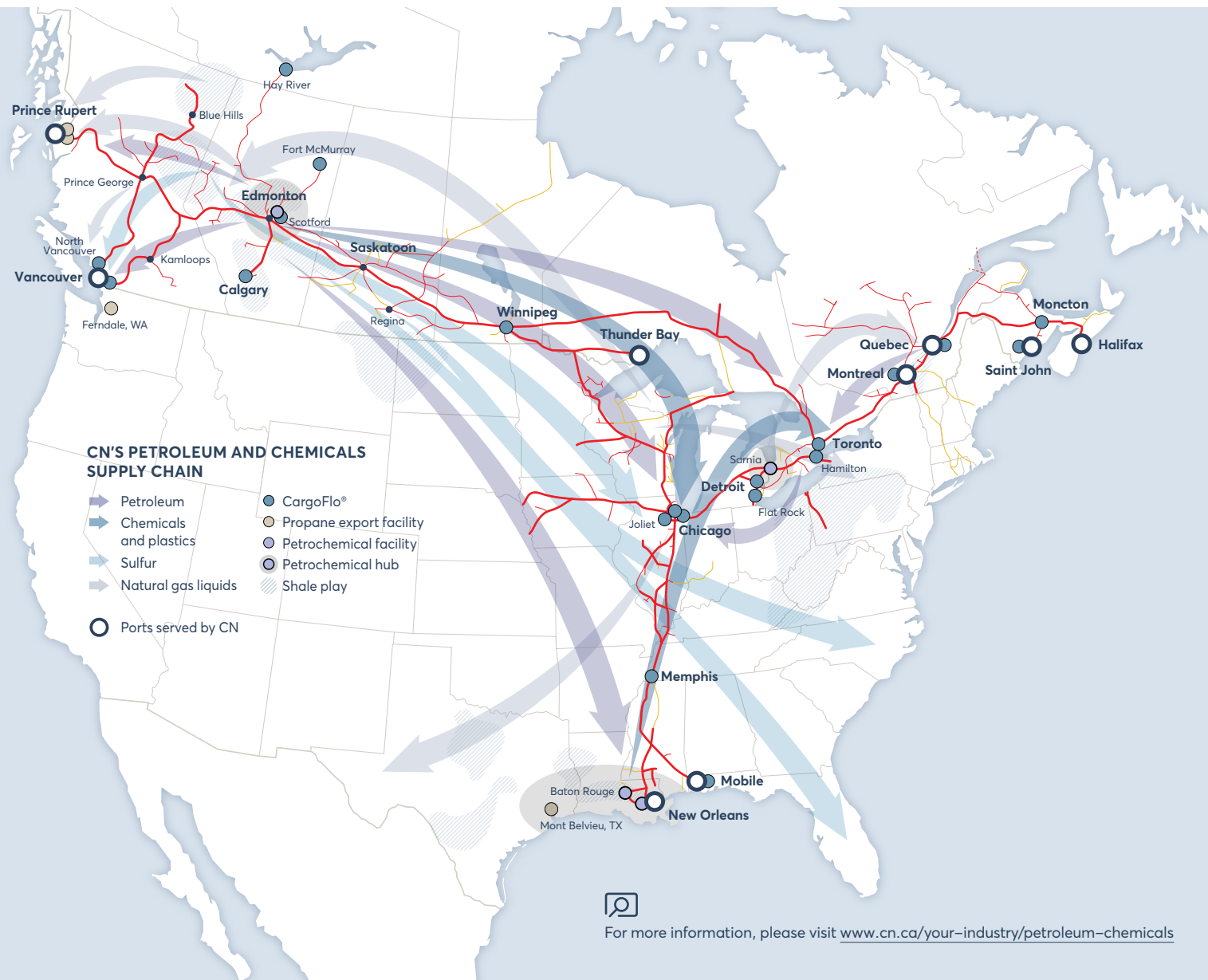
AVERAGE LENGTH OF HAUL (2023)

**392 miles**

# PETROLEUM AND CHEMICALS

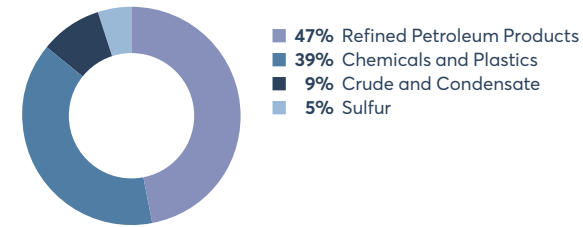
## FACILITATING GLOBAL DEMAND FOR ENERGY

CN serves petroleum and chemical producers in the Alberta Industrial Heartland, the Louisiana Petrochemical Corridor, and the Sarnia Petrochemical and Refining Complex, among others. With extensive reach to key destinations for refined fuels, home heating, and chemical production, CN offers customers access to growing domestic markets vital for economic development. CN's access to ports in Prince Rupert, Vancouver, Montreal, and Mobile provides customers access to growing international markets for propane, plastics, and renewable products.



## BUSINESS UNIT OVERVIEW AND MARKET DRIVERS

2023 COMMODITY BREAKDOWN  
(% of revenues)



**\$3,195M**

2023 REVENUES

### KEY FACTS

- CN is the only rail carrier servicing three key petrochemical hubs in North America: Alberta, Louisiana and Ontario
- Petroleum and chemical shipments move in customer-supplied private cars
- Export expansion projects on Canada's West Coast supporting growth in propane, plastics, and other petrochemical commodities

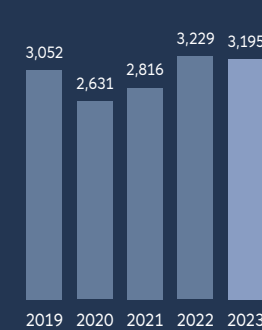
### COMMODITIES

- PETROLEUM PRODUCTS**
  - Propane, butane, crude oil, gasoline, diesel, jet fuel, fuel oil, lubricants, asphalt, condensate
- CHEMICALS AND PLASTICS**
  - Polyethylene, polyvinyl chloride (PVC), caustic soda, sulfuric acid, pulp mill chemicals
- SULFUR**
  - Molten and prilled sulfur
- RENEWABLE PRODUCTS**
  - Biodiesel, renewable propane, condensate and diesel, sustainable aviation fuel (SAF)

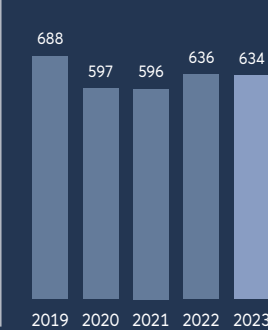
### MARKET DRIVERS

- North American and international economic growth
- Chemicals and plastics feedstock prices
- North American liquified natural gas (LNG) production
- Demand for propane for heating and crop drying
- North American hydrogen production and investment in clean energy
- GHG reduction through renewable diesel, biodiesel and SAF

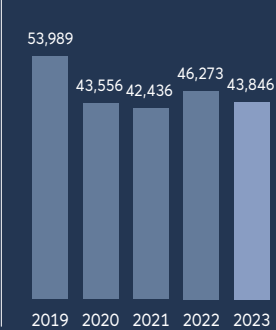
REVENUES  
(\$ millions)



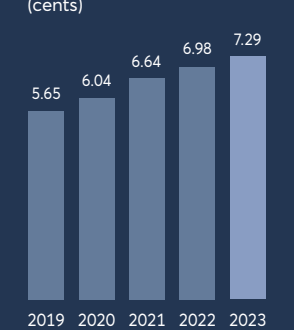
CARLOADS  
(thousands)



RTMs  
(millions)



FREIGHT REVENUE PER RTM  
(cents)



CAGR (2023 vs. 2019)

+1.2%

-2.0%

-5.1%

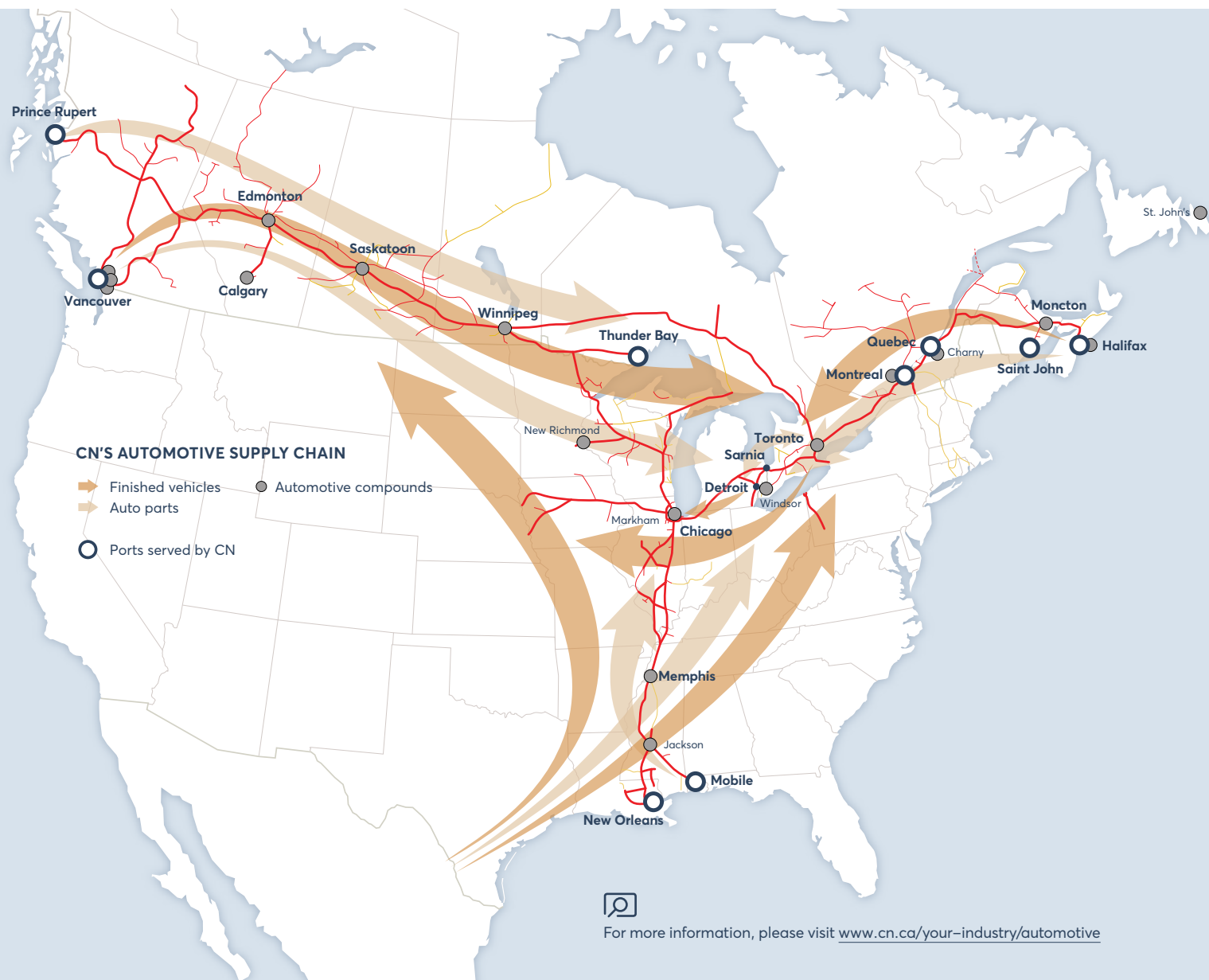
+6.6%

AVERAGE LENGTH OF HAUL (2023) **790 miles**

# AUTOMOTIVE

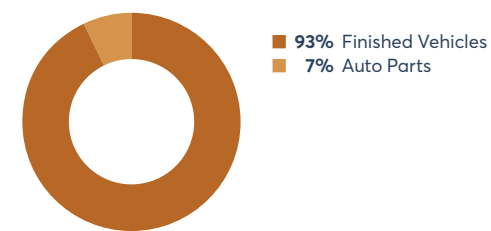
## MOVING VEHICLES AND PARTS TO MAJOR POPULATION CENTRES

The Automotive commodity group moves finished vehicles and auto parts across North America, providing service to assembly and production facilities in Ontario, Michigan, and Mississippi. CN extends its services to shippers of finished vehicles and parts for import through key ports of Vancouver and Halifax, which includes Canada's exclusive East Coast vehicle import facility. CN Autoport provides value added services and loading/unloading at CN locations across the network. Additionally, CN facilitates rail connections to all Class I carriers at major gateways.



## BUSINESS UNIT OVERVIEW AND MARKET DRIVERS

2023 COMMODITY BREAKDOWN  
(% of revenues)



**\$945M**

2023 REVENUES

### KEY FACTS

- Over 2 million finished vehicles handled annually
- 18 automotive compounds accessing 12 North American vehicle assembly plants
- 5,000 multi-level railcars
- Two import ports for finished vehicles in Vancouver and Halifax
- Six ports handle containerized auto parts in Vancouver, Prince Rupert, Mobile, Saint John, Montreal and Halifax

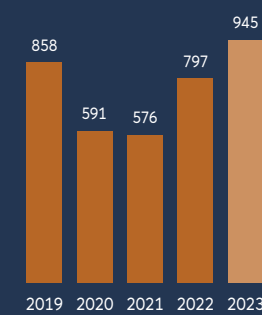
### COMMODITIES

- Finished vehicles
- Auto parts

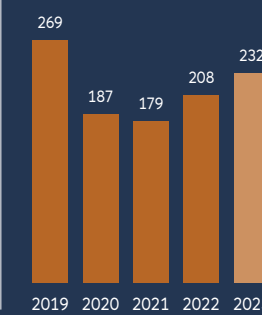
### MARKET DRIVERS

- Global and North American automotive production and sales
- Consumer confidence and disposable income
- Average age of vehicles in North America
- Auto dealer inventory levels
- Price of fuel
- Zero-emission Vehicles (ZEV) adoption and transition

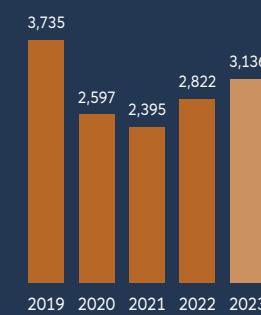
REVENUES  
(\$ millions)



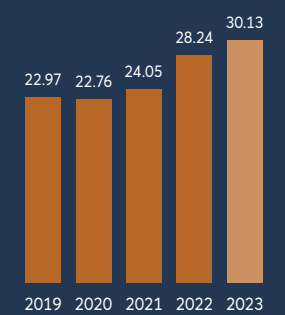
CARLOADS  
(thousands)



RTMs  
(millions)



FREIGHT REVENUE PER RTM  
(cents)



CAGR (2023 vs. 2019)

+2.4%

-3.6%

-4.3%

+7.0%

AVERAGE LENGTH OF HAUL (2023) **680 miles**

# FINANCIAL OVERVIEW

## CREATING SUSTAINABLE, LONG-TERM VALUE

At CN, we are dedicated to driving long-term shareholder value through profitable top-line growth, strong cash flow, and a consistent capital allocation policy. We strategically invest in our network and infrastructure to enhance safety, efficiency, and resilience while fostering growth. We are focused on rewarding shareholders through a predictable dividend and executing annual share repurchase programs to achieve a targeted leverage ratio.

In 2023, we delivered \$8.53 diluted earnings per share (EPS) and \$7.28 in adjusted diluted EPS,<sup>(1)</sup> and strategically invested \$3.1 billion<sup>(2)</sup> to strengthen and expand our network. We also delivered an adjusted return on invested capital (ROIC) of 14.5%.<sup>(1)</sup>

With our scheduled operating model in place and a strong leadership team to execute, we are dedicated to delivering on the longer-term growth plans outlined in our 2024–2026 financial outlook presented at our 2023 Investor Day.

### > 2024–2026 Financial Outlook<sup>(3)</sup>

#### BRINGING TOP LINE GROWTH TO THE BOTTOM LINE



- > Growing faster than the economy, supported by our CN-specific initiatives, and pricing ahead of rail inflation
- > Incremental efficiency improvements

## 10%–15%

DILUTED EPS CAGR

#### DISCIPLINED INVESTMENT IN THE BUSINESS



- > Annual CAPEX going from ~\$3.5B (2024) to ~\$4.0B (2026)
- > Efficient capital deployment to support network safety, improve efficiency and resiliency, and enable growth at low incremental cost

## 15%–17%

ANNUAL ROIC

#### CONSISTENT APPROACH TO CAPITAL ALLOCATION



- > Reinvesting in the business
- > Maintaining a strong balance sheet
- > Dividend growth in line with earnings growth and share repurchases<sup>(4)</sup>

## Going to 2.5x

ADJUSTED DEBT-TO-ADJUSTED EBITDA OVER TIME

(1) See section entitled Non-GAAP Measures for an explanation of these non-GAAP measures.

(2) Net of amounts reimbursed by customers.

(3) See Forward-Looking Statements on the inside front cover for a summary of key assumptions and important risk factors underlying CN's 2024–2026 financial outlook.

(4) Dividends and share repurchases are subject to Board approval.

## Quarterly Consolidated Statements of Income

Unaudited

(\$ millions, unless otherwise indicated)

	2022					2023				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
<b>REVENUES</b>	3,708	4,344	4,513	4,542	17,107	4,313	4,057	3,987	4,471	16,828
<b>OPERATING EXPENSES</b>										
Labor and fringe benefits	753	681	770	731	2,935	812	747	773	818	3,150
Purchased services and material	538	557	520	576	2,191	593	571	534	556	2,254
Fuel	525	672	649	672	2,518	557	485	486	569	2,097
Depreciation and amortization	420	423	435	451	1,729	448	449	457	463	1,817
Equipment rents	95	87	72	84	338	90	83	89	97	359
Casualty and other	150	155	135	116	556	151	122	131	150	554
<b>Total operating expenses</b>	<b>2,481</b>	<b>2,575</b>	<b>2,581</b>	<b>2,630</b>	<b>10,267</b>	<b>2,651</b>	<b>2,457</b>	<b>2,470</b>	<b>2,653</b>	<b>10,231</b>
<b>Operating income</b>	<b>1,227</b>	<b>1,769</b>	<b>1,932</b>	<b>1,912</b>	<b>6,840</b>	<b>1,662</b>	<b>1,600</b>	<b>1,517</b>	<b>1,818</b>	<b>6,597</b>
Interest expense	(126)	(128)	(141)	(153)	(548)	(165)	(173)	(185)	(199)	(722)
Other components of net periodic benefit income	125	124	125	124	498	119	120	121	119	479
Other income (loss)	(14)	(10)	(1)	(2)	(27)	1	1	(2)	134	134
<b>Income before income taxes</b>	<b>1,212</b>	<b>1,755</b>	<b>1,915</b>	<b>1,881</b>	<b>6,763</b>	<b>1,617</b>	<b>1,548</b>	<b>1,451</b>	<b>1,872</b>	<b>6,488</b>
Income tax recovery (expense)	(294)	(430)	(460)	(461)	(1,645)	(397)	(381)	(343)	258	(863)
<b>Net income</b>	<b>918</b>	<b>1,325</b>	<b>1,455</b>	<b>1,420</b>	<b>5,118</b>	<b>1,220</b>	<b>1,167</b>	<b>1,108</b>	<b>2,130</b>	<b>5,625</b>
Operating ratio	66.9%	59.3%	57.2%	57.9%	60.0%	61.5%	60.6%	62.0%	59.3%	60.8%
<b>EARNINGS PER SHARE (\$)</b>										
Basic	1.31	1.92	2.13	2.10	7.46	1.83	1.76	1.69	3.30	8.55
Diluted	1.31	1.92	2.13	2.10	7.44	1.82	1.76	1.69	3.29	8.53
<b>WEIGHTED AVERAGE NUMBER OF SHARES (millions)</b>										
Basic	698.4	690.0	682.3	674.9	686.4	668.3	661.6	654.3	646.4	657.7
Diluted	700.2	691.7	684.3	676.9	688.3	669.9	663.1	655.6	647.6	659.1
Dividends declared per share (\$)	0.7325	0.7325	0.7325	0.7325	2.9300	0.7900	0.7900	0.7900	0.7900	3.1600



For more information on our financial results, please visit [www.cn.ca/investors/financial-results](http://www.cn.ca/investors/financial-results)

## Quarterly Consolidated Balance Sheets

Unaudited

(\$ millions)

	2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>ASSETS</b>								
<b>Current assets</b>								
Cash and cash equivalents	490	465	403	328	484	539	491	475
Restricted cash and cash equivalents	555	555	503	506	453	451	451	449
Accounts receivable	1,318	1,358	1,526	1,371	1,385	1,223	1,284	1,300
Material and supplies	660	731	706	692	764	757	761	699
Other current assets	216	245	251	320	330	296	384	166
<b>Total current assets</b>	<b>3,239</b>	<b>3,354</b>	<b>3,389</b>	<b>3,217</b>	<b>3,416</b>	<b>3,266</b>	<b>3,371</b>	<b>3,089</b>
Properties	40,944	41,761	43,450	43,537	43,499	43,546	44,525	44,617
Operating lease right-of-use assets	443	429	483	470	443	416	432	424
Pension asset	3,199	3,331	3,460	3,033	3,139	3,245	3,350	3,140
Deferred income tax assets	-	-	-	-	-	-	-	682
Intangible assets, goodwill and other	411	410	424	405	406	403	411	714
<b>Total assets</b>	<b>48,236</b>	<b>49,285</b>	<b>51,206</b>	<b>50,662</b>	<b>50,903</b>	<b>50,876</b>	<b>52,089</b>	<b>52,666</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>								
<b>Current liabilities</b>								
Accounts payable and other	2,344	2,309	2,565	2,785	2,289	2,394	2,360	2,695
Current portion of long-term debt	1,504	2,447	792	1,057	2,325	1,107	2,296	2,340
<b>Total current liabilities</b>	<b>3,848</b>	<b>4,756</b>	<b>3,357</b>	<b>3,842</b>	<b>4,614</b>	<b>3,501</b>	<b>4,656</b>	<b>5,035</b>
Deferred income tax liabilities	9,278	9,503	9,841	9,796	9,858	9,910	10,134	10,066
Other liabilities and deferred credits	418	435	439	441	445	461	453	522
Pension and other postretirement benefits	639	610	612	486	484	480	480	495
Long-term debt	11,879	11,925	14,600	14,372	14,323	15,831	16,086	16,133
Operating lease liabilities	322	312	357	341	320	295	309	298
<b>Total liabilities</b>	<b>26,384</b>	<b>27,541</b>	<b>29,206</b>	<b>29,278</b>	<b>30,044</b>	<b>30,478</b>	<b>32,118</b>	<b>32,549</b>
<b>SHAREHOLDERS' EQUITY</b>								
Common shares	3,695	3,660	3,625	3,613	3,589	3,573	3,533	3,512
Common shares in Share Trusts	(88)	(88)	(88)	(170)	(141)	(142)	(143)	(144)
Additional paid-in capital	382	374	378	381	360	369	375	373
Accumulated other comprehensive loss	(2,280)	(2,019)	(1,546)	(1,969)	(1,986)	(2,079)	(1,910)	(2,279)
Retained earnings	20,143	19,817	19,631	19,529	19,037	18,677	18,116	18,655
Total shareholders' equity	21,852	21,744	22,000	21,384	20,859	20,398	19,971	20,117
<b>Total liabilities and shareholders' equity</b>	<b>48,236</b>	<b>49,285</b>	<b>51,206</b>	<b>50,662</b>	<b>50,903</b>	<b>50,876</b>	<b>52,089</b>	<b>52,666</b>

## Quarterly Consolidated Statements of Cash Flows

Unaudited

(\$ millions)

	2022					2023				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
<b>OPERATING ACTIVITIES</b>										
Net income	918	1,325	1,455	1,420	5,118	1,220	1,167	1,108	2,130	5,625
Adjustments to reconcile net income to net cash provided by operating activities:										
Depreciation and amortization	420	423	435	451	1,729	448	449	457	463	1,817
Pension income and funding	(112)	(92)	(91)	(92)	(387)	(105)	(105)	(104)	(104)	(418)
Gain on disposal of property	-	-	-	-	-	-	-	-	(129)	(129)
Deferred income taxes	(12)	120	108	188	404	70	109	124	(591)	(288)
Changes in operating assets and liabilities:										
Accounts receivable	(255)	(29)	(132)	126	(290)	(21)	165	(55)	(18)	71
Material and supplies	(67)	(65)	39	11	(82)	(73)	3	8	44	(18)
Accounts payable and other	(369)	(52)	140	272	(9)	(557)	105	(81)	342	(191)
Other current assets	(43)	25	58	(70)	(30)	(30)	51	(6)	70	85
Other operating activities, net	90	58	100	(34)	214	103	41	61	206	411
<b>Net cash provided by operating activities</b>	<b>570</b>	<b>1,713</b>	<b>2,112</b>	<b>2,272</b>	<b>6,667</b>	<b>1,055</b>	<b>1,985</b>	<b>1,512</b>	<b>2,413</b>	<b>6,965</b>
<b>INVESTING ACTIVITIES</b>										
Property additions	(379)	(707)	(744)	(920)	(2,750)	(461)	(875)	(917)	(934)	(3,187)
Proceeds from disposal of property	-	-	-	-	-	-	-	-	129	129
Business acquisitions and combinations	-	-	-	-	-	-	-	-	(390)	(390)
Proceeds from assets held for sale	273	-	-	-	273	-	-	-	-	-
Other investing activities, net	5	(9)	(12)	(17)	(33)	(1)	(10)	(14)	5	(20)
<b>Net cash used in investing activities</b>	<b>(101)</b>	<b>(716)</b>	<b>(756)</b>	<b>(937)</b>	<b>(2,510)</b>	<b>(462)</b>	<b>(885)</b>	<b>(931)</b>	<b>(1,190)</b>	<b>(3,468)</b>



## Quarterly Consolidated Statements of Cash Flows (cont.)

Unaudited

(\$ millions)

	2022					2023				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
<b>FINANCING ACTIVITIES</b>										
Issuance of debt	-	-	1,899	-	1,899	-	1,730	-	824	2,554
Repayment of debt	(17)	(12)	(10)	(344)	(383)	(12)	(215)	(11)	(12)	(250)
Change in commercial paper, net	1,020	686	(1,745)	602	563	1,228	(989)	1,073	(404)	908
Settlement of foreign exchange forward contracts on debt	(1)	13	49	18	79	10	(12)	23	17	38
Issuance of common shares for stock options exercised	29	6	5	21	61	13	18	2	16	49
Withholding taxes remitted on the net settlement of equity settled awards	(23)	(18)	(3)	-	(44)	(35)	(2)	(1)	(13)	(51)
Repurchase of common shares	(1,258)	(1,172)	(1,157)	(1,122)	(4,709)	(1,160)	(1,045)	(1,194)	(1,152)	(4,551)
Purchase of common shares for settlement of equity settled awards	-	(16)	(7)	(1)	(24)	(1)	(2)	(1)	-	(4)
Purchase of common shares by Share Trusts	(6)	(6)	(6)	(87)	(105)	(7)	(7)	(7)	(7)	(28)
Dividends paid	(509)	(504)	(498)	(493)	(2,004)	(526)	(521)	(515)	(509)	(2,071)
<b>Net cash used in financing activities</b>	<b>(765)</b>	<b>(1,023)</b>	<b>(1,473)</b>	<b>(1,406)</b>	<b>(4,667)</b>	<b>(490)</b>	<b>(1,045)</b>	<b>(631)</b>	<b>(1,240)</b>	<b>(3,406)</b>
Effect of foreign exchange fluctuations on cash, cash equivalents, restricted cash, and restricted cash equivalents	-	1	3	(1)	3	-	(2)	2	(1)	(1)
<b>Net increase (decrease) in cash, cash equivalents, restricted cash, and restricted cash equivalents</b>	<b>(296)</b>	<b>(25)</b>	<b>(114)</b>	<b>(72)</b>	<b>(507)</b>	<b>103</b>	<b>53</b>	<b>(48)</b>	<b>(18)</b>	<b>90</b>
Cash, cash equivalents, restricted cash, and restricted cash equivalents, beginning of period	1,341	1,045	1,020	906	1,341	834	937	990	942	834
<b>Cash, cash equivalents, restricted cash, and restricted cash equivalents, end of period</b>	<b>1,045</b>	<b>1,020</b>	<b>906</b>	<b>834</b>	<b>834</b>	<b>937</b>	<b>990</b>	<b>942</b>	<b>924</b>	<b>924</b>
Cash and cash equivalents, end of period	490	465	403	328	328	484	539	491	475	475
Restricted cash and cash equivalents, end of period	555	555	503	506	506	453	451	451	449	449
<b>Cash, cash equivalents, restricted cash, and restricted cash equivalents, end of period</b>	<b>1,045</b>	<b>1,020</b>	<b>906</b>	<b>834</b>	<b>834</b>	<b>937</b>	<b>990</b>	<b>942</b>	<b>924</b>	<b>924</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>										
Interest paid	(171)	(86)	(182)	(103)	(542)	(251)	(115)	(256)	(154)	(776)
Income taxes paid	(320)	(370)	(264)	(334)	(1,288)	(424)	(284)	(279)	(210)	(1,197)

## Quarterly Financial and Statistical Data

Unaudited

	2022					2023				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
<b>REVENUES (\$ millions)</b>										
Petroleum and chemicals	756	829	850	794	3,229	828	748	758	861	3,195
Metals and minerals	406	466	539	500	1,911	529	497	515	507	2,048
Forest products	426	513	550	517	2,006	511	480	466	486	1,943
Coal	195	249	258	235	937	263	263	242	249	1,017
Grain and fertilizers	604	604	621	954	2,783	861	688	722	994	3,265
Intermodal	1,056	1,326	1,340	1,184	4,906	1,012	983	880	948	3,823
Automotive	165	208	208	216	797	215	235	237	258	945
<b>Total freight revenues</b>	<b>3,608</b>	<b>4,195</b>	<b>4,366</b>	<b>4,400</b>	<b>16,569</b>	<b>4,219</b>	<b>3,894</b>	<b>3,820</b>	<b>4,303</b>	<b>16,236</b>
Other revenues	100	149	147	142	538	94	163	167	168	592
<b>Total revenues</b>	<b>3,708</b>	<b>4,344</b>	<b>4,513</b>	<b>4,542</b>	<b>17,107</b>	<b>4,313</b>	<b>4,057</b>	<b>3,987</b>	<b>4,471</b>	<b>16,828</b>
<b>STATISTICAL OPERATING DATA</b>										
Gross ton miles (GTMs) (millions)	111,066	120,742	115,585	116,317	463,710	115,442	109,693	108,221	118,687	452,043
Revenue ton miles (RTMs) (millions)	56,554	60,551	58,540	60,143	235,788	59,961	55,877	55,640	61,136	232,614
Carloads (thousands)	1,346	1,474	1,469	1,408	5,697	1,353	1,369	1,326	1,388	5,436
Route miles (includes Canada and the U.S.)	18,600	18,600	18,600	18,600	18,600	18,600	18,600	18,600	18,800	18,800
Employees (end of period)	22,953	22,783	23,828	23,971	23,971	24,718	25,178	25,101	24,987	24,987
Employees (average for the period)	22,720	23,137	23,729	23,998	23,396	24,403	25,005	25,168	25,102	24,920
<b>KEY OPERATING MEASURES</b>										
Freight revenue per RTM (cents)	6.38	6.93	7.46	7.32	7.03	7.04	6.97	6.87	7.04	6.98
Freight revenue per carload (\$)	2,681	2,846	2,972	3,125	2,908	3,118	2,844	2,881	3,100	2,987
GTMs per average number of employees (thousands)	4,888	5,219	4,871	4,847	19,820	4,731	4,387	4,300	4,728	18,140
Operating expenses per GTM (cents)	2.23	2.13	2.23	2.26	2.21	2.30	2.24	2.28	2.24	2.26
Labor and fringe benefits expense per GTM (cents)	0.68	0.56	0.67	0.63	0.63	0.70	0.68	0.71	0.69	0.70
Diesel fuel consumed (US gallons in millions)	101.1	101.2	96.9	103.0	402.2	104.1	97.4	90.0	103.7	395.2
Average fuel price (\$/US gallon)	4.42	5.82	5.70	5.73	5.42	4.79	4.24	4.66	4.76	4.62
Fuel efficiency (US gallons of locomotive fuel consumed per 1,000 GTMs)	0.910	0.838	0.838	0.886	0.867	0.902	0.888	0.832	0.874	0.874
<b>SAFETY INDICATORS<sup>(1)</sup></b>										
Injury frequency rate (per 200,000 person-hours)	1.23	1.21	1.01	0.92	1.10	0.98	1.00	1.07	0.79	0.96
Accident rate (per million train miles)	2.78	1.82	1.69	2.12	2.10	1.53	1.91	1.86	1.51	1.74

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

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. Definitions of these indicators are provided on our website, [www.cn.ca/glossary](http://www.cn.ca/glossary).

## Non-GAAP Measures

CN reports its financial results in accordance with United States generally accepted accounting principles (GAAP). CN may use non-GAAP measures that do not have any standardized meaning prescribed by GAAP, including adjusted performance measures, free cash flow, adjusted debt-to-adjusted EBITDA multiple and return on invested capital (ROIC) and adjusted ROIC. These non-GAAP measures may not be comparable to similar measures presented by other companies. From management's perspective, these non-GAAP measures are useful measures of performance and provide investors with supplementary information to assess the Company's results of operations and liquidity. These non-GAAP measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with GAAP.

### Adjusted Performance Measures

Adjusted net income, adjusted diluted earnings per share, adjusted operating income, adjusted operating expenses and adjusted operating ratio are non-GAAP measures that are used to set performance goals and to measure CN's performance. Management believes that these adjusted performance measures provide additional insight to management and investors into the Company's operations and underlying business trends as well as facilitate period-to-period comparisons, as they exclude certain significant items that are not reflective of CN's underlying business operations and could distort the analysis of trends in business performance.

These items may include:

- i. operating expense adjustments: workforce reduction program, depreciation expense on the deployment of replacement system, advisory fees related to shareholder matters, losses and recoveries from assets held for sale, business acquisition-related costs;
- ii. non-operating expense adjustments: business acquisition-related financing fees, merger termination income, gains and losses on disposal of property; and
- iii. the effect of changes in tax laws including rate enactments, and changes in tax positions affecting prior years.

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.

Adjusted net income is defined as Net income in accordance with GAAP adjusted for certain significant items. Adjusted diluted earnings per share is defined as adjusted net income divided by the weighted-average diluted shares outstanding.

The following table provides a reconciliation of Net income and Earnings per share in accordance with GAAP, as reported for the periods specified, to the non-GAAP adjusted performance measures presented herein:

Unaudited										
(\$ millions, except per share data)										
Year ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Net income<sup>(1)</sup></b>	<b>3,135</b>	<b>3,529</b>	<b>3,630</b>	<b>5,470</b>	<b>4,312</b>	<b>4,198</b>	<b>3,545</b>	<b>4,899</b>	<b>5,118</b>	<b>5,625</b>
Adjustments:										
Operating expense adjustments:										
Workforce reduction program	-	-	-	-	27	31	-	39	-	-
Depreciation expense on the deployment of replacement system	-	-	-	-	-	84	-	-	-	-
Advisory fees related to shareholder matters	-	-	-	-	-	-	-	20	22	-
Loss (recovery) on assets held for sale	-	-	-	-	-	-	486	(137)	-	-
Transaction-related costs	-	-	-	-	-	-	-	84	-	-
Non-operating expense adjustments:										
Amortization of bridge financing and other fees	-	-	-	-	-	-	-	97	-	-
Merger termination fee	-	-	-	-	-	-	-	(886)	-	-
Gains on disposal of property	(80)	-	76	-	(338)	-	-	-	-	(129)
Tax adjustments:										
Tax-deductible goodwill and related impacts <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	(713)
Tax effect of adjustments <sup>(2)</sup>	8	-	10	-	39	(30)	(123)	109	(6)	17
Tax law changes and rate enactments	-	42	7	(1,706)	-	(112)	(141)	-	-	-
<b>Total adjustments</b>	<b>(72)</b>	<b>42</b>	<b>(59)</b>	<b>(1,706)</b>	<b>(272)</b>	<b>(27)</b>	<b>222</b>	<b>(674)</b>	<b>16</b>	<b>(825)</b>
<b>Adjusted net income<sup>(1)</sup></b>	<b>3,063</b>	<b>3,571</b>	<b>3,571</b>	<b>3,764</b>	<b>4,040</b>	<b>4,171</b>	<b>3,767</b>	<b>4,225</b>	<b>5,134</b>	<b>4,800</b>
<b>Diluted earnings per share<sup>(1)</sup></b>	<b>3.81</b>	<b>4.38</b>	<b>4.66</b>	<b>7.22</b>	<b>5.85</b>	<b>5.81</b>	<b>4.97</b>	<b>6.90</b>	<b>7.44</b>	<b>8.53</b>
Impact of adjustments, per share	(0.09)	0.05	(0.08)	(2.25)	(0.37)	(0.03)	0.31	(0.95)	0.02	(1.25)
<b>Adjusted diluted earnings per share<sup>(1)</sup></b>	<b>3.72</b>	<b>4.43</b>	<b>4.58</b>	<b>4.97</b>	<b>5.48</b>	<b>5.78</b>	<b>5.28</b>	<b>5.95</b>	<b>7.46</b>	<b>7.28</b>

(1) In the first quarter of 2022, the Company changed its method of calculating market-related values of pension assets for its defined benefit plans using a retrospective approach. See the Company's selected financial information restated for change in accounting policy filed on September 9, 2022, which may be found online on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com), on the SEC's website at [www.sec.gov](http://www.sec.gov) through EDGAR, and on the Company's website at [www.cn.ca](http://www.cn.ca) in the Investors section, for additional information.

(2) The tax impact of adjustments is based on the nature of the item for tax purposes and related tax rates in the applicable jurisdiction.

**For the year ended December 31, 2023**, the Company's adjusted net income was \$4,800 million, or \$7.28 per diluted share, which excludes:

- a gain on disposal of property within the Bala Subdivision located in Markham and Richmond Hill, Ontario, Canada of \$129 million, or \$112 million after-tax (\$0.17 per diluted share) recorded in the fourth quarter in Other income within the Consolidated Statements of Income; and
- a net deferred income tax recovery of \$713 million (\$1.08 per diluted share) recorded in the fourth quarter resulting from tax filings consistent with a ruling that the Company received in a non-U.S. foreign jurisdiction in connection with prior taxation years.

**For the year ended December 31, 2022**, the Company's adjusted net income was \$5,134 million, or \$7.46 per diluted share, which excludes advisory fees related to shareholder matters of \$22 million, or \$16 million after-tax (\$0.02 per diluted share) of which \$12 million, or \$9 million after-tax (\$0.01 per diluted share) was recorded in the second quarter and \$10 million, or \$7 million after-tax (\$0.01 per diluted share) was recorded in the first quarter in Other expense within the Consolidated Statements of Income.

## Non-GAAP Measures (cont.)

**For the year ended December 31, 2021**, the Company reported adjusted net income of \$4,225 million,<sup>(1)</sup> or \$5.95 per diluted share,<sup>(1)</sup> which excludes:

- employee termination benefits and severance costs related to a workforce reduction program of \$39 million, or \$29 million after-tax (\$0.04 per diluted share) recorded in the third quarter in Labor and fringe benefits within the Consolidated Statements of Income;
- advisory fees related to shareholder matters of \$20 million, or \$15 million after-tax (\$0.02 per diluted share) of which \$13 million, or \$10 million after-tax (\$0.01 per diluted share) was recorded in the fourth quarter and \$7 million, or \$5 million after-tax (\$0.01 per diluted share) was recorded in the third quarter in Other expense within the Consolidated Statements of Income;
- the recovery of \$137 million, or \$102 million after-tax (\$0.14 per diluted share) recorded in the first quarter related to the loss on assets held for sale in the second quarter of 2020, to reflect an agreement for the sale for ongoing rail operations, certain non-core rail lines in Wisconsin, Michigan and Ontario to a short line operator;
- transaction-related costs, consisting of an advance to Kansas City Southern (KCS) and a related refund, net of transaction costs, of \$84 million, or \$70 million after-tax (\$0.10 per diluted share), recorded in the third quarter resulting from the terminated CN Merger Agreement with KCS;
- amortization of bridge financing and other fees of \$97 million, or \$84 million after-tax (\$0.11 per diluted share), of which \$65 million, or \$60 million after-tax (\$0.08 per diluted share) was recorded in the third quarter and \$32 million, or \$24 million after-tax (\$0.03 per diluted share) was recorded in the second quarter, resulting from the KCS transaction, recorded in Interest expense within the Consolidated Statements of Income; and
- merger termination fee paid by KCS to CN of \$886 million, or \$770 million after-tax (\$1.08 per diluted share), recorded in the third quarter resulting from KCS' notice of termination of the CN Merger Agreement with KCS.

**For the year ended December 31, 2020**, the Company reported adjusted net income of \$3,767 million,<sup>(1)</sup> or \$5.28 per diluted share,<sup>(1)</sup> which excludes a loss of \$486 million, or \$363 million after-tax (\$0.51 per diluted share) in the second quarter, resulting from the Company's decision to market for sale for ongoing rail operations, certain non-core lines in Wisconsin, Michigan and Ontario, and a current income tax recovery of \$141 million (\$0.20 per diluted share) in the first quarter resulting from the enactment of the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, a U.S. tax-and-spending package aimed at providing additional stimulus to address the economic impact of the COVID-19 pandemic.

**For the year ended December 31, 2019**, the Company reported adjusted net income of \$4,171 million,<sup>(1)</sup> or \$5.78 per diluted share,<sup>(1)</sup> which excludes employee termination benefits and severance costs related to a workforce reduction program of \$31 million, or \$23 million after-tax (\$0.03 per diluted share) in the fourth quarter; a deferred income tax recovery of \$112 million (\$0.15 per diluted share) in the second quarter, resulting from the enactment of a lower provincial corporate income tax rate; and a depreciation expense of \$84 million, or \$62 million after-tax (\$0.09 per diluted share) in the first quarter, related to costs previously capitalized for a Positive Train Control (PTC) back office system following the deployment of a replacement system.

**For the year ended December 31, 2018**, the Company reported adjusted net income of \$4,040 million,<sup>(1)</sup> or \$5.48 per diluted share,<sup>(1)</sup> which excludes employee termination benefits and severance costs related to a workforce reduction program of \$27 million, or \$20 million after-tax (\$0.03 per diluted share) in the fourth quarter and gains on disposal of property of \$338 million, or \$292 million after-tax (\$0.40 per diluted share), consisting of the following:

- in the fourth quarter, a gain previously deferred on the 2014 disposal of a segment of the Guelph Subdivision located between Georgetown and Kitchener, Ontario, together with the rail fixtures and certain passenger agreements (the "Guelph"), of \$79 million, or \$70 million after-tax (\$0.10 per diluted share);

- in the third quarter, a gain on disposal of property located in Montreal, Quebec, (the "Doney and St-François Spurs") of \$36 million, or \$32 million after-tax (\$0.04 per diluted share); and
- in the second quarter, a gain on transfer of the Company's finance lease in the passenger rail facilities in Montreal, Quebec, together with its interests in related railway operating agreements (the "Central Station Railway Lease"), of \$184 million, or \$156 million after-tax (\$0.21 per diluted share), and a gain on disposal of land located in Calgary, Alberta, excluding the rail fixtures (the "Calgary Industrial Lead"), of \$39 million, or \$34 million after-tax (\$0.05 per diluted share).

**For the year ended December 31, 2017**, the Company reported adjusted net income of \$3,764 million,<sup>(1)</sup> or \$4.97 per diluted share,<sup>(1)</sup> which excludes a net deferred income tax recovery of \$1,706 million (\$2.25 per diluted share) consisting of the following:

- in the fourth quarter, a deferred income tax recovery of \$1,764 million (\$2.33 per diluted share) resulting from the enactment of a lower U.S. federal corporate income tax rate due to the *Tax Cuts and Jobs Act* ("U.S. Tax Reform") and a deferred income tax expense of \$50 million (\$0.07 per diluted share) resulting from the enactment of higher provincial corporate income tax rates;
- in the third quarter, a deferred income tax expense of \$31 million (\$0.04 per diluted share) resulting from the enactment of a higher state corporate income tax rate;
- in the second quarter, a deferred income tax recovery of \$18 million (\$0.02 per diluted share) resulting from the enactment of a lower provincial corporate income tax rate; and
- in the first quarter, a deferred income tax recovery of \$5 million (\$0.01 per diluted share) resulting from the enactment of a lower provincial corporate income tax rate.

**For the year ended December 31, 2016**, the Company reported adjusted net income of \$3,571 million,<sup>(1)</sup> or \$4.58 per diluted share,<sup>(1)</sup> which excludes a gain on disposal of approximately one mile of elevated track leading into Montreal's Central Station, together with the rail fixtures, of \$76 million, or \$66 million after-tax (\$0.09 per diluted share) in the fourth quarter, and a deferred income tax expense of \$7 million (\$0.01 per diluted share) resulting from the enactment of a higher provincial corporate income tax rate in the second quarter.

**For the year ended December 31, 2015**, the Company reported adjusted net income of \$3,571 million,<sup>(1)</sup> or \$4.43 per diluted share,<sup>(1)</sup> which excludes 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 in the second quarter.

**For the year ended December 31, 2014**, the Company reported adjusted net income of \$3,063 million,<sup>(1)</sup> or \$3.72 per diluted share,<sup>(1)</sup> which excludes 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) in the first quarter.

(1) In the first quarter of 2022, the Company changed its method of calculating market-related values of pension assets for its defined benefit plans using a retrospective approach. See the Company's selected financial information restated for change in accounting policy filed on September 9, 2022, which may be found online on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com), on the SEC's website at [www.sec.gov](http://www.sec.gov) through EDGAR, and on the Company's website at [www.cn.ca](http://www.cn.ca) in the Investors section, for additional information.

(1) In the first quarter of 2022, the Company changed its method of calculating market-related values of pension assets for its defined benefit plans using a retrospective approach. See the Company's selected financial information restated for change in accounting policy filed on September 9, 2022, which may be found online on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com), on the SEC's website at [www.sec.gov](http://www.sec.gov) through EDGAR, and on the Company's website at [www.cn.ca](http://www.cn.ca) in the Investors section, for additional information.

## Non-GAAP Measures (cont.)

### Adjusted Performance Measures (cont.)

Adjusted operating income is defined as Operating income in accordance with GAAP adjusted for certain significant operating expense items. Adjusted operating expenses is defined as Operating expenses in accordance with GAAP adjusted for certain significant operating expense items. Adjusted operating ratio is defined as adjusted operating expenses as a percentage of revenues.

The following table provides a reconciliation of Operating income, Operating expenses and operating ratio, as reported for the periods specified, to the non-GAAP adjusted performance measures presented herein:

Unaudited										
(\$ millions, except percentages)										
Year ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Operating income</b>	4,498	5,155	5,032	5,243	5,493	5,593	4,777	5,616	6,840	6,597
Operating expense adjustments:										
Workforce reduction program	-	-	-	-	27	31	-	39	-	-
Depreciation expense on the deployment of replacement system	-	-	-	-	-	84	-	-	-	-
Advisory fees related to shareholder matters	-	-	-	-	-	-	-	20	22	-
Loss (recovery) on assets held for sale	-	-	-	-	-	-	486	(137)	-	-
Transaction-related costs	-	-	-	-	-	-	-	84	-	-
Total operating expense adjustments	-	-	-	-	27	115	486	6	22	-
<b>Adjusted operating income</b>	4,498	5,155	5,032	5,243	5,520	5,708	5,263	5,622	6,862	6,597
Operating expenses	7,636	7,456	7,005	7,798	8,828	9,324	9,042	8,861	10,267	10,231
Total operating expense adjustments	-	-	-	-	(27)	(115)	(486)	(6)	(22)	-
<b>Adjusted operating expenses</b>	7,636	7,456	7,005	7,798	8,801	9,209	8,556	8,855	10,245	10,231
<b>Operating ratio<sup>(1)</sup></b>	62.9%	59.1%	58.2%	59.8%	61.6%	62.5%	65.4%	61.2%	60.0%	60.8%
Impact of adjustments	0.0%	0.0%	0.0%	0.0%	(0.1)%	(0.8)%	(3.5)%	0.0%	(0.1)%	-
<b>Adjusted operating ratio</b>	62.9%	59.1%	58.2%	59.8%	61.5%	61.7%	61.9%	61.2%	59.9%	60.8%

(1) Operating ratio is defined as operating expenses as a percentage of revenues.

### Free Cash Flow

Free cash flow is a useful measure of liquidity as it demonstrates the Company's ability to generate cash for debt obligations and for discretionary uses such as payment of dividends, share repurchases 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 the impact of (i) business acquisitions and combinations, and (ii) merger transaction-related payments, cash receipts

and cash income taxes, which are items that are not indicative of operating trends. Free cash flow does not have any standardized meaning prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other companies.

The following table provides a reconciliation of Net cash provided by operating activities in accordance with GAAP, as reported for the periods specified, to the non-GAAP free cash flow presented herein:

Unaudited										
(\$ millions)										
Year ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Net cash provided by operating activities</b>	4,381	5,140	5,202	5,516	5,918	5,923	6,165	6,971	6,667	6,965
Net cash used in investing activities	(2,161)	(2,767)	(2,682)	(2,738)	(3,404)	(4,190)	(2,946)	(2,873)	(2,510)	(3,468)
<b>Net cash provided before financing activities</b>	2,220	2,373	2,520	2,778	2,514	1,733	3,219	4,098	4,157	3,497
Adjustments:										
Cash income taxes for merger transaction-related payments and cash receipts <sup>(1)</sup>	-	-	-	-	-	-	-	-	102	-
Transaction-related costs paid <sup>(2)</sup>	-	-	-	-	-	-	-	125	-	-
Advance for acquisition <sup>(2)</sup>	-	-	-	-	-	-	-	845	-	-
Refund of advance for acquisition <sup>(2)</sup>	-	-	-	-	-	-	-	(886)	-	-
Merger termination fee <sup>(2)</sup>	-	-	-	-	-	-	-	(886)	-	-
Acquisition, net of cash acquired <sup>(3)</sup>	-	-	-	-	-	259	8	-	-	390
<b>Total adjustments</b>	-	-	-	-	-	259	8	(802)	102	390
<b>Free cash flow</b>	2,220	2,373	2,520	2,778	2,514	1,992	3,227	3,296	4,259	3,887

(1) Relates to income tax payments of \$102 million for KCS merger transaction-related payments and cash receipts. See Note 4 – Acquisitions, Terminated CN Kansas City Southern (KCS) merger agreement, to the Company's 2022 Annual Consolidated Financial Statements and the section entitled Adjusted performance measures to the Company's 2022 Annual MD&A filed on January 31, 2023, which may be found online on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com), on the SEC's website at [www.sec.gov](http://www.sec.gov) through EDGAR, and on the Company's website at [www.cn.ca](http://www.cn.ca) in the Investors section, for additional information.

(2) Relates to the terminated CN KCS merger agreement. See Note 3 – Acquisitions, Terminated CN KCS merger agreement, to the Company's 2021 Annual Consolidated Financial Statements and the section entitled Adjusted performance measures to the Company's 2021 Annual MD&A filed on February 1, 2022, which may be found online on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com), on the SEC's website at [www.sec.gov](http://www.sec.gov) through EDGAR, and on the Company's website at [www.cn.ca](http://www.cn.ca) in the Investors section, for additional information.

(3) Relates to the acquisitions of H&R Transport Limited ("H&R") and the TransX Group of Companies ("TransX"). See the section entitled Liquidity and capital resources – Investing activities to the Company's 2021 Annual MD&A filed on February 1, 2022, which may be found online on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com), on the SEC's website at [www.sec.gov](http://www.sec.gov) through EDGAR, and on the Company's website at [www.cn.ca](http://www.cn.ca) in the Investors section, for additional information.

## Non-GAAP Measures (cont.)

### Adjusted Debt-To-Adjusted EBITDA Multiple

Management believes that the adjusted debt-to-adjusted EBITDA multiple is a useful credit measure because it reflects the Company's ability to service its debt and other long-term obligations. The Company calculates the adjusted debt-to-adjusted EBITDA multiple as adjusted debt divided by the last 12 months of adjusted EBITDA. Adjusted debt is defined as the sum of Long-term debt and Current portion of long-term debt as reported on the Company's Consolidated Balance Sheets as well as Operating lease liabilities, including current portion and pension plans in deficiency recognized on the Company's Consolidated Balance Sheets due to the debt-like nature of their contractual and financial obligations. Adjusted EBITDA is calculated as Net income excluding Interest expense, Income tax expense, Depreciation and

amortization, operating lease cost, Other components of net periodic benefit income, Other income (loss), and other significant items that are not reflective of CN's underlying business operations and which could distort the analysis of trends in business performance. Adjusted debt and adjusted EBITDA are non-GAAP measures used to compute the Adjusted debt-to-adjusted EBITDA multiple. These measures do not have any standardized meaning prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other companies.

The following table provides a reconciliation of debt and Net income in accordance with GAAP, reported as at and for the periods specified, to adjusted debt and adjusted EBITDA, which have been used to calculate the non-GAAP adjusted debt-to-adjusted EBITDA multiple:

Unaudited										
(\$ millions, unless otherwise indicated)										
As at and for the year ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Debt</b>	<b>8,372</b>	<b>10,427</b>	<b>10,937</b>	<b>10,828</b>	<b>12,569</b>	<b>13,796</b>	<b>12,906</b>	<b>12,485</b>	<b>15,429</b>	<b>18,473</b>
Adjustments:										
Operating lease liabilities, including current portion <sup>(1)</sup>	607	607	533	478	579	501	418	430	466	<b>415</b>
Pension plans in deficiency <sup>(2)</sup>	400	469	442	455	477	521	553	447	353	<b>362</b>
<b>Adjusted debt</b>	<b>9,379</b>	<b>11,503</b>	<b>11,912</b>	<b>11,761</b>	<b>13,625</b>	<b>14,818</b>	<b>13,877</b>	<b>13,362</b>	<b>16,248</b>	<b>19,250</b>
Net income <sup>(3)</sup>	3,135	3,529	3,630	5,470	4,312	4,198	3,545	4,899	5,118	<b>5,625</b>
Interest expense	371	439	480	481	489	538	554	610	548	<b>722</b>
Income tax expense (recovery) <sup>(3)</sup>	1,182	1,333	1,283	(400)	1,348	1,207	976	1,443	1,645	<b>863</b>
Depreciation and amortization	1,050	1,158	1,225	1,281	1,329	1,562	1,589	1,598	1,729	<b>1,817</b>
Operating lease cost <sup>(4)</sup>	201	204	197	191	218	171	143	131	142	<b>149</b>
Other components of net periodic benefit income <sup>(3)</sup>	(83)	(99)	(266)	(296)	(280)	(297)	(292)	(407)	(498)	<b>(479)</b>
Other income	(107)	(47)	(95)	(12)	(376)	(53)	(6)	(43)	27	<b>(134)</b>
Adjustments:										
Workforce reduction program <sup>(5)</sup>	-	-	-	-	27	31	-	39	-	-
Advisory fees related to shareholder matters <sup>(6)</sup>	-	-	-	-	-	-	-	20	22	-
Loss (recovery) on assets held for sale <sup>(7)</sup>	-	-	-	-	-	-	486	(137)	-	-
Transaction-related costs <sup>(8)</sup>	-	-	-	-	-	-	-	84	-	-
Merger termination fee <sup>(8)</sup>	-	-	-	-	-	-	-	(886)	-	-
<b>Adjusted EBITDA</b>	<b>5,749</b>	<b>6,517</b>	<b>6,454</b>	<b>6,715</b>	<b>7,067</b>	<b>7,357</b>	<b>6,995</b>	<b>7,351</b>	<b>8,733</b>	<b>8,563</b>
<b>Adjusted debt-to-adjusted EBITDA multiple (times)</b>	<b>1.63</b>	<b>1.77</b>	<b>1.85</b>	<b>1.75</b>	<b>1.93</b>	<b>2.01</b>	<b>1.98</b>	<b>1.82</b>	<b>1.86</b>	<b>2.25</b>

(1) Represents the present value of operating lease payments.

(2) Represents the total funded deficit of all defined benefit pension plans with a projected benefit obligation in excess of plan assets.

(3) In the first quarter of 2022, the Company changed its method of calculating market-related values of pension assets for its defined benefit plans using a retrospective approach. See the Company's selected financial information restated for change in accounting policy filed on September 9, 2022, which may be found online on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com), on the SEC's website at [www.sec.gov](http://www.sec.gov) through EDGAR, and on the Company's website at [www.cn.ca](http://www.cn.ca) in the Investors section, for additional information.

(4) Represents the operating lease costs recorded in Purchased services and material and Equipment rents within the Consolidated Statements of Income.

(5) Relates to employee termination benefits and severance costs for a workforce reduction program, recorded in Labor and fringe benefits within the Consolidated Statements of Income.

(6) Relates to advisory fees related to shareholder matters recorded in Other expense within the Consolidated Statements of Income.

(7) Relates to the loss (recovery) on assets held for sale resulting from the Company entering into an agreement for the sale of non-core lines.

(8) Relates to the terminated CN KCS merger agreement.

### ROIC and Adjusted ROIC

ROIC and adjusted ROIC are useful measures for management and investors to evaluate the efficiency of the Company's use of capital funds and allow investors to assess the operating and investment decisions made by management. The Company calculates ROIC as return divided by average invested capital, both of which are non-GAAP measures. Return is defined as Net income plus interest expense after-tax, calculated using the Company's effective tax rate. Average invested capital is defined as the sum of Total shareholders' equity, Long-term debt and Current portion of long-term debt less Cash and cash equivalents, and Restricted cash and cash equivalents, averaged between the beginning and ending balance over the last 12-month period. The Company calculates adjusted

ROIC as adjusted return divided by average invested capital, both of which are non-GAAP measures. Adjusted return is defined as adjusted net income plus interest expense after-tax, calculated using the Company's adjusted effective tax rate. Return, average invested capital, ROIC, adjusted return and adjusted ROIC do not have any standardized meaning prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other companies.

The following table provides a reconciliation of Net income and adjusted net income to return and adjusted return, respectively, as well as the calculation of average invested capital, which have been used to calculate ROIC and adjusted ROIC:

Unaudited										
(\$ millions, except percentage)										
As at and for the year ended December 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net income <sup>(1)</sup>	3,135	3,529	3,630	5,470	4,312	4,198	3,545	4,899	5,118	<b>5,625</b>
Interest expense	371	439	480	481	489	538	554	610	548	<b>722</b>
Tax on interest expense <sup>(2)</sup>	(102)	(120)	(125)	(124)	(116)	(120)	(120)	(139)	(133)	<b>(177)</b>
<b>Return<sup>(3)</sup></b>	<b>3,404</b>	<b>3,848</b>	<b>3,985</b>	<b>5,827</b>	<b>4,685</b>	<b>4,616</b>	<b>3,979</b>	<b>5,370</b>	<b>5,533</b>	<b>6,170</b>
Average total shareholders' equity	13,212	14,210	14,896	15,749	17,149	17,841	18,846	21,198	22,064	<b>20,751</b>
Average long-term debt <sup>(3)</sup>	7,305	8,407	9,217	9,098	10,067	11,626	11,931	11,987	13,175	<b>15,253</b>
Average current portion of long-term debt	783	993	1,466	1,785	1,632	1,557	1,420	709	783	<b>1,699</b>
Less: Average cash, cash equivalents, restricted cash and restricted cash equivalents	(589)	(596)	(674)	(613)	(656)	(674)	(844)	(1,221)	(1,088)	<b>(879)</b>
<b>Average invested capital</b>	<b>20,711</b>	<b>23,014</b>	<b>24,905</b>	<b>26,019</b>	<b>28,192</b>	<b>30,350</b>	<b>31,353</b>	<b>32,673</b>	<b>34,934</b>	<b>36,824</b>
<b>ROIC<sup>(4)</sup></b>	<b>16.4%</b>	<b>16.7%</b>	<b>16.0%</b>	<b>22.4%</b>	<b>16.6%</b>	<b>15.2%</b>	<b>12.7%</b>	<b>16.4%</b>	<b>15.8%</b>	<b>16.8%</b>
Adjusted net income <sup>(1)(4)</sup>	3,063	3,571	3,571	3,764	4,040	4,171	3,767	4,225	5,134	<b>4,800</b>
Interest expense	371	439	480	481	489	538	554	610	548	<b>722</b>
Less: Amortization of bridge financing and other fees <sup>(5)</sup>	-	-	-	-	-	-	-	(97)	-	-
Adjusted tax on interest expense <sup>(6)</sup>	(103)	(117)	(126)	(124)	(120)	(131)	(137)	(123)	(133)	<b>(177)</b>
<b>Adjusted return<sup>(4)</sup></b>	<b>3,331</b>	<b>3,893</b>	<b>3,925</b>	<b>4,121</b>	<b>4,409</b>	<b>4,578</b>	<b>4,184</b>	<b>4,615</b>	<b>5,549</b>	<b>5,345</b>
Average invested capital	20,711	23,014	24,905	26,019	28,192	30,350	31,353	32,673	34,934	<b>36,824</b>
<b>Adjusted ROIC<sup>(4)</sup></b>	<b>16.1%</b>	<b>16.9%</b>	<b>15.8%</b>	<b>15.8%</b>	<b>15.6%</b>	<b>15.1%</b>	<b>13.3%</b>	<b>14.1%</b>	<b>15.9%</b>	<b>14.5%</b>

(1) In the first quarter of 2022, the Company changed its method of calculating market-related values of pension assets for its defined benefit plans using a retrospective approach. See the Company's selected financial information restated for change in accounting policy filed on September 9, 2022, which may be found online on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com), on the SEC's website at [www.sec.gov](http://www.sec.gov) through EDGAR, and on the Company's website at [www.cn.ca](http://www.cn.ca) in the Investors section, for additional information.

(2) The effective tax rate, defined as Income tax expense as a percentage of Income before income taxes, used to calculate the tax on Interest expense for 2023 was 24.5% (2022 - 24.3%, 2021 - 22.8%, 2020 - 21.6%, 2019 - 22.3%, 2018 - 23.8%, 2017 - 25.8%, 2016 - 26.1%, 2015 - 27.4%, 2014 - 27.4%). Due to the significantly lower effective tax rate reported by the Company in 2023, tax on interest expense for 2023 was calculated using an adjusted effective tax rate. Due to the negative effective tax rate reported by the Company in 2017, tax on interest expense for 2017 was calculated using an adjusted effective tax rate.

(3) In the fourth quarter of 2015, the Company adopted ASU 2015-03 Interest - Imputation of Interest on a retrospective basis. As a result, debt issuance costs were reclassified

from assets to Long-term debt in the amount of \$42 million, \$37 million, as at December 31, 2015, 2014 respectively.

(4) This non-GAAP measure does not have any standardized meaning prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other companies. See the section entitled Adjusted performance measures for an explanation of this non-GAAP measure.

(5) Relates to amortization of bridge financing and other fees resulting from the KCS transaction, recorded in Interest expense within the Consolidated Statements of Income.

(6) The adjusted effective tax rate is a non-GAAP measure, defined as Income tax expense, net of tax adjustments as presented in Adjusted performance measures as a percentage of Income before taxes, net of pre-tax adjustments as presented in Adjusted performance measures. This measure does not have any standardized meaning prescribed by GAAP and, therefore, may not be comparable to a similar measure presented by other companies. The adjusted effective tax rate used to calculate the adjusted tax on interest expense for 2023 was 24.5% (2022 - 24.3%, 2021 - 24.0%, 2020 - 24.8%, 2019 - 24.4%, 2018 - 24.5%, 2017 - 25.8%, 2016 - 26.2%, 2015 - 26.6%, 2014 - 27.7%).

# Shareholder and Investor Information

## Transfer Agent and Registrar

Computershare  
Trust Company of Canada

Offices in:  
Montreal, QC; Toronto, ON;  
Calgary, AB; Vancouver, BC

Telephone: 1-800-564-6253  
[www.investorcentre.com/service](http://www.investorcentre.com/service)

## Co-Transfer Agent and Co-Registrar

Computershare Trust Company N.A.  
Attn: Stock Transfer Department

Overnight mail delivery:  
462 South 4th Street  
Louisville, KY 40202

Regular mail delivery:  
P.O. Box 505000  
Louisville, KY 40233-5000

Telephone: 1-800-962-4284

## Shareholder Services

Shareholders with questions concerning their shares should contact:

Computershare  
Trust Company of Canada  
Shareholder Services  
100 University Avenue, 8<sup>th</sup> Floor  
Toronto, ON M5J 2Y1

Telephone: 1-800-564-6253  
[www.computershare.com](http://www.computershare.com)

## Investor Relations

**Stacy Alderson**  
Assistant Vice-President  
Investor Relations  
Telephone: 514-399-0052

**Greg Hamilton**  
Senior Manager, Investor Relations  
Telephone: 514-399-4654

**Mariusz Chojnacki**  
Senior Manager, Investor Relations  
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Fax: 514-399-5985  
Email: [investor.relations@cn.ca](mailto:investor.relations@cn.ca)

## Mailing Address

CN Investor Relations  
935 de La Gauchetière St. W.  
16<sup>th</sup> Floor  
Montreal, QC H3B 2M9

[www.cn.ca/investors](http://www.cn.ca/investors)

## KEEPING INVESTORS UP TO DATE

CN Investor Relations understands the importance of communicating the CN story and the most current and timely information to our shareholders, the financial community and other stakeholders. The Investors section of our website holds a wealth of information to keep investors and potential investors informed and up to date.

### Key Weekly Metrics



CN reports our performance measures weekly. These measures represent some of the key indicators of railroad performance. We report key weekly volume data for RTMs and carloads, and key weekly operating metrics such as car velocity, average train speed and through dwell.

[www.cn.ca/investors/key-weekly-metrics](http://www.cn.ca/investors/key-weekly-metrics)

### Current Stock Information



We have a host of tools that provide helpful data about CN's common shares on the Toronto Stock Exchange (TSX: CNR) and the New York Stock Exchange (NYSE: CNI). These tools include: stock information, interactive charts, stock price history and splits, an investment calculator and dividends.

[www.cn.ca/investors/stock-information](http://www.cn.ca/investors/stock-information)

### Latest Financial Results and Reports



We understand the importance of accessing the latest and historical financial and other company reports, including the Investor Fact Book, Annual Report and Sustainability Report. Each quarter, we update our Investor Presentation to showcase our commitment to share our great CN story.

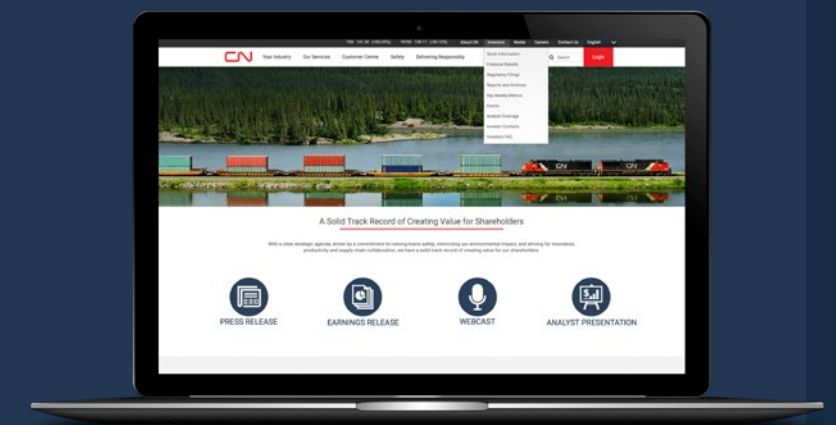
[www.cn.ca/investors/reports-and-archives](http://www.cn.ca/investors/reports-and-archives)

### Upcoming Webcasts and Events



Our executive team regularly interacts with the investment community through our quarterly investor call and industry conferences. We provide a comprehensive schedule of upcoming investor events on our website, including webcast information. Don't miss out on the latest news and events from CN.

[www.cn.ca/investors/events](http://www.cn.ca/investors/events)



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