

We record our financial results using the Canadian dollar and, accordingly, our operating results and cash flows are affected by changes in the Canadian dollar exchange rate relative to the currencies of other countries where we operate and relative to the United States (U.S.) dollar. Exchange rate movements can have a significant effect on our results, as a significant portion of our operating costs are incurred in Canadian and other currencies, and most of our revenues and debt are denominated in U.S. dollars.

Profit attributable to shareholders for 2012 was \$811 million, or \$1.39 per share, which included \$784 million of after-tax debt refinancing charges. This compares with \$2.7 billion or \$4.52 per share in 2011, and \$1.8 billion, or \$3.09 per share in 2010.

Our profit over the past three years has included items that we segregate for presentation to investors so that the ongoing profit of the company may be more clearly understood. These are described below and summarized in the table that follows. Excluding these items, our profit for 2012 was negatively affected by lower prices for our major commodities.

Our profit in 2012 included \$784 million of after-tax refinancing charges related to debt refinancing transactions completed during the year, \$70 million of collective agreement charges, \$39 million of gains on asset sales and \$98 million of gains on various derivatives.

Our profit in 2011 included \$146 million of after-tax gains on the sale of various assets that were undertaken as part of our debt reduction plan and \$128 million of gains on various derivatives.

Our profit in 2010 included \$65 million of after-tax non-cash foreign exchange gains and \$768 million of after-tax gains on the sale of various assets that were undertaken as part of our debt reduction plan. Partially offsetting these favourable items was \$658 million of after-tax unamortized discounts and issues costs related to our Fording acquisition debt that we wrote off as we repaid and refinanced that debt.

The table below shows the effect of these items on our profit.

	2012	2011	2010
Profit attributable to shareholders	\$ 811	\$ 2,668	\$ 1,820
Add (deduct) the after-tax effect of:			
Gains on sale of assets	(39)	(146)	(768)
Foreign exchange (gains) losses	20	(4)	(65)
Derivative gains	(98)	(128)	(153)
Financing items	784	–	658
Collective agreement charges	70	55	–
Asset write-downs	–	23	–
Tax items	(29)	–	11
Adjusted profit *	\$ 1,519	\$ 2,468	\$ 1,503
Adjusted earnings per share *	\$ 2.60	\$ 4.18	\$ 2.55

* Adjusted profit and adjusted earnings per share are all non-GAAP measures. See “Use of Non-GAAP Financial Measures” section for further information.

Cash flow from operations in 2012 was \$2.8 billion, compared with \$4.0 billion in 2011 and \$3.3 billion in 2010. The changes in cash flow from operations are due mainly to the volatility in commodity prices.

At December 31, 2012, our cash balance was \$3.3 billion. Total debt was \$7.2 billion and our net debt to net debt-plus-equity ratio was 18% compared with 13% at December 31, 2011 and 21% at the end of 2010.