

CANADIAN NATIONAL RAILWAY CO
Form 6-K
April 20, 2009

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of April, 2009

Commission File Number: 001-02413

Canadian National Railway Company
(Translation of registrant's name into English)

935 de la Gauchetiere Street West
Montreal, Quebec
Canada H3B 2M9
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

Canadian National Railway Company

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1. News Release dated April 20, 2009 entitled, "CN reports Q1-2009 net income of C\$424 million, or C\$0.90 per diluted share, compared with net income of C\$311 million or C\$0.64 per share in 2008".
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Item 1

North America's Railroad

NEWS RELEASE

CN reports Q1-2009 net income of C\$424 million, or C\$0.90 per diluted share, compared with net income of C\$311 million or C\$0.64 per share in 2008

MONTREAL, April 20, 2009 — CN (TSX: CNR)(NYSE: CNI) today reported its financial and operating results for the first quarter ended March 31, 2009.

First-quarter 2009 highlights

- Net income was C\$424 million, or C\$0.90 per diluted share, including three items that generated net positive earnings of C\$122 million (C\$0.26 per diluted share).
- Revenues declined four per cent from year-earlier levels to C\$1,859 million as a tough economic environment caused carloadings to fall by 16 per cent.
- Operating expenses declined two per cent to C\$1,378 million, driven by lower fuel prices and management's quick response to lower workload.
- Operating income declined eight per cent to C\$481 million, while the operating ratio increased 1.2 points to 74.1 per cent.
- Free cash flow increased to C\$207 million from C\$61 million generated in the comparable quarter of 2008. (1)

CN's first-quarter 2009 net income of C\$424 million, or C\$0.90 per diluted share, included:

- A gain of C\$157 million, or C\$135 million after-tax (C\$0.29 per diluted share), from the sale of a railway corridor to GO Transit in Toronto.
- Expense of C\$46 million, or C\$28 million after-tax (C\$0.06 per diluted share), related to CN's acquisition of the principal rail lines of the Elgin, Joliet & Eastern Railway Company (EJ&E), which closed on Jan. 31, 2009; recorded pursuant to the adoption of a new accounting policy for business combinations that became effective Jan. 1, 2009.
- A deferred income tax recovery of C\$15 million (C\$0.03 per diluted share) resulting from the enactment of lower provincial corporate income tax rates in Canada.

Excluding these items, adjusted first-quarter 2009 net income was C\$302 million, or C\$0.64 per diluted share. (1)

The strengthening of the U.S. dollar affected the conversion of the Company's U.S. dollar-denominated revenues and expenses, increasing first-quarter 2009 net income by approximately C\$30 million, or C\$0.06 per diluted share.

Net income for first-quarter 2008, which was also adversely affected by severe weather conditions, was C\$311 million, or C\$0.64 per diluted share, including a deferred income tax recovery of C\$11 million (C\$0.02 per diluted share) resulting from net capital losses arising from the reorganization of a subsidiary. Excluding that item, adjusted first-quarter 2008 net income was C\$300 million, or C\$0.62 per diluted share. (1)

E. Hunter Harrison, president and chief executive officer, said: “Economic conditions during the first quarter of 2009 were challenging. Our traffic declined sharply as production cuts and reduced imports and exports coursed through the North American and global economies. But we responded quickly to the downturn, using the discipline of our Precision Railroading model to reduce expenses while maintaining quality service. Among other measures, we reduced train starts and cut discretionary expenditures.

“Amid these challenges, the weakening of the Canadian dollar vis a vis the U.S. dollar was a shock absorber, and we remained focused on generating increased shareholder value through the sale of our Weston subdivision in Toronto.

“While economic conditions remain uncertain for the foreseeable future, CN is focused on growth opportunities that extend beyond the business cycle and on continuing to deliver value to our customers.

“At the same time we are investing in the future. I am particularly proud that we completed the acquisition of the EJ&E during the quarter. The route-around-Chicago represented by the EJ&E, and the upgrades we plan for the line in the next three years, will pay dividends to CN in the years ahead through faster transit times, improved productivity and better service to customers.”

Quarterly revenues, traffic volumes and expenses

The four per cent decline in CN’s first-quarter 2009 revenues was mainly due to significantly lower volumes in almost all markets as a result of current economic conditions in the North American and global economies, as well as a lower fuel surcharge resulting from year-over-year decreases in applicable fuel prices and reduced volumes. These factors were partly offset by the positive translation impact of the weaker Canadian dollar on U.S. dollar-denominated revenues, freight rate increases, and a positive change in traffic mix.

Revenue ton-miles, measuring the relative weight and distance of rail freight transported by CN, decreased 14 per cent from the same quarter of 2008.

Rail freight revenue per revenue ton-mile, a measurement of yield defined as revenue earned on a movement of a ton of freight over one mile, increased by 12 per cent from the same quarter of 2008, mainly due to the positive translation impact of the weaker Canadian dollar and freight rate increases that were partly offset by the impact of a lower fuel surcharge.

First-quarter carloadings declined 16 per cent to 954 thousand from 1,132 thousand in the year-earlier period.

The two per cent decline in operating expenses was mainly due to lower fuel costs and labor and fringe benefits expense that were partly offset by the negative translation impact of the weaker Canadian dollar on U.S. dollar-denominated expenses, as well as by higher casualty and other expense mainly due to EJ&E acquisition-related costs.

(1) Please see discussion and reconciliation of non-GAAP adjusted performance measures in the attached supplementary schedule, Non-GAAP Measures.

Forward-Looking Statements

This news release contains forward-looking statements. CN cautions that, by their nature, forward-looking statements involve risk, uncertainties and assumptions. Implicit in these statements, particularly in respect of long-term growth opportunities, is the Company's assumption that such growth opportunities are less affected by the current situation in the North American and global economies. The Company cautions that its assumptions may not materialize and that the current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty. The Company cautions that its results could differ materially from those expressed or implied in such forward-looking statements. Important factors that could cause such differences include, but are not limited to, the effects of adverse general economic and business conditions, including the current deep recession in the North American economy and the possibility of a global economic contraction in 2009, industry competition, inflation, currency fluctuations, changes in fuel prices, legislative and/or regulatory developments, compliance with environmental laws and regulations, various events which could disrupt operations, including natural events such as severe weather, droughts, floods and earthquakes, labor disruptions, environmental claims, investigations or proceedings, other types of claims and litigation, and other risks detailed from time to time in reports filed by CN with securities regulators in Canada and the United States. Reference should be made to "Management's Discussion and Analysis" in CN's annual and interim reports, Annual Information Form and Form 40-F filed with Canadian and U.S. securities regulators, available on CN's website, for a summary of major risks.

CN – Canadian National Railway Company and its operating railway subsidiaries – spans Canada and mid-America, from the Atlantic and Pacific oceans to the Gulf of Mexico, serving the ports of Vancouver, Prince Rupert, B.C., Montreal, Halifax, New Orleans, and Mobile, Ala., and the key metropolitan areas of Toronto, Buffalo, Chicago, Detroit, Duluth, Minn./Superior, Wis., Green Bay, Wis., Minneapolis/St. Paul, Memphis, and Jackson, Miss., with connections to all points in North America. For more information on CN, visit the Company's website at www.cn.ca.

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CANADIAN NATIONAL RAILWAY COMPANY
CONSOLIDATED STATEMENT OF INCOME (U.S. GAAP)
(In millions, except per share data)

	Three months ended March 31	
	2009	2008
	(Unaudited)	
Revenues	\$ 1,859	\$ 1,927
Operating expenses		
Labor and fringe benefits	454	461
Purchased services and material	291	285
Fuel	182	310
Depreciation and amortization	203	175
Equipment rents	82	64
Casualty and other	166	109
Total operating expenses	1,378	1,404
Operating income	481	523
Interest expense	(112)	(86)
Other income (loss) (Note 3)	161	(6)
Income before income taxes	530	431
Income tax expense	(106)	(120)
Net income	\$ 424	\$ 311
Earnings per share (Note 9)		
Basic	\$ 0.91	\$ 0.64
Diluted	\$ 0.90	\$ 0.64
Weighted-average number of shares		
Basic	468.3	482.8
Diluted	472.3	488.6

See accompanying notes to unaudited consolidated financial statements.

CANADIAN NATIONAL RAILWAY COMPANY
CONSOLIDATED BALANCE SHEET (U.S. GAAP)
(In millions)

	March 31 2009 (Unaudited)	December 31 2008	March 31 2008 (Unaudited)
Assets			
Current assets:			
Cash and cash equivalents	\$ 349	\$ 413	\$ 334
Accounts receivable (Note 4)	940	913	621
Material and supplies	273	200	212
Deferred income taxes	77	98	67
Other	138	132	111
	1,777	1,756	1,345
Properties	23,947	23,203	20,754
Intangible and other assets	1,787	1,761	2,065
Total assets	\$ 27,511	\$ 26,720	